



Good Food, Good Life

The Nestlé Corporate Business Principles



Nestlé principles and policies map

The ten principles of business operations

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Nestlé Principles
on Nutrition, Health
and Wellness

2 Quality assurance and product safety

Nestlé Quality Policy

Nestlé Nutrition
Quality Policy

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Nestlé Consumer
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UN Global Compact*

ILO Conventions 87,
138, 182*

UN Convention
of the Rights of
the Child: Article 32*

OECD Guidelines
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Nestlé Policy on Environmental Sustainability

Nestlé Policy on Environmental Sustainability

Nestlé Commitments on Water

* External references

Author/issuing department

Chairman and Chief Executive Officer

Target audience

All employees

Related Group Principles/Policies, Standards or Guidelines

Code of Business Conduct,
The Nestlé Management and Leadership Principles

Repository

All Nestlé Principles and Policies, Standards and Guidelines can be found in the Centre online repository at <http://intranet.nestle.com/nestledocs>.

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Commitment of the Chairman and the Chief Executive Officer

The Nestlé Corporate Business Principles are at the basis of our company's culture, which has developed over the span of 140 years. Since Henri Nestlé first developed his successful infant cereal "Farine Lactée", we have built our business on the fundamental principle that to have long-term success for our shareholders, we not only have to comply with all applicable legal requirements and ensure that all our activities are sustainable, but additionally we have to create significant value for society. At Nestlé we call this Creating Shared Value.

Although our Nestlé Corporate Business Principles were first published as an integrated document in 1998, most had already been established in individual form many years before. While the Business Principles are firmly established, they also continue to evolve and adapt to a changing world. For instance, Nestlé incorporated all ten principles of the United Nations Global Compact soon after their creation and continues to implement them today.

This latest revision differs from the previous two versions in that the ten principles of business operations are specifically linked to on-line copies of more detailed principles, policies, standards and guidelines. This has allowed the statement of each principle to be more succinct, while providing more detailed implementing measures related to each one on the worldwide web. Also, for the first time, a map of the principles and an overview of related company measures is included at the start of the document.

We believe in the importance of a strong compliance culture that is fully embedded in our business. The Corporate Business Principles and the supporting documents reflect this commitment and thus protect the trust of our consumers and other stakeholders in the Nestlé brand. Our internal rules not only require strict compliance with the law, they guide our actions even if the law is more lenient or where there is no applicable law at all. For Nestlé, upholding compliance goes beyond keeping checklists. It requires steadfast principles that apply across the whole Company, providing clear guidance to our people.

As the Chairman and the Chief Executive Officer of Nestlé, we are committed to making sure that our entire Company is managed according to these principles and require adherence to them from all our employees around the world. We are also committed to continuous improvement and are open to external engagement regarding any area of our Corporate Business Principles.



Peter Brabeck-Letmathe
Chairman of the Board



Paul Bulcke
Chief Executive Officer



The foundation for sustainability and Creating Shared Value

As Nestlé is a principle-based company, the Nestlé Corporate Business Principles form the foundation of all we do. Compliance with Nestlé Corporate Business Principles, and with specific policies related to each principle, is non-negotiable for all employees and their application is monitored and regularly audited.

As shown in the diagram below, compliance with Nestlé Corporate Business Principles is the foundation for the Company's commitment to be environmentally sustainable and to create shared value.

Creating Shared Value is the basic way we do business, which states that in order to create long-term value for shareholders, we have to create value for society. But we cannot be either environmentally sustainable or create shared value for shareholders and society if we fail to comply with our Business Principles.

At the same time, Creating Shared Value goes beyond compliance and sustainability. Any business that thinks long-term and follows sound business principles creates value for shareholders and for society through its activities eg. in terms of jobs for workers, taxes to support public services, and economic activity in general.

But Creating Shared Value goes one step further. A company consciously identifies areas of focus, where: a) shareholders' interest and society's strongly intersect, and b) where value creation can be optimised for both. As a result, the company invests resources, both in terms of talent and capital, in those areas where the potential for joint value creation is the greatest, and seeks collaborative action with relevant stakeholders in society.

At Nestlé, we have analysed our value chain and determined that the areas of greatest potential for joint value optimisation with society are Nutrition, Water and Rural Development. These activities are core to our business strategy and vital to the welfare of the people in the countries where we operate.

We actively seek engagement and partnerships with outside stakeholders that optimise positive impact in these areas of focus. However, Creating Shared Value is not about philanthropy. It is about leveraging core activities and partnerships for the joint benefit of the people in the countries where we operate.

In doing so, Nestlé maintains a very long-term perspective on business development and welcomes dialogue with external stakeholders who are committed to principled behaviour and constructive engagement. This includes government and regulatory authorities, intergovernmental organisations, non governmental organisations, academic and professional bodies, and local communities.



The ten principles of business operations

Consumers

1

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.

2

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.

3

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 and labour practices

4

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.

Our people

5

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.

6

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.

Suppliers
and customers

7

**Supplier and
customer relations**

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 towards our own customers.

