

# Nestlé - The World Food Company

The founder of Nestlé was Henri Nestlé, who, from a modest beginning, founded the Company in 1867 at Switzerland for manufacturing Infant cereal for babies. At that time Switzerland faced one of the highest infant mortality rates and the milk formula saved the lives of many infants whose mothers were unable to breast feed successfully.

With the introduction of the infant formula came the symbol of the bird's nest, which personifies our business. The symbol which universally understood represents motherhood, love, nourishment, family, tradition and safety. Today the symbol is central to our corporate identity and closely parallels the company's culture.

At present Nestlé is the world's largest food company, with its international head quarters at Vevey, in Switzerland. With 468 factories in 84 countries, it employs over 230,000 people.

Nestlé is often quoted as "the most multinational of multinationals". There is good reason, as less than 2% of the turnover comes from the domestic market in Switzerland. Nestlé is very decentralized in its operations and most markets are given considerable autonomy in its operations. It is more of a people and products oriented company rather than a systems oriented company. There are "unwritten" guidelines which are to be followed, based on common sense and a strong set of moral principals emphasising a lot on respect for fellow human beings.

Nestlé has adapted to the local conditions and at the same time integrated its Swiss heritage. It has always taken a long-term view in the countries in which it operates. Therefore, one can see a lot of investment in Research and Development and risk taken in new product areas. There is a great emphasis placed on training by the company. It believes in rewarding and promoting people from within.

Today its product brand name "Nestlé" is associated with "Quality Products" in worldwide consumer markets.

When Henri Nestlé introduced the first commercial infant formula in 1867, he also created a symbol of the bird's nest, graphic translation of his name, which personifies the company's business. The symbol, which is universally understood, evokes security, motherhood and affection, nature and nourishment, family and tradition. Today it is the central element of Nestlé's corporate identity and closely parallels the company's corporate values and culture.

# OPERATIONS IN INDIA

## NESTLÉ INDIA LIMITED

Nestlé set up its operations in India, as a trading company, in 1912 and began manufacturing at the Moga factory on 15th of November 1961. The production started with the manufacture of Milkmaid and other products were gradually brought onto the fold. Nestlé India Limited was formally incorporated in 1978, prior to which the manufacturing license was issued in the name Food Specialities Limited. The corporate office is located at the DLF Centre, Gurgaon, and the Registered office at M-5A, Connaught Circus, New Delhi.



At present Nestlé has manufacturing units countrywide which are successfully engaged in meeting the domestic as well as the exports demand. In addition there are several co-packing units. The Moga factory is the largest and oldest producing the widest range of food products.

In India Nestlé has six factories located at Moga, Samalkha, Nanjangud, Choladi, Bicholim and Ponda. At present Nestlé has manufacturing units countrywide which are successfully engaged in meeting the domestic as well as the exports demand. In addition there are several co-packing units. The Moga factory is the largest and oldest producing the widest range of food products.

Today Nestlé in India is manufacturing and marketing the brands in the following product categories:

- ❑ Milk and Infant Dietetics
- ❑ Culinary
- ❑ Cereals
- ❑ Beverages (Instant Drinks)
- ❑ Chocolates and Confectionery
- ❑ Chilled Dairy

The distribution network comprises of six branches located in Mumbai, Calcutta, Delhi, Chennai, North East and Chandigarh. The distribution network functions efficiently with the transfer of goods from the factories to the mother godowns, which in turn are transferred to the clearing and sales agents (C & S Agents). The C & S Agents sell it to cash distributors who make the secondary sale in the market.

Presently Nestlé India employs about 3000 employees. In addition, thousands of people are associated with Nestlé, having indirect employment as Milk suppliers, vendors, Contractors and Distributors etc.

## **MOGA FACTORY**

### **ESTABLISHMENT**

Moga factory was established in November 1961, and the production commenced in early 1962. Initially Moga Factory was started as a small Milk Factory manufacturing condensed milk product "Milkmaid". Thereafter, with passage of time there has been a continuous and rapid expansion in the factory. Today, Moga Factory is amongst one of the largest Nestlé Factories in the World in terms of area, product range, manpower, etc. Moga Factory contributes to about 75-80 % of the total tonnage of Nestlé India Limited

November 1961, and the production



The factory buildings are spread over an area of 57 acres. The factory employs about 1500 men and women. More than 90 % of the work force is from the surrounding districts. After Four decades of operations it now produces more than 80,000 tons of high quality products per annum. It has a capacity to receive and process about 950,000 kilograms of milk per day.



The Factory has come a long way since - on November 15, 1961, 511 Kilograms fresh milk was collected from 180 farmers and now has increased to over 750,000 kilograms per day. The factory deals with over 85,000 farmers in 1025 villages for collection of milk through about 1000 Milk agencies.

In the last four decades of its establishment, the factory has made a substantial contribution in improving the Socio-economic conditions in its Milk shed area.



### **PLANT ACTIVITIES**

There are three manufacturing departments, milks, cereals, and culinary which are duly supported by a team of other service departments e.g. Engineering,

Quality Assurance, Accounts, Personnel, Warehouse, Purchasing and Corporate Affairs.

The factory has round the clock operation throughout the year.

All production plants and laboratories are equipped with the latest equipment. There is continuous improvement in technology and work processes to meet International Standards. A series of sophisticated lab tests / analysis are conducted in the Quality Assurance Department at various stages of production to ensure Quality Products of International Standards. South Asia Special Laboratory caters to the South Asia region comprising India-Sri Lanka-Bangladesh.

