

Creating Shared Value

Social Report of Nestlé Rossiya LLC 2011



Nestlé



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Dear Friends!

Let me welcome you to read the second Nestlé Russia CSV report. Creating shared value is the way we do business. We believe that business can only be successful in long term perspective if it creates value not only for the shareholders, but also for the society in which it exists. To that end, we have considered areas where interests of our company and interests of society coincide and have chosen three areas in which we believe we can make, and need to make the biggest difference. These are nutrition, water and rural development. We are experts in nutrition, we produce good and safe products that help people to live happier and healthier lives. We are interested in preserving water resources and developing rural areas. Our investments in these areas help our business to be sustainable. But they also add value to people that work in these areas, we help our suppliers and customers to develop their business. This is not to forget our people, their families and the communities in which they work, where we also help to support and develop social and charitable activities. All these ideas are integrated in the idea of "Good Food, Good Life".

Nestlé has been in Russia nearly as long as in Switzerland. Only five years after the company was founded by Henry Nestlé in 1866, Nestlé products headed by Farine Lactee appeared in the Russian market through the contract signed with Alexander Venzel, a merchant from St.Petersburg. Since that time Russian people have enjoyed to wide variety of Nestlé products: coffee, ice cream, infant nutrition, cereals, confectionery, culinary, etc. Winning consumers' preference and loyalty is our biggest ambition. We can win the hearts of consumers only by delivering tasty and healthy food and thus, nutrition, health and wellness is the heart of our business.

At the 3rd CSV forum in Washington in May 2011 our Chairman Peter Brabeck-Letmathe said: "Development flourishes when companies act in a socially-responsible way. Making your products responsible, respecting the environment and improving peoples' lives delivers growth and development."

We understand and strive to make our activity mutually beneficial for the company and the society. You can read about this in the current report.

Sincerely yours,
Stuart Irvine,
CEO
Nestlé Russia LLC



Nestlé: 140 years in Russia

In 2011 Nestlé celebrates its 140-th anniversary in Russia

In 1866 Swiss pharmacist Henri Nestlé developed Farine Lactée for infant feeding that saved the life of the boy next door. This was the beginning of the Nestlé company. Five years later, in 1871, Henri Nestlé entered into an exclusive contract

with the merchant from Saint-Petersburg, Alexander Venzel, for supplying milk products to Russia.

In various publications of that time the product was advertised as: "Nestlé – infants' Farine Lactée. Condensed milk Nestlé. The recipe for future health of each person is appropriate and hygienic nutrition during infancy".

The October Revolution of 1917 temporarily suspended the deliveries of Nestlé products to Russia. The company was for the last time mentioned in the minute-book of the committee at the scientific subdivision of the People's Commissariat for Health which in December 1919 worked on the issue of supplies of foreign food and drugs into the country convulsed with civil war. The list, among other products, included Nestlé Farine Lactée .

However, after the end of the war the import of Farine Lactée into the land of victorious proletariat completely stopped. The Soviet people were able to know the taste of Nestlé products only during the Second World War: American humanitarian aid to the USSR included chocolate and cacao by Nestlé. But after the drop of the Iron Curtain, there was another long break in the relations between the USSR and Nestlé. Exception was only for the products that were sold in the special, hard currency Beryozka shops, unobtainable for the greater part of Soviet citizens. Only in 1995 the official representative office of Nestlé in Russia was opened.



Henry Nestle - founder of the company



Nestlé old posters, end of XIX century

Contemporary history of Nestlé in Russia

A new era commenced in the early 90s of the XX century with Nestlé establishing a network of importers and distributors who actively promoted the sales of the company's primary brands, such as NESCAFÉ and NESQUIK.

In April 1995 Societe pour l'Exportation des Produits Nestlé S.A. opened its office in Moscow. A year later Nestlé Food LLC became a full-fledged Russian company with a chain of own warehouses and a well-functioning sales and marketing system promoting its products in the Russian market. In 2006 the regional offices located in Eurasia became subordinated to the Russian headquarters of Nestlé. Thus, the company expanded its geographical presence and started doing business in the Russia –

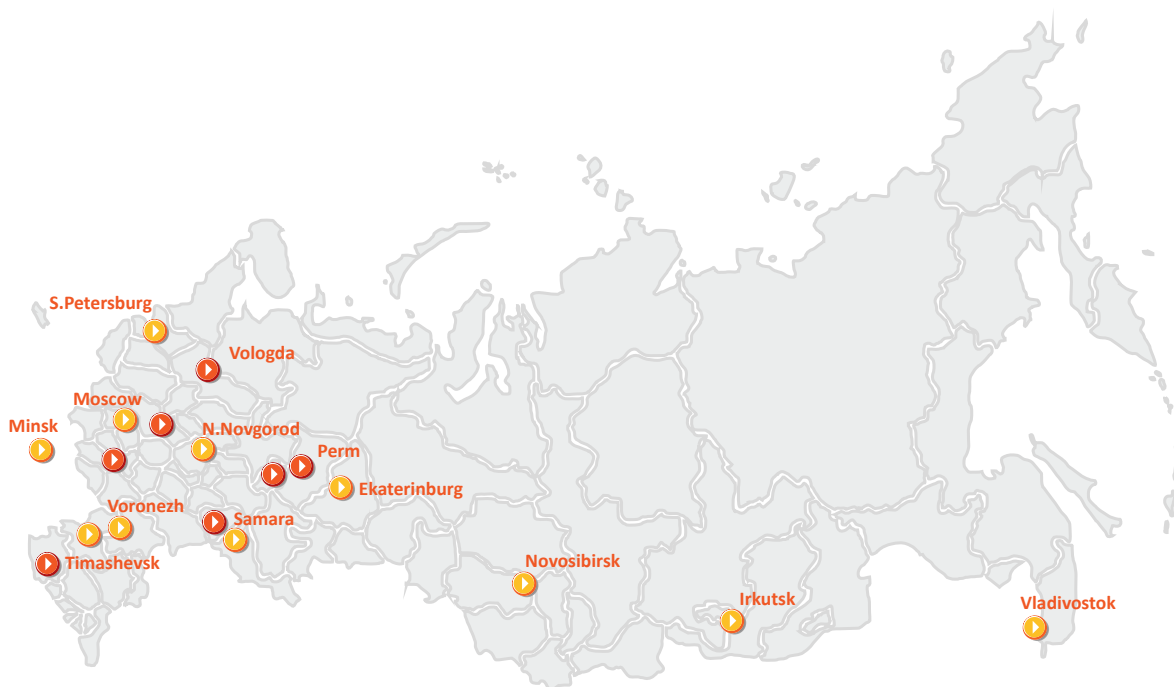
Eurasia region. In 2007 the company received a new name – Nestlé Russia. According to the Russian legislation the right to incorporate the name of Rossiya to the name of the company is only granted to a company that has proved a significant input into economical and social life of the country. Our company deserved this right. The 1st of January, 2007 was the starting date for the implementation of the plan of merging the numerous legal entities of the group into a single company under the new name Nestlé Russia.



Factories and Affiliates

- ▶ – factories and affiliates
- ▶ – regional office

For deeper understanding of consumer preference and deeper insight, Nestlé Russia in August 2010 opened an Innovation Center “Consumer and Customer”



Nestlé in Russia: facts and figures

- Volume of sales (2010) – 62,4 bln rubles
- More than USD one billion investments
- More than 10000 employees
- 12 factories (Samara, Perm, Zhukovsky of Moscow region, Timashevsk of Krasnodarsky Krai, Vologda, Vorsino of Kaluskaya region)
- 9 trade representatives (St.Petersburg, Ekaterinburg, Roston-on-Don, Novosibirsk, Vladivostok, Irkutsk, Voronezh, Samara, Nizhny Novgorod)
- 628 trademarks, among which are:
 - Instant beverages (NESCAFÉ®, NESQUIK®, and others)
 - Coffee solutions (NESPRESSO®)
 - Coffee machines (NESCAFÉ® DOLCE GUSTO)
 - Ice-cream (NESTLÉ®, 48 KOPEEK®, MEGA®, etc.)
 - Infant nutrition (NESTLÉ®, GERBER®)
 - Chocolate and confectionery products (ROSSIYA-SHEDRAYA DUSHA®, BON PARI®, NESTLÉ®, KIT KAT®, etc.)
 - Culinary products (MAGGI®)
 - Breakfast and instant cereals (NESTLÉ®, BISTROFF®)
 - Mineral and bottled waters (PERRIER®, VITTEL®, NESTLÉ PURE LIFE®)
 - Pet foods (PURINA®, FRISKIES®, DARLING®, GOURMET®).



Investments into production

Nestlé actively invests into local production and development of the products meeting Russian preferences and traditions, as well as using local raw products and components. In Russia Nestlé has 12 factories which the company constantly invests into. Thus it unites international experience and leadership in the food industry with the needs and preferences of the consumers.

1995 - Russia Confectionery Factory in Samara

1996 - Ice-Cream Factory in Zhukovsky

1998 – Confectionery factories in Barnaul, Perm, ice-cream production in Timashevsk

1999 - MAGGI factory Zhukovsky

2000 – Bottled water factory in Domodedovo

2001 - Breakfast cereal factory in Perm

2003 - Baby food factory in Vologda

2005 - NESCAFÉ factory in Timashevsk

2006 - BYSTROFF cereals factory

2007- Confectionery factory in Ruza and pet food factory in Vorsino

2008 - Announcement of large-scale investments (CHF240 mln) into the expansion of the coffee factory in Timashevsk

2010 - Transfer of the confectionary production from Ruza to the factories in Samara and Perm

2010 - Announcement of investments (CHF 60 mln) into the construction of the factory that will produce MAGGI food products in Vladimir region

Today, Nestlé is the Russian market leader in most of its categories: coffee, chocolate, culinary, breakfast cereals, baby food and strengthens its positions on the pet care market, ice cream and water markets. The company's continued success and ability to strengthen market share are due to several key factors. These include an emphasis on local production and a versatile manufacturing infrastructure, continued brand support, and nationwide distribution.



Nestlé Factory in Timashevsk

Three Nestlé brands, NESCAFÉ (1998, 2000, 2002, 2004, 2006 and 2008), MAGGI (1999, 2001, 2003) and ROSSIYA-SHEDRAYA DUSHA (2002, 2003, 2005 and 2008) have received the coveted “People’s Choice” (Narodnaya Marka) award, indicating the popularity of these products among Russian consumers.

Nestlé brands, including ROSSIYA - SHEDRAYA DUSHA, NESCAFÉ, and MAGGI, and NUTS have been frequent recipients of the “Brand of the Year/EFFIE” award.

Nestlé Russia also enjoys the respect and recognition of peers and experts. Nestlé was named 1998 “Company of the Year” by the American Chamber of Commerce. In May 2004, Alfa Bank and the Lauder Institute of the Wharton School of Business selected Nestlé to receive the “Award for Excellence in Foreign Investment in Russia” for the company’s record of successful business operations.

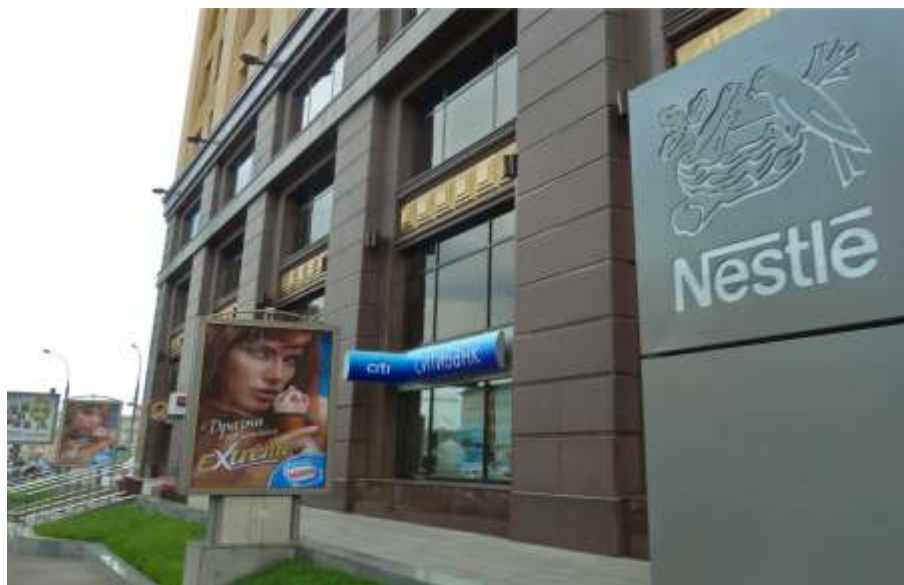
Plans for 2011

In June 2010, Nestlé Rossiya announced the intention to invest CHF 60 million (1.6 billion roubles) into the construction of a green field site in the Vyazniki district of Vladimir region (some 300 kilometers East of Moscow) to produce a wide range of culinary products under the Maggi brand.

After the first phase of construction is completed in the third quarter of 2011, the new plant will produce more than 30,000 tons of Maggi products to meet the growing demand for these products in Russia and CIS countries. The state-of-the-art factory will create 500 new jobs in the city and district of Vyazniki. The factory will accommodate the culinary production

that will be transferred from Nestlé factory in Zhukovsky while Zhukovsky factory will fully concentrate on ice-cream production supplemented by capacities transferred from Nestlé Kuban factory in Timashevsk of Krasnodarsky Krai.

In October 2011 Nestle Russia plans to accomplish its current major investment project in Timashevsk of Krasnodarsky Krai – Nestlé coffee factory expansion in order to substitute the current packaging process with a full-cycle production of Nescafé Gold coffee. The CHF 240 mln (more than 7 bln rubles) investment will go into the introduction of state-of-the-art technologies and processes which will allow a significant capacity increase in this facility. The factory will benefit from Nestlé’s freeze-dry technology creating coffee products of superior quality and additional benefits to the Russian consumers. Currently the factory in Timashevsk produces NESCAFÉ Classic, as well as a broad line of coffee beverages under the NESCAFÉ brand.



Nestlé Russia Headoffice at Paveletskaya square in Moscow



Creating Shared Value

– Nestlé Concept of Corporate Social Responsibility

For a business to be successful in the long term it has to create value, not only for its shareholders but also for society. In Nestle we call this Creating Shared Value.

The social report of Nestle S.A. of 2007 for the first time presented the new Nestlé concept in the area of corporate social responsibility. According to the concept “business can only be successful in the long term if creates value, not only for shareholders, but also for society”. The new concept received the name “Creating Shared Value”(CSV) and was presented to public at the CSV Forum in New York in April 2009. We understand Creating Shared Value not as a philanthropy or an add-on, but as a fundamental part of our business strategy.

Creating Shared Value is a basis of Nestlé business strategy



Creating shared value is at the heart of Nestlé's business. It goes beyond sustainability and compliance, aiming to create new and greater value for society and our shareholders within our chosen areas of focus – nutrition, water, and rural development. Our long-term commitment to the environment, to the communities where we operate, and to our own employees is never sacrificed for short-term performance. This explains our 140-year plus history of providing quality products that is supported by an expertise in nutrition, health and wellness.

Nestlé Russia has always understood the importance of good nutrition in maintaining good health and developing good nutritional habits for children. This is why in 1998 the Company took a decision to create and implement a special educational programme for children and teenagers, called the “Good nutrition programme”, which is part of Nestlé's Global Healthy Kids Programme. Annually, over 350'000 children in 5'000 schools are involved in this initiative, and in total it has helped more than 3 million children from 30'000 schools to learn about good nutrition.

Meanwhile, in water, we have continued to champion integrated solutions to the world's water crisis, for example, through the World Economic Forum Water Resources Group and the UN Global Compact's CEO Water Mandate. This year, Nestlé formally recognised the Human Right to Water and we remain a committed leader in the public policy debate on restoring the balance between water withdrawals and the availability of naturally renewed water.

Two-thirds of our factories in Russia are located in rural areas. We have long been aware that they are magnets for development, creating a large skilled labour force in rural areas, but also educating small business operators who supply our factories, as well as facilitating the building of infrastructure such as roads and water treatment systems.

Many of our initiatives are undertaken in partnership with local and national governments, UN agencies, academia, NGOs, and healthcare professionals to identify and share best practices and to leverage greater impact in the communities where we operate.

Creating shared value, thus for us, is the essence of operating a sustainable business because we are asking our shareholders to invest so that their earnings will grow over time, but in such a way that the societies on whose welfare our own livelihood ultimately depends also benefit from our presence, our activities, and our long-term commitment to them.

*Janet Voute
Vice-President Nestlé S.A.*

Nestlé Global CSV Projects

Nestlé Prize in Creating Shared Value

In May 2010, the first Nestlé Prize in Creating Shared Value was presented to International Development Enterprises (IDE) Cambodia, which employs franchised Farm Business Advisors. Since 2005, IDE has increased the productivity among 4500 smallholder farmers in rural Cambodia, boosting their income and increasing their standard of living, and the CHF 500 000 prize will help IDE to reach an additional 20 000 farmers.



In Peru, schoolchildren learn about healthy eating in a fun way by participating in Nestlé's Crecer Bien programme.

The Nescafé Plan

In August 2010, we launched The Nescafé Plan, bringing all our Creating Shared Value coffee farming and production practices together. This global initiative will help us to optimise our coffee supply chain and reach our coffee farming, production and consumption

targets. Under the Plan, we will, among other things, invest CHF 500 million in coffee projects by 2020, distribute 220 million high-yield coffee plantlets, train 30 000 farmers and support social projects in coffee-growing communities.

Healthy Kids Programme

We believe that education helps children to understand the value of nutrition and healthy lifestyles. Building on Nestlé-sponsored education programmes, we will have implemented our Healthy Kids Global Programme through partnerships in all countries where we have operations by the end of 2011.



Farmer at the coffee plantation in Mexico

Strategy

Compliance with applicable laws and international conventions such as the Universal Declaration of Human Rights and strong support for the UN Global Compact, as well as our internal standards and regulations, is the foundation of our business. Beyond compliance, our business is based on sustainability, ensuring our activities protect the environment for future generations. Yet we believe we need to go further, creating shared value for both the Company and society in areas where shareholders' and society's interests intersect. Three such areas – nutrition, water and rural development – are the focus for this strategy.

Creating Shared Value
Hierarchy of Corporate
Social Responsibility

Goals

Nutrition

Using science-based solutions, we contribute to the health and well-being of consumers, including those with specific nutritional needs, by offering products with higher nutritional value at affordable prices that appeal to consumers. We also aim to generate greater awareness, knowledge and understanding among consumers through clear, responsible communication.

Water

Our long-term success depends on the water resources that supply our business operations and support the livelihoods of suppliers and consumers, which is why water is a key focus area of Creating Shared Value. We work with stakeholders, ranging from agricultural suppliers to consumers, to manage water consumption in our operations and supply chain, and contribute to sustainable community water management schemes.

Rural development

We strive to increase farmers' incomes through increasing productivity, growing higher value crops, using land more efficiently and gaining outside farming employment and income. We further contribute to rural development by providing technical and financial assistance and access to markets, and by investing in factories and rural areas that create infrastructure and employment.



Performance*

Nutrition

While nutritional status has improved worldwide over the past fifty years, malnutrition and obesity still require solutions. To ensure both taste preference and nutritional superiority in our products, we assessed CHF 36.4 billion of our product portfolio and renovated 6502 products for nutrition or health considerations. To provide lower income consumers with greater access to affordable food products, we offer 4860 Popularly Positioned Products at an affordable cost and appropriate serving size through a range of locally adapted distribution methods. Annually, 90 billion servings of Maggi bouillon cubes are fortified with key micronutrients to address deficiencies in certain markets. In 2008, Nestlé's CEO – and those from eight major food and beverage companies – made five global commitments to the World Health Organization's Director General, to tackle obesity and the non-communicable diseases associated with it through diet and physical activity. These commitments led to the International Food and Beverage Alliance (IFBA), which Nestlé has co-chaired since its information, and in November 2009, IFBA's first annual report (see www.ifballiance.org) to the Director General outlined its member's progress to date.

** Information from Nestlé S.A.
Annual report 2010*

Water

Water has been identified as the most important factor for Nestlé's long-term success, as it affects the supply of raw materials, our operations and the consumption of many of our products. To become the most efficient water user in our industry:

- Water Resource Reviews are conducted at factories and in commodity-growing areas;
- we help farmers to become better stewards of water;
- we support water resource awareness and education programmes;
- we take a leading role in the global dialogue on the issue.

We have also reduced our total water withdrawal by 32% to 144 million m³ since 2000.

Rural development

We will also continue to support 144 926 farmers through capacity-building training programmes, access to financial assistance, farm assessment tools and investment in biogas generation, amongst others. Full details of our performance are given in a comprehensive separate report and also in more detail on line.

Our people

We continue to offer our workforce comprehensive training, development and career progression opportunities, and our global nutrition, health and wellness training programme has now reached 145 922 employees since 2007. Safety remained a key focus, our main indicator improved by 18% to 4.2 recordable injuries per million hours worked, and relations between employees, management and trade unions are generally strong.



UN Global Compact – Communication on Progress

Commitment and systems

Since joining the UN Global Compact (UNGC) in 2001, we have embraced its 10 principles, integrated them into the Nestlé Corporate Business Principles and continuously supported them. Our annual Communication on Progress illustrates our dedication and efforts in the issue areas of human rights, labour practices, the environment and anti-corruption. Our full communication on Progress is available online: www.nestle.com

The Nestlé Corporate Business Principles (NCBP) – endorsed by the Chairman and CEO, and available online – form the basis of our culture and reflect our values of fairness, honesty and respect for people and the environment. A revised version of the NCBP was developed during 2010, and translated into fifty languages. A comprehensive communication and training toolkit has been provided to all markets where local plans have been launched to ensure each employee lives up to the Principles. Follow-up training is planned in 2011 to ensure deeper understanding of each Principle. Compliance is monitored through external audits under our CARE programme, and the Nestlé Group Audit function. In 2010, 392

sites underwent CARE audits and no critical non-compliances were identified. To help maintain our reputation, our Code of Business Conduct outlines minimum standards of behaviour in key areas, our new Employee Relations Policy outlines international standards and sets a tone of open dialogue on labour matters, and the Nestlé Supplier Code commits suppliers to comply with our core integrity standards.

