



Nestlé. Jó étellel teljes az élet

# Nestlé in Hungary Sustainability and Creating Shared Value summary 2019



Nestlé. Enhancing quality of life and contributing to a healthier future.



# From our CEO

Dear Reader,



You are holding the Creating Shared Value summary of Nestlé Hungary presenting the actions we took in 2019 for healthier nutrition, social and environmental sustainability, and local communities. By the time this publication was edited, all the necessary sanitary measures required by the extraordinary situation caused by the coronavirus pandemic had already been taken in our factories; the continuous supply of our consumers and the financial security of our employees had been provided for. This situation is very challenging and requires great efforts from everybody, while it turns our focus on the fundamental values that enable us to live our daily lives in safety and prosperity. **Health**, nurturing our **community ties, caring for each other, environmental protection**, the opportunities of **digitalisation** and the **innovations** assisting our lives are the key factors in the way we have been doing business since the beginning. We work towards applying technology and science in our operations to enhance quality of life, sustainability and economic prosperity, in order to create value for our shareholders and society as a whole. We call this approach Creating Shared Value (CSV).

Accordingly, we keep pace with the demands of the times and give priority focus to innovation in product development and production. We support the development of communities and persistently aspire to enable our employees, our partners and the communities alike to benefit the most from our presence. We do this to preserve the resources of our planet for future generations and engage in extensive partnerships with the aim of overcoming social problems efficiently in the shortest possible time span.

I hope that the achievements, ambitions and plans in this publication are not merely going to demonstrate Nestlé’s long term commitment to Hungary but will also help us maintain a constant dialogue with our stakeholders.

On behalf of all Nestlé Hungary associates, I thank you for your trust and cooperation. I am proud of our joint achievements and I am asking you to feel free to share your opinions regarding our performance, goals and plans.

I hope you will enjoy our summary report.

**Péter Noszek**  
Managing Director  
Nestlé Hungária Kft.

This publication was printed on 100% recycled paper.

# Creating shared value for the future

Our mission is to help an increasing number of people worldwide in achieving an **enhanced quality of life and contributing to a healthier future**. Not only is the Creating Shared Value approach Nestlé’s core philosophy but also the basis of how we operate on a daily basis. In addition to our shareholders, we also wish to create value for society as a whole, including our consumers and the local communities where we operate, our environment and the entire planet. We are fully aware that we cannot achieve long-term success unless our operation is rooted in ethical, legal and business compliance, as well as a respect-based culture based, never undermining the prosperity and well-being of others. To achieve tangible results, everywhere, Hungary included, we focus our efforts on three particular areas where we can make a significant impact due to our scale and core activities. In these areas, we have coordinated our business activities and social partnerships in line with the UN Sustainable Development Goals and also quantified the targets to be achieved by 2030.

**Further information**  
More about the topics outlined in the summary report of the Hungarian results and our other ambitions is available at [www.nestle.hu](http://www.nestle.hu) and [www.nestle.hu/csv](http://www.nestle.hu/csv). Join our social media community and follow us on Facebook: [www.facebook.com/nestleHU](https://www.facebook.com/nestleHU). To read more on our achievements and commitments, please visit our corporate website at [www.nestle.com](http://www.nestle.com) and click on our report “Creating Shared Value and meeting our commitments 2019”.

## For individuals and families

**Our 2030 ambition is to help 50 million children lead healthier lives.** With a view on our consumers’ preferences, our product development projects allow us to offer tastier and healthier choices in Hungary as well. Our programmes motivate people to adopt a more balanced lifestyle while we enhance and shape their nutrition knowledge.



## For our communities

**Our 2030 ambition is to improve 30 million livelihoods in communities directly connected to our business activities.** We have priority focus on agriculture and rural development in Hungary to ensure the well-being of our suppliers and the communities where we operate. We continue the implementation of our *Nestlé needs YOUth initiative*, which allows us to primarily provide traineeships or apprenticeships, new graduate and dual training options.



## For the planet

**Our 2030 ambition is to strive for zero environmental impact in our operations.** We view plastic pollution to be one of the most pressing issues so we have taken significant steps to recycle packaging materials. Our production in Hungary plays a key role in this effort. We will continue to reduce our water consumption and GHG emissions, and source the base materials for our products in a responsible manner.




We pursue a variety of long term activities to create shared value with our Hungarian stakeholders in the above areas to meet the highest social and environmental sustainability requirements. Read the details of our activities on the following pages.


# Our nutrition commitments and product innovations


As a leading global food company we strive to enhance quality of life and contribute to a healthier future. We seek to offer tastier, healthier and more nutritious choices to families and individuals in line with changing consumer preferences and the latest nutritional requirements. Our programmes motivate people to lead a more balanced lifestyle while we enhance and shape their nutrition knowledge.