**Environment** The company is highly conscious about its “Environmental Responsibilities”. The Factory has been awarded a consent Certificate from the Punjab State Pollution Control Board for Air and water discharge. An Environmental Committee has been constituted to study and monitor operations and activities within the Plant.



Nestlé uses various methods to create awareness, and motivate employees and consumers on their personal responsibility with regard to the protection of the environment. In 1996, the Nestlé Environmental Management System (NEMS) was created to pull together all of the Company's environmental activities and measures. The system, which provides a common, coherent framework for environmental management at all

levels of the organisation, has been implemented throughout the Company.



## **FOOD PRODUCTS MANUFACTURED AT MOGA**

### **Milks**

Sweetened Condensed Milk (Milkmaid)

EveryDay Dairy Whitener

EveryDay Dairy Mate Tea Creamer

Everyday Pure Ghee

Lactogen 1 & Lactogen 2

Nestogen 1 & Nestogen 2

NAN 1 & NAN 2

Standardised milk

## **Beverages & Instant Drinks**

Nescafé 3-in-1

Nescafé Vending Mix

Milo Vending Mix

## **Culinary**

Maggi Noodles - Masala, Chicken, Curry & Chinese

Thick Soups - Tomato, Chicken, Mushroom, Mixed Veg., Hot & Sour,  
& Sweet corn

Hot Cup Soup - Chicken & Tomato

Maggi Cubes and seasoning Mix - Chicken, Prawn, Veg. & Lemon Masala

Maggi Cold Sauces - Tomato Ketchup, Chilli, Garlic, Masala Chilli, Hot n Sweet,  
Tomato sauce & Crosse & Blackwell, Imli Sauce

## **Weaning Foods**

**Cerelac** - Wheat, Apple, Orange, Vegetable, Fruit, Dal, Honey

## **Assisting dairy farmers in India**

In the Malwa region of Punjab State in Northern India there is a town of Moga popularly known among the famous grain markets of the world. However, the credit for bringing this town on the Industrial map of the world goes to Nestlé - a Swiss Multinational Company engaged in the largest food processing operations in the world. When in 1959 Nestlé took a decision to establish a milk processing factory, very little could the people of Moga town and the surrounding villages realise that this company, now known as Nestlé India Limited, would play such an important role in the economic and social development of the area.

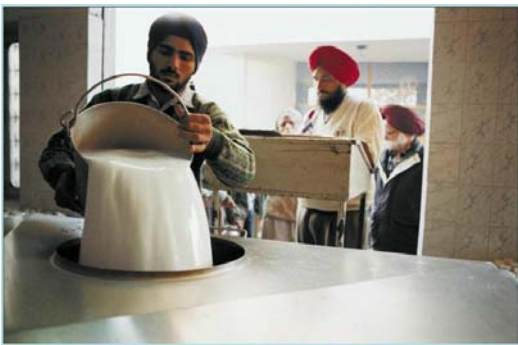
The Company started milk collection in Moga area from farmers on 15th November 1961 and on the first day 511 kilograms of fresh milk was collected from 4 villages. From that day onward the company is collecting milk continuously both morning and evening without any break over the last more than 43 years. The total milk procurement in 1962 was 20 million kilograms from 4660 farmers of 66 villages and in year 2003 total milk collection was 225 million kilograms of fresh milk from 85,771 farmers. Today Moga factory has established 1406 Milk agencies spread in 1364 villages spanning an area of 7360 square kilometres. Starting with only 3 milk routes in 1962 today there are 22.

Nestlé expanded its Milk handling capacities at Moga factory from 40,000 kilograms per day in 1962 to over 950,000 kilograms per day. This astonishing progress has been made possible by a systematic provision of technical inputs through the Company's Agricultural services in the milk shed area in a big way.

43 Years of Nestlé operations at Moga has seen a spectacular jump in production volumes from the factory. From 1239 Metric tons of food products in 1961, it has have achieved a tonnage of over 90,000 Metric Tons in Year 2003.

The Company is not only an industrial and a commercial house but also has made sustained efforts to improve economic and social environment of people in the area of its operations - be it farmers or residents of Moga and the surrounding villages.

Support for the dairy farmers in Moga started with the company creating almost 400 bore wells in a six month period. This, together with Company loans at favorable rates, helped farmers to keep more livestock on land. For generations the farmers only kept one or two buffalo cows to provide milk or ghee butter for their families. Religious considerations meant that farmers did not like to be seen publicly selling their milk. The “dodhi” or milk merchant who traditionally toured the villages (often on bicycle) collecting milk was not a respected figure and dealings with farmers were often furtive. Payments to farmers were irregular



and inadequate and the milk could not be kept in conditions of good hygiene. Nestlé worked with the local community to gradually build confidence in the milk trade without compromising religious customs. A milk agent was established who commanded respect and brought a new professionalism and social standing to the milk business.

Through assistance to farmers Nestlé has helped raise the quality, hygiene and value of the milk produced by some 85,000 farmers in the region, helping in turn to improve people's health, lifestyles and the region's economy.

Investment Milk Collection centers with cooling tanks, milking machines and electronic weighing equipment were established by the Company. Farmers' were advised on good breeding and feeding practices, and on the health of dairy herds. Methods of increasing yields and artificial insemination were introduced.

Working with local community Nestle support goes further that the work with the dairy farmers. The Company is helping with the construction of facilities for drinking water in village schools in the Moga factory milk district. This is a joint venture with the school, village administration, and village social & cultural clubs. The drinking water project involves sinking deep bore wells, construction of proper storage facility and imparting water education to the village school students. So far 44



drinking water projects have been completed in the Moga Milk District benefiting over 15000 village students.