Ten Nestle Business Principles

Consumers			Human rights and labour practices	Our people
1	2	3	4	5
Nutrition, Health and Wellness Our core aim is to enhance the quality of consumers' lives every day, everywhere by offering tastier and healthier food and beverage choices and encouraging a healthy lifestyle. We express this via our corporate proposition Good Food, Good Life.	Quality assurance and product safety Everywhere in the world, the Nestlé name represents a promise to the consumer that the product is safe and of high standard.	Consumer communication We are committed to responsible, reliable consumer communication that empowers consumers to exercise their right to informed choice and promotes healthier diets. We respect consumer privacy.	Human rights in our business activities We fully support the United Nations Global Compact's (UNGC) guiding principles on human rights and labour and aim to provide an example of good human rights and labour practices throughout our business activities.	Leadership and personal responsibility Our success is based on our people. We treat each other with respect and dignity and expect everyone to promote a sense of personal responsibility. We recruit competent and motivated people who respect our values, provide equal opportunities for their development and advancement, protect their privacy and do not tolerate any form of harassment or discrimination.

Human rights and labour practices

Since November 2008, Nestlé has worked with the Danish Institute for Human Rights (DIHR), to review our human rights policy and assess our labour practices and human rights compliance. In July 2010, we signed a two-year partnership through which the DIHR will assist us in integrating human rights into our corporate systems, undertaking in-depth assessments with stakeholder consultations at a country level, and other monitoring and capacity-building activities. Nestlé recognises the “corporate responsibility to respect human rights”, as outlined in the UN Framework on Human Rights and Business proposed by John Ruggie, Special Representative of the UN Secretary General on Business and Human Rights.



Suppliers and customers		The environment		
6	7	8	9	10
<p>Safety and health at work</p> <p>We are committed to preventing accidents, injuries and illness related to work, and to protect employees, contractors and others involved along the value chain.</p>	<p>Supplier and customer relations</p> <p>We require our suppliers, agents, subcontractors and their employees to demonstrate honesty, integrity and fairness, and to adhere to our non-negotiable standards. In the same way, we are committed to our own customers.</p>	<p>Agriculture and rural development</p> <p>We contribute to improvements in agricultural production, the social and economic status of farmers, rural communities and in production systems to make them more environmentally sustainable.</p>	<p>Environmental sustainability</p> <p>We commit ourselves to environmentally sustainable business practices. At all stages of the product life cycle we strive to use natural resources efficiently, favour the use of sustainably-managed renewable resources, and target zero waste.</p>	<p>Water</p> <p>We are committed to the sustainable use of water and continuous improvement in water management. We recognise that the world faces a growing water challenge and that responsible management of the world's resources by all water users is an absolute necessity.</p>

During 2010, labour rights and human rights issues have been discussed by our CEO Paul Bulcke with Professor Ruggie, and their international stakeholders. In cocoa-growing areas, child labour is a challenge, so Nestlé and others in the International Cocoa Initiative (ICI) continue to tackle child labour and improve access to education. In Cote d'Ivoire, the Cocoa Plan has a strong child labour component, and a new project with the ICI will support twenty communities that supply cocoa for our confectionery business.

In Colombia, Nestlé is a founding participant of "Guñas Colombia" (Guidelines for Colombia), which brings together companies, government, NGOs and trade unions. We also have a formal dialogue with Alliance Sud, a group of Swiss NGOs examining the impact of our activities and our relationships with trade

unions and local communities on national development and human rights. In 2010, all operating companies implemented action plans and are tracking progress on our Gender Balance initiative, while a network of Gender Balance Champions regularly shares best practice. Nestlé also published Corporate Guidelines for a Flexible Work Environment, and paired 130 senior executives with mentors in the second stage of our Corporate Mentoring Programme.

In addition, several high-impact training and capability workshops are being rolled out as part of Nestlé Continuous Excellence (NCE) which empowers people with the right knowledge, skills and competencies to drive business results and personal development.

Environmental sustainability

Our aim is to continuously improve our performance and produce tastier, nutritious food and beverages that are better for the environment. We assess the environmental impact of our value chains including procurement, logistics, manufacturing, marketing and consumer engagement – using a life cycle approach.

Through an ongoing commitment to operational environmental efficiency and a move towards cleaner energy we have kept our direct greenhouse gas emissions stable at 4 million tonnes CO₂e and increased energy consumption by only 4% to 88.6 PJ, despite an increase in production volume of 6.2%. We continue to focus on packaging optimisation and two



Dr. Babarjit Singh Bhullas advises farmers on good water management techniques during a water awareness programme near Nestlé's Moga factory in India



Nestlé in partnership with the Eastern African milk programme of development renders technical support and recommendations to farmers in Kenia

additional factories in the UK achieved “zero waste to landfill” in 2010. Nestlé is also a founding signatory of the UN Global Compact's CEO Water Mandate, and has provided a Communication on Progress on water since 2009.

We are committed to use only palm oil from sustainable sources by 2015 and became the first company to commit to eliminating tropical rainforest deforestation in our supply chain. Through our membership of The Forest Trust, we are working with our suppliers to meet a series of principles to achieve this. In recognition of our improved environmental performance, Nestlé was ranked second in

the consumer goods sector in the Carbon Disclosure

Project's (CDP) Carbon Disclosure Leadership Index 2010, and contributed to the CDP's Water Disclosure Project.

Anti-corruption

The Code of Business Conduct and the NCBP condemn any form of corruption and bribery, and our Supplier Code of Conduct requires our partners to embrace our “zero-tolerance” approach.

Having performed a thorough anticorruption risk assessment, we

have developed an anti-corruption training tool to provide employees with specific guidance on avoiding inappropriate behaviour, supplementing existing training efforts in this area. Our Code of Business Conduct introduced whistle-blower procedures in 2008, and we are complementing our local hotlines with a Group-wide integrity reporting system.



Creating Shared Value Forum in Moscow, June 2010

On June 9, 2010, Nestlé Russia in partnership with UNDP and the Global Compact Network in Russia carried out the All-Russian 'Forum Creating Shared Value: the strategy of corporate social responsibility'

The participants of the All-Russian Forum 'Creating Shared Value' in Moscow, including representatives of state bodies, business community, civil society and mass media discussed what steps need to be taken to make social programmes in Russia successful.

The All-Russian Forum 'Creating Shared Value: the strategy of corporate social responsibility' took place in Moscow. The Forum was initiated by Nestlé company and supported by the United Nations Development Programme (UNDP) and the Global Compact Network in Russia. Participants from large companies, civil society organizations, government structures and mass media shared their experience in responding to social challenges. They presented best practices in CSR and formulated proposals for further development of CSR programmes in Russia.

The speakers included representatives of UNDP, Ministry of Education and Science of RF, GC Network in Russia, Public chamber and charity organisations, and Nestlé company. During the discussion session entitled 'Corporate Social Responsibility: Principles of Partnership between Business, Power and Society' the attention was focused on the most acute issues related to social programmes implementation. Among other things, the participants spoke about the lack of appropriate coordination among the shareholders in the process, the imperfection of CSR-related legislation, the limited attention to this area on the part of mass media, the role of volunteers in resolution of social prob-

lems and other important issues. Frode Mauring, UN Resident Coordinator and UNDP Resident Representative in Russia said: "We believe that the more progress the country is making in terms of economic growth, institutional and social reforms, the more should business be engaged in resolution of challenges, which appear on the country's agenda. And it is also in the interests of business to have a well functioning society to operate in."

Niels Christiansen, Nestlé Vice-president on Public Affairs, gave a detailed account of his company's CSR approach: "For a business to be successful in the long term, it has to create value not only for its shareholders but also for society. Nestlé calls this approach 'creating shared value' and focuses on the three key areas of public life: nutrition, water and rural development."

During the discussion session Stefan De Locker, General Director of Nestlé Russia, presented the most important social project of his company – the educational initiative for children 'The Good Nutrition Programme'. "Thanks to this programme, over three million children have got acquainted with basics of the balanced nutrition. Together with the authors of this programme, the Institute of Developmental Physiology, and supported by the Ministry of Education of the RF, we invest money, knowledge and experience into the health of Russian children, which means – into Russia's future. 'Creating shared value' concept is not one of our CSR initiatives, but an integral part of our business strategy and mission, which is to be preferred and the most respected Food, Nutrition, Health and Wellness company."

UNGC Principles

Human rights

1. Businesses should support and respect the protection of internationally proclaimed human rights; and
2. make sure that they are not complicit in human rights abuses.

Labour

3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
4. the elimination of all forms of forced and compulsory labour;
5. the effective abolition of child labour; and
6. the elimination of discrimination in respect of employment and occupation.

Environment

7. Businesses should support a precautionary approach to environmental challenges;
8. undertake initiatives to promote greater environmental responsibility; and
9. encourage the development and diffusion of environmentally friendly technologies.

Anti-corruption

10. Businesses should work against corruption in all its forms, including extortion and bribery.

About Nestlé's reports

- Creating Shared Value and Rural Development 2010
- Creating Shared Value 2009
- Nutritional Needs and Quality Diets – 2008
- Creating Shared Value – 2007
- The Nestlé Water Management Report – 2006
- Nestlé, the Community and the UN Millennium Development Goals – 2006
- The Nestlé Concept of CSR as Implemented in Latin America – 2005
- The Nestlé Commitment to Africa – 2004
- Faces of Coffee – 2003
- Nestlé and Water: Sustainability, Protection, Stewardship – 2003
- The Nestlé People Development Review – 2002
- Sustainability Review – 2001
- Nestlé Environmental Progress Report – 2001
- Nestlé and the Environment – 1995

You can find Nestlé CSV reports at www.nestle.com/scv/downloads and at www.nestle.ru



Nestlé first explored the concept of Creating Shared Value in 2005 report, The Nestlé Concept of CSR, which focused on our Latin American operations. Its authors, FSG – Social Impact Advisors, led by Managing Director Mark Kramer (also Senior Fellow at Harvard University's John F. Kennedy School of Government) then challenged Nestlé to provide further evidence. Since then, in conjunction with our business areas and advisers including SustainAbility and AccountAbility, Nestlé has identified and assessed critical issues, developed global performance indicators and engaged stakeholders in debate. The result is this, our 2007 Creating Shared Value Report, a first step towards providing evidence that the successful creation of long-term shareholder value is dependent also on the creation of value for society.

Nutrition, Health and Wellness

Nutrition is the main Nestle direction for creating shared value

Our aim is not only to produce high quality products but also to be the best and most respected company in food and beverage industry, good nutrition and healthy lifestyle.

From Nestlé Business Principles:

- ***Healthy nutrition and healthy lifestyle***
Our core aim is to enhance the quality of consumers' lives every day, everywhere by offering tastier and healthier food and beverage choices and encouraging a healthy lifestyle. We express this via our corporate proposition "Good Food, Good Life".
- ***The guarantee of products quality and safety***
Everywhere in the world the name of Nestle represents a promise to the consumer that the product is safe and of high standard.
- ***Consumers communication***
We are committed to responsible, reliable consumer communication that empowers consumers to exercise their right to informed choice and promotes healthier diets. We respect consumer privacy.



Our Goals

Nutrition, Health and Wellness are Nestlé strategic development directions. We want our consumers to make a conscious choice of healthy food and beverages. Nestlé is aimed at making life better by manufacturing products that taste better and are more nutritious.