8

**Agriculture and
rural development**

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.

The environment

9

**Environmental
sustainability**

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.

10

Water

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.

Detailed descriptions and links to corporate policies

Consumers

1

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.

Guided by our commitment to Nutrition, Health and Wellness, we work to increase the nutritional value of our products while also improving taste and enjoyment. We also develop brand communication and information that encourage and empower consumers to make informed choices about their diet.

Please see *The Nestlé Principles on Nutrition, Health and Wellness* at www.nestle.com/policies.

2

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.

Our commitment is never to compromise on the safety of any product. Our *Quality Policy* summarises the essentials of our passion for excellence:

- to build trust by offering products and services that match consumer expectation and preference;
- to comply with all internal and external food safety, regulatory and quality requirements.

Quality is everybody's commitment. We continuously challenge ourselves in order to constantly improve and achieve the highest levels of quality. We maintain the same high food safety standards in all countries in which we operate.

We ensure the delivery of high quality products through our Quality Management System.

Please see *The Nestlé Quality Policy* at www.nestle.com/policies.

3

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.

Our core business strategy is built around helping consumers to have a balanced, healthier diet. *The Nestlé Consumer Communication Principles* contain mandatory rules on marketing communication to all consumers, including accurate representation and portrayal of foods in a way that does not encourage over-consumption. In addition, specific principles guide our communication to children including no advertising or marketing activity to children under 6 years of age. Advertising to children from 6 to 12 years is restricted to products which meet predetermined nutritional profiling criteria, including clear limits on energy and health-sensitive ingredients such as sugars, salt, saturated fat and trans fatty acids. Our children's communication principles are specifically aimed at protecting children by ensuring that the advertising is not misleading, does not undermine parental authority nor generate unrealistic expectations of success, create a sense of urgency or allude to a sense of low price.

The Nestlé Policy on Nutrition and Health Claims steers our actions related to scientifically supportable health claims. Please see *The Nestlé Consumer Communication Principles*, *The Nestlé Policy on Nutrition and Health Claims* and *The Nestlé Nutritional Profiling System* at www.nestle.com/policies.

Marketing of Infant Foods

We are committed to supporting whatever is most suited for achieving the best start in life for babies. This means that we recommend breast feeding over all other feeding alternatives. For those who need alternatives to breast feeding, our objective is to offer formula products which meet international standards for infant health in place of dangerous and inappropriate breast milk substitutes, such as whole milk. Our objective is also to offer cereals, baby foods and milks which contribute to optimal growth and development in place of complementary foods of low nutritional value often fed to infants.

Human rights and labour practices

Our infant food marketing is conducted in accordance with the World Health Organization (WHO) International Code of Marketing of Breast-milk Substitutes, as implemented by each member state of the WHO. Additionally, in developing countries, we voluntarily implement the WHO Code, whether or not the government has done so. We monitor our own practices to ensure compliance to those standards irrespective of whether or not a government monitoring system is in place. Independent auditing of Nestlé compliance with the WHO Code is conducted on an ongoing basis by recognised social auditing companies and reports are publicly available. Please see www.babymilk.nestle.com.

4

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.

We

- support and respect the protection of international human rights within our sphere of influence (UNGC Principle 1);
- make sure that we are not complicit in human rights' abuses (UNGC Principle 2);
- are against all forms of exploitation of children;
- recognise privacy as a human right;
- expect each of our companies to respect and follow the local laws and regulations concerning human rights practices. Where our own principles and regulations are stricter than local legislation, the higher standard applies;
- recognise the responsibility of companies to respect human rights irrespective of the fact that governments are ultimately responsible for the establishment of a legal framework for protecting human rights within their jurisdictions.

We uphold

- the freedom of association and the effective recognition of the right to collective bargaining (UNGC Principle 3);
- the elimination of all forms of forced and compulsory labour (UNGC Principle 4);
- the effective abolition of child labour (UNGC Principle 5);
- the elimination of discrimination in respect of employment occupation (UNGC Principle 6).

We adhere to the eight fundamental Conventions of the International Labour Organisation (ILO), in particular Convention 87, Freedom of Association and Protection of the Right to Organise (1948), as well as Convention 138, Minimum Age for Employment, and Convention 182, Worst Forms of Child Labour, which are based on the United Nations Convention of the Rights of the Child (Article 32). Furthermore, we adhere to the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (ILO) of March 2006 and the OECD Guidelines for Multinational Enterprises of June 2000.

Our people

5

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.

Nestlé Management and Leadership Principles

Our *Management and Leadership Principles* describe the culture and basic values we expect our employees to uphold, as well as the attributes needed to be successful in management and leadership. Please see *The Nestlé Management and Leadership Principles* at www.nestle.com/policies.

Nestlé Code of Business Conduct

Our *Code of Business Conduct* specifies certain non-negotiable minimum standards in key areas of employee behaviour, including compliance with laws, conflicts of interests, anti-trust and fair dealing, bribery, corruption (UNGC Principle 10), discrimination and harassment, and integrity. We believe in the importance of free competition and are committed to acting with integrity in all situations. Please see *The Nestlé Code of Business Conduct* at www.nestle.com/policies.

