



Good Food, Good Life

WE DO BUSINESS RESPONSIBLY

Report on Creating
Shared Value
Nestlé
Czech and Slovak
Republic



needs
YOUth



Good Food, Good Life

Nestlé S.A. awards:

- **Dow Jones Sustainability Index**
1st place in the Food industry 2013
- **World Environment Center Golden Medal** for environmental sustainability of business globally 2011
- **Stockholm Industry Water Award** for responsible and sustainable water management 2011

Nestlé in the world:

- **333 000** employees
- **447** factories
- present in **196 countries**
- Value of the Nestlé brand evaluated on **CZK 253 billion** by Forbes 2013 39th in the global ranking

Nestlé Czech and Slovak:

- among the largest food & beverage producers and distributors with sales of
CZK 10.7 billion in CZ and CZK 4.3 billion in SK
- among important exporters with value of goods exported of
CZK 3 billion in CZ and CZK 1.4 billion in SK
- 2 800 employees in both markets, important source of tax revenue

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OUR APPROACH TO BUSINESS AND SOCIAL RESPONSIBILITY



At Nestlé we believe that in order to be successful over the long-term we need to manage our activities according to the highest standards of business conduct and strict requirements of environmental sustainability. These requirements are contained in the Nestlé Corporate Business Principles and other binding documents.

However, our intention is to go even further, beyond mere sustainability, creating value for society as well as for our shareholders. We call this principle “Creating Shared Value.” Nestlé focuses on three areas while creating shared value — Nutrition, Water and Rural Development, as these are necessary for our success and serving important needs of the society at the same time.

As a major employer in the region, we focus on supporting the young, thus striving to tackle one of the worst consequences of the economic crisis in Europe.

A handwritten signature in black ink, appearing to read 'T. Emborg', written in a cursive style.

Torben Emborg
General Manager of Nestlé
Czech and Slovak Republic

NESTLÉ PRODUCTS IN OUR MARKET



Value for Society

Supporting local economy, creating indirect employment with suppliers and strengthening their competitiveness, contributing to social and economic sustainability in developing countries.

Value for Nestlé

Ensuring optimum combination of price, quantity and quality in the long run, better cost control and long-term sustainability of business.

AGRICULTURE AND PROCUREMENT

Producing food and beverages in more than 440 factories globally, Nestlé is an important purchaser of agricultural raw materials, packaging, services as well as energies, machinery and equipment.

In the Czech and Slovak Market

For our production needs we purchase processed raw materials from agricultural producers, while being an important customer in number of categories. Every year we purchase locally many thousands tons of sugar (covering up to 100% of our needs), more than 90% of milk and dairy raw materials, milling products, 40% of pasta, salt and more than 40% of starches and syrups.

Locally, we also purchase significant volume of packaging materials – 100% of corrugated cardboard, more than 70% of aluminum foil etc. Similarly, Nestlé purchases energy, logistics, transport and other services. We belong among the

most important clients in the advertisement industry in CZ and SK.

In total we spend c. CZK 4 billion on raw materials for production alone every year, 40% of which is paid to local suppliers.

We guarantee high quality of products to our consumers, therefore we insist on strict quality standards of our suppliers. Every year we carry out approximately 40 quality audits of our suppliers. Quality audits are not the only part of our responsible approach towards sustainable sourcing. Every supplier has to comply with The Nestlé Supplier Code.

Worldwide

Nestlé promotes modern tools, such as the SEDEX system, which is supported also by the International Brand Association (AIM). Independent audit of environmental and social sustainability forms integral part of this system.

In 2014-2015 we aim to perform 10 000 audits globally. Successful completion of these audits enables our suppliers to take part in tenders of other important companies.

Nestlé is a member of the Sustainable Agriculture Initiative (SAI) and employs consultants to help farmers. Cooperation with a number of organizations and certification schemes (4C, RSPO, UTZ, Rainforest Alliance, FSC, Fair Trade etc.) fall within a broader, more complex approach to sustainability and sustainable key raw materials sourcing. Projects, such as the Nescafé Plan and the Nestlé Cocoa Plan, illustrate the Creating Shared Value concept.

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 towards our own customers.

Nestlé Corporate Business Principles





The Nestlé Cocoa Plan

This project focused on education and training was launched in 2009. It enables farmers to increase their yields as well as resistance of crops, to achieve better quality and thus higher selling price. In 2013 almost 34 000 farmers from production countries received the training. Nestlé opened research and development center in Côte d'Ivoire, a country producing 40% of world cocoa crops. Since 2013 the Center has delivered 1 million high-yielding and resistant cocoa tree plantlets to farmer every year, so as to replace the old ones.

In cooperation with the International Cocoa Initiative (ICI), we strive to help children in cocoa-producing communities to have access to education (Nestlé committed to build 40 schools in Côte d'Ivoire by 2015) and to eliminate their exploitation. Nestlé is one of the founders of the UTZ Certified Cocoa, which strives to create sustainability system for cocoa production. More at www.nestlecocoaplan.com. All Nestlé markets using cocoa in their production contribute to financing of the Cocoa Plan (incl. Nestlé Czech ZORA factory).



In 2011 Nestlé has become member of the Sustainable Vanilla Initiative (SVI), focusing at improving the sustainability of vanilla production value chain.



We consider the destruction of tropical rainforest to be one of the most serious international environmental problems. We became active member of the Roundtable for Sustainable Palm Oil (RSPO) and our efforts to stop deforestation lead us even further, requiring our suppliers to comply with even stricter regulations.



Nestlé cooperates on evaluation and improvement of working conditions in the process of hazelnut production in Turkey.



In 2010 Nestlé entered a partnership with The Forest Trust (TFT), jointly setting regulations for responsible sourcing. We have achieved our commitment by 2013 – 100% of sustainably sourced palm oil.



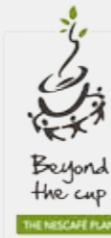
We share the Consumer Goods Forum commitment to achieve zero-net deforestation globally by 2020.



As a first food producer, Nestlé joined the Fair Labor Association (FLA). We aim to eliminate child labor from the cocoa value chain.

The Nescafé Plan

Launched in 2010, the Plan aims to invest CZK 8 billion by 2020 and further CZK 3.5 will be invested in the scope of the Nespresso sustainability plan.



By 2015 we will double the volume of coffee bought directly from farmers, reaching 180 000 tons a year. All coffee sourced directly will comply with the Rainforest Alliance and Common Code for Coffee Community sustainability criteria, the 4C.

Since 2011 Nestlé has provided farmers with 15.5 millions of high-yielding coffee tree plantlets. Nestlé agronomists have helped more than 10 000 farmers, enabling them to increase their yields and income. More at www.nescafe.com.



DID YOU KNOW?