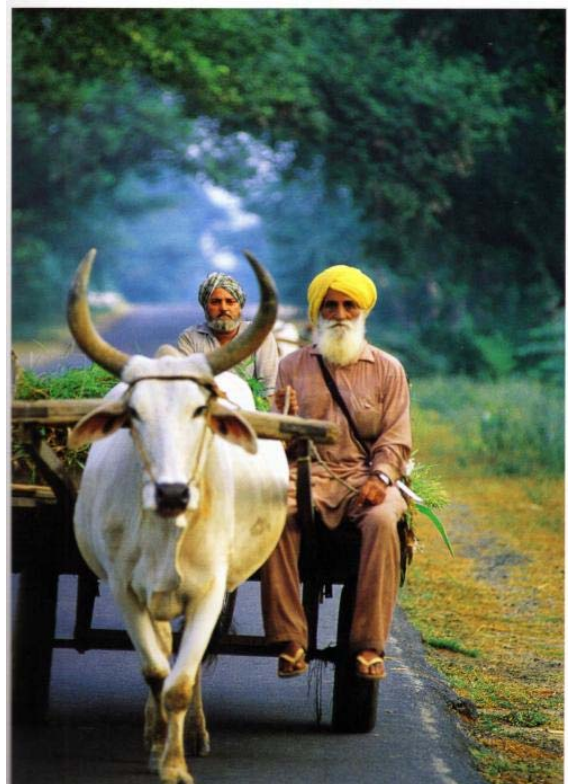
Another project involves funding of medicines for a Tuberculosis clinic, which is treating residents from Moga town and the nearby villages.



Corporate social responsibility means conducting activities in an economically, socially and environmentally responsible manner. We believe that our operations bring direct benefits to the communities in which we operate including creation of jobs, expansion of local infrastructure and support of community projects that create opportunities for a better future. As a responsible business, we also believe it is our duty to observe and promote ethical business practices and advocate respect

and tolerance by and for all people.

Nestlé owns no farms or cattle, but through the Nestlé Agricultural services – a worldwide initiative, the company works closely with farmers to obtain the highest quality of raw milk. Recognized as “Partners in progress” Nestlé Agricultural services at Moga have contributed its mite to the upliftment of the Milk district. By introducing Nestlé's Agricultural Services to educate, advise and provide the services the farmer needed to increase the yields of his crop and dairy herds. By raising the value of his farm and his standard of living. By supporting schools that imparted knowledge to his children. Above all, Nestlé met the most important need of the farmer. That of helping him help himself and generations to come, by facilitating the means for sustained economic and social progress.



Commitment-Partnership-Progress At Nestlé there is total commitment to the long-term sustained development of its milk shed for the ultimate benefit of the farming community. By working very closely with the farmers of the Moga Milk District and the local administrators, Nestle has helped to

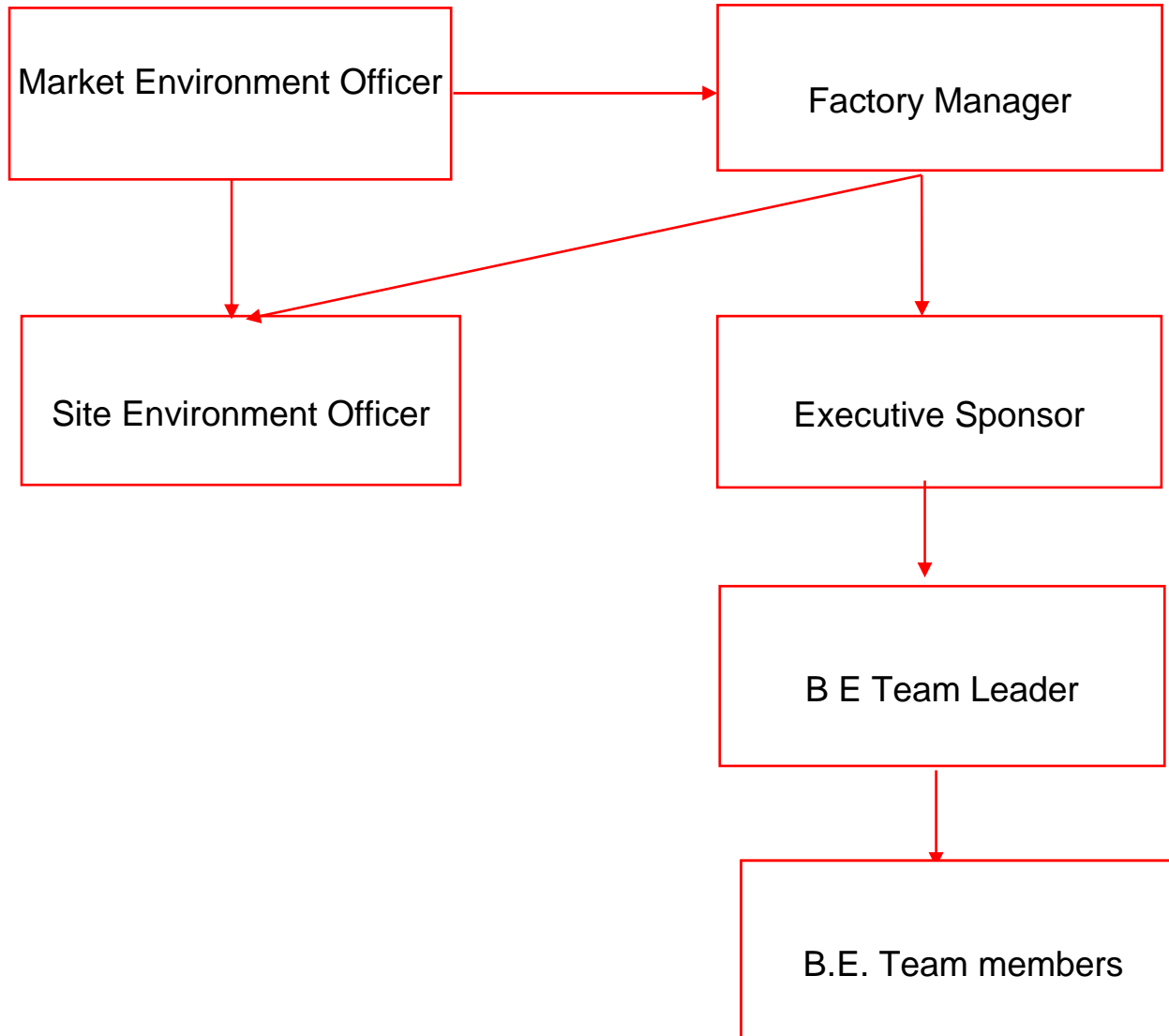
raise the quality and hygiene of the milk produced there and improve the health and life style of the farmers and other residents.