Our products are present in nine out of ten households in Hungary. In order to promote a healthier nutrition and more balanced lifestyle for Hungarian families, we have made 10+1 commitments, which we always bear in mind over the course of our work.


- 1


 **REDUCE** THE SALT CONTENT IN OUR PRODUCTS
- 2


 **REDUCE** THE ADDED SUGAR CONTENT IN OUR PRODUCTS
- 3


 **REDUCE** THE SATURATED AND TRANS FAT CONTENT IN OUR PRODUCTS
- 4


 **INCREASE** THE WHOLEGRAIN CONTENT IN OUR PRODUCTS FOR CHILDREN AND OPTIMIZE THEIR MINERAL AND VITAMIN COMPOSITION
- 5


 **DEVELOP PRODUCTS** FOR INDIVIDUALS WITH SPECIAL NUTRITION AND CONSUMPTION NEEDS
- 6


 **DISPLAY PORTION RECOMMENDATION AND NUTRITIONAL VALUE DATA** ON OUR PRODUCT PACKAGING, TO HELP OUR CONSUMERS MAKE CONSCIOUS DECISIONS.
- 7

 **ADVERTISE RESPONSIBLY**
- 8

 **PROMOTE AND SUPPORT** HEALTHY DIETS AND EXERCISE
- 9

 **RUN EDUCATIONAL PROJECTS** ON INFANT NUTRITION
- 10

 **SUPPORT** THE ASSESSMENT AND SURVEY OF CHILDREN'S FOOD INTAKE
- +1

 **OUR NESTLÉ INSTITUTE OF HEALTH SCIENCES** CONDUCTS BIOMEDICAL RESEARCH



### Low sugar cereals – an innovative solution to make products just as sweet with less sugar

We have reduced sugars in children’s cereals by 23% on average since 2013. For example, NESQUIK® Alphabet cereal contains on the average 30% less sugar than other chocolate and cocoa flavoured breakfast cereals for kids available in the market. The basis of our sugar reduction process used in puffed cereals is that the sugar content on the external surface of the flakes remains unchanged but their inside only contains a minimum quantity of added sugar. This way our taste buds still register the sweet coating first and get an equally sweet sensation despite the reduced sugar content.

### No added sugar is required to make dark chocolate

In 2019 Nestlé launched a unique chocolate made entirely from the cocoa fruit, using the beans and pulp as the only ingredients and therefore not adding any refined sugar: we developed a natural process for chocolate production utilising the pulp extracted from the cocoa fruit without affecting the flavour, texture or quality. This patented innovation produces excellent tasting dark cocoa mass using the whole of the cocoa fruit without adding any refined sugar. The first products were introduced in Japan in 2019 through KITKAT CHOCOLATORY, but other products will soon follow the launch in other countries.



### New SMARTIES® shapes with less sugar

Uniquely shaped SMARTIES® chocolate figures for the – Christmas and Easter – holidays made in our Diósgyőr factory have hit the shelves. Our iconic rainbow coloured sweets have been reshaped and now come in dragée shaped chocolate figures. The redesigned look came in parallel with an enhanced formula and 8% less sugar in the cocoa mass.



### Nestlé innovation: Advanced NESQUIK® offer – natural ingredients, less sugar

NESQUIK® All Natural Zero cocoa powder made with non added sugar was first introduced in Hungary in 2019. The beverage of 100% natural ingredients is made from ethically and responsibly sourced cocoa from West Africa. The single serving, fully recyclable paper pouches offer practical use and mean just another step forward in achieving Nestlé’s environmental ambitions. We also introduced NESQUIK® All Natural Porridge in three flavours, made with 100% natural ingredients and whole grain.



Get the Starbucks coffee experience at home – STARBUCKS AT HOME available in Hungary

Nestlé STARBUCKS AT HOME® varieties entered the Hungarian market in 2019. The two companies created a joint product portfolio to bring the familiar experience out of coffee houses and move it into homes and offices. In line with consumption habit and preferred methods of preparation, the formats available in Hungary include three Starbucks varieties: NESPRESSO®- and NESCAFÉ® Dolce Gusto®-compatible coffee capsules, and coffee beans. The launch of the new brand strengthened our position in the coffee market worldwide as Nestlé added the Starbucks At Home portfolio of the US brand to its NESCAFÉ®, NESCAFÉ® Dolce Gusto® and NESPRESSO® lines in Hungary.



