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The Nestlé Supplier Code



Issuing Function

Corporate Procurement

Author/issuing department

Corporate Procurement

Target audience

Suppliers and co-manufacturers to Nestlé,
Nestlé Procurement

Replaces

Nestlé Principles of Purchasing

Repository

All Nestlé Principles and Policies, Standards and
Guidelines can be found in the Centre online repository at:

<http://intranet.nestle.com/nestledocs>

The Nestlé Supplier Code can also be found at:

www.nestle.com/suppliers

Approver

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Preamble

Nestlé not only delivers high quality products but we do so in a way that reflects the Company's commitment to conduct our business activities in full compliance with applicable laws and to be guided by integrity and honesty. Our consumers expect similar behaviour from all parties that we deal with, especially from our suppliers. The Nestlé Corporate Business Principles prescribe certain values and principles to which Nestlé has committed worldwide. This Supplier Code ("the Code") specifies and helps the continued implementation of the Corporate Business

Principles by establishing certain non-negotiable minimum standards (below I-VII) that we ask our suppliers, their employees, agents and subcontractors ("the Supplier"), to respect and to adhere to when conducting business. It is the Supplier's responsibility to educate its employees, agents and subcontractors accordingly.

By acceptance of the Code, the Supplier commits that all existing and future agreements and business relationships with Nestlé will be subject to the provisions contained herein.

I. Business integrity

Compliance with applicable laws and regulations

The Supplier must comply with all applicable laws and regulations.

Improper Advantage

In all its activities, the Supplier must never, directly or through intermediaries, offer or promise any personal or improper advantage in order to obtain or retain a business or other advantage from a third Party, whether public or private. Nor must the Supplier accept any such advantage in return for any preferential treatment of a third Party.

II. Sustainability

Nestlé supports and encourages operating practices, farming practices and agricultural production systems that are sustainable. This is an integral part of Nestlé's supply strategy and supplier development. Nestlé expects the Supplier to Nestlé to continuously strive towards improving the efficiency and sustainability of its operations, which will include water conservation programs.

III. Labour standard

Prison and forced labour

The Supplier must under no circumstances use or in any other way benefit from forced or compulsory labour. Likewise, the use of labour under any form of indentured servitude is prohibited, as is the use of physical punishment, confinement, threats of violence or other forms of harassment or abuse as a method of discipline or control. The Supplier shall not utilize factories or production facilities that force work to be performed by unpaid or indentured labourers, nor shall the Supplier contract for the manufacture of products with subcontractors that engage in such practices or utilize such facilities. Where a Supplier is using labourers who are in an official prison rehabilitation scheme, such an arrangement is not considered a breach of the Code.

Child labour

The use of child labour by the Supplier is strictly prohibited. Child labour refers to work that is mentally, physically, socially, morally dangerous or harmful for children, or improperly interferes with their schooling needs.

Working hours

The Supplier must ensure that its employees work in compliance with all applicable laws and mandatory industry standards pertaining to the number of hours and days worked. In the event of conflict between a statute and a mandatory industry standard, the Supplier must comply with the one taking precedence under national law.

Compensation

The Supplier's employees must be provided with wages and benefits that comply with applicable laws and binding collective agreements, including those pertaining to overtime work and other premium pay arrangements.

Non-Discrimination

The Supplier shall implement a policy that conforms to the applicable law prohibiting discrimination in hiring and employment practices on the grounds of race, colour, religion, sex, age, physical ability, national origin, or any other legally-prohibited basis.

IV. Safety and health

Workplace Environment

The Supplier shall provide employees with safe and healthy working and, where provided, safe housing conditions. As a minimum, potable drinking water, adequate sanitation, fire exits and essential safety equipment, access to emergency medical care, appropriately lit and equipped work stations must be provided. In addition, facilities must be constructed and maintained in accordance with the standards set by applicable codes and ordinances.

Product quality and safety

All products and services delivered by the Supplier must meet the quality and safety standards required by applicable law. When conducting business with or on behalf of Nestlé, the Supplier must comply with the Nestlé quality requirements.

V. Environment

The Supplier must operate with care for the environment and ensure compliance with all applicable laws and regulations in the country where products or services are manufactured or delivered.

VI. Supplying farmers

The Supplier shall ensure that supplying farmers become fully aware of the Code, the provisions stated therein and their meaning and implications for their farming methods. The Supplier will use appropriate communication tools, which may include posters at collection centres and at reception stations, and will provide education and training sessions as necessary.

The Code will form part of the training programmes of the Nestlé Agricultural Service Teams. When Nestlé enters into direct business relationships with farmers, Nestlé utilizes alternative communication tools to ensure that such farmers understand the provisions of the Code.

VII. Audit and termination of the supply agreement

Nestlé reserves the right to verify the Supplier's compliance with the Code.

In case Nestlé becomes aware of any actions or conditions not in compliance with the Code, Nestlé reserves the right to demand corrective measures. Nestlé reserves the right to terminate an agreement with any supplier who does not comply with the Code.