Meeting tradition, meeting dreams When Nestlé pioneered the modern milk industry in India, it did so without compromising the farmer's traditions and made his long cherished dream of a better tomorrow, a sustainable reality on his own terms.

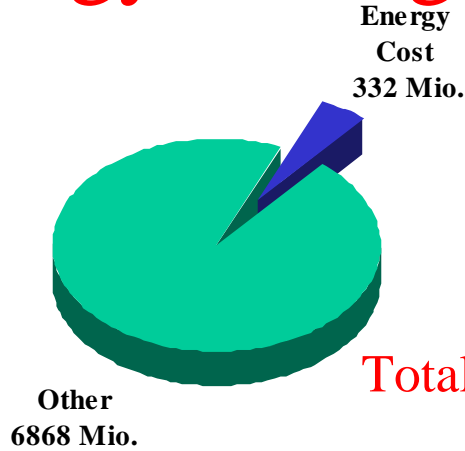
In conclusion Through direct and transparent contact with the farmer, Nestlé encouraged systematic development and invested resources in common interests through which the progress of one would benefit the other. The veterinarians and agronomists of Nestlé Agricultural services worked ceaselessly to establish the 'Moga Miracle'. Today's computerized milk collection centres, farm coolers and chilling depots are much appreciated and welcome additions for progress. The transfer of skills and the development of local resources by Nestlé have helped whole communities help themselves.



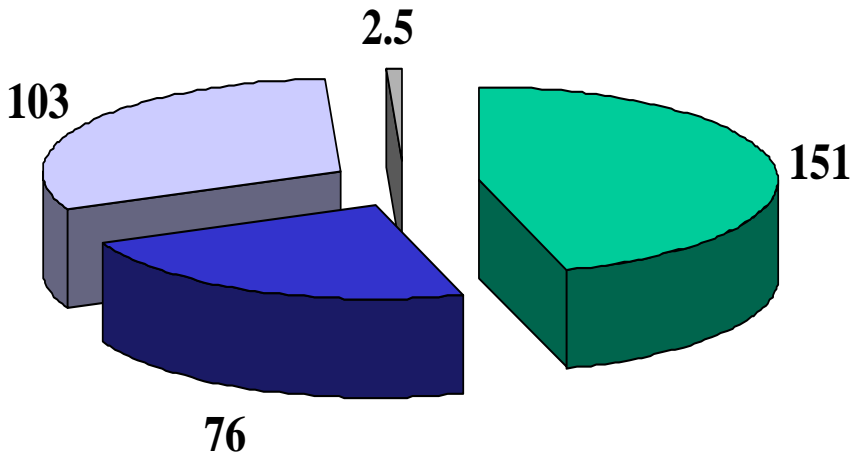
# Nestle Environment Management Team



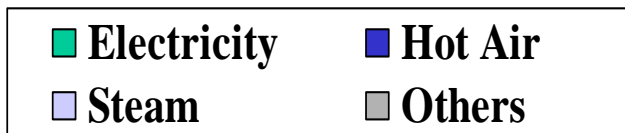
# Energy Management



Total COP 7200 Mio

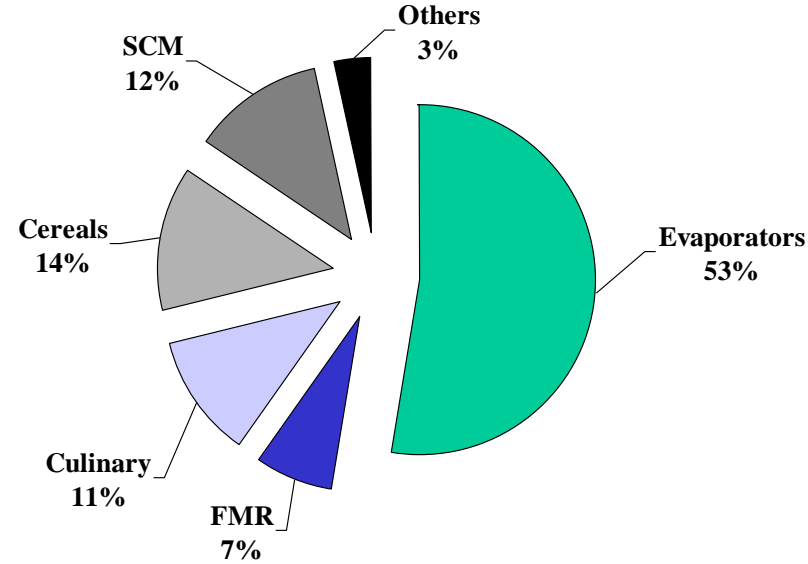


Total Cost 332 Mio (INR)