Since the very first days of the company's operation its strategy has been based on manufacturing food products that give health and wellness to consumers. During the last several years the principles of healthy food and lifestyle became more acute and significant. Our Nutrition, Health and Wellness strategy is based on our assessment that nutritional awareness and the desire for improved health and wellness will increasingly drive consumer choice. Using science-based solutions, we seek to improve quality of life through food and diet, contributing to the health and wellbeing of consumers. We also aim to generate greater awareness, knowledge and understanding among consumers through clear, responsible communication.

ensure that these are applied locally to meet different consumer needs and preferences. In Russia six groups of applied research develop new products at confectionary, pastry, ice-cream, coffee, porridges and baby food factories.

Global Research and Scientific Development

Nestlé's growth in providing new Nutrition, Health and Wellness solutions to meet consumer needs is based on the world's largest private nutrition R&D network, comprising 28 research, technology and product development centers and more than 5200 employees. The Nestlé Research Center (NRC), one of the world's largest private facilities for food, nutrition, health, quality and safety research, is the hub of this network. Its research is transformed into product innovations and processes through Product Technology Centers and R&D Centers, and Nestlé scientists in 280 Application Groups

CSV summary:

Value for Nestlé:

deeper understanding of nutrition and health issues as well as fruitful collaborations with various stakeholders, both informing our innovation and renovation efforts, brand awareness and recognition; consumer loyalty; long-term enhanced growth, market share and profitability.

Value for society:

greater access to safe, high-quality, responsibly produced, nutritious food; greater knowledge of health issues, better understanding of how to use Nestlé products as part of a healthy and enjoyable diet.



Choice in Favor of Consumers' Preferences and "60/40+" Program

We strongly believe that healthy diets must be enjoyable to be sustained, but combining superior taste and superior nutrition in the same product can be challenging. Nestlé strategy is based on offering products that exceed competitive ones both in taste and nutritional value.

We can enhance both the taste and nutritional value of our products through our unique 60/40+ approach. This proprietary programme has two objectives:

- the preference of at least 60% of a large consumer panel in a blind taste test against the most prominent competitor products (the '60/40' dimension);
- an additional nutritional "plus" where relevant, based on criteria recommended by world-renowned nutrition and health authorities, the product's role in the diet, consumers' needs and local public health priorities.

To analyse the nutritional profile, each product is measured against a set of criteria, which is regularly updated in line with the available recommendations for dietary intakes issued by authorities such as the World Health Organization (WHO) and respective Russian regulatory bodies. The criteria for every product are established on the basis of four principles:

- the role of the product in a balanced diet;
- relevant nutritional factors (such as calories, fat, added sugar, calcium, whole grain, etc);
- thresholds for each of these factors;
- the individual serving as consumed by the intended consumer, adults and/or children.

To maximize the efficiency of this program we focus on both the new types of products and of the highest demand. In Russia in 2010 the tests of "60/40+" program were conducted for the products that make more than

45% of gross sales volume. The program is aimed at continuous increase of taste and nutrition profiles of Nestlé products. Nestlé's worldwide strategy is to offer products that meet consumer taste preference and provide nutritional value. Nestlé has established a rigorous system to assess the nutrient profile of its products called the Nestlé Nutritional Profiling System.

According to product categories the main action in this sphere are:

- to reduce the level in products of specific nutrients that are considered to be detrimental to health when consumed in excess, such as sodium, sugars, total amount of fat and trans fatty acids, saturated fats and artificial colours;
- to add components proved to be healthy (like wholegrain and vegetables) and underconsumed substances (vitamins and minerals).

In 2010 Nestle Russia improved Maggi product line within "60/40+"



Degustation session in the Nestlé Center of Innovation Customer and Client- Sensor evaluation of Nestlé products

program – now these products contain no unhealthy trans fatty acids and excessive salt. All Nestlé ice-creams and products under NESQUIK and Bon Pari brands contain no artificial colours.

In 2010 almost 90% of all Russian sales of Nestlé and BYSTROV cereals contain whole grains and almost all Maggi product line contains iodine-treated salt.

To raise nutritional value Nestlé also offers its customers products enriched with special patented active components. Those components and their combinations developed in Nestlé research centers have a number of scientifically confirmed useful qualities.

Since 2009 the majority of Bystrov cereals and porridges are enriched with natural prebiotic culture Prebio1 that has a favourable effect on digestion. A number of baby food products (dry baby formulas, milk beverages) also contain this healthy component. Some of baby formulas and also Nestlé cereals and infant nutrition are enriched with BL bifidus bacteria.

Portion Guidance for a Balanced Diet

Proper portion sizing of products, as well as providing portion recommendations, rank very high in Nestlé's efforts to become the preferred nutritional partner to consumers. For several years now, Nestlé has been actively working on this important public health priority. Our nutritional profiling system, for example, is based on appropriate portion sizes for the intended consumer, and all criteria thresholds have been established on each product's role in a balanced diet. The majority of Nestlé products contain information about the optimal portion and its nutritional value to help our consumers choose and keep on the healthy diet. For example, such information is given on all pack of Bystrov and Nestlé cereals, NESQUIK countlines, many types of ice-cream, chocolate and other confectionary products,.

Responsible Labelling

All Nestle products packages have Nestlé Nutritional Compass that is to help consumers in making informed and right decisions about the food they eat through four elements: a standardised nutrient table; explanations of the ingredients and nutrients the product contains; tips for responsible product enjoyment; and contact details and links to more information.

Many Nestlé products packages contain information about its distinctive features based on modern scientific information and/or conducted researches. For example, Bystrov cereals package front side says that the porridges contain dietary fibers and Prebio1 prebiotic that support healthy digestion. This information was confirmed by St. Petersburg State Medicine Academy named after I.I. Mechnikov.

Contact information at Nestlé products packages gives consumers a possibility for feedback. In 2010 Nestlé Russia hotline service answered more

It is easy to make a healthy choice with delicious and nutritional Nestlé products



than 40 thousand consumer questions, 41% of those questions were about the Nestlé products, recipes or healthy diet.

Responsible Approach to Marketing and Advertising

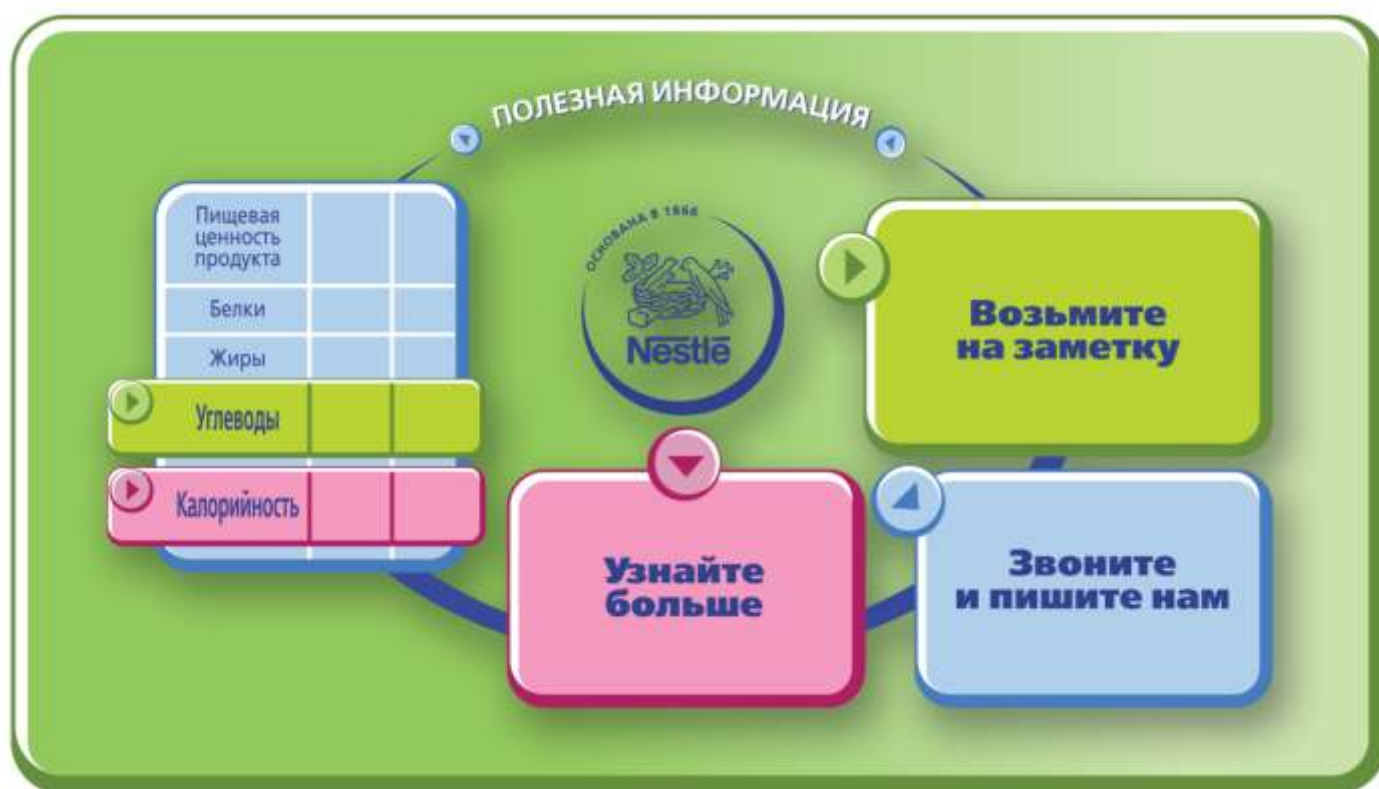
Principles concerning appropriate communication with consumers have been part of Nestlé's Business Principles and Consumer Communication Principles. They encourage moderation, healthy eating habits and physical activity and, in the case of children it is stated that it is inadmissible to undermine parents'

authority, to inspire baseless hopes or to promise unbelievable success. These are required reference points for all marketing staff and advertising agencies.

Responsible advertising to, and communication with, children are a specific part of these Principles, including two important provisions, preventing advertising or marketing activity directed at children under six years old, and restricting advertising for children aged 6–12 to only those products that help them to achieve a healthy balanced diet, including clear limits for sugar, salt and fat contents.

Conferences and Workshops

Nestlé participates in different global public health nutrition conferences and workshops on an ongoing basis, for example, in the Annual congress of Russian pediatricians. At these events, we share initiatives to improve our consumers' health and nutrition through exhibits and presentations on product innovation, health, nutrition and development activities in the developing world, and our scientific capabilities.



"Nestlé Nutritional Compass" was first introduced in 2005 and today can be found on all Nestlé packages. According to consumers opinion it is more useful and informative than other labeling systems placed at other manufacturers' products packages as it provides the most various useful information in a simple and comprehensive form".

Svetlana Smolina, Nestlé Russia Marketing Communication Manager

Healthy Choice – Is Easy!

In 2010 Nestlé started the TV campaign "Healthy Choice - Is Easy" for a wide range of consumers. This campaign continued "Healthy news from Nestlé" program. Nestlé understanding of consumers basic diet needs became a basis for the program. When buying our products, consumers first of all seek benefits for themselves and their children – such as, for example,

immune protection, increasing mental and physical activity, proper digestion, optimal weight control, high spirits support, stress fight and of course children's healthy growth and development. Within the "Healthy choice – is easy!" program Nestlé promotes healthy products that cover basic human needs in nutrition. These products are, for example, Nescafé Green Blend coffee rich in antioxidants, Bystrov cereals enriched with Prebio1 prebiotic, children packed breakfast

Kosmostars with whole grain that gives energy and provides children ration with essential vitamins and minerals. Julia Kostushkina, world champion in acrobatics, became the campaign leader. Her example is a striking illustration of advantages of the healthy lifestyle.



