

Update 12/2011



A note from the CEO

At Nestlé, we believe that to be successful in the long-term we should not only deliver results for our shareholders but create shared value for our consumers, our people, our communities, our suppliers and the environment in which we operate. We call this **Creating Shared Value** and our most recent announcements are great examples of this.

Last week we announced the investment of £110 million into our Tutbury site in Derbyshire, trebling our production of NESCAFÉ Dolce Gusto pods and creating 300 new jobs in the area. We also recently announced the investment in a £35 million bottling plant in Buxton that will be one of the most environmentally sustainable operations of its kind in the world.

To support these major investments and to ensure the food and drink industry remains competitive, we need to develop a future generation of people with the right skills and experience. With this in mind, we recently launched the Nestlé Academy.

This innovative programme brings together our Graduate and Apprentice Programmes, Direct Entry Schemes and 'on the job' vocational training and qualifications. Feeding in to Defra's 'Skills Action Plan for the Food Supply Chain', the Academy

will offer flexible entry points to attract people at different stages in their career and provide varied career development routes through our organisation.

The launch of our Better Bean University Challenge is the first of many Academy initiatives that I'm excited about. The challenge aims to attract new talent to the industry, whilst developing students' understanding of sustainable business practices.

I hope that you will enjoy reading the latest edition of our newsletter and very much welcome any feedback that you may have – please send your comments and ideas to: update@uk.nestle.com.

Paul Grimwood, Chairman and Chief Executive, Nestlé UK & Ireland

Nestlé employees raise over £350,000 for Alzheimer's Society

Nestlé employees in the UK have raised over £350,000 for our Charity of the Year, Alzheimer's Society and its sister charity Alzheimer Scotland.

Since its launch in September 2010, employees have taken part in a variety of fundraising activities, including cycling between each of the company's sites from Girvan in Scotland to Croydon in Surrey, a Three Peaks Challenge and a fancy dress 'go blue' day.

The money we raised will help Alzheimer's Society to fund more calls to the National Dementia Helpline and fund valuable research into finding the causes of, and a cure for, dementia.

Jeremy Hughes, CEO at Alzheimer's Society said, "On behalf of everyone at Alzheimer's Society I would like to say a huge thank you to Nestlé and all of its employees for their generous support. Every penny raised will support people to live well with dementia today and fund research to find a cure for tomorrow. Nestlé has also helped increase awareness of dementia and we are all extremely grateful for the time and energy they have put in."

Nestlé invests £110m trebling NESCAFÉ Dolce Gusto production at Tutbury

Nestlé UK & Ireland has announced the investment of £110 million in our Tutbury site in Derbyshire. The extension to the existing NESCAFÉ Dolce Gusto plant will treble our production capacity and create 300 new jobs.

Over the past five years we have invested over £100m in our Tutbury factory, strengthening its position as a leading NESCAFÉ production plant and introducing the NESCAFÉ Dolce Gusto brand. Twelve new high speed production lines will be introduced in a new extension which will manufacture pods for sale in the UK and export to over 38 countries. Already a major employer in the area, workforce at the factory has grown from 160 to 500 employees since 2006 and will expand to 800 people by 2013.

Paul Grimwood, Chairman and CEO, Nestlé UK & Ireland said, "Over the past five years we have

undertaken a multi-million pound investment programme in the UK, establishing our next generation of world class competitive manufacturing facilities.

This investment in Tutbury will extend our best in class facility, trebling our production capacity. In order to grow we need to innovate and we are committed to the continued modernisation of our UK manufacturing capability."

Welcoming the announcement, Prime Minister David Cameron said, "This new investment by Nestlé and the jobs it will create is brilliant news for UK manufacturing and for the local community."

"This demonstrates what can be achieved by investing in capacity and people as Nestlé has done consistently over recent years. The jobs created by this new investment will benefit both skilled workers and those leaving school who will be able to train in the

workplace to become the skilled workers of the future."

"Manufacturing is crucial to the new economy we are building – an economy where we're making and selling the products the world wants to buy. This investment shows the confidence that there is in the UK, it is clear that we have got a great manufacturing future."