Organic, low sugar and magnesium fortified coffee specialities

The refreshing and crystal clear character of NESCAFÉ® Gold Organic comes from carefully selected, 100% organic Arabica beans. RICORÉ® has been popular for its characteristically soft, silky and slightly sweet flavour. Prepare it with milk, and its added magnesium helps reduce fatigue and weariness and contributes to the proper functioning of the nervous system. Its moderate caffeine content makes it a good choice for everybody seeking to reduce caffeine intake with coffee, while its chicory content is a good source of fibre. The new NESCAFÉ® 3ini1classic contains 9.5% less sugar than the original formula. The NESCAFÉ® Dolce Gusto coffee capsule varieties, roasted from organically grown coffee beans from specific locations, has further expanded.

Read about our Grown Respectfully initiative, the sustainability programme of NESCAFÉ® on page 23.

Nestlé Health Science: Nutrition science in the service of health

Nestlé Health Science established in 2011 is an internationally recognised leading business in alimentology, indefatigably motivated by curiosity: it is exploring the role of nutrition in the treatment of diseases and the preservation of health. Our products assisting nutrition therapy target numerous medical fields, including congenital metabolic disorders, obesity, healthy ageing and gastrointestinal health.

- Our Morzsacsaták (Crumb Clashes) Facebook page, launched in 2018, offers useful lifestyle tips and recipes for people suffering from PKU and those who are on a low-protein diet.
- OptiFibre®, our food for special medical purposes successfully helping people in over 30 countries globally every day with the dietary management of intestinal transit disorders and supporting daily fibre intake.\*

\* Food for Special Medical Purposes. For use under medical supervision. For children from the age of 3. Not for use as exclusive source of nutrition.

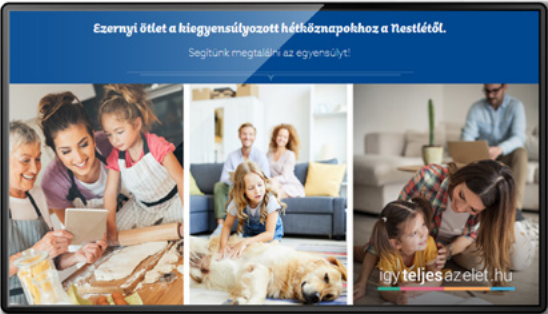


A major milestone in infant nutrition

Understanding the role of human milk oligosaccharides (HMOs) is a major milestone in infant nutrition. HMOs constitute the third largest solid component in breast milk (1-6). Developments in biotechnology made it now possible to reproduce 2'FL and LNnT, HMOs which have a completely identical structure as human milk oligosaccharides (7-10)\*. As bioactive components, HMOs have a key role in supporting the immune system (3-6)\*.



In compliance with WHO's recommendations, Nestlé fully supports the exclusive breastfeeding of babies up to 6 months as well as the provision of complementary foods with continued breastfeeding, based on the advice of paediatricians or other healthcare professionals.



\* HMO references: 1. Zivkovic at al. Functional Food Reviews. 2013;5(1):3-12; 2. Kobata A. Structures and application of oligosaccharides in human milk. Proc Jpn Acad Ser B Phys Biol Sci. 2010;86:731-747; 3. Ballard O, Morrow AL. Pediatr Clin North Am. 2013;60:49-74; 4. Rudloff S, Kunz C. Adv Nutr. 2012;3:398S-405S; 5. Hennet T et al. Swiss Med Wkly. 2014;144:w13927; 6. Borgstöm B et al. J Clin Invest. 1957;36:1521-1536; 7. EFSA Panel on Dietetic Products, Nutrition, and Allergies (NDA). EFSA Journal 2015;13:4184; 8. EFSA Panel on Dietetic Products, Nutrition, and Allergies (NDA). EFSA Journal 2015;13:4183; 9. US FDA, GRAS Notice No 650; 10. US FDA, GRAS Notice No 659.

A partner for mothers for 150 years

An international study found that a mother works two full jobs once she performs all of her duties at work and home. For over 150 years, Nestlé has been partnering with mothers: The history of the company also began with an infant formula, developed from cow's milk and wheat flour, that significantly contributed to reducing infant mortality in the second half of the 19th century. Ever since, we have continuously striven to make the job of parents easier through our product development efforts: our excellent quality products support a balanced diet and making our products easy to prepare helps mothers spend more time with their family. In 2019, we created a special short film for Mother's Day, in recognition of the resilience of mothers in coping with daily challenges, and also created a live hack video with Pimasz úr (Mr. Cheeky) where the popular host joined the Konyhafőnök (Top Chef) show on RTL Klub and simultaneously cooked MAGGI® chilli con.proving that tasty dishes can be also prepared in just a few minutes.



‘Így Teljes az Élet’ lifestyle site

The web site ‘Így Teljes az Élet’ was created to provide practical tips, share recipes, knacks and games, announce promotions and publish assorted topics for everyday life. Visitors can draw inspiration for various aspects of life from healthy lifestyle through family programmes all the way to creative home activities. Some 1.17 million individual users clicked a total of 2.18 million times in 2019 on our [www.igyteljesazelet.hu](http://www.igyteljesazelet.hu) website. Almost 60% of our visitors are between 25-44. New content was published 240 times on the web-site, over half of them focused on nutrition.