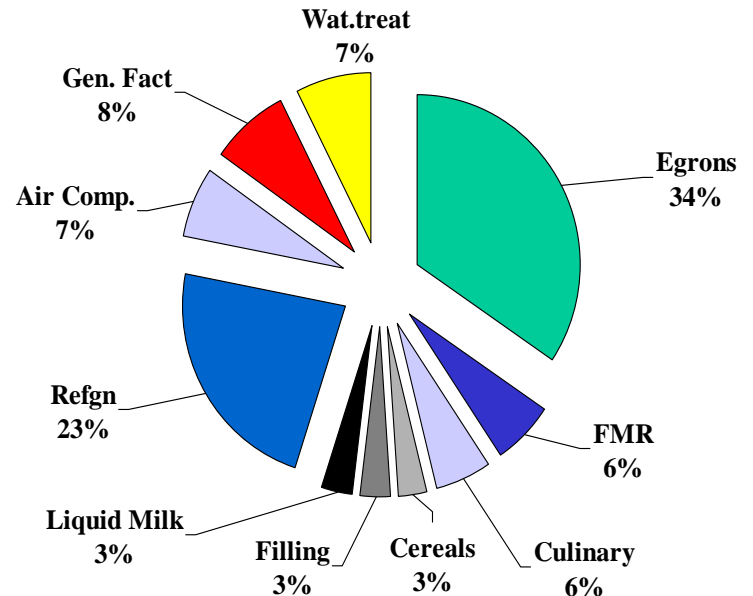


Energy Cost 2004

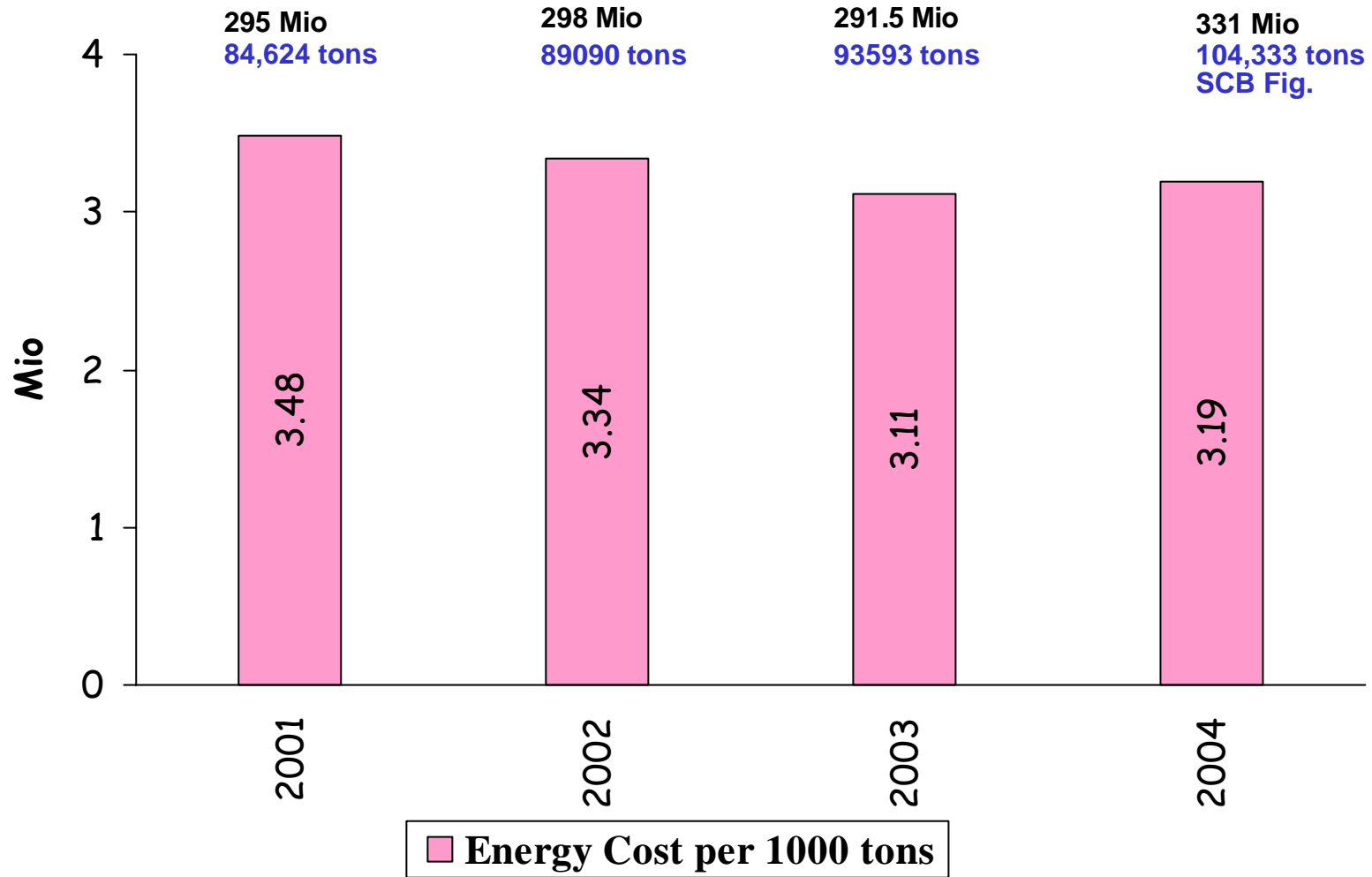
## Steam



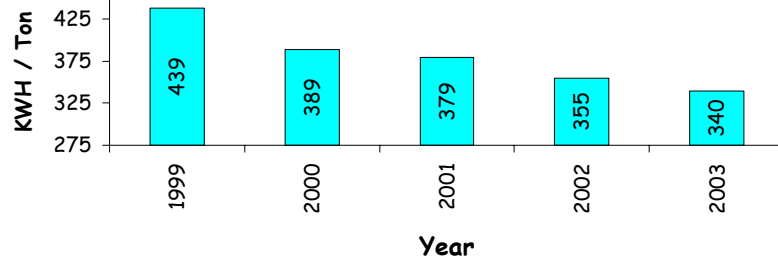