Prime Minister David Cameron, answers questions from Nestlé employees at our Tutbury site



Paul Grimwood, Chairman and CEO Nestlé UK & Ireland presents a cheque to Simon Wallace from Alzheimer's Society

New NESCAFÉ partnership provides four million coffee trees and establishes 48 coffee nurseries in Colombia

Nestlé has launched a plan to support coffee farmers in the Valle del Cauca region of Colombia. We are working with the National Federation of Coffee Growers of Colombia (FNC) to provide four million coffee trees to farmers.

48 coffee plant nurseries have been established in the region to grow the four million coffee trees and five agronomists will provide training and technical assistance to 1,200 Colombian coffee farmers in 2011.

As coffee trees age, the volume of coffee beans that they produce declines significantly, and trees may become more susceptible to disease which affects the yield and quality of their crop. The plantlets distributed through our partnership are developed to be high-yielding and have higher tolerance to disease.

This helps farmers to rejuvenate their plantations, multiplying the yield of existing land and increasing farmers' income.

The initiative is part of the global NESCAFÉ Plan launched in 2010, under which the company will invest approximately £213 million in coffee projects worldwide and distribute 220 million coffee trees by 2020.

Adriana Mejia, Director for Europe of the FNC added: "The partnership between Nestlé and the Colombian coffee growers is a unique approach where a very well-known international brand is having direct dialogue and involvement with the producers. It is a new model that we believe creates long term shared value for the supply chain. The NESCAFÉ

Plan complements our ongoing programmes of sustainability and motivates our producers by having a direct link from the farmers to all of the participants within the supply chain."



Juan, one of the Colombian farmers, who is a beneficiary of the NESCAFÉ partnership.

Nestlé wins industry awards

During October, Nestlé was awarded the ECR Award for Sustainable Distribution at the IGD Food Industry Awards and then went on to win gold in the Environment category at the Food and Drink Federation's (FDF) Community Partnership Awards.

Nestlé and Eddie Stobart won the ECR award for our joint work in the supply chain, resulting in the running of 'fewer' or 'friendlier'



Richard Hastings, Head of Planning and Delivery, Nestlé UK, accepts the ECR Award at the IGD Awards

miles. We field tested three cutting edge Volvo methane/diesel dual fuel trucks in real life work scenarios. The aim was to

understand how the trucks perform against their pure diesel counterparts, how far the technology can be pushed and what the environmental benefits are. The pilot project will help both companies determine our future vehicle procurement strategies.

Nestlé won the FDF award for the creation of our butterfly meadow at our factory in Fawdon. The aim was to create a natural capital site to help attract indigenous wildlife back to the area and act as indicators of its environmental fitness. Over 100 Nestlé employees and members of the community helped to plant the wild flower meadow.

New coffee refills mean significantly reduced environmental impact

NESCAFÉ has launched a range of new compact coffee refills. They still contain 150g of coffee as per the previous refills and at the same time have a reduced environmental impact. The new refill uses over 30% less material than the old pack and is so compact that we can fit more than twice as many on a pallet versus previous refills. This means we need at least 50%

fewer lorries to transport the same volume of coffee. What's more, the packaging of the refills also requires 28% less water to manufacture.

The refills also feature a resealable opening, meaning coffee stays fresh even once it has been opened.



Nestlé Academy launched to develop home grown talent

Attracting new talent is key to the continued success of our business, which is why we recently launched the Nestlé Academy. This new initiative brings together our Graduate and Apprentice Programmes, Direct Entry Schemes and 'on the job' vocational training and qualifications.

In 2012 we will double our graduate intake and open up our graduate programme to include functions such as Safety, Health and Environment. We will also broaden our existing apprenticeship programme to offer further opportunities such as our recently launched Confectionery Academy aimed at developing our next generation of confectioners.

Through our Academy we will grow our own team of future leaders by offering a lifetime of learning. NVQs and degree level qualifications will be open to school leavers, graduates and current employees. Our apprenticeship programme will offer progression to foundation or honours degree level, providing a different route to higher education for those who otherwise might not feel this is open to them.

The Nestlé Better Bean Challenge is one of our Academy initiatives aimed at attracting young people to the industry. The Challenge offers undergraduate students the opportunity to gain valuable commercial experience, showcase their talent to the world's largest food organisation and potentially secure an internship. Students must prepare a commercial proposition for the NESCAFÉ brand, which creates shared value for our stakeholders. To find out more visit:

www.nestlebetterbean.co.uk



Nestlé employees participate in the Confectionery Academy