# Nestlé for Healthier Kids

Educating children on healthy living and having a diverse, healthy diet is one of our most important tasks. Our ambition with our Nestlé for Healthier Kids programme -launched in 2018 - was to help 50 million children lead healthier lives by 2030. We have assisted parents and caregivers with product development, educational programmes and innovative solutions, and supported children’s food intake surveys for the 4-10 and 0-3 age categories alike.

**GYERE – Gyermek Egészsége Program® (Children’s Health Programme)**

Following the three year long lifestyle programme in Szerencs, the first supplementary and maintenance year of GYERE® (Children’s Health Programme) ended in June. The professional organisation established by the Hungarian Dietetic Association (MDOSZ) and implemented with the support of Nestlé shared healthy nutrition knowledge among 2200 children in the first three years (between 2015-2018) and another 700 children in the first maintenance year of the initiative. The extension included health promotion topics such as food hygiene, psychological factors related to nutrition, food waste and the importance of conscious shopping shared with the pupils of János Bolyai Catholic Elementary School and Zsigmond Rákóczi Dual Language Elementary and Arts School of Szerencs. Parallel with the successful programme in Szerencs, we launched the GYERE® programme of MDOSZ in Diósgyőr last year, reaching a total of 3000 youths.



**SPAR Marathon sponsorship - Nestlé Family Run**

Nestlé Hungária is a regular sponsor and participant of Budapest’s SPAR Marathon. The 500-metre Nestlé Family Run, organised as part of the event, allows children to experience their first race and take a liking to exercise. After the invigorating joint exercise, the Nestlé tent offered interesting nutritional information, games and gifts to participants in 2019 as well.



**Online campaigns**

We constantly improve our recipes to promote a balanced diet, focusing on the reduction of sodium, saturated fat and sugar, and the use of whole grains, vitamins and minerals. Our ambition is to help families learn the basics of balanced nutrition through our activities, so that it can become an integral part of children and adults alike. Our ‘Így Teljes az Élet’ lifestyle website features information materials, recipes and lifestyle tips.

We reached over 1 million Hungarian consumers with our healthy lifestyle messages in the Hungarian adaptation of the Nestlé for Healthier Kids global social media campaign.



**Food4Talk Conference 2019**

We hosted the most prominent health decision-makers for the fourth time at our Food4Talk conference last year. Jolán Kubányi, the president of the Hungarian Dietetic Association spoke about the results and future of the GYERE® programme in Diósgyőr, Aidan Makwana, a researcher at the Nestlé Research Center talked about the change in children’s nutrition habits, and finally Ágnes Mutschler, our head of research reported on the findings of the survey of Nestlé Hungária on the lifestyle of children between 4-10. As part of the event, we founded the Nestlé for Healthier Kids award, which was first awarded by Managing Director Péter Noszek to MDOSZ President Jolán Kubányi. Conference participants had the opportunity to taste cocoa made of the world sensation NESQUIK® All Natural cocoa powder with no added sugar and sink their teeth in the 100% vegetable based Incredible Burger.



**The children of Nestlé employees are Junior Healthier Future Experts**

We invited the children of Head Office employees for a full day again in the first days of the autumn break to educate them on balanced nutrition and the importance of physical activities. For the first time they also learned a lot about sustainable waste management this year. At the end of the day the participants were all awarded the honorary title of Nestlé Junior Healthier Future Expert.



# Nestlé needs YOUth

Our Nestlé needs YOUth initiative aims to provide real work experience and useful training for career starter youths. As a leading player and employer in food industry, it is particularly important to address the problem of youth employment, attract talent and offer innovative solutions for acquiring professional knowledge. The goals of the initiative are the same in Hungary: to provide appropriate knowledge and relevant experience to prepare youth for the world of work.



**Strategic partnership between Nestlé and Szent István University**

Launched in 2016, the partnership between Nestlé Hungária and the Faculty of Food Science of Szent István University achieved impressive success in its first three years, thus we complemented it with another strategic agreement last year. Almost 90 students attended the joint course of Nestlé and the university in the first three years, which may rise up to 150 students in the next five years under the new agreement. In addition to our partnership, we are engaging students in several project tasks in the future and provide them a place of practice, while our experts shall contribute to the university’s training as lecturers and members of state examination committees. We also offer presentations, factory visits and opportunities to gain experience with our managers to all those interested in the food industry, and help create community spaces and organise university events. The new Nestlé Mini Bistro at Szent István University, offering affordable meals to students at the campus, was also opened.



