



## COMPENSATION COMMITTEE CHARTER

Approved by the Board of Directors  
Vevey, 23<sup>rd</sup> April 2009

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### *Abbreviations*

CC          Compensation Committee

## THE COMPENSATION COMMITTEE CHARTER

### 1. MISSION

The Compensation Committee (CC) recommends to the Board of Directors the compensation policy and the fees paid to the Members of the Board of Directors, including the compensation of the Chairman.

The CC proposes to the Board the remuneration system and principles for the Group for approval.

The CC reviews and approves Compensation and Benefits Policies and Programs as proposed by the CEO together with the Chairman, reviews performance relevant to compensation and determines individual compensation and benefit conditions for designated senior executives.

The CC performs other tasks in relation to compensation and benefits, as may be delegated by the Board of Directors.

### 2. COMPOSITION

The Board of Directors appoints the Chairperson and the members of the CC for a period of one year. The Chairperson shall be an independent and non-executive member of the Board. The other members are one Vice Chairman and a minimum of two other non-executive members of the Board of Directors. All members shall be independent.

### 3. POWERS AND DUTIES

The CC shall

- a) prepare the principles for remuneration of the Board Members and submit them to the Board of Directors for approval;
- b) oversee and discuss the remuneration system and principles for remuneration for the Company and the Group and submit them to the Board for approval. It shall define guidelines and working instructions for determining compensation of members of the Executive Board and submit them to the Board of Directors for approval;
- c) propose to the Board of Directors the individual remuneration of the Chairman and the CEO, as well as the Executive Board as a whole;

- d) approve the individual remuneration of the members of the Executive Board including its various elements, as proposed by the CEO together with the Chairman;
- e) review and approve general compensation and benefits policies including any long-term incentive compensation or equity plans and the allocation of benefits under such plans; it shall inform the Board of Directors of these policies and of the extent to which the plans meet their intended objectives;
- f) review and approve, upon proposal by the CEO together with the Chairman, the annual salary review guidelines for the Centre;
- g) approve, upon proposal by the CEO together with the Chairman, the annual Group short-term bonus percentage according to the achievement of the Nestlé Group targets;
- h) review and approve guarantees or other remuneration elements granted to members of the Executive Board;
- i) review and approve any voluntary severance and early retirement agreements for members of the Executive Board;
- j) review all mandatory public disclosure statements of the Company relating to compensