

Nestlé
Sustainability and
Creating Shared Value
Short Report 2011



**Bea and
Dominik**

*an employee of
Nestlé Hungary
and her son
on the cover*

Creating Shared Value in Hungary by focusing on sustainability

4 factories

20 years of stable presence

1600 employees

272 billion
HUF export from Hungary
during the past 6 years

214 million HUF spent in support
of the civil sphere during the past 6 years

46 billion
HUF tax payment during the past 7 years

50 billion HUF investment
during the past 20 years

**Around
1900:**

*the first Nestlé products
appeared on the
Hungarian market*

In 2011:

10 billion HUF investment,

10 thousand square meters
of new manufacturing area,

200 new jobs in Bük

80% of our suppliers are Hungarian
(considering the number of partner companies)

53 billion HUF export
from Hungarian factories

9 billion HUF payment
to the Hungarian state budget



Nestlé in Hungary

Since the establishment of Nestlé Hungária Kft. in 1991, we have constantly been developing our product portfolio. We operate four factories and we are now present on the Hungarian market with confectionery products, instant beverages, breakfast cereals, pet food, infant formulas, baby food, culinary products both for home cooking and professional kitchens, coffee products, clinical enteral nutritional products and mineral waters.

The business strategy of our company is based on the principle of *Creating Shared Value*, namely on the firm belief that long term business success can only be attained if the interests of the company and society converge.

1991:

Nestlé Hungária Kft. was established

Major responsibility areas in our focus:

- healthy eating and continuous development of our product formulas,
- promoting awareness of healthy lifestyle,
- food safety,
- reduction of the specific environmental footprint of Hungarian production.



Last 3 years:

Recipes of 121 products were renewed in order to meet modern nutritional needs and expectations

Nutrition, health and wellness

Our goal is to contribute to an improvement of the quality of life, health and wellbeing of our consumers through solutions and continuous product development based on our scientific research on food and nutrition. We also aim to enhance consumers' knowledge on food and nutrition through clear and responsible communication.

What do we do?

- We spend significant amounts of money on continuously improving the nutritional composition and taste of our products.
 - In our recipe registration system, we keep track of products and recipes to be developed and monitor our results to date.
 - We keep lowering the salt, sugar, trans fatty acid, saturated fatty acid and artificial colouring content of our products, increasing the proportion of nutritious ingredients and useful micronutrients at the same time.
 - With the help of the Nestlé Nutritional Compass as well the GDA, we provide appropriate and easy-to-understand guides regarding the recommended amounts of consumption on the packaging of our products.
 - We also help our employees master the art of healthy lifestyle, so that they may become the ambassadors of both our company and healthy lifestyle.
 - Dialogue with stakeholders, as well as cooperation with governmental and other organizations in the field of nutrition and health care is also an integral part of our work.
- The quality of our products is ensured by Nestlé's comprehensive system of appropriate institutions.
 - *Nutrikid*, our nutritional educational programme for children has been in place for 9 years.

2003:

The Nutrikid programme was launched

2005:

Nestlé Lifestyle Centre was established

2007:

NQ nutritional trainings were introduced in Hungary as well.



since 2003
320 000 students of
3100 schools have
joined the NutriKid
programme



The NutriKid programme is aimed at 10-12-year-old children and was launched in 2003 in cooperation with the Hungarian Dietetic Association. It is completely free and any primary school in the country is welcome to join. The NutriKid programme package includes a fun workbook, a cartoon DVD, a teacher's handbook to aid instruction – and no product advertisements. For the last nine years, we have spent over 170 million HUF on this novel educational programme.

NutriKid programme

In Hungary, Nestlé has been proposing health-conscious living and balanced nutrition through several programmes, the flagship among these being *NutriKid* (www.nutriKid.hu).

Launched in 2005, *Nestlé Lifestyle Centre* (www.eletmodkozpont.hu) is an online portal where experts help those interested to receive answers to their questions related to diet, exercise and healthy living.

Apart from expert advice, the website also offers useful articles and tests in numerous topics such as healthy lifestyle, diet, health protection, beauty care, relationships, family issues and raising children.

In 2011, Nestlé's Lifestyle Centre portal was visited on 328,000 occasions.



Nestlé factories in Hungary



1998:

Nestlé purchased the factory in Bük

Pet food factory in Bük

In 1998, Nestlé acquired Jupiter Állateledelel-gyártó Kft., a pet food factory along with its facilities in Bük, as well as the rights to use the *Darling* brand name. Following this acquisition, an additional pet food factory was established in the town with a nearly 6 billion HUF investment – the very first facility in Hungary to produce both dry and wet (canned) pet food.