## Electricity



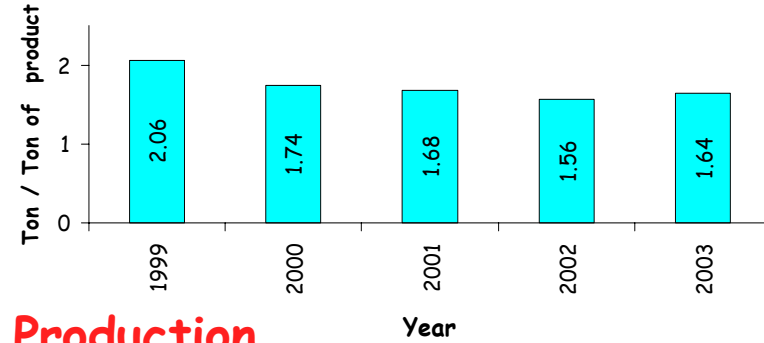
# Energy Cost per 1000 tons of Product



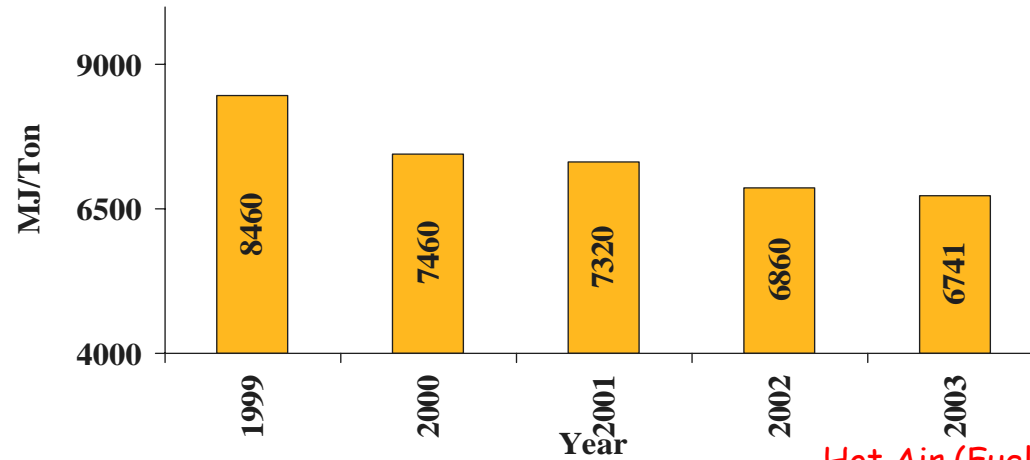
### Electricity Usage Per Ton of Production