Food pyramid is an example of a balanced food diet

Nestlé NQ Programme for Nutrition Training

In order to make its strategy in area of good nutrition and healthy life style comprehensive and successful Nestlé applies its principles both for external and internal communication. As part of our overall commitment to training and learning, Nestlé's NQ ("Nutrition Quotient") training programme equips our people with the right nutrition skills and insights to make informed choices for themselves and their families.

Employees undertake a general Foundation Module, while those with product development or product communication responsibilities attend further advanced and specialised workshops. Twelve different modules in numerous local versions had already been deployed by the end of 2009, each representing between four to eight hours of learning. More than 121 360 employees around the world have undergone NQ training to date

with more than 2,5 thousand employees have taken the NQ training in Nestle Russia.

Since nutrition training is now a continuous effort at Nestlé, follow-up campaigns and tools have been put in place and will be renewed on a regular basis. Different campaign

instruments such as nutritional festivities, posters campaign serve to this purpose.



Colourful posters are placed in Nestle Russia headoffice and factories. Their aim is to remind employees of the right nutrition and healthy lifestyle



Our employees

Nestlé – a Responsible Employer

Success and sustainability of any large company in many respects depend on professional skills of staff members. That is why Nestle considers its employees to be its main competitive advantage. More than 280 thousand people work in Nestle offices and factories in 81 countries all over the world. Nestlé has developed a strong corporate culture that relies on principles obligatory for all Nestlé employees regardless of their position.

From Nestlé Business Principles

- **Human rights and labour conditions**

- Human rights in our business operations***

- We fully support the United Nations Global Compact's (UNGC) guiding principles on human rights and labour and aim to provide an example of good human rights and labour practices throughout our business activities.*

- **Our employees**

- Leadership and personal responsibility***

- Our success is based on our people. We treat each other with respect and dignity and expect everyone to promote a sense of personal responsibility. We recruit competent and motivated people who respect our values, provide equal opportunities for their development and advancement, protect their privacy and do not tolerate any form of harassment or discrimination.*

- Safety and health at work***

- We are committed to preventing accidents, injuries and illness related to work, and to protect employees, contractors and others involved along the value chain.*

Nestlé – a Human-oriented Company

In Nestlé we believe that the company's success and strength depends largely on its personnel. Nothing can be achieved without employees' commitment and energy – qualities that make staff a valuable asset for a company. We create food products consumed by different categories of people almost in every country in the world – from babies to seniors. That is why we have to be exceptionally attentive and professional: we bear responsibility for our consumers' health and wellbeing.

The company lets each employee make his/her own contribution to its business results improvement as well as to his/her personal development through exchange of information and active cooperation.

That is why our HR priorities are:

- to ensure labour protection;
- to regular measure the employees' level of satisfaction with their work for Nestlé;
- to ensure fair attitude to employees and estimation of their individual contribution to the company's success;
- to develop professional knowledge and skills;
- to implement program of young specialists development.



Industrial Health and Safety

Nestlé always had and continues to pay special attention to health and work-place safety issues of employees and contractors.

The company constantly deals with creating safe labour culture and realizes that it is possible to change employees' and contractors' attitude to safety only on condition of the full support of top and middle management. That is why in 2010 the company issued a framework document "Safety Leadership" that contains safety requirements valid for all company's employees in all countries. Policy, aims and plans of events in the sphere of labour protection and industrial safety are established in compliance with this document.

Nestlé Russia takes the leading position in safety and health issues among Nestlé companies operating in Europe. During the last several years LTIFR and TIFR indexes (LTIFR – lost time frequency injuries rate; TIFR – total injuries frequency rate) remain the lowest. In 2010 they were equal to 0.7 and 1.3 respectively. These indexes reflect the number of accidents per 1 mln of working hours and take LTIFR and TIFR indexes of hired employees and contractors into account. Nevertheless realizing the importance safety at factories and the value of a human life and health we plan to reduce LTIFR index down to zero in 2012. Several factories and business-divisions of Nestlé Russia already have completed the year 2010 with no injuries.

Such a result could be achieved due to many factors. First of all the company management supports the

manufacturing culture and safety protection with all kinds of events aimed to reduce professional injury rate and labour conditions improvement. In addition to that strong labour and environment safety departments (SH&E – Safety, Health and Environment) with experienced and competent specialists were established at Nestlé factories in Russia. Also, since 2010 the company has been actively introducing safety dialogues (BBS -Behavior Based Safety) intended to change employees' attitude to safety and to prevent behaviour-based risks.



Awarding the best safety team. The logistic service of Nestlé factory in Perm was announced to be the best for operation without injuries and for the best result in safety audits. The event was organized as a part of World labour protection day celebration on April, 28 of the year 2011. On this day competitions in knowing different safety procedures (LOTO, works of high, fencing dangerous places) were conducted for factory workers

Measuring the Level of Employees Satisfaction

The ability to listen to an employee's opinion and react adequately – this is one of the company's principles in regard to personnel.

By operating corporate culture value the employer can monitor the working conditions and atmosphere in the company for the sake of their improvement. The global initiative “Nestlé and I” started by the headquarters for the second time and conducted in all Nestlé companies showed the level of employees' satisfaction with their work for the company, their vision for career development and evaluation of Nestlé present and future.

The main aim of “Nestlé and I” survey was to define the level of corporate culture key factors that influence work efficiency and the quality of company's performance. Filling the questionnaire the employees expressed their satisfaction or dissatisfaction with various working processes and procedures practiced in the company (personal recognition and awarding, team leadership, career development, etc.).

After analyzing the results of the first “Nestlé and I” survey in 2007 a program “High Performance Culture” was launched in Nestlé Russia. The program was aimed at increasing and improving the aspects of corporate culture that had received the lowest satisfactory indexes.

The results of the second survey “Nestlé and I” in 2010 have shown that the program “High Performance Culture” provided for a big progress in key factors. The company is currently developing a corporate action plan to support strong sides and improve factors that demonstrated the low satisfactory level and that need special attention.

Fair Attitude to Employees and Performance Evaluation

The company operates its business in compliance with the country's current legislation and International Labour Organization convention in regard to child labour and fair attitude to employees. The respective principles were reflected in Nestlé Business Principles and HR policy.

Nestlé's compliance with local laws and with Nestlé Business Principles is verified by CARE, our independent audit program that covers such areas of human resources as personnel work, safety, health and environment protection.

Nestlé respects the right of employees to form representative organizations and to join (or not to join) trade unions, provided this right is freely executed. It is our policy to govern the relationship with unions in accordance with national laws and he practices outlined in the Nestlé Business Principles. There are Collective Bargaining Agreements in 19 countries, covering nearly 40000 employees. Listening and responding to employee views is a company practice.

Nestlé is oriented for reaching corporate goals in growth and profit but also values individual contribution of each employee. The company annually conducts Performance Evaluation that helps to define and evaluate all employees task fulfillment during the year. During joint meetings employees and their line managers have a chance to discuss the year results openly, give and receive a feedback and to get acquainted with the work efficiency rating. This rating is the basis for personnel salary revision.

Developing Professional Knowledge and Skills

On the one hand, constant investments into trainings help employees to develop their professional knowledge and skills and thus increase their income, and on the other hand this ensures that the company is provided with professional staff. That is why company pays much attention to personnel development and training.

Nestlé employees have a chance to take part in the educational programs that are necessary for professional competence and skills development. Staff training programs include courses by Nestlé coaches and by outsourcing training agencies. A training center equipped according to the latest requirements of educational technologies was opened in company's Moscow office in 2010. The employees are also able to attend training sessions in the international education center in Switzerland.

Young Specialists Development Program

The company is interested in attracting young perspective employees. To achieve this Nestlé is organizing lectures for students of the leading educational institutions. Special programs were developed for university graduates to provide focus training for the position of junior managers in marketing, sales, finance and logistics. The course takes 18 months, after which the graduates that pass the course successfully take position of a junior manager or a specialist in one of the company's divisions.

This program was launched by Nestlé in 1998 and since then it has been upgrading and developing along with the company's development. 26 participants graduated after this program within the last several years.



On June 16, 2010, a coffee sensory room for natural instant coffee sensor evaluation was opened in State Technological University of Kuban (KubSTU). This project was realized by joint efforts of KubSTU and Nestle Kuban company. Within this project students of food biotechnologies and restaurant business faculty (FBRB) will get the most advanced experience and will practice professional tasting and organoleptic analysis of instant coffee



A celebration for children of first-grade at Nestlé factory in Samara is a first step in preparing future employees. Every year at the end of August "Rossiya" factory trade union committee organizes a celebration "Hello, school!" for the employees' children that go to the first grade. During three days children in small groups visit the factory where Chocolate master greets them. He and his faithful helpers – Choca and Ladka – carry out funny contests. Presents are always given at the end of this holiday – children receive school backpacks with "Rossiya–generous soul" logotype and sweets.



Nestlé Russia Activities for Environmental Sustainability

Nestlé does not aim at short-term profit. The company's goal is the long-term profit and steady business development. We follow the operation practices that favour the environmental balance.

Responsible attitude to ecological sustainability, water resources and rural development is one of the ten principles forming the basis of the company's business.

From Nestlé Business Principles:

The Environment

- ***Ecological Sustainability***

We commit ourselves to environmentally sustainable business practices. At all stages of the product lifecycle we strive to use natural resources efficiently, favour the use of sustainably-managed renewable resources, and target zero waste.

- ***Water***

We are committed to the sustainable use of water and continuous improvement in water management. We recognise that the world faces growing water challenge and that responsible management of the world's resources by all water users is an absolute necessity.

Sustainable Development

A significant work is being done by Nestlé in the sphere of industrial safety and ecology by using strong technical services, factory engineers and specialists in environmental protection.

Nestlé has always conducted work both for energy consumption reduction and water-saving in general and environmental sustainability in particular. Still, during the latest several years this work has become more systematic and intense.

Beginning 2001 together with the production growth the constant improvement of indicators has been observed in water consumption and waste water volumes, greenhouse gas emission, energy consumption, wastes production and other indexes of sustainable development. The tendency for improvement of key environmental indicators is typical for almost all Nestlé companies in the world.

All Nestlé manufacturing units have common goals set for energy and water consumption reduction: energy consumption is to be reduced by 2% and water consumption is to be reduced by 4% vs. the previous year per constant output volume.

For Nestle companies operating in Europe these measures are even more severe and are indicated as 3% and 5% respectively.

Besides, since 2011 Nestle has been setting goals to reduce greenhouse gases emission (the aim is -1%) and buried wastes volume (the aim is -2.5%) in absolute measures. Each manufacturing subsidiary has to implement at least one project for each resource-saving area and to report in I-Nexus corporate system of projects efficiency control that allows tracking the efficiency and the economy of projects in progress.

Up to the year 2010 Nestlé Russia company reached all set goals, yet due to the economical crisis and production volumes decrease in Russian Federation in winter and spring of the year 2010 it appeared to be impossible to reach the results planned for Nestlé companies in Europe. Nevertheless, we continue improving our work for environmental protection; some factories carried out projects that have enabled considerable save of water and energy resources consumption, which improved factories performance in the first four months of 2011.

Projects of Waste Waters Improvement and Water Saving

New storm runoff treatment facilities (multistage refining system) were built at the instant coffee manufacturing factory in Timashevsk (Nestle Kuban LLC).