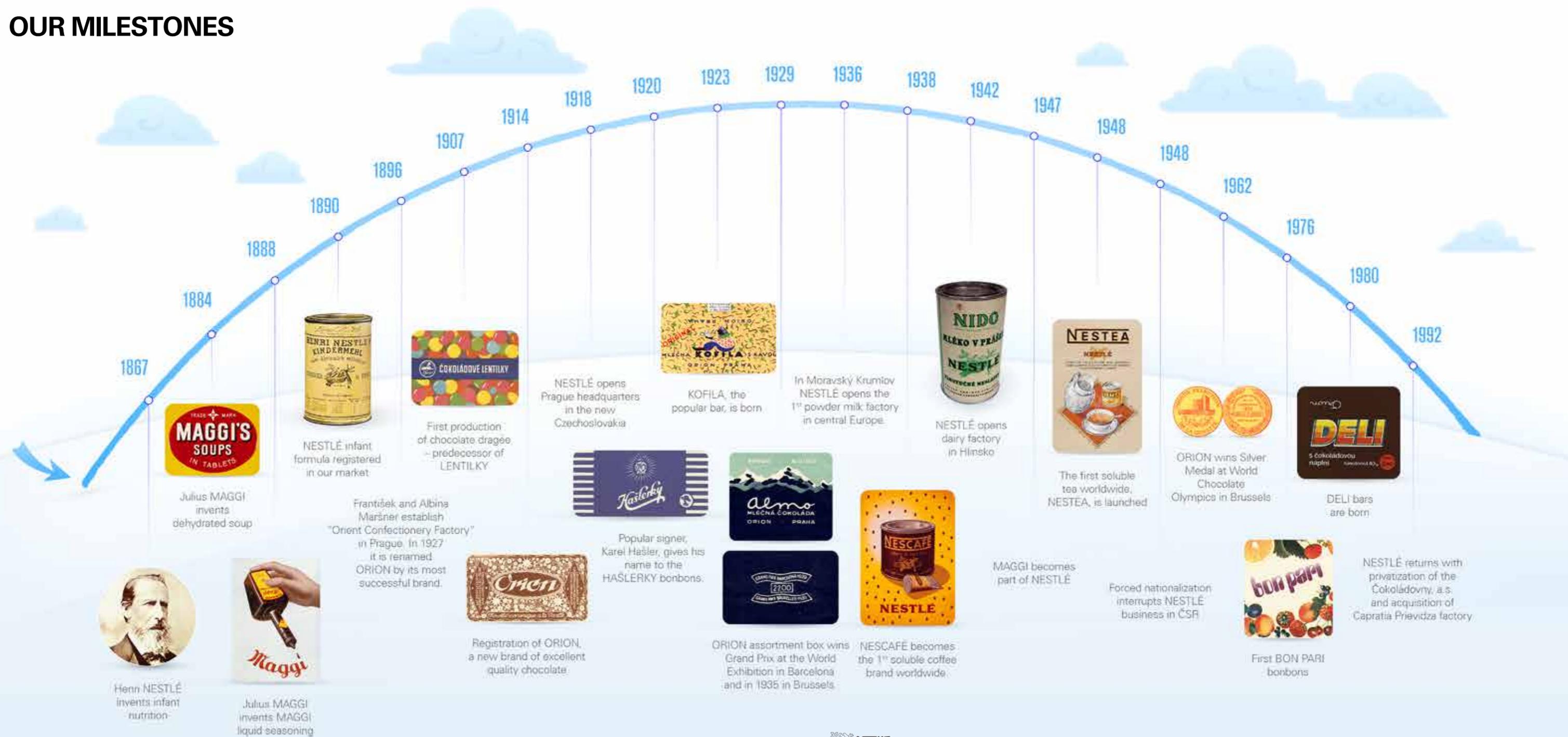


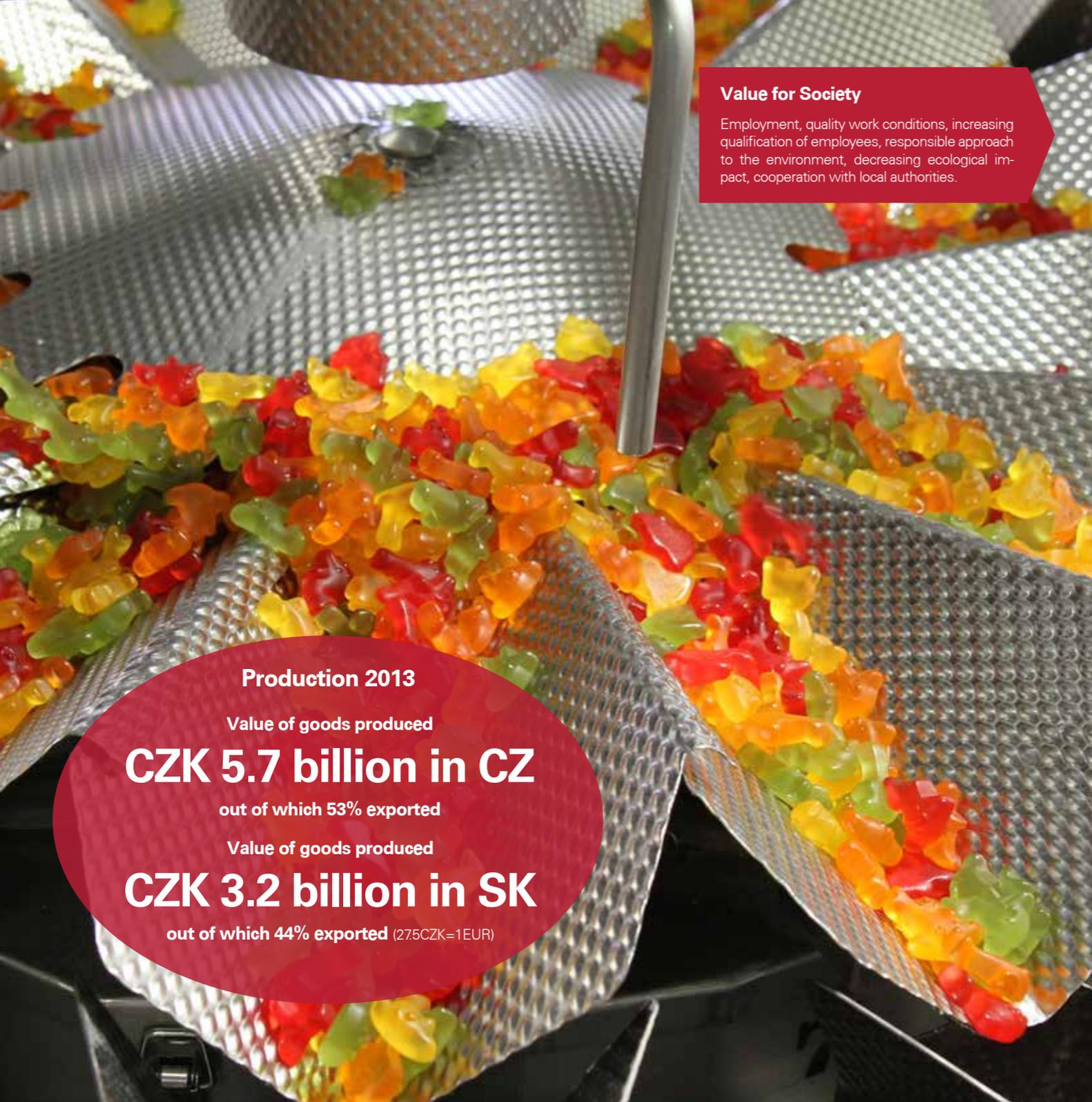
In 2009 Nestlé launched the Creating Shared Value prize, comprising investment up to CZK 11.4 millions, which aims at supporting and acknowledging exceptional innovations focused on better access to water, improved livelihood of farmers and rural communities or providing quality nutrition. The first prize was awarded in 2010 to the International Development Enterprises (IDE) from Cambodia, which uses market economy principles to increase income of poor rural communities in Cambodia. IDE will broaden their already existing network of 60 independent small entrepreneurs ("farmer consultants") by 36 new ones in order to extend services provided to farmers, to help increase their productivity (by providing consultancy, quality seeds, fertilizers, irrigation etc.) and to increase their income, reaching 20 000 people in rural Cambodia.