## Dual vocational education and training in Szerencs

It is important for us at Nestlé to facilitate the seamless and efficient entry of youth into employment and add professional experience to their theoretical knowledge that contributes to launching a successful career. Three businesses in Szerencs – Nestlé Hungária Kft., Szerencsi Bonbon Kft. and Halász Produkt Kft. – joined efforts in 2018 with the support of the Mayor of Szerencs to organise dual confectionery vocational education and training. Our ambition is to facilitate the intermediate certification of some 300 young people in Szerencs in the next 5-10 years. The three companies in the partnership will be ready to employ 80% of them in place of the retiring employees. To celebrate the achievements, on the first anniversary we invited those 18 students who began their education in 2019 to the Szerencs factory of Nestlé.



## University Ambassador and One week with Nestlé managers initiatives

Our recruitment programme has been operating at three universities – Szent István University , Budapest Business School (BBS) and Budapest University of Technology and Economics (BME) – since 2018. Every year, we select a student from each university who represent our company in that academic year. We also launched a joint manager shadowing initiative called One week with Nestlé managers with Tibor Deák College of Szent István University in 2019. The initiative aims to involve students in the life of our company, give insights to students on Nestlé as an employer, and enable them to gain real experience in the operation and management of a major company.

## METUNEST Hackathon

In 2019, we organised the first METUNEST Hackathon idea competition in cooperation with Budapest Metropolitan University, where student teams had to develop a strategy to a business challenge of their choice. Students experienced the atmosphere of launching a startup during the teamwork: they could prove themselves in multiple challenges from conceiving an idea to winning investors. Experienced mentors helped them during the day to create valuable business projects that are ready to be presented to professionals at the end of the competition.



## Innovation Award from the University of Debrecen

The Faculty of Economics and Business at the University of Debrecen gave the Sándor Szakály Innovation Award to Nestlé’s Head of Corporate Communications and Public Affairs, dr. Gábor Tompa. The university bestows the award on persons or companies that achieve outstanding results in food innovation. The award was conferred at the Food Marketing Conference in Debrecen, in 2019.



# PURINA in society

With over 85 years of experience, we have expert knowledge of the nutrition needs of pets. We worked on developing recipes at Nestlé PURINA® that are both mouth-wateringly tasty and serve the health and well-being of animals. Our Pets at Work initiative supports the creation of animal friendly workplaces within Nestlé and also at other companies and partners.



### Pets at Work

Pets have a tight bond with their owners, therefore, we launched our programme to support pet friendly workplaces in 2018. Research underlying the idea of Pets at Work proved that the presence of pets positively affects your performance at work, increases creative energies and productivity, and makes people more open and sociable. Accordingly, following a successful trial period, we introduced a policy to allow our people to bring their pets to the Head Office. We also created an information material with all necessary tips and information on creating a pet friendly workplace so other companies can also benefit from it.



### Support for HÉROSZ Animal Shelter

PURINA® has become a key partner of HÉROSZ Animal Shelter in Budapest since 2011. Our primary ambition with the joint program was to improve animal rescue work and support the animal shelter. Our mutual aim during our co-operation with HEROSZ was to use all possible means to draw attention to the importance of responsible pet-keeping. In 2019, we donated 48 tonnes of feed with a value of almost HUF 12 million to the animal shelter.

For additional details, please, go to our website at [www.purina.hu](http://www.purina.hu).

# Our plants, suppliers and local communities

Nestlé Hungária is the largest Swiss employer and investor in Hungary with over 2,400 employees in our three factories, Budapest head office and sales force. By virtue of their regional production capacities, process engineering and Hungarian product development, our production facilities are key drivers within the Nestlé Group. We deliver Nestlé products from Hungary to over 40 countries all around the world, with 80-90% of our products made exclusively for export. The products that are made in Hungary are tailored to suit local consumer preferences and eating culture.

## Szerencs

The Szerencs factory has been part of the Nestlé Group since 1991 – almost 30 years – and for years, this unit has been the Central European regional coffee and cocoa powder production and packaging plant of Nestlé, supplying almost 30 countries with products. Among others Szerencs produces NESQUIK® OptiStart and NESQUIK® All Natural for 20 countries, and our NESCAFÉ® 3in1 line was also developed here for the European market in 2002 and has been in production ever since.



### The Szerencs factory in numbers

12%	production capacity increase through new investments
42 000 tonnes	emission annually
HUF 6 billion	investment in the factory since 2011
~600	employees
~30	countries supplied with products from Szerencs



## Bük

The Bük PURINA® factory is the Central-Eastern European hub of Nestlé’s pet food production operation, which celebrated its 20th anniversary in 2018. In 2017, the Bük facility became one of the largest pet food factories of Nestlé through a HUF 20 billion investment, the largest in the history of Nestlé in Hungary.