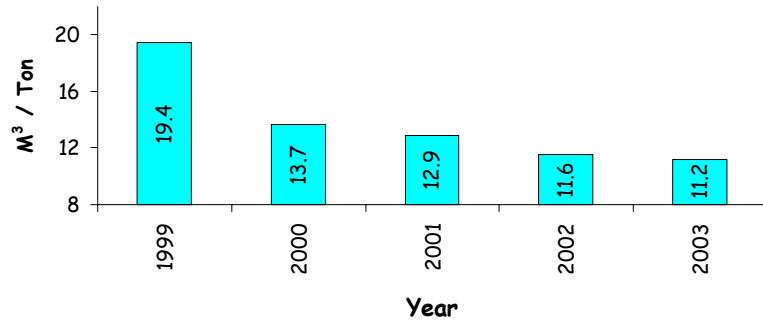
### Steam per Ton of Production



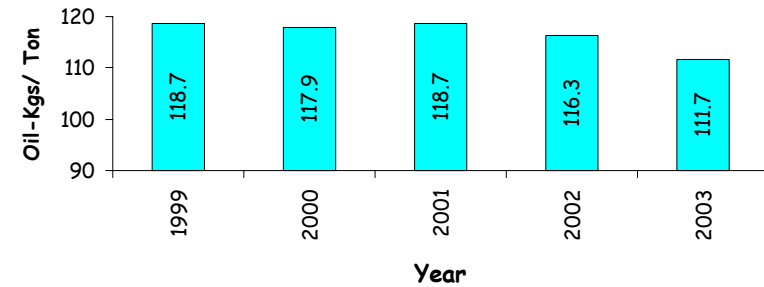
### Total Energy per Ton of Production



### Water Usage Per Ton of Production

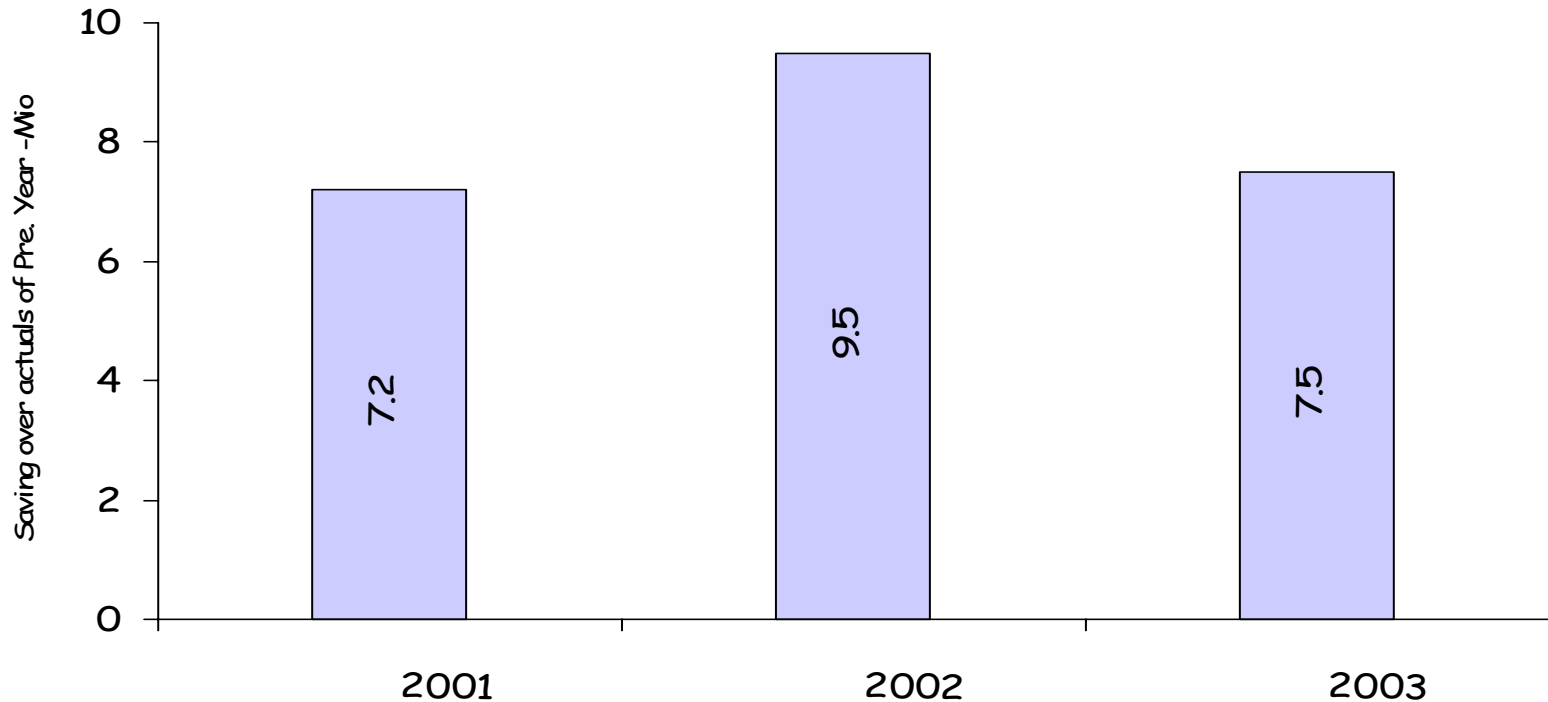


### Hot Air (Fuel) Usage Per ton of Powder



# Energy conservation achievements

- Regular Energy Audit ( Factory, Technical Division, External Experts - CII & OEM etc.)
- Bench Marking within SAR factories
- Metering/trending of Energies & setting of aggressive targets for moving towards High performing factory. (Product group wise.)
- SGIA



# Key Initiatives -Energy Reduction

- Regular Energy Audit
- Bench Marking within SAR factories
- Metering/trending of Energies
  - Improvement COP of Refrigeration Plants
  - Optimizing Compressed air pressure
  - Conversion from Electric to Steam Heating for Air Handling units & Oil Heaters
  - Up grading the equipment with Energy Efficient models
  - Improvement of Condensate recovery
  - Heat recovery from Boiler blow down water
  - Temperature Control to optimize the Chilling of milk at reception.
  - Fuel Substitution ( Coal -Oil; HPS -FO; Captive -Purchased Power)
  - Preheating of Egron Hot Air with Steam
  - Improvement of Inlet & Out let total Solids ex- evaporators.
  - Better Egron Outputs.

# Energy conservation achievements

- Improvement COP of Refrigeration Plants - Management of Cooling Towers & Heat exchangers
- Optimising Compressed air pressure from 6.2 to 5.5 bar
- Improvement of Inlet & Out let total Solids ex- evaporators.
- Better Egron Outputs.
- Conversion from Electric to Steam Heating for Air Handling units & Oil Heaters
- VFD for Boiler, Egrons & WWTP
- Improvement of Condensate recovery from 30% to 50 %
- Installation of correct sized Pumps, Motors & Fans
- Heat recovery from Boiler blow down water
- Temperature Control to optimize the Chilling of milk at reception.
- FRP fan for cooling towers

# Energy conservation achievements

- Fuel Substitution ( Coal -Oil; HPS -FO; Captive -Purchased Power)
- Improvements upon the losses ( stack, Unburned, blow down & radiation )
- Improvement Boiler Controls
  - On line O<sub>2</sub> analyzer for better control & Installation of efficiency monitoring devices
  - Automatic Blow down control
- Optimizing working area temperature at 26 deg from 23-24 deg.
- Use double speed Motors for Air Cond. For day/night application.
- Replacing regenerative type Air dryer with HOC type air dryer
- Upgrading of the equipments with energy efficient models

# Energy conservation plans & Targets

- For continuous improvement, the plant has worked out well planned targets for the future. There are some major projects coming up in near future and some are at conceptual stage.
- Water Heating by Heat recovery from Compression of Refrigeration system at FCT.
- Preheating of Egron Hot Air with Steam
- Energy recovery from Exhaust Air CQAL - In progress
- Recovery of heat from Exhaust Steam
- Heat Recovery from flue gas
- Studying the feasibility of Vapor Absorption Refrigeration with steam
- Captive power generation with heat recovery boiler & refrigeration system.