In 2014 the prize was won by the East African organization Honey Care Africa, which supports more than 35 000 farmers in South Sudan.



OUR MILESTONES





Value for Society

Employment, quality work conditions, increasing qualification of employees, responsible approach to the environment, decreasing ecological impact, cooperation with local authorities.

Value for Nestlé

Competitive advantage – quality and motivated employees, ecological and energy-saving processes, reduction of waste and emissions.

NESTLÉ PRODUCTION IN CZ AND SK

The three local factories belong among the most important facilities in their product category in central Europe, while being among the largest local employers. Thanks to investments of CZK hundreds of millions into our factories, we are able to produce quality products for good price for local as well as foreign consumers.

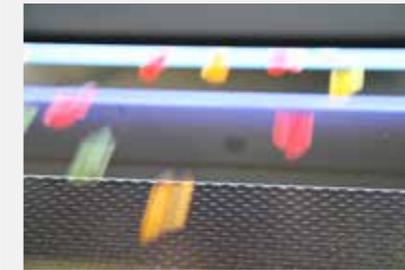
ZORA OLOMOUC FACTORY



ZORA Olomouc, having gained an important position in the market soon after its foundation in 1898 with an assortment of 4 000 products, is the biggest chocolate factory in CZ. Nowadays it produces especially chocolate, chocolate bars and desserts under the brand of ORION with a significant share of seasonal goods. First-rate technological equipment for the production of chocolate bonbons and formed and aerated chocolate can be found in the factory.

SFINX HOLEŠOV FACTORY

Production of Sugar Confectionery – kandyts, drops, furé, jelly and other bonbons under the brands of BON PARI, HAŠLERKY, ANTICOL and TOFFO – has gradually concentrated in the factory. The business established in 1863 by the Kneisel family has now surpassed country borders. The factory products are exported to all continents and they are available to more than a billion of consumers. Modern laser system, checking the quality of the surface and content of a jelly bonbon, illustrates our focus on quality.



CARPATHIA PRIEVIDZA FACTORY



The CARPATHIA Prievidza factory produces an assortment of dehydrated culinary products – soups, bouillons and ready-made meals. Food production tradition dates back to 1875. The key year for the current portfolio is being 1959, when the first line for production of dehydrated soups was put into operation. In the 20th century 90's the factory underwent extensive modernization and it produces a large portfolio of MAGGI products, while exporting it to many European countries, e.g. Poland, Hungary, Spain and Portugal.

Production 2013

Value of goods produced

CZK 5.7 billion in CZ

out of which 53% exported

Value of goods produced

CZK 3.2 billion in SK

out of which 44% exported (275CZK=1EUR)

? DID YOU KNOW?

All Nestlé Czech and Nestlé Slovak facilities are ISO certified.

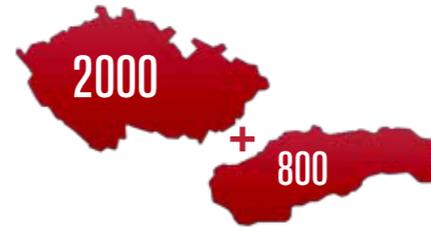
The combined certification performed by Bureau Veritas includes:

- Quality Management **ISO 9000**
- Occupational Healthy and Safety Standard **OHSAS 18 001**
- Environmental Management **ISO 14 001**
- Food Safety Management **ISO 22 000**

The entire certification system was confirmed in 2013.



OUR EMPLOYEES



Our employees are our most valuable asset and that is why:

- We utilize career planning system interconnected with training and development

Human resources management is based on performance targets and development planning, yearly evaluation process, recruiting talents, succession planning and career development. Being a global player, Nestlé offers an international career as well. In addition to obligatory training, a number of approaches - such as experience-based development, Nestlé training courses as well as external trainings - are utilized for training and development, including programs in international training centre in Rive Reine, Switzerland.



- We strongly focus on work safety

Work safety is systematically observed at every level of management and at every location. In the long run, this approach leads to injuries reduction to the level of the best companies in the industry.

- We do business ethically

Fundamental values and principles are anchored in internal instructions – especially in Nestlé Corporate Business Principles and Code of Business Conduct etc., which are binding for all employees. Nestlé requires all its suppliers and customers to observe the same ethics.

Nestlé & I

This worldwide anonymous employee opinions survey provides the management with feed-back about employees' perception of many angles of our business, management and employee care. Action teams work with survey results independently assessed by an external agency and prepare concrete actions to improve. Implementation of a system for easy integration of mothers returning from maternity leave or focus on development of a coaching culture illustrate some of the successful actions.



EMPLOYEE BENEFITS

- extra week of holidays
- flex days
- subsidized infant nutrition
- subsidized company catering
- beverages at the workplace
- company shop
- education & training
- sport activities
- internal program for promotion of healthy lifestyle
- pension fund and life insurance contribution

In positions where applicable:

- flexible working hours
- home office

? DID YOU KNOW?

We support team physical activities of employees. With our interactive online application "Krokování²" we motivate our employees to be more active and to adopt more balanced lifestyle.



	participants	teams	total energy (kcal)
2013	160	40	2 311 714
2014	148	37	2 138 335

In the 2014 competition employees spent in total as much energy as an average European woman in 1 069 days.



SUPPORTING THE YOUNG

Youth unemployment is one of the worst impacts of the European economic crisis, affecting every fourth youngster and their family. Solution of such a complex issue needs to come from joint effort of all parties concerned – state authorities, employers and young people themselves.

That is why in 2013 Nestlé launched a Europe-wide initiative supporting the young below 30 years of age, Nestlé needs YOUth, and in 2014 we mobilized our partners to create Alliance for YOUth.

Nestlé needs YOUth 2014-2016 consists of three pillars:

- direct employment of the young (incl. Graduate program)
- traineeship and apprenticeship programs
- Nestlé Career Counseling
- Alliance for YOUth

Nestlé Career Counseling

This exclusive program comprehensively prepares university students and graduates for entering



Direct Employment

target: 240 by 2016
2014: achieved 105%
 01-08/2014 **253** achieved



Nestlé Career Counseling

target: 600 by 2016
2014: achieved 27%
 01-08/2014 **162** students



Trainees and Apprentices

target: 300 by 2016
2014: achieved 32%
 01-08/2014 **96** trainees and apprentices

all4 YOUth Cooperation with Partners

Alliance for Youth
22 partners in CZ & SK
200 partners in Europe

the real labor environment. The program shows students the real world of business, prepares them for job interview, helps create their CV and provides it provides individual mentoring as well. The program is provided to students free of charge. Nestlé employees volunteer to provide their expertise.

Apprenticeships

Since 2009 ZORA Olomouc factory has been cooperating with the Šturzoza High School on an apprenticeship scheme "Food Producer". Most of the successful graduates find employment in the factory.

In 2015 we will launch similar scheme at our Prievidza factory and open a new apprenticeship program "Food Industry Worker – production of non-perishable food" in cooperation with a local high school.

Alliance for YOUth

Nestlé with its partners united forces in order to offer even more opportunities of starting and developing career to the young. 200 partners joined Nestlé in the entire Europe, in CZ and SK we have more than 22 partners.