These treatment facilities were added to the system of factory runoff that includes the anaerobic refinement stage and waste waters settling so now we can be proud of this successful realization of the big project for all kinds of waste waters refinement.

At Rossiya confectionary factory in Samara the reducers for hot and cold water supply systems were mounted in washing compartments. Several problems were solved by this project: the pressure decrease from more than 6 bars to 2 bars led to water consumption reduction by more than 40%; it became possible to provide optimal water pressure at upper storeys of manufacturing building; the time of shutoff fittings and maintenance costs were reduced.

Package Optimization Projects

Package plays the important role in securing high quality standards, reducing food wastes and informing consumers. Attentive examination of the ways different materials influence the environment is the integral part of Nestlé new products package solutions development.

Beginning 1991 the company has been deliberately reducing the level of natural resources consumption within the global program of package optimization. The company is revising the materials specifications for reducing their quantity and weight while preserving the immutable high quality of products.

The total weight of all saved packaging materials of Nestlé factory at all markets reached 515 thousand tons in the year 2010. Russian market joined the program in 2000 and in 2010 our contribution almost reached 3 thousand tons. The most significant projects for package weight reduction last year were the following:

- reducing the thickness of tin plate used for Nescafe Classic tins by 0.02 mm that allowed to save 400 tons of material per year and reduced the package cost by 6 mln roubles;
- replacing the standard goffered box for Nesquik cocoa with goffered trays covered with polyethylene film at the new package line in Samara. Compared to the previous manual package the automatically assembled trays re-

quire by 170 tons of carton less per year while clients get the product that can be placed on shelves without any additional labour required;

- reducing the consumption of the film for chocolate bars at wrapping machines in Samara achieved by mounting innovative Kevlar welded sponges. The wrapping saving reached 11 tons per year while the expenses were reduced by 1.2 mln. roubles.

Both international experience and our practice of the latest several years show that further package optimization requires complex approach to packaging equipment, materials selection and new package technologies adoption.

That is why each of the realized projects is the result of cooperation between package specialists at factories and head office, engineers, line operators and also our package and packaging materials suppliers. Together with these specialists we design, test and introduce more economical package.

Examples of optimization of the packaging of Nestlé Russia products



Atmosphere Emission Reduction Projects

NO₂ project for emission reduction was started in 2010 at the coffee factory in Timashevsk town. The research defined the main sources of NO₂ emissions: boiler houses, including those for burning coffee production wastes, and roasters. The project was aimed at NO₂ emission reduction by means of equipping the existing and the projectable new boiler with the system of nitric oxide selective non-catalyst restoration (SNCR), and also through using the modern type of burners with the emission level complying with modern emission requirements.

Certification of Ecological Management and Occupational Health and Safety

One of the most important stages of labour and environment safety systematic development was the introduction of international standards: ISO 14001 (Environmental Management System) and OHSAS/ ISO 18001 (Occupational Health and Safety Management Systems). Nestlé enterprises had the global task of passing the certification before the end of the year 2010. Our company has successfully reached this goal: all enterprises were certified before the stated period.

The next joint task of SH&E service and quality service will be the introduction of the Nestlé Integrated Management System. This system will include quality standards, labour protection standards and environmental standards and thus will make management more logical and efficient. The first obvious advantages of the integrated system have already been appreciated at Nestlé Perm factory that became the pilot enterprise and successfully passed the audit of integrated management system in 2010. In 2011 we started implementing the system at other enterprises of our market and Perm factory experience will be very useful.



Building up smoke pipes and the new boiler at Nestle factory in Timashevsk, Krasnodarsky Krai



Environmental Education and Environment Volunteer Actions

The manufacturing subsidiaries of Nestlé Russia have long ago started to conduct different educational events in the sphere of environment protection. The most prominent event was the work of ecologists at the Nestlé factory in Vologda that produces infant nutrition and cereals.

On the initiative of environment department of the factory the program of ecological kindergarten education was developed. The aim of lessons conducted by factory employees was to tell children how important nature is for us and how important it is to protect it. A lesson starts with water experiments that let children discover the main characteristics of water. During the lessons the children are also told about the company production, about its environmental activities, they see interesting slides and take part in ecological games.



Many factories also organize contests “Environment by eyes of children” and publish calendars with employees' children's drawings.

In 2010 the employees of the Nestlé office in Moscow participated in the first ecological action together with the non-governmental organization “No.More.Garbage”. During the action volunteers employees cleaned the woodland park zone alongside small Putyayevskie ponds in “Sokolniki”

park. The collected garbage was sorted, so that paper, plastic and metal could be recycled (see more details about volunteers' actions in “Nestlé and society” chapter). Such actions are to be conducted annually.

In spite of significant success we realize there is still a lot to be done, but we are sure that together we shall be able to solve all problems.



A lesson on ecology in one of kindergartens of Vologda

Nestlé and society

Our main aim is the constant improvement of our consumers' life. We achieve it by offering them more healthy and delicious food products and beverages and also by supporting their passion for healthy lifestyle in every possible way. This aim was reflected in our corporate slogan: "Good food. Good life". Our passion for improving life quality is shown in another corporate motto we use for charity actions – "Nestlé : let's make life better!". Consumers' trust inspires us for going beyond commercial interests and ambitions. In all aspects of the company's activity in our everyday work we do our best to create value both for our shareholders and for society in general.

Creating value for society

We do not understand corporate social responsibility as an add-on, it is the integral part of our company business strategy. That is why we do not speak of corporate social responsibility – we speak about creating shared value. For a business to be successful in the long term it has to create value, not only for its shareholders but also for society.

Our social activity outside the company is directly connected with our business. Therefore we concentrate our efforts on three areas: nutrition, water and rural development. In Russia we first of all focus on nutritional education for children. Here we speak about our famous educational program "Good Nutrition Program".



Nutritional Education

“Good Nutrition Program”

Good nutrition is a basis of our health. We know that good eating habits are formed at an early age. What a child eats during his first years forms his eating habits and affects his health. Unfortunately today's extremely intense and busy school curricular and timetable do not leave many children a chance to think proper of what they are eating. Snacks during breaks and after school became a common practice. Sad statistics shows that out of habit children would prefer a coke and chips to a three course proper meals. As a result obesity problem is becoming more and more acute in our country as well.

In April 2009 in New York at the Creating Shared Value Forum Nestlé launched a global initiative “Healthy Kids”. The aim of this program is to develop the habit of good nutrition. By the end of 2011 Nestlé wants to make nutritional education available for children of more than 80 countries where Nestlé operates its business.

Nestlé Russia specialists are pleased to know that the Good Nutrition program they launched together with Institute of Developmental Physiology of the Russian Education Academy in Russia 12 years ago had served a model for developing “Healthy Kids” global program. Over the last 12 years investments of Nestlé into “Good Nutrition Programme” exceeded 190 mln roubles. The program has reached more than 3.5 mln school children.

The History of the Program

Recognizing the importance of good nutrition in children's health and a healthy lifestyle, Nestlé decided in 1999 to create and launch a special educational program for children and adolescents, “Good Nutrition Programme” (RSA Academic M.M. Bezrukh is the director of both the project and institute). The main goal of the program is to introduce children and adolescents to the culture of nutrition as a component of a healthy lifestyle.

The program was launched and operated with support from the Ministry of Education and Science of the Russian Federation and regional education administrations and depart-



Lesson on proper nutrition in one of Moscow's schools

ments. Today, the program extends to 31 Russian regions and reaches more than 450,000 preschoolers and school children each year.

Program methodology

The program is made up of three modules: “Good Nutrition program” for children aged 6 – 8, “Two Weeks at a Health Camp” for ages 9 – 11, and “Formula for Good Nutrition” for kids aged from 12 to 14. Each module consists of a learning kit with vibrant and colorful notebooks for students, teaching guides for teachers, and posters and brochures for parents. At the moment the multimedia version of the program materials is being prepared for pupils aged from 12 to 14. The program content is based on Russian culinary traditions and has solid scientific basis. The Institute of Nutrition of Russian Academy of Medical Sciences provides consulting support to the project.

The program can be carried out in different types of educational institutions. Today not only comprehensive schools but also kindergartens, complementary education centers and clubs are involved into the program. The program is in active use in orphanages and boarding schools. Due to “Good Nutrition Program” children can get essential socializing experience – they learn to make menu for home meals, to lay the table and to follow etiquette rules.

Within this project Nestlé Russia is conducting three contests every year – for teachers, for children and for families (photo contest).

The learning process is organized in an amusing way in order to capture kids' attention. Lessons are different from ordinary ones, it is more a system of games and play, funny assignments, contests, celebrations that allow children to learn the secrets of healthy eating easy and with joy.

Teachers and tutors of the program offer their own pedagogical aids and

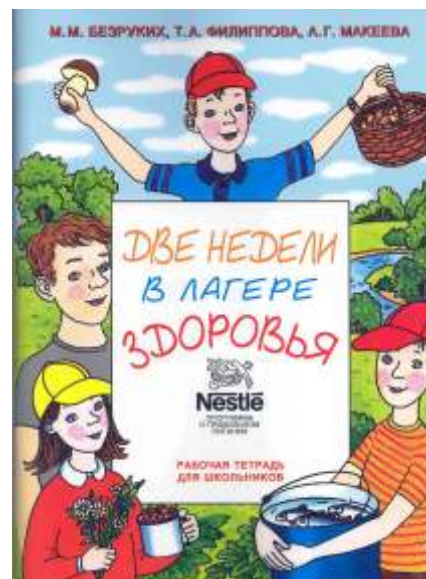
ideas of organizing program process for jury's estimation. The winners of the regional contests are invited to Moscow to take part in the Inter-regional stage of the contest. The most interesting ideas and proposals are published annually in the educational guides that are constantly renewed and improved. The winners of the Inter-regional stage receive valuable prizes from Nestlé Russia and get letters of appreciation from the Ministry of Education and Science of the Russian Federation.

Every June Nestlé Russia carries out the Inter-regional conference “Raising a healthy generation”. Regional coordinators of “Good Nutrition Program” as well as regional education departments' officials and winners of the contests are invited to take part in the conference. The main aim of the conference is to sum up the most valuable experience, to discuss problems arising during “Good Nutrition Program” realization and to define tasks and objectives for the coming year. Leading specialists in age physiology, dietetics and pedagogy conduct lectures for conference participants telling about the new directions of scientific research. The participants meetings with famous actors, writers and singers are organized within the conference.

Program Results

The results of 12 years-long “Good Nutrition Program” is a convincing proof of its efficiency. Social survey hold in 2010 showed that school children behavior was changing because of the program – they started to follow the dietary habits, keeping hygiene rules, they preferred choosing more healthy dishes and food.

More than 70% of parents mention that their family meals ration changed for healthier. Grown-ups have started paying more attention to this problem by including healthy dishes in the



menu and watching the regularity of meals. The results of this project have allowed the Ministry of Education and Science of Russian Federation to recommend Nestlé's "Good Nutrition Program" to all its regional departments for nutritional education of future generations.

The expertise of "Good Nutrition program" is currently being used in launching similar programs in CIS countries: Belarus, Uzbekistan, Georgia and Kazakhstan.

All information about the "Good Nutrition program" can be found at the program site: [www/prav-pit.ru](http://www.prav-pit.ru).