# Environment and safety

## The Nestlé Policy on the Environment



Nestlé fully supports the United Nation Global Compact's three guiding principles on environment.

### Nestlé therefore:

- ❑ Supports a precautionary approach to environmental challenges
- ❑ Undertakes initiatives to promote greater environmental responsibility
- ❑ Encourages the development and diffusion of environmentally friendly technologies

(Principle 7)

(Principle 8)

(Principle 9)



### Protection of the Environment

Since its early days Nestlé has been committed to environmentally sound business practices throughout the world and continues to make substantial environmental investments. In this way Nestlé contributes to sustainable development by meeting the needs of the present without compromising the ability of future generations to meet their own needs.

*The Nestlé Policy on the Environment* underlines this commitment. Nestlé also adheres to the International Chamber of Commerce (ICC) Business Charter for Sustainable Development. This Charter requires the establishment of policies, programmes and practices for conducting operations in an environmentally sound manner.

### Nestlé:

- ❖ **integrates** environmental policies, programmes and practices into each business as an element of management in all its functions;
- ❖ **develops, designs and operates** facilities and conducts its activities taking into consideration the efficient and sustainable use of renewable resources, the minimisation of adverse environmental impact and waste generation, and the safe and responsible disposal of residual wastes;
- ❖ **respects and complies** with existing laws and regulations in local markets concerning environmental issues;
- ❖ **applies** Nestlé internal standards suitable to local conditions in those regions where specific environmental legislation is nonexistent or insufficient;
- ❖ **improves** environmental protection relevant to its activities on a continuous basis;
- ❖ **provides** appropriate information, communication and training to build internal and external understanding about its environmental commitment and action;
- ❖ **supports** professional associations such as the International Chamber of Commerce and the World Business Council for Sustainable Development in their work relative to environmental protection, as well as efforts to set up environmental management guidelines;
- ❖ **establishes** environmental objectives, monitors progress, checks results and defines future actions. This activity, carried out by Nestlé specialists, ensures the continuous improvement of environmental performance throughout the supply chain, from producing and purchasing of raw materials, to manufacturing, packaging, distribution and finally to the consumer.



- from the "Nestlé Corporate Business Principles"

Nestle ,Moga Factory's  
"OPERATIONAL SAFETY, HEALTH & RISK."  
(OSHR) Policy

**Nestle Position Statement :** *Safety is an integral part of Nestle Quality Concept and a condition for the required level of quality of work and work life in the factory. It covers the safety of people, safety of assets , and safety of information. Fostering safety awareness at all level of the organization has to be promoted by example and by training. Everyday in the factory is responsible for creating and maintaining a safe environment within his | sphere of competence.*

Following are the mandatory elements of Nestle's OSHR policy.

- 1. Compliance of Rules :** All the local pertaining to human safety will be respected and strictly complied with. If for certain hazards, local standards / rules does not exist, then internationally recognized standards rules will be followed.

- 2. Clear Accountability & Active Management Leadership :** Each and every departmental incharge will be responsible of the unit head.He will be assisted by safety & hazards assessment professionals.
- 3. Communication & Participation :** Safety bulletins, notice boards, safety questioners, suffusion boxes etc. Will be regularly used for two way communication. Various safety programs like “Safety Week”, “Safety Quiz”etc.Will be organized for employ-ees participation.
- 4. Behavioral Base Safety Management :** Employees will be motivated to change the behaviour and attitude to create a safer and healthy workplace by incentives, awards, recognition etc.
- 5 Market & Site Safety Organization :** Safety co-ordinator at HO will be in place. Safety committees at factory and plant level will be formed to focus on safety (proactive) by meeting at regular intervals.

- 6. Appropriate Hazards Assessment :** Systematic hazards assessment for all the areas classified as hazards will be carried out as per the pre-planned schedule and ways will be developed to control them in a fixed time schedule.
- 7. Technical Standards :** All issues pertaining to safety will be addressed at the design and installation stage of the plant and machinery to minimize the effect of any incidence.
- 8. Emergency And Contingency Planing :** Emergency and contingency plans will be in place to minimise the effect of any incidence.
- 9. Occupational Health :** Programms which address the needs of the injured or ill persons like “First Aid.” “Emergency Services” i.e. ambulance etc. will be in place.
- 10. Training And Orientation :** Training on how to do job, company’s policies, procedures etc. Will be provided to all the employees regularly in a fixed pre planned schedule.

**11. Safety Performance Management :** Safety objective /standards will be part of the overall factory objectives. Safety performance will be measured on the basis of OSHA and will be part of the “Monthly Factory Performance” and “Quarterly Market Performance” reports send to HO and Headquarters in Switzerland respectively.

**12. Assessment, Audits & Evaluation :** Audits, Self Assessment, External Audit etc. Will be carried out as per the schedule to assess the gap between existing and the best practices.

**13. Continuous Improvement :** Policies and practices will be continuously reviewed in order to be in line with the best available in the business.