The Alliance for YOUth is supported by local as well as European authorities (e.g. Czech Minister of Education, Youth and Sports).



Alliance members commit to:

- actively support and promote programs for young people
- develop various initiatives aimed at providing the young with relevant work experience
- mobilize their own employees to help young people prepare for their future jobs e.g. through career counselling, CV clinics etc.
- participate in Nestlé needs YOUth activities as agreed beforehand
- assure compliance with the local labor legislation during the execution of all programs and activities for the young

Nestlé employees participate in this initiative – 21 employees led Job Clinic workshop and more than 40 employees became mentors and led more than 100 mentoring meetings in 2014. Engagement of employees is another benefit this program brings us.

MORE AT:
www.karieravnestle.cz
www.karieravnestle.sk
www.alliancepromlade.cz





Value for Society

Emissions reduction, minimization of impact on environment, responsible sourcing, supporting environmental projects.

Value for Nestlé

Efficient use of energy, saving costs, better work conditions, positive local influence.

ENERGY AND WATER

ETS Projects in Factories

Energy Target Setting (ETS), belonging among important technical projects in our factories, consist in analyzing the current state of energy and water consumption, followed by a two-week external audit and result in a long-term action plan. For example in the Prievidza factory 30 projects of saving energy, water and CO2 were suggested with priority return on investment in 3 years.

The most significant energy and water saving projects in factories

ZORA OLOMOUC FACTORY

Thanks to water management investment actions in selected areas of the ZORA factory the waste water is no longer conducted to the sewage system, but is re-used in the technology of cooling. We thus managed to save 30-35% of water in 2013. In the energy management of the factory, we have implemented heat pumps utilizing waste heat from the cooling machine room, gaining 800 GJ of heat per month and using it to heat technological water.

saving 30 to 35%



CARPATHIA PRIEVIDZA FACTORY

In the PRIEVIDZA factory we managed to save c. 23% of drinking water by replacing open cooling system vacuum pumps, which were using drinking water, with vacuum pumps using chemical agent for cooling.

saving 23%



SFINX HOLEŠOV FACTORY

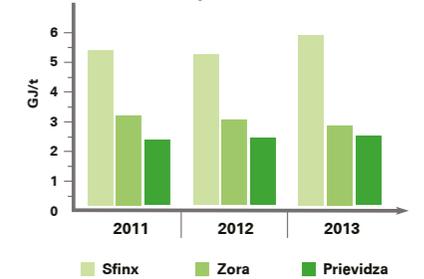
The SFINX factory also focuses on vacuum pumps optimization – the water that was formerly conducted to the sewage system now returns and is utilized for example to transport heat from the boiler room to production. Projects for utilization of waste heat – using heat from cooling of compressors and optimization of the boiler room - save energy as well. The heat that used to escape into the surrounding environment is now captured in exchangers and used for heating washing water.



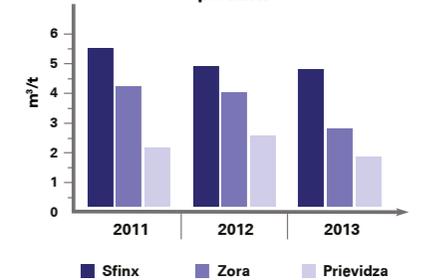
ENVIRONMENTAL SUSTAINABILITY



Energy consumption in GJ per production of ton of products



Water consumption in m³ per production of ton of products



We commit to offering products that are not only tastier and healthier, but also friendlier to the environment throughout their entire life cycle.

Policy on Environmental Sustainability,
Nestlé S. A. 2013

EMISSIONS AND WASTE

Zero-Waste to Landfill

In 2013 all our factories had a very important target of zero-waste to landfill. All the factories have successfully achieved this target. All waste produced is either recycled or used for energy production. A project aiming at further long-term waste reduction is currently in place.



In 2013 we launched Nespresso capsules recycling project.

Responsible consumers, who care for the environment, can collect used capsules in a special recycling bag and hand it over to the driver of delivery service while receiving new capsules. All our boutiques are also collection points for used capsules, one collection point serving our employees is also in our Modřany headquarters. Collected capsules are ground at the waste processing company, the aluminum extracted is recycled and coffee dregs are used in cement production for heating. The project falls within the Ecolaboration program, with which we strive to maintain coffee quality, reduce social and environmental impact of our business and improve livelihood of coffee-producing communities at the same time.



20%
less CO₂

Fighting Food Waste

For Nestlé this is an increasingly pressing topic. We strive especially to prevent and eliminate food waste across the entire value chain. Production is our priority (see already mentioned zero-waste to landfill), however selection of appropriate packaging, which protects products from deterioration, is important as well. We expand our offer of product formats, so as the consumer can choose suitable portion for different occasions. By optimizing our planning processes we decrease portion of slow-moving stocks, nevertheless in exceptional cases unexpected surplus of products might occur. In cooperation with charity organizations we donate this surplus to those in need.

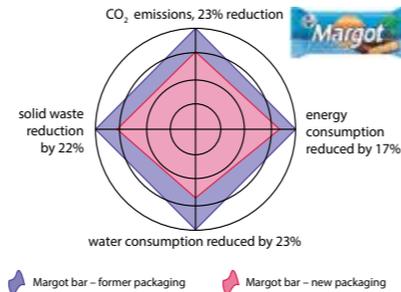
Logistics

strives to reduce total CO₂ emissions by 20% by 2015 (as compared to 2009). This task all the more difficult to achieve as Nestlé in CZ and SK does not own warehouse centers and we need to closely collaborate with our suppliers in order to achieve it. Together we increase efficiency of trucks, use shipping and railway transport and use more ecological trucks. We are on the right track – in 2013 we reduced CO₂ emissions (v. 2009) by 17%.



PACKAGING

Nestlé strives to reduce packaging weight, develops packaging from renewable sources, ensures recycling and supports development of public systems of recovery packaging waste. System PIQET is utilized to assess the life-cycle of a product and to provide quick evaluation of environmental impact of packaging.



Change in group packaging of the Margot bar illustrates how the PIQET tool is used. With a new packaging we significantly reduced consumption of water and energy as well as CO₂ emissions. Yearly production of Margot thus reduces CO₂ emissions in the same way as planting of 104 new trees and saves energy, which would suffice to daily consumption of 7 640 households. Thanks to ongoing optimization of packaging we saved more than 50 tons of packaging materials in 2013.

EKO-KOM + ENVIPAK

Separation and recycling of packaging is essential in order to save environment around us. In 2013 Nestlé in CZ, as a member of the non-profit organization EKO-KOM environmental project, reduced CO₂ emissions by almost 13 000 tons thanks to separation and recycling, which corresponds to 310 947 GJ of energy. At the same time we contributed to operation of 4 456 color containers for se-

paration of waste. The energy thus saved corresponds to the electric energy needed for 604 days of street lighting in Prague. In Slovakia we reduced emissions by c. 1 500 tons of CO₂ by separation and recycling in 2013. We thus saved an amount of energy produced by Oravská dam in 12 days.

PUBLIC PROJECTS

Nestlé Grants

In our Czech locations (Prague, Olomouc and Holešov) since 2005 we have been regularly opening grants for NGO activities focused on supporting healthy lifestyle in healthy environment. In every location we choose c. 3-5 projects. Grants are open in cooperation with local authorities, who participate at the evaluation as well.