Over the years, the plant became the Central and Eastern European centre of Nestlé’s pet food manufacturing, providing job opportunities for more than 540 people.

On 8 July 2011, the plant producing aluminium packed portions was opened at the same site. By a 10 billion HUF investment, a new production unit of ten thousand square meters and two hundred new jobs were created.

Factories in Szerencs and Diósgyőr

As a result of production developments, the factory in Szerencs became Nestlé’s regional centre for the production and packaging of powdered beverages. This is the place where the well-known *Nesquik* and *Nescafé 3in1* products are manufactured. At present, about 80% of the 30,000 tons of instant beverages packaged here is produced for export.

Nestlé’s sensory laboratory for the Central Eastern European region in the field of instant, powdered beverages operates in Szerencs. The independent assessors working in the laboratory carry out sensory tests for the 60/40+ studies and other tests related to product development.

The factory in Diósgyőr is Nestlé’s single plant in the world specializing in the manufacturing of hollow chocolate figurines, producing them mainly for the Christmas and Easter holidays. These products are present in almost all countries of Europe, with an annual amount of nearly 3,000 tons produced in Diósgyőr. The proportion of export production is about 80-85%, and in 2011 a total of 73.5 million chocolate figurines left the factory.

The two factories provide job opportunities for more than 800 people.



2003:

The factory in Szerencs became the regional centre for the production of instant beverages

2005:

The sensory laboratory was handed over in Szerencs

Kékkúti Ásványvíz Zrt.

Kékkúti Ásványvíz Zrt. is one of Hungary’s oldest and largest companies producing and distributing mineral water and it was acquired 100% by Nestlé Waters in 2003.

Thanks to the significant investments made in recent years, a new manufacturing plant was created and a new bottling technology was developed. As a result, we use 35% less water in the production process than 5 years ago.

2005:

The programme called “Every Drop Counts” was launched

During the past 7 years, 481,000 cubic meters of water have been saved, enough to fill more than 180 Olympic swimming pools. Kékkúti Ásványvíz Zrt. employs 120 people in Hungary.

Major achievements in 2011

For the
past 20 years
at least:

960,000 tons of products
have been exported,
amounting to
360 billion HUF

Economic contribution

- In spite of the prolonged economic crisis, we have managed to maintain our work force: more than 1600 people were employed in our head office in Budapest and in the four factories in 2011
- 80% of our suppliers are Hungarian companies (considering the number of suppliers)
- During the past 20 years, our investments in the country amounted to more than 50 billion HUF
- Thanks to our regional factories, more than 80% of products manufactured are exported to almost 40 countries
- The sum total of Nestlé's payments to the state budget amounts to 9 billion HUF

Nutrition, health and wellness

- During the last 3 years, the formulas of 121 Nestlé products were renewed in order to meet modern nutritional needs and expectations
- 100% of our products indicate the recommended portion (GDA) and use the so called Nutritional Compass to inform consumers
- The NQ training material was amplified by an e-learning module
- *Nestlé's Lifestyle Centre* portal was visited on 328,000 occasions
- Since 2003, nearly 320,000 pupils from almost 3100 primary schools have been trained using the *Nutrikid* programme. For the last nine years, we have spent over 170 million HUF on this unique educational programme

Factories

- By expanding our production plant in Bük, 200 new jobs were created
- Szerencs and Diósgyőr factories celebrated the second anniversary of accident-free operations in 2011 and the plant in Kékkút is accident-free for the third year in a row
- Thanks to our technological investments in Kékkút, 481,000 cubic meters of water have been saved during the past eight years, enough to fill more than 180 Olympic swimming pools
- Our factory in Diósgyőr produced almost 3,000 tons of hollow chocolate figurines, which were exported to 20 countries on 3 continents

Environmental protection

- As a result of modernizing our factory in Szerencs, more than 5,000 GJ of energy shall be saved each year
- Water consumption in Nestlé's offices has been reduced by 9%
- 93% of the boxes and trays of products manufactured in the Szerencs factory are made of recycled paper
- Fuel consumption of our fleet has been reduced by 6,9%
- Nestlé's employees have ridden 1814 kilometres during the 5 weeks of the campaign called "Cycle to work"
- By switching to railroad transportation instead of the road with respect to cocoa, Nestlé's related CO₂ emissions have been reduced by 59%

For further details, please see our Sustainability and Creating Shared Value Report on our website: www.nestle.hu
Should you have any questions or proposals, please share them with us at kozosertekteremtes@hu.nestle.com.



Good Food, Good Life