"Cooking Together" Culinary Sessions

In March 2009 the company started a series of culinary sessions "Cooking together" for children and teenagers. As a rule the guests at culinary Nestlé studio are the children with difficult fate: graduates and students of boarding schools and orphanages, children with disabilities. Sessions are hold once in two months and their goal is not mere teaching to cook simple and tasty meals but also to help children in socializing, make them feel at home. Nestlé volunteers

are here to help. They create home-like atmosphere at the studio and children acquire new knowledge easily, in a form of free and easy talk while cooking and dining together. The guests of the Nestlé studio were already children from Educational centers for orphans "Vverh" and "Bolshaya Peremena", from "Peleng" center for children with disabilities, boarding school #4 of Moscow and others.



Students of educational center "Vverh" and Nestlé Russia volunteers cook together in the Nestlé Culinary studio in Moscow

Program “Culture”

Since the very beginning of its activity in Russia in 1996 Nestlé has been playing a big role in support of arts, trying to make art more affordable and at the same time bring new theater or art projects to public. It appeared in support of such projects as Moscow symphony orchestra, Drama festival “Golden Mask”, International Chekhov drama festival, the Third International Theater Olympics, “Moscow oratorio” society choir, Moscow International Film festival, etc. Our support of great Russian art was appreciated: in 2003 the company received “Golden Mask” honorary reward and in 2004 Nestlé Russia received a Patron of Arts Medal and Diploma for its charity activity and longstanding contribution in Russian art, namely support of Moscow Symphony Orchestra, the first independent orchestra in Russia. Since 1996 the company has been sponsoring this young orchestra which has be-

come one of the best collective in Russia. Among the conductors of the orchestra were V.Ziva, Y.Panupa, A.Kats, A.Anisimov, D.Yablonsky, I.Golovchin, A.Kornienko. Such world famous stage stars as Y.Bashmet, V.Tretyakov, V.Repin, V.Viardo, B.Berezovsky, V.Afanasiev, A.Knyazev, A.Rudin and many others took part in Moscow symphony orchestra concerts. Moscow symphony orchestra is well-known not only in Russia but also abroad. Its concerts were estimated at their true worth by public in Japan, USA, Korea and countries of Western Europe. Such joint projects of Nestlé and Moscow symphony orchestra as “Musical memorial dates”, summer concerts in Arkhangel'skoye country estate, musical season tickets to Grand Hall of Conservatory, children's educational concerts have brought the fame to the orchestra and the fame of Patron of Arts to the company.

In 2003 our friendship with the Mariinsky Theatre began. Nestlé became the general sponsor of the Mariinsky Theatre “Stars of White Nights” festival dedicated to St. Petersburg 300th anniversary. Since 2007 we have been sponsoring the Moscow Easter festival under the direction of Valery Gergiev which has already become a great success all over the country.

The year of 2010 is the time when the cooperation between Nestlé and the most famous theatre in Russia – the Bolshoi began. Being the sponsor of the Bolshoi Theatre is no doubt the honor for our company as the Bolshoi has collected the best traditions of the great Russian opera and ballet art.



At the MSO concert in Arkhangel'skoye estate

Program of Children Art Support

The company focuses not only on nutritional education for children, but is happy to support different centers that work to develop creative abilities of children. "Kalinka" center is one of our oldest partners. Every performance of this dancing group in Moscow P.I. Tchaikovsky concert hall is sold out. For many years already the company supports such wonderful events for children to show their talents as Russian festival of school theaters "Russian drama" in Moscow, Russian cadets' Moscow festival "Young talents of motherland", Christmas meetings in Mokhovaya organized by St. Petersburg social charity actors' fund name after Nikolay Simonov. Our "Rossia" factory in Samara supports "Vesennaya kapel" art festival and "Meetings on the Volga" international festival. This year the company started cooperation with V. Spivakov's International charity

fund. Children who visited "Moscow meets friends" festival received tasty presents and prizes. "Moscow meets friends" is the most large-scale project of the Fund. More than 14 thousand gifted children from 60 countries took part in the festival since 2004. The festival is held annually before summer school holidays. Best young talents from Russia and other countries, the winners of contests demonstrate their talent at the stages of Moscow International Music Hall and at others theater grounds. The State chamber orchestra "Virtuosos of Moscow" led by Vladimir Spivakov is a partner of solo performances.

Support of Children Sports Programs

Good food and active lifestyle are two main requirements to make our children healthy. With obesity becoming a global problem, going in for sports becomes of vital impor-

tance. That is why Nestlé supports undertakings of Russian non-government organizations working for children's sports development with great pleasure and purposely. Beginning 2007 Nestlé has been supporting All-Russian long-term action "Healthy Children, strong Russia". The goal of this action is to raise strong and healthy generation, promote sport and develop habits of healthy lifestyle. "Funny starts" sporting events, volleyball and gymnastics championships among the pupils of boarding and secondary schools are held within this action every year. There are also the celebrations in honor of great sportsmen, such as L.V.Tyagachev, D.N.Chernishenko, V.A.Tretyak, S.S.Zhurova, A.T.Sikharulidze, A.I.Tikhonov, A.G.Gorshkov, V.I.starshinov, A.S.Yakushev, B.P.Mikhailov, A.N.Maltsev, V.S.Davidov, V.F.Mamatov and others.

In addition to this All-Russian action Nestlé sponsors international children's rhythmic gymnastics tourna-



ments, organized by Intercontinental Sport Club Association - I.S.C.A and International sports ballroom dancers contest "Big prize Dinamo" organized by "Dinamo" sports-ballroom dancing club.

Every year our company provides foods for children-participants of "Big adventure" summer camping in Karelia. This summer camping is a part of Dmitry and Matvey Shparo's "Adventure" Club program. "Big

Adventure" is active leisure plus exciting travelling plus developmental games for teenagers. The main aim of "Big Adventure" is to give the participants a chance to show their strength, endurance, to feel the joy of both personal and team victories, to learn how to make and achieve goals, to develop self-dependence and to learn how to take care of friends. The cooperation between Nestlé and Dmitry and Matvey Shparo's "Adven-

ture" Club has the history of almost 15 years. We are happy that our company can participate in wonderful programs of moulding a personality organized by "Adventure" Club and sponsor the activities corresponding to our strategy, aimed at popularization of healthy way of life.



Passing the water rapid of the river Chirka-Kem

Help to People with Disabilities

International open festival of disabled children (with locomotive system diseases) for young men and girls aged 14-16 came to an end in Sukko village of Anapa region. It was not the first time when Nestlé supported the events of Moscow Sport union of disabled people. We consider supporting handicapped people an issue of paramount importance. It is essential to support people who were deprived of possibilities available for healthy peo-

ple from birth or because of a misfortune. Participation in such events is a chance to prove to oneself and to everyone that life is going on and a disabled person is not lost for life, for his family and his country. That is why Nestlé has been sponsoring activities of organizations that work with disabled people, such as Regional public organization of disabled people "Perspective", Russian association of young invalids "Apparel", Inter-

regional social organization of disabled people "Pilgrim", Charity Fund "Social Adaptation of invalids", Charity Fund "Independence", Charity Fund "The second birth", Centre of disabled people "Peleng", Down's syndrome Association, Regional social organization of invalids from birth and their parents "Nika" and many others.

Volunteer Program

Volunteer activity in Russia became particularly timely during 2008 crisis when companies and funds reduced their support of charity organizations considerably. The number of people in need did not decrease but on the contrary grew up during the crisis. How to help them if not by doing something yourself?

“We get together and set off to visit the boarding school or the orphanage. Some of them, like Ludinovo, are 300 km away from Moscow. Quite a number of employees take part in preparation of such events. They bring toys, clothes for children, the company gives sweet gifts. But what children like most are the fests volunteers are preparing; games, contest, etc. It is always a pleasure to see happy faces of children, to bring joy”, says Olga Prokhoda, CSV Manager of

Nestlé Russia. Nestlé supervises boarding schools in Ludinovo, Ermolino, Meshovsk. Children from Ermolino orphanage located not far from Nestlé factory in Vorsino twice visited Moscow on excursions organized by Nestlé. Their day in Moscow starts with breakfast at McDonald's, followed by a visit to Kremlin Armoury, excursion around the Kremlin and finishes with a visit to Nestlé innovations center situated in Nestlé headquarters at Paveletskaya square. During a culinary session with Nestlé employees children learn from practice how to cook a delicious dinner easily and quickly, learn about the company and its employees. It is no surprise that many children want to become chefs after these culinary sessions – they manage to cook tasty meals so fast.

Another direction of volunteer activity of Nestlé Russia serves for environment protection. Our ecological program “Clean Bank operation” was inspired with concern for nature protection. Once a year Nestlé Russia volunteers get to some river bank in Moscow or Moscow region to clean and make the river bank beautiful again by removing garbage left there by holidaymakers. The condition of nature has direct impact on our health, both physical and emotional one. Garbage left by holidaymakers spoils the view while poisonous chemicals get into soil, water, plants which eventually damages human health. We conduct environmental activities jointly with the volunteers of social movement “No.More.Garbage”. This May the organization initiated the project “500 cleanings in one day” to unite



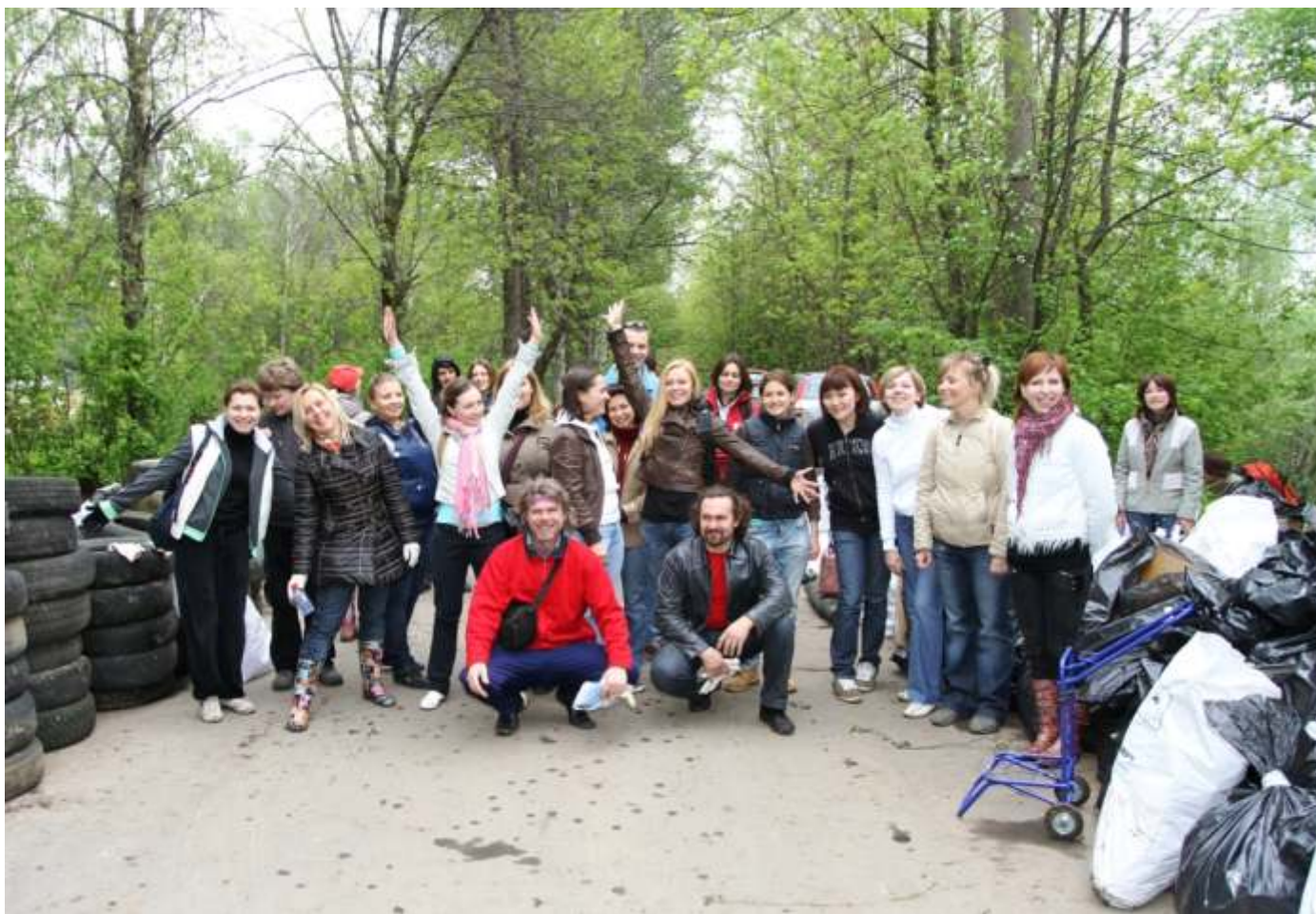
Children of Ermolino boarding school are in Moscow at the excursion with their Nestlé friends