We have supported for example these projects:

- cleaning of the Mlýnský brook and Bystřice river in Olomouc
- Bio-garden project in Holešov
- ecological education in Prague 12
- reconstruction of rescue station for raptors and owls in Prague 12

Ekorok with Nestlé

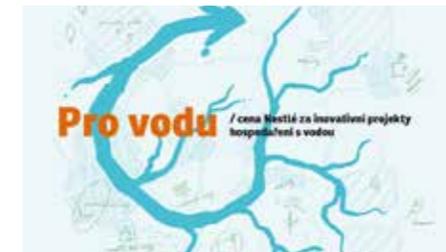
Since 2003 we have cooperated with the City of Prievidza on a joint project called Ekorok with Nestlé, aiming to support environmental and healthy lifestyle education of the young generation.

Prievidza elementary and nursery schools participate in the project, the highlight of which is a city-wide presentation of children's works on the Day of Earth. Every year more than 4 000 children from 18 schools take part in the project.



Nestlé for Water in the Landscape

In 2012 Nestlé started to cooperate with important ecological organization, Nadace Partnerství, on a project called "Nestlé for Water in the Landscape," which aims at finding natural ways of retaining water in the landscape, preventing risk of floods and efficient water management. Last but not least it focuses on promotion of ways to alleviate water-connected problems in the country.



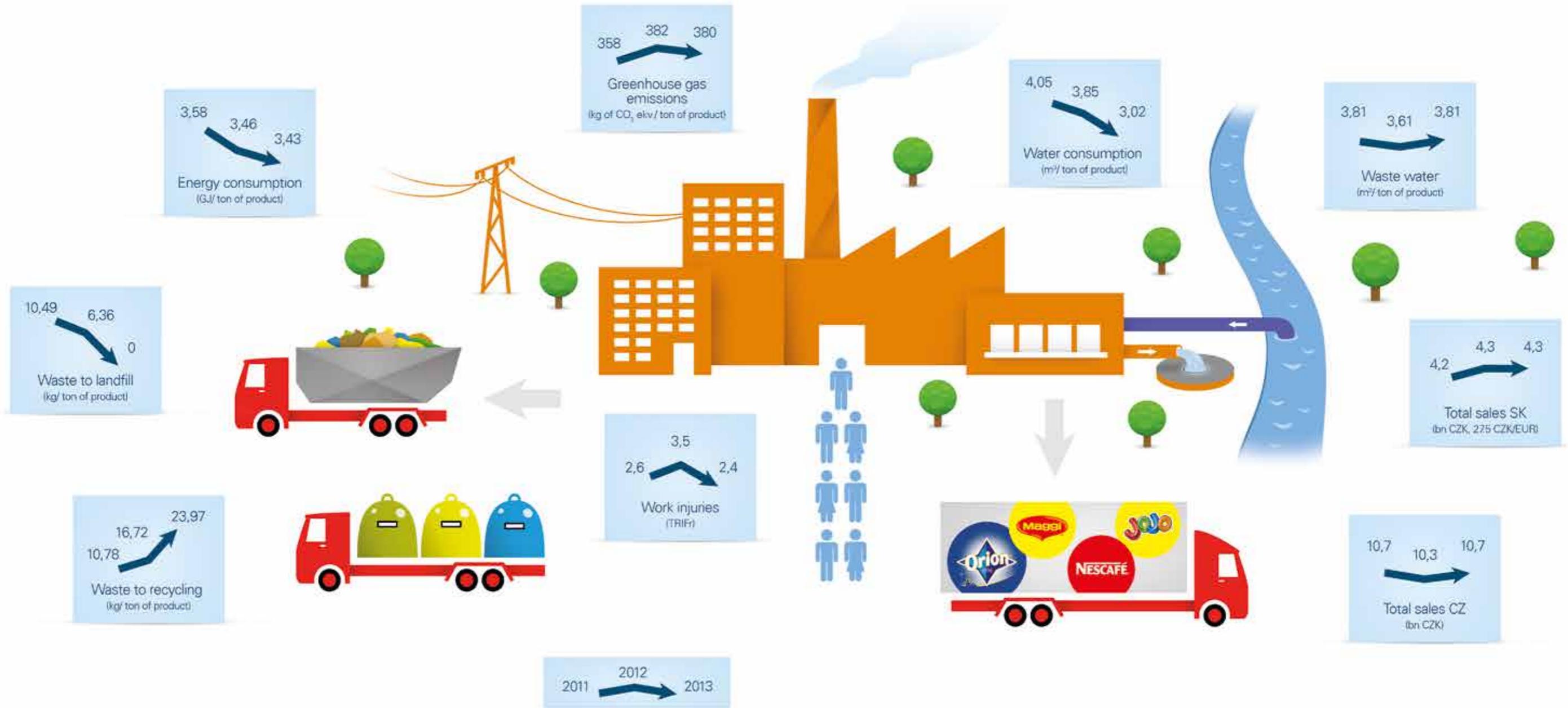
NESTLÉ FOR WATER IN THE LANDSCAPE 2012-2013

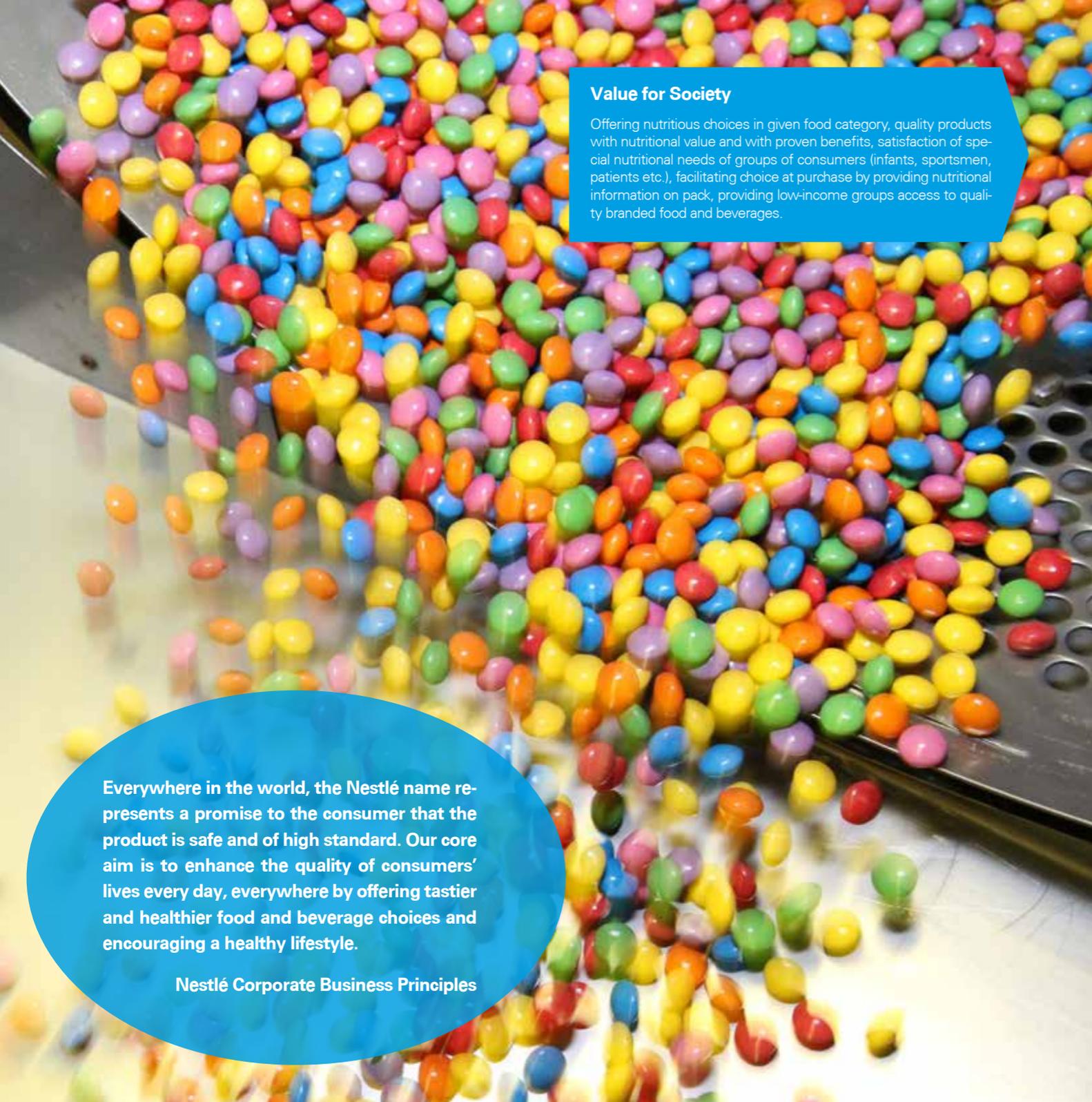
- 1 root sewage treatment plant
- 4 natural ponds with littoral zone
- 1 repair of pond dyke
- 26 new and 3 renewed pools in the landscape
- renewal of 12 springs and recovering 30 more
- 6 rain water reservoirs
- 2 irrigation systems using rain water
- installation of 183 efficient faucet aerators, 47 flow regulators and 80 dual flush WC to save water
- regulation of an irrigation system
- number of educational programs for kids and adults, engaging the public into project implementation, community planning as well as into the actual terrain works