### The Bük factory in numbers

~1000	employees, which has grown gradually as a result of continuous investment
200 000 tonnes	of processed food products annually
90%	are for export: over 50 trucks of pet food are dispatched to 47 countries around the world.
>80%	of our suppliers are Hungarian companies



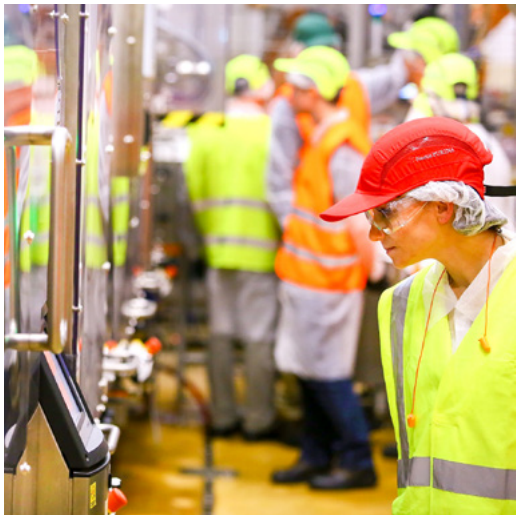
### 2019 Harvest Festival

We hosted Minister of Agriculture dr. István Nagy at the 2019 Harvest Festival held at our robotised pet food factory. The minister hailed the spread of digitalisation and automation solutions as key factors in keeping Hungarian agriculture competitive. There are over 40 top of the line technology robots operating at our Bük factory, making millions of portions of pet food. For the first time in 2019, Nestlé’s harvest team joined the traditional Harvest Festival, one of the most outstanding events of Bük.



### Night of Modern Factories in Bük

The Ministry of Innovation and Technology organised the Night of Modern Factories programme for the third time, offering the public a glimpse into the daily operation of Hungarian smart factories and internationally competitive industrial facilities. The number of participating factories using state-of-the-art technology doubled compared to the previous year, and our Bük factory joined the programme in 2019.



Forrás: IFKA

## Diósgyőri

The Diósgyőr factory is Nestlé’s only facility specialised solely in the production of hollow figures, delivering Easter and Christmas products to over 20 countries. The product range comprises 160 different items of 11 brands. Last year was dominated by the reformulated SMARTIES® brand (8% less sugar and double protein) comprising 55% of the total production output. Over 80% of the confectionery products in Diósgyőr are made for foreign markets. The factory’s export volume grew by 8% in 2019.



### The Diósgyőr factory in numbers

293	types of hollow chocolate figures are produced, distributed in over 20 countries
120 million	pieces of figures are produced every year approximating 4,100 tonnes
HUF 2,5 billion	investment since 2011
> 400	employees





## Hungarian suppliers

The majority of our suppliers are Hungarian. Nearly 1,180 Hungarian SMEs deliver goods and services with an annual value in excess of HUF 54 billion to Nestlé Hungária and our global network. Developing the international ties of Hungarian suppliers is a high priority as it also increases our competitiveness and efficiency. We also audit our permanent partners in terms of RSA (Responsible Sourcing Audit).



## Hungarian grain

In 2019, the Bük factory purchased almost 138,000 tonnes of raw materials for production. 56% of this material (78,000 tonnes) were sourced from Hungary. The pet food factory purchases large amounts of wheat, corn and other cereal products directly from Hungarian farmers and companies, and a great deal of frozen meat feedstock from Hungarian abattoirs. On top of delivering to the Bük factory, Hungarian suppliers also exported 21,000 tonnes of Hungarian raw materials to Nestlé Purina pet food factories abroad in the course of 2019.



## Sugar from Hungarian sugar beet

70% of the sugar we use at our Szerencs factory is made from Hungarian sugar beet. Our supplier partner has delivered some 125,000 tonnes of sugar to our factory in the past decade. The same partner delivered 14,000 tonnes last year alone and is also the permanent supplier of our global network.

## Domestic producers

The Diósgyőr factory sources dried apricot from Hungarian producers. The fruit is an ingredient in the cocoa mass of apricot-biscuit hollow figures.

# Donation, support

As a leading global food company, we consider it important to support organisations that are working to end food shortages, contribute to the elimination of food waste and help the neediest with our donations. Our strategic alliance with the Hungarian Red Cross and the Hungarian Food Bank is over ten years old. The competence of our partners guarantees that our contribution is in the best hands.



## The Red Cross - Nestlé Fund

An open-ended charity fund was set up in 2008 to subsidise the medical treatment costs and improve the health of chronically ill children and youngsters aged 0-18. We help families where the costs that arise with regard to the child's illness impose a severe financial burden, driving the family near bankruptcy. In 2019, we donated HUF 1.5 million to help the families of ten children. This amount helped with therapeutic treatments, house renovations, and buying medication and cleaning supplies.