Our *Human Resources Policy* specifies attitudes such as mutual respect, trust and transparency in relating with each other and encourages open communication and cooperation. We also believe that our long-term success depends on our capacity to attract, develop, protect and retain the right and best employees.

We respect international conventions concerning employees' rights, do not tolerate discrimination for reasons such as origin, nationality, religion, race, gender, age or sexual orientation or engage in any kind of verbal or physical harassment based on any of the above or any other reason. We uphold the freedom of association of our employees and the effective recognition of the right to collective bargaining through unions or other types of associations (UNGC Principle 3). We respect our employees' right to privacy.

6

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.

Our *Policy on Safety and Health at Work* establishes safety as a non-negotiable priority of our culture. We recognise and require that everyone play an active role in providing a safe and healthy environment, and promote awareness and knowledge of safety and health to employees, contractors and other people related to or impacted by our business activities by setting high standards.

We monitor our performance through the Nestlé Occupational Safety and Health Management System to assure a safe and healthy workplace. Please see *The Nestlé Policy on Safety and Health at Work* at www.nestle.com/policies.

Suppliers and customers

7

Supplier and customer relations

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 towards our own customers.

The Nestlé Supplier Code specifies minimum standards that we ask our suppliers, agents, subcontractors and their employees to respect and adhere to. The *Supplier Code* includes requirements such as business integrity, sustainable operating and agricultural practices, labour standards, safety, health and environmental practices.

To ensure that the *Supplier Code* is put in practice, we reserve the right to verify the suppliers' compliance with the Code on a regular basis.

Please see *The Nestlé Supplier Code* at www.nestle.com/policies.

8

Agriculture and rural development

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.

To ensure that our factories obtain raw materials competitively and at required quality and safety specifications

- we engage in developing sustainable agricultural practices and systems that contribute to long-term production efficiency, viable incomes for farmers and the transfer of agricultural knowledge to suppliers;
- we support the application of new technologies and advances in agricultural science, including the opportunities offered by bioscience when their positive effect on food safety, environment, agricultural practices and production efficiency are scientifically confirmed and accepted by consumers.

The Sustainable Agriculture Initiative Nestlé (SAIN) guides our engagement in farming systems to support agricultural practices, rural development, sourcing processes and practices that are sustainable over the long term. Please see *The Nestlé Policy on Environmental Sustainability* at www.nestle.com/policies.

The environment

9

Environmental sustainability

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.

We invest continuously to improve our environmental performance. *The Nestlé Policy on Environmental Sustainability* incorporates the United Nations Global Compact's three guiding principles on environment (Principles 7, 8 and 9).

We apply a product life cycle approach involving our partners from farm to consumer in order to minimise the environmental impact of our products and activities. Our four priority areas are: water, agricultural raw materials, manufacturing and distribution of our products, and packaging. We implement our policy through the Nestlé Environmental Management System.

We believe that environmental performance is a shared responsibility and requires the cooperation of all parts of society. We are determined to continue providing leadership within our sphere of influence. Please see *The Nestlé Policy on Environmental Sustainability* at www.nestle.com/policies.

10

Water

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.

Water is a particular area of focus for Nestlé. *The Nestlé Commitments on Water* set out our priorities and objectives on responsible water usage. These are to continue our efforts to reduce the amount of water used in our operations, ensure that activities respect local water resources, ensure that the water we discharge into the environment is clean, engage with suppliers to promote water conservation, especially among farmers, and reach out to others on water conservation and access. Nestlé is a founding signatory of the United Nations Global Compact CEO Water Mandate.

We monitor and improve water efficiency through our water resources management specialists and in our factories with our environmental specialists in line with the Nestlé Environmental Management System.

We recognise the right of all people to have access to clean water to meet their basic needs.

Please see *Every Drop Counts* at www.nestle.com/policies.

Auditing

The Nestlé Corporate Business Principles are mandatory statements for all Nestlé managers and employees and are integrated in business planning, auditing and performance reviews.

The Corporate Business Principles are associated with specific policies and reference codes, where compliance procedures are outlined. See the Nestlé principles and policies map for the appropriate linkages and reference policies (inside front cover).

Nestlé's compliance regarding its Corporate Business Principles is regularly reviewed by its internal auditors on the basis of clear auditing instructions, which are published for all employees to consult on the Nestlé S.A. intranet. Compliance regarding human resources, safety, health environment and business integrity is assessed through our CARE Programme which relies on an independent external audit network. Our reports on Creating Shared Value are audited by independent external auditors for accuracy and validation. Our external auditors KPMG, when obtaining an understanding of the internal control system of Nestlé, consider how the Corporate Business Principles fit into the overall corporate governance framework of the Group.

Findings and recommendations are reported through the Board Audit Committee to the Nestlé S.A. Board of Directors.