We have launched a similar project in Slovakia in cooperation with the Ekopolis foundation. In 2014 we have supported in total 14 projects, e.g. protection of marshlands or capturing of rain water for city garden of neighbours.



SELECTED KPIs IN CZ & SK





Value for Society

Offering nutritious choices in given food category, quality products with nutritional value and with proven benefits, satisfaction of special nutritional needs of groups of consumers (infants, sportsmen, patients etc.), facilitating choice at purchase by providing nutritional information on pack, providing low-income groups access to quality branded food and beverages.

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.

Nestlé Corporate Business Principles

Value for Nestlé

Competitiveness, informed and loyal consumers of branded products, increased sales and more opportunities to grow market share incl. specific segments (infant nutrition, clinical nutrition, performance nutrition as well as pet food etc.), higher employee engagement, acquiring new consumers, for whom standard formats of products would be unaffordable.

SCIENTIFIC APPROACH

We are the global leader in nutrition, health and wellness, offering quality and affordable products to consumers worldwide. Based on scientific techniques, we help to solve vitamins and minerals deficiencies in peoples' diet. We also focus on fighting obesity. We invest into improvement of nutritional value of our products in all categories, reducing artificial colorants, adding more nutritious ingredients and valuable micronutrients. We provide recommended daily portions. We develop and offer nutritious high-quality food affordable for low-income consumers.

- CZK 46 billion of investment into research and development every year**
- 4 Nestlé Research Centers** in Lausanne, St. Louis, Beijing and Tokyo – basic research – more than 300 scientists, more than 70 clinical studies and 80 patents every year
 - 28 Product Technology Centers** – 5 200 employees – development of new technologies and products
 - 280 Application Groups** – implementation of innovation according to local needs, in CZ/SK in ZORA Olomouc, SFINX Holešov and Prievidza factory
 - 385 university cooperation projects**

PRODUCTS AND CONSUMERS

THE LARGEST NETWORK OF RESEARCH AND DEVELOPMENT CENTERS WORLDWIDE



AMERICAS

- Research & Development Centers**
 - Fremont, Michigan, USA
 - Minneapolis, Minnesota, USA
 - Solon, Ohio, USA
 - Queretaro, Mexico
- Product Technology Centers**
 - Marysville, Ohio, USA
 - St. Joseph, Missouri, USA
 - St. Louis, Missouri, USA



EUROPE AND MIDDLE EAST

- Nestlé Research Center**
 - Lausanne, Switzerland
- Research & Development Centers**
 - Amiens, France
 - Tours, France
 - Rzeszow, Poland
 - Osthofen, Germany
 - Sansepolcro, Italy
 - Sderot, Israel
- Product Technology Centers**
 - Beauvais, France
 - Broc, Switzerland
 - Lisieux, France
 - Orbe, Switzerland
 - Singen, Germany
 - Vittel, France
 - York, Great Britain



ASIA

- Research & Development Centers**
 - Beijing, China
 - Shanghai, China
 - Singapore
 - Tokyo, Japan



? DID YOU KNOW?

In 2011 the Nestlé Institute of Health Sciences was founded. The institute works in between food and pharmaceutical industries focusing on scientific research of human health, preventing and helping to solve conditions such as diabetes mellitus, obesity, cardiovascular disease or the Alzheimer disease.

In 2013 we opened the most advanced laboratories in the industry, The Nestlé Research Centre in Lausanne, Switzerland, in order to study food pathogens.

Nestlé Nutrition Institute

- has been contributing to scientific and medical staff education in the area of nutrition for more than 60 years

The Institute employs 4 000 health care specialists, who provide relevant information, products and services to doctors, nurses and dietitians, so as they are well equipped to help their patients.

- is the largest provider of nutritional information worldwide, providing access to Internet pages access to online medical and scientific library, to training tools, online workshops and information about upcoming events

- Nestlé Nutrition Institute web pages have more than 65 000 registered members, who access information via virtual meetings, information newsletters and discussion fora

Nestlé Nutrition Council

- has served as independent advisory body for the last 30 years

- globally renowned nutrition scientists researching current and emerging issues in nutrition are among its members, researching current and emerging issues in nutrition
- focuses on diabetes, child obesity, cancer, nutrition and reviews fundamental approaches of Nestlé towards micronutrient fortification and ingredients reduction
- organizes the International Nutrition Symposium, where experts every year set future course of research

HIGH QUALITY FOOD

Voluntary commitments of Nestlé to reduce content of sensitive nutrients



6040+

Creating Preferred Nutritional Choices

Thanks to our unique concept of 60/40+ we develop products, which:

- are preferred by at least 60% of consumers in blind tests v. their most important competitors
- have benefits ("plus") according to recommendation of globally renowned nutrition and healthcare authorities

We use this concept to launch every new product in every food & beverage category.

Nestlé Nutritional Profiling System

In order to ensure better nutritious composition of our products v. competitors' and to share this information with our consumers, Nestlé have developed a strict system of nutritional profiling. Criteria are set for every product according to 4 principles:

Principles of Nestlé Nutritional Profiling

- 1 role of the product in a balanced diet
- 2 content of sensitive nutrients (e.g. calories, fat, added sugar, calcium, whole grain etc.)
- 3 limits for each of these factors
- 4 portion consumed by consumer (adult and/or kids)

Products compliant with all criteria are marked as products with Nestlé Nutritional Foundation (NF) and are considered suitable for a balanced diet of majority of consumers, even while consumed regularly. Almost all categories of Nestlé products are evaluated in this way (with exception of highly-

-regulated categories). In 2013 99% of all products were evaluated, 71 % of which were compliant and acquired Nestlé Nutritional Foundation.