## Hétsoda Adventure Camp and Lake Balaton First Aid Service

Hétsoda (Seven Wonders) Adventure Camp organised by the Hungarian Red Cross Youth has a camp at Balatongyörök every year for 60 disadvantaged children with special education needs. Nestlé contributed products for the breakfasts during the camp in 2019. We also donated products to the Lake Balaton First Aid Service. The Service had some 300 young volunteers watch over the safety of people on vacation during the summer season at 19 beaches around Lake Balaton.

## Hungarian Food Bank

In a strategic partner capacity, Nestlé has supported the work of the Hungarian Food Bank since 2008. We donated close to HUF 40 million worth of products to the Food Bank in 2019. In autumn 2019, we organised the joint promotion of Nestlé, Tesco and the Food Bank again to engage customers in the support of families in need and drive the effort against food waste. 1% of all Nestlé products purchased at any Tesco hypermarket during the charity campaign was offered to support the operating costs of the Food Bank. Tesco doubled this amount which resulted in a total of HUF 8.1 million in donations.

The Hungarian Food Bank used the amount to send almost 145,000 food packages donated by its partners to families in need.

## World Food Day

A record number of trucks loaded with food donations transited downtown Budapest again last year on the World Food Day. The donation convoy of the UN Food and Agriculture Organisation (FAO) and the Hungarian Food Bank call attention to famine and poverty, and the fight against food waste. Nestlé also joined the donation convoy as a key partner of the Food Bank.



# Environmental sustainability

Protecting our natural resources is our shared responsibility. In previous years, our goals facilitated the sustainable use and preservation of our natural capital, tackle climate change, reduce food waste and waste generation, and protect our waters. Our ambition is to strive for zero environmental impact in our operations.

## Global commitments

Nestlé announced its goal of achieving net zero GHG emissions by 2050 in support of the most ambitious goal of the Paris Agreement to limit global temperature rise to 1.5°C. We accelerate our climate change efforts based on the decade of work aimed to reduce greenhouse gas emissions. We wish to play a leading role in tackling climate change and shall present a plan with a specific deadline and interim targets consistent with the 1.5 °C course over the next two years. Based on an annual review of our progress, we make sure that we remain aligned with our goals in order to fulfil our commitments. To achieve the 2050 ambitions, we launch more products with a better environmental footprint, support multiple agricultural initiatives aimed to capture carbon, and aim to use electricity from 100% renewable sources in our factories, warehouses, logistic units and offices.



## Nestlé Institute of Packaging Science

We are committed to increase recycling in diverse areas, but we know that even 100% recyclability is not enough to end the plastic waste crisis. We are seeking new ways and are resolutely exploring all opportunities to solve the complex challenge of our packaging. As part of a waste-free future, we inaugurated our Nestlé Institute of Packaging Science, focusing on technologies such as refillable and reusable packaging, simplified and recycled packaging materials, high-performance impermeable papers, as well as compostable and biodegradable packaging.



## Water purifiers and drinking flasks

We installed water purifiers at the community spaces of our Budapest Head Office in 2019 to reduce our plastic use and provide reusable flasks to all our employees who want to contribute to protecting our environment. Encouraging the use of the new water purifiers and flasks was instrumental in reducing our PET bottle use considerably in only six months: 35% less PET bottles were used in 2019 compared to 2018.

Our vending machines also offer paperless options so our people use their own mugs and glasses to reduce plastic use.

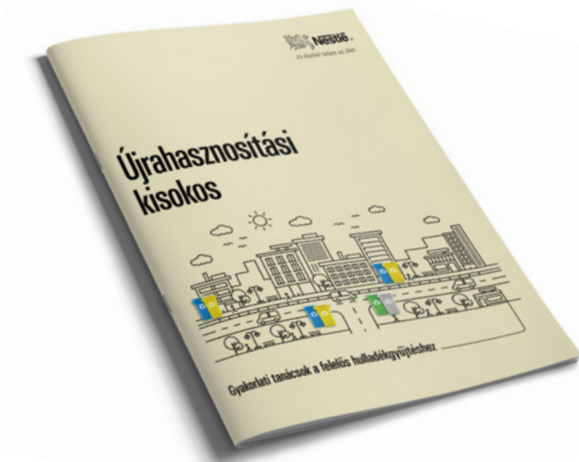


## Sustainable packaging

We remove unrecyclable or difficult to recycle materials from the packaging of our products globally between 2020-2025. Simultaneously, we introduce alternative packaging materials to our product portfolio.