the efforts of caring people and to improve the situation. The efforts of 60 volunteers of Nestlé and “No.More.Garbage” helped to bring back the natural beauty of the shore in Mnevnik water meadow in the nature-historical park “Moskvoretsky” situated in the North-West of Moscow. During four hours of the action volunteers collected more than 228 bags of garbage: 110 of mixed garbage and 118 bags of sorted wastes (62 bags

with glass, 39 bags with plastic, 17 with aluminium) and 80 car tyres. After completing the action the participants placed specially prepared plates in the park reminding visitors of the necessity to maintain the territory clean.

Andrey Bader, Corporate Affairs Director of Nestlé Russia said: “I am proud of our team that cares so much about the condition of our native environment and live in concordance with

the company's motto “Let's make life better!”. Nestlé is putting much efforts in social responsibilities programs and we are happy to see that our employers share the company's values”.



Volunteers of Nestlé Russia and “No.More.Garbage” public organization are satisfied with results of their work: the river bank is clean again!

“We are grateful to Nestlé Russia for supporting the “500 cleanings in one day” project. The company became one of the most active participants of the project from business: it provided its products to volunteers of all actions in Moscow and Moscow region and also took part in a large scale action for cleaning Mnevnik water meadow. We express sincere gratitude to the company's employees for their enthusiasm, concern, real practical steps they make to improve the world around!”

Marina Asadcheva, coordinator of “500 cleanings in one day” project in Moscow

NESTLÉ RUSSIA REGIONAL PROGRAMS

Nestlé Russia has 12 factories that manufacture confectionary and culinary products, coffee and beverages, cereals, porridges, ice-cream, infant nutrition and pet food. Developing local manufacture is one of Nestlé strategic goals at the Russian market. At the same time all factories of Nestlé in Russia held an active social position by organizing a number of activities aimed at making life of people better. “Nestlé : let's make life better!” is the slogan for our charity activities.

“Rossiya” factory is the oldest enterprise owned by Nestlé. In 2010 “Rossiya” Confectionery association” celebrated its 40-th anniversary. In the end of the year “Rossiya” factory was appreciated as the best factory among more than fifty Nestlé confectionery enterprises all over the world. The factory continues its successful development: two lines for premium-class sweets Komilfo were launched at the factory in 2010, the company started manufacturing new sorts of products and at the same time continued realizing social and ecological programs.

From the day of foundation “Rossiya” Confectionery association” has been deeply involved in social life of Samara region. During the last several years the enterprise has been working for charity by providing constant support to orphanages, veterans and disabled people. In 2010 several events were held in Samara with the support of the enterprise. Regional press festival, III Open Russian documentaries festival “Salt of the Earth”, “Samara View” photo-festival, children's football tournament in com-



Nestlé factory in Samara

memoration of Internal Affairs Ministry officers killed on duty and other events were among the supported projects.

Significant social initiatives are carried out by another factory – Nestlé Kuban. This factory is the biggest food industry enterprise in Krasnodar Krai and one of the leading enterprises of this industry in Russia. More than 1300 employees work at the factory, including personnel used in factory expansion project.

Safety and labour issues are among the most important ones at the factory. Last year Nestlé Kuban invested more than 32 mln roubles into labour protection and employees training.

In June 2010, Nestlé Kuban staff was awarded with a Degree of Honour from Krasnodar Krai administration for success and the first place in the “Processing manufactures” industry category of review-competition for the best labour protection performance organization in Krasnodar region organizations in 2009.

Environmental activities and introduction of modern nature preserving technologies are constantly conducted at the enterprise.

The total amount of Nestlé Kuban investments into environmental protection exceeded 22 mln roubles in 2010. Nestlé Kuban was awarded at the “100 best organizations in Russia” contest during the IV Russian conference “Ecology and Industrial Safety. Perspectives of Economical Schemes of Environment Protection Development” that took place in St. Petersburg in June 2010. Harald Priemer, director general of Nestlé Kuban was awarded with the “Best Manager in Environmental and Industrial Safety” award.

Nestlé Kuban is eager to make a contribution to solving important social tasks presenting value for society. Active participation in Timashevsk region life is a striking example of the company's social responsibility.

In June 2010, a study room for natural instant coffee sensor evaluation

was opened in State Technological University of Kuban (KubSTU). This project was realized by joint efforts of KubSTU and Nestlé Kuban company. For the first time in Russia it has become possible to acquire the basic skills of degustation within higher professional education. Now the potential HR reserve for Nestlé Kuban will be educated in Krasnodar.

Nestlé Kuban factory has also active cooperation with Krasnodar Krai department of the Union of Journalists of Russia and supports creative and social projects aimed at developing journalistic community in Kuban.

For several years already Nestlé Kuban is providing support to hundreds of families with low-income, Great Patriotic War veterans, families with many children in Timashevsk region. For the last five years the com-

pany has been the general partner of Timashevsk town anniversaries celebrations. In 2010 Nestlé Kuban and NESCAFÉ brand presented the performance of “Smyslovye gallucinatsii” popular rock-group to the citizens. In June 2011, a long-cherished dream of Timashevsk residents was fulfilled – a festive opening of the city fountain took place in the central city park. Nestlé Kuban became the main partner of the fountain construction and invested more than 6 mln roubles into that project.



Performance of the famous rock-group “Smyslovye gallutsinatsii”

“Nestlé Kuban company is a reliable partner of our region. In 2010 Timashevsk region administration and Nestlé Kuban jointly implemented the whole range of projects aimed at culture support and help to low-income groups of population, and generally at making our city beautiful. The company is making a significant contribution into the development of the region; it cares sincerely about its wellbeing”.

Alexey Potapenko,
head of Timashevsk region

On June 3, 2011, another large Nestlé factory situated in Perm (former “Kamskaya” factory) celebrated its 20th anniversary. In March, 1991, the order of RSFSR Ministry of Agriculture and Food reorganized Confectionary association № 2 into “Kamskaya” confectionary factory. This was the start of one of the leading confectionary enterprises of the Perm region. “In 1998 international company Nestlé acquired the control stake of the “Kamskaya” factory and became the strategic partner of the factory, - Martin Rupp said. – Thanks to Nestlé the enterprise could develop its infrastructure, install new production lines, develop personnel and manufacturing technologies, create new jobs”. The total amount of investments into Nestlé Ltd Perm subsidiary exceeded 1.5 bln roubles – the investments were directed to presenting international quality standards at all manufacturing stages. The results were confirmed with corresponding certificates.

The pride of Perm factory is KIT KAT countlines manufacture. KIT KAT is a leading confectionary brand of the company. Today Nestlé Russia's subsidiary in Perm is the only enterprise that produce KIT KAT for all Russia and many CIS countries. It has been honoured the name of the “Home of KIT KAT in Russia”.

Working for Nestlé Russia subsidiary in Perm has always been a prestigious job for Perm region citizens due to safe and comfortable working conditions, competitive salary, additional benefits and potential for professional promotion at the enterprise. The performance of the factory and its contribution to Perm region development were honoured with numerous awards.

American Business Academy, coordinator of “Partnership for progress” program, has awarded the factory with “Golden Mercury” prize for success in manufacture and entrepreneurship development. Within the same program the factory was awarded with such prizes of honour as “Crystal Knight”, “Golden Palm”,



Nestlé factory in Perm is called “Home of KIT KAT in Russia”



Another Nestlé factory in Perm that produces cereals is traditionally holding a day of wellness among its employees and their family members

“Big Golden Cliché”. Besides, more than 20 prizes and awards were won at different exhibitions and fairs. Up to the present day 10 top factory employees received state awards.

Last December a festive event took place in Vorsino village of Borovsk district, Kaluga region: Nestlé Purina Pet Care Vorsino factory (Nestlé Russia subsidiary) presented furniture to the kindergarten №1 “Skazka”. The factory bought tables, children beds, bookstands, wardrobes and furniture for games activities for the total sum of 200 000 roubles to give to the kindergarten.

The factory is providing constant support to Vorsino kindergarten. In 2009 it bought chairs, children tables and wardrobes, shelves for toys and children beds for the total sum of 270 000 roubles for the kindergarten.

In the beginning of December 2009, the employees of Nestlé Russia

subsidiary in Vologda took six inmates of a children's home aged from 15 to 17 under their patronage. Children live in a military town some hundred kilometers away from Vologda. They participate in the new regional program for sending orphans to the military unit number 25594 as residents. Children have military-like timetable that includes marching, duties, military uniform and officers as tutors. Young cadets attend a military town comprehensive school and also learn ballroom dancing.

Nestlé employees decided to make their contribution to social education and development of these children: in order to distract cadets from military disciplines and to show them life beyond the military unit employees invited children to excursions at Nestlé infant nutrition factory, to bowling, cinema, theaters, organized festive dinners for them. Nestlé employees

visit children in barracks as well providing them with all things necessary for social adaptation (hairclippers, microwave oven, MP3-plyer, DVD-karaoke).

Before February, 23 cadets became patrons themselves – they took a major part in a gaming event in orphanage. One of the cadets entered the Frontier Forces University of Federal Security Service of Russian Federation in Moscow. The connection with alumni will not be lost: Nestlé subsidiary is intending to support them in their future life.

These are just several examples of what Nestlé Russia is doing for charity in the regions. Our company work together with more than 40 NGOs in Russia trying to help to make life of local people better, develop such important aspects of life as good nutrition, wellness, also trying to improve life of people in need.



“The whole range of factories is now working in “Vorsino” techno park of Borovsk district of Kaluga region. It is important for us to have Nestlé among the companies that do not only provide working places for Borovsk region citizens, offer competitive salary and additional benefits but also take part in the life of the region and support many social projects. Nestlé Purina action for presenting furniture to Vorsino kindergarten is another confirmation of the company's high social responsibility and its desire to improve the life of local community”.

G.S. Novoseltsev, head of Borovsk region municipal unit administration

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