Recipe Management System

Following our commitments of sensitive nutrients reduction (trans fatty acids, saturated fats, salt, sugar...) in our products, thanks to a new monitoring system we introduced, we will be able to implement desired improvements globally, e.g. increasing whole grain content, vegetable, calcium and vitamin D. In 2009 we have adjusted 3 878 products like this.

Micronutrients Fortification

Micronutrients deficiency impacts more than one third of global population, especially in developing countries. In these areas. Fortified Nestlé products contribute to health risks reduction, especially in children.

Nestlé Products with Micronutrients' Fortification

Iron (essential for physical and mental development)	44 billions of portions
Iodine (cognitive development)	94 billions of portions
Vitamin A (eyesight and immunity)	29 billions of portions
Zink (growth and immunity)	13 billions of portions

(year 2008)

In our market, the risk of such deficiencies is only partial, that is why, apart from legal requirements we fortify only Nestlé cereals and GRANKO soluble beverage.



Branded Active Benefits

Among the additives with added, scientifically proven health benefits we use are B₁₂, Prebio 1 and Actigen-E. We add them to our traditional international brands. Our most recent innovation from 2009, L Comfortis, developed by Nestlé Nutrition for their Lactogen brand, improves intestinal comfort and general wellbeing in infants. In our market, Branded Active Benefits are used by the BEBA and GRANKO brands.

DID YOU KNOW?



GRANKO is the most popular and most sold soluble cocoa in CZ and SK:

- GRANKO production started in 1979 in the national enterprise of Čokoládovny
- the name of the brand originates from internal competition among employees
- **GRANKO = GRANulované KakaO** ("granulated cocoa")
- In 1997 GRANKO was included into the ORION branded portfolio
- In 2010 launch of novelties: GRANKO Exclusive (less sugar, more cocoa) and GRANKO Calci-N.
- Calci-N – natural mineral concentrate of calcium from milk, consisting not only of calcium, but also of other minerals (such as sodium, potassium and phosphorus etc.), which positively influence metabolism of calcium in the body. One cup of milk and GRANKO Calci-N prepared according to the recipe provides 46% of daily recommended amount of calcium!
- More information at www.granko.eu.



SPECIAL NUTRITIVE NEEDS

Nutrition in the first 1000 days is the most important for children.

“Start Healthy, Stay Healthy” is Nestlé Infant Nutrition slogan covering our infant and baby nutrition program, which focuses not only on satisfying all nutritive needs of children in the critical “First 100 Days,” but it provides scientifically-based practical consultation to healthcare professionals and parents as well.

“First 100 Days” represents a time period from conception to second year of age. In this period nutrition plays an essential role in human life, having the influence on health condition in many years to come. We build on the pioneer efforts of Henri Nestlé, who developed the first infant formula in the world 145 years ago. More at www.prvnich1000dni.cz.

❓ DID YOU KNOW?

We believe that breast-feeding is the best nutrition for infants, that’s why we support the World Health Organization recommendation on exclusive breast-feeding in the first 6 months. We strictly adhere to the International Code of Marketing of Breast-Milk Substitutes of the World Health Organization, FTSE4Good regulations and to Nestlé policies.



Nestlé Infant Nutrition offers mothers, whose children cannot or are not breast-fed, a wide portfolio of high-quality milk substitutes for infants, covering nutritional needs of the entire period of “First 1000 Days.”

- **BEBA infant formula**, containing high-quality proteins, is created according to breast milk qualities and contains active pro-biotic bacteria BifidusB₁₆, naturally occurring in breast milk and ensuring healthy intestinal micro-flora in infants. We offer number of variations satisfying specific needs of babies, including solution for prematurely born children.

- **Nestlé Junior baby milks** are suitable for children up to 1 year of age

- **Wide assortment of complementary food** includes milk and non-milk infant cereals, milk with mash, snacks, yogurts and special biscuits. Wheat starches in Nestlé mashes are adjusted with unique CHE technology, acquiring natural sweetness without need to add sugar.

BEBA H.A. is suitable for prevention of allergies, its long-term effect has been scientifically proven and it is the only infant formula with US FDA (2011) approved health claim.



❓ DID YOU KNOW?

Nestlé prepared number of activities for education about nutrition for elementary schools. They are accessible to teachers and others at web pages www.healthykids.cz and www.healthykids.sk.



Improving the Quality of Life

Nestlé Health Science, a clinical nutrition division of Nestlé, provides nutrition suitable for consumers with special nutritional needs.

The entire portfolio is divided into 3 parts:

- enteral nutrition – Isosource, Novasource or Peptamen
- sipping nutrition – Resource or Renutryl Booster
- healthcare equipment

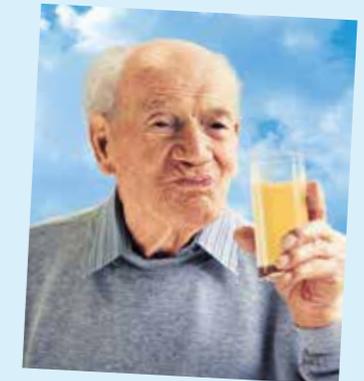
Our products find their place at Intensive Care Units, ARO, oncology, neurology etc., but also in geriatrics



DID YOU KNOW?



Nestlé developed added special nutritional testing tool called Mini Nutritional Assessment (MNA®) for early detection of risk of malnutrition in seniors. This clinically proven and internationally recognized test is the only screening tool developed specially for seniors that is used in hospitals as well as nursing homes. It is available at www.vyzivaprinemoci.cz. By filling-in this test, seniors and their family members are able in a few minutes to find out about the persons nutritive state and learn ways of immediate remediation if needed.



Milk allergy in infants or other food allergies cause eczemas, loss of appetite and insufficient growth. The amino acid Alfamino formula and the extensive hydrolysed Althéra formula are suitable for the youngest babies.

Recently, we have extended our portfolio with Vitaflo products, focused on nutritional needs of patients with genetic metabolic disorders, who often need to observe a special life-long diet. Nutritional products Vitaflo contribute to healthy growth and development, even save lives.

Nutrition is essential for all of us and the nutrition provided by Nestlé Health Science improves quality of our lives and our health.



NUTRITIONAL INFORMATION FOR CONSUMERS

Portion Guidance



Nutrition experts consider correct size of portion together with the right frequency of consumption to be essential for maintaining good health. People all over the world need to tackle not only malnutrition and key nutrients deficiencies but also obesity. Nestlé Nutritional Compass® and its recommendations became basis for the unique program of Nestlé product labeling.



Nestlé Nutritional Compass® can be found on all Nestlé products in the world. It consists of voluntary, comprehensible and user-friendly labeling on product packaging, helping consumers to make informed purchase decisions. Detailed nutrition data are on more than 98% of product packaging. In Europe the Nestlé Nutritional Compass® was adjusted in order to offer comprehensive chart of nutrition data with values of Reference Intake and

with data about “seven most important” nutrients (percentage of reference intake, content of fats, saturated fatty acids, carbohydrates, sugars, protein, salt and their portion in a balanced diet).

Nestlé NQ® Program for Education about Nutrition

Nestlé Nutrition Quotient® is a result of our commitment to educate and train our people in nutrition, offering them practical skills of how to adopt healthy diet for themselves and their families. So far 121 360 employees received this training worldwide. In order to better share this training we developed an interactive e-learning program in 2010.



VÝŽIVOVÉ ÚDAJE	Na 100 g	Na porci / porciu** 250 ml	%*
Energie / Energy	1430 kJ / 339 kcal	393 kJ / 93 kcal	5%
Tuky / Fat	4,0 g	1,1 g	2%
Bílkoviny / Protein	61,4 g	16,9 g	7%
- z toho cukry / - of which sugars	32,9 g	9,1 g	10%
Vláknina / Fiber	14,0 g	3,9 g	-
Bílkoviny / Biélkoviny	7,4 g	2,0 g	-
Sůl / Salt	7,10 g	1,9 g	-

RESPONSIBLE MARKETING AND ADVERTISING

Requirements on suitable consumer communication have been part of the Nestlé Corporate Business Principles since 1999. In 2009 Nestlé joined the EU Pledge on Advertising to Children, which aims at supporting balanced diet and healthy lifestyle of children. We have committed to voluntarily limit advertisement targeted on children below 12 years of age in print, TV and online media. Only products helping to maintain balanced diet with clear limits of sugar, salt and fat content can be part of such advertisement. Nestlé created a set of “Implementation Principles” and monitoring system. In 2013 external audit proved that this commitment was achieved on 98.5%.



DID YOU KNOW?



Nestlé Professional division is an expert partner to gastronomy facilities, hotels, restaurants and other places of catering for public or business clients.

We offer food, hot beverages and culinary specialties of top quality under the brands of MAGGI, CHEF, NESTLÉ DOCELLO™, NESCAFÉ, NESQUIK, NESTEA, BUONDI and others. In the area of hot beverages, Nestlé Professional not only offers quality ingredients, but they provide the entire beverage solution suitable for the respective facility – from machines and services up to trade marketing.

Nestlé Professional provides expert support to professional chefs and supports gastronomy experts at national as well as international competitions. Prague Culinary studio located in the Nestlé headquarters serves for special presentations and workshops.

More information at www.nestleprofessional.cz and www.kavovautomat.cz



Nestlé Consumer Communication Principles

contain set of requirements focused on ethical advertising, to which we have voluntarily committed.

It contains for example:

- promotion of moderation, healthy eating habits and physical activity
- commitment not to use vulgar, dangerous, shocking or offensive content
- prohibition of any discriminatory behavior
- commitment not to use media that utilize violence and sex to attract attention
- advertising must not create pressure or anxiety in children or undermine the authority of parents
- commitment not to show dangerous situations and depict extremely slim or fat people



PLUS PRO VÁS.CZ / PLUS PRE VÁS.SK

Since 2010 Nestlé united its support to balanced lifestyle under the project of Plus pro Vás od Nestlé ("Plus for You from Nestlé"), the center-point being the web portal:

www.plusprovas.cz and www.plusprevas.sk.

Plus pro Vás od Nestlé project:

- is a tool for universal and mutual communication
- provides consumers with information about nutritional benefits of our products, tips and guidance regarding balanced lifestyle for individuals as well as families
- offers a number of useful applications for easier orientation in the world of nutrition
- thanks to the facebook profiles www.facebook.com/PlusProVas.cz and www.facebook.com/PlusPreVas.sk it brings us valuable feed-back from our consumers



Apart from the educational part, the project focuses on supporting and motivating our consumers to be physically active and in 2014 we supported for example these actions:

- "Maminy Cup" sporting festival for mothers
- "Strollering"

Every year we prepare for our consumers an activity called "Měsíc naplno od Nestlé" ("Month in full speed from Nestlé"), offering opportunity to use many sport facilities for free during one month.

The project focuses on prevention as well, supporting educational program for nutrition specialists or promoting diabetes prevention within the World Diabetes Day.



Even though we focus our socially responsible activities on Creating Shared Value, we do support the following selected charity projects:

- **Adopce.com (CZ):** providing foster-care counselling in cooperation with Nadace Terezy Maxové and NGO Spolu dětem.
- **Úsmev ako dar (SK):** supporting sport games and big Christmas charity concert for children from foster homes in cooperation with Spoločnosť priateľov detí z detských domovů
- **Social Car:** a project supporting NGOs near our locations (Olomouc, Kroměříž, Prievidza and Prague)
- **Handicapped Championship in Olomouc:** every year supporting the national championship of the handicapped in cooperation with local athletic association
- **Modrý klíč and Nový domov:** social facilities for mentally and combined handicapped in Modřany and Prievidza
- **Czech Red Cross Children Sanatorium:** our most important partner in food donations

The Nadace Terezy Maxové foundation awarded our project with honorary title "Golden Heart", designed by the artist Rony Plesl.



DID YOU KNOW?



In its 10 years' history the Adopce.com project:

- has been providing free expert consultancy services via telephone and Internet
- published more than 20 000 information brochures for applicants of foster care
- has more than 13 million visitors
- has more than 50 000 comments in its discussion forum
- is under the auspices of prof. PhDr. Zdeněk Matějček, CSc.



AWARDS



The fact that consumers daily choose and buy Nestlé products in shops is our highest reward. We also very much value all awards we have gained – be it in prestigious independent rankings, from our customers or long-term partners or in international comparison within Nestlé.

2013

- 1st place in TOP ODPOVĚDNÁ FIRMA, Socially Responsible Project, for the Nestlé for Water in the Landscape project
- Rhodos award for company image in the category of food producers and distributors

2012

- 2nd place in TOP ODPOVĚDNÁ FIRMA, Workplace of the Future, with the NHW program for employees
- The title of Health Supporting Enterprise – award given by the Ministry of Health
- Rhodos award for company image in the category of food producers and distributors

2011

- Honorary award from Úsmev ako dar organization for long term humanitarian support in Slovakia

2009

- Honorary plaque from the ISF President J.-L. Boujon for supporting sports in Czech schools

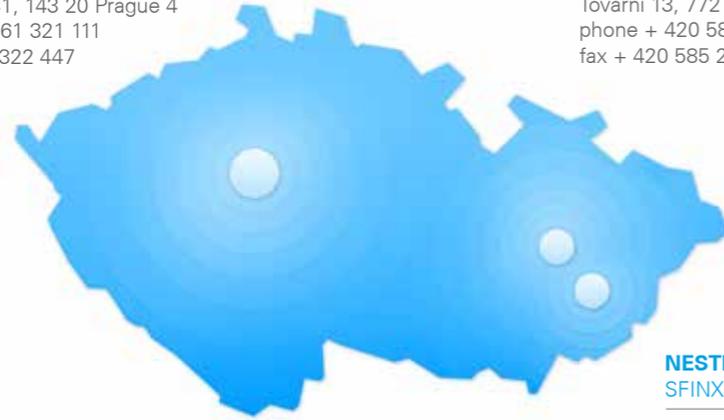
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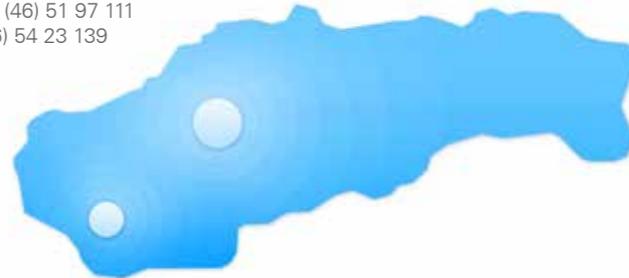


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We welcome all comments, you can share your
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You can find us also on:
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Good Food, Good Life