- First steps:
- The first NESQUIK® All Natural range in recyclable paper pouches is produced in our Szerencs facility.
  - Since 2019, we have gradually replaced plastic straws attached to our products with alternative materials, such as paper.





### Focus on education: Recycling guide

We created a plain and clear Recycling Guide for consumers with the professional support of HUMUSZ Association. The publication aims to support the operation of the Hungarian waste recycling system and provide useful and practical tips on daily waste management to consumers. The Recycling Guide is a key step in enhancing consumers' commitment to waste management, because in addition to developing alternative packaging solutions, we work as a responsible company with our partners and the population at large to promote the importance of selective waste collection.

### Sustainability Ambassadors in action

We inserted almost 90,000 copies of our recycling publication in various magazines and also made it available digitally. We distributed the booklet in elementary schools through our Sustainability Ambassadors trained by HUMUSZ Association. The Recycling Guide received widespread recognitions within and outside the company; its promotion and the associated ambassador programme will continue in 2020.

## Sustainability in numbers



### Water and energy management

We constantly strive to further reduce the water consumption of our facilities and offices. We have been utilising renewable energy resources in our Hungarian factories since 2017, which effectively eliminated all CO2 emissions from electricity in our factories.

**In our Diósgyőr factory** we used 2.16 m3 water to produce 1 tonne of products last year, which is 9.5% specific saving compared to 2018. The CO2 emissions of the factory decreased by 33% compared to last year.

Water consumption **in our Szerencs factory** is also decreasing constantly. In 2019, we used 0.29 m3 water to produce one tonne of product. This is a savings of 6.05% compared to the specific consumption of the previous year. Our CO2 emissions were further reduced by 10.83% since the previous year.

Water use **in our Bük factory** increased by 2.5% due to the continuous expansion of the facility and the installation of the new cooling equipment. The new equipment was required to ensure appropriate ambient work temperature for our employees. Factory CO2 emissions decreased by 4%.

### Decreasing plastics in our factories

We reduced the amount of plastics used in our packaging by 33.3 tonnes in our Diósgyőr factory in 2019. The introduction of the NESQUIK® All Natural recyclable packaging in Szerencs equals to avoiding 12 and 5.1 tonnes of plastics in 168 and 400 gram products, respectively.





# Responsible sourcing

In line with Nestlé’s global commitments, we focus on the responsible and sustainable sourcing of raw materials for our products, with increased priority to efficient, fair and sustainable cocoa and coffee growing.



## Nestlé Cocoa Plan

We are committed members of UTZ, the world’s largest programme pursuing the sustainability of cocoa production and use. By sourcing UTZ certified cocoa beans, we promote the long-term productivity of arable lands, the improvement of the local farmers’ living and working conditions, thereby eliminating child labour and forward gender equality. Through the Nestlé Cocoa Plan we work to improve the lives, solve and mitigate the key problems of farmers, their families and communities with the unhidden intention to grow the profitability and livelihood of farmers and facilitate their children’s education by promoting the development of cocoa growing and ensuring fundamental human rights. Our 2025 ambition is to use cocoa from sustainable sources only in Nestlé Confectionery – this is nearly 300,000 tonnes of raw materials.



## Grown Respectfully

We have ceaselessly worked on developing our fair commercial practice and reducing our carbon footprint for over 80 years, ever since the launch of NESCAFÉ®. Our *Grown Respectfully* initiative aims to facilitate future coffee production by making coffee sourcing transparent and focusing on communicating with farmers, improving their working conditions and labour rights. NESCAFÉ® shares its results and also farmers’ stories with consumers. NESCAFÉ® has helped over 700 thousand farmers since 2010 develop their agricultural and business knowledge, also supporting them growing healthier, more resilient and better quality crops, which in turn may increase their income. In addition to knowledge sharing, the programme participants also care greatly about protecting the future of our planet by developing agricultural technologies that contribute to safeguard our natural resources. We have delivered over 220 million coffee shrubs to farmers with the programme since 2010. This greatly contributed to enhancing the quality and sustainability of NESCAFÉ®.



## NESPRESSO® AAA Sustainable Quality Program

In 2003, NESPRESSO® launched the AAA *Sustainable Quality*™ programme in partnership with Rainforest Alliance, a non-profit organisation to work closely with farmers in improving their environmental and living conditions, and to support the livelihood of farmers and their communities. NESPRESSO® sources coffee from over 110,000 farms in the scope of the programme, and employs more than 400 agronomists to help the social and environmental protection activities of farms, and to improve coffee crop quality and productivity. Thanks to the programme, 93.9% of the permanent NESPRESSO® coffee offerings are sourced in line with the principles of environmental sustainability. In addition to ensuring efficient coffee growing and excellent quality raw coffee, the program has made significant steps in eliminating gender inequality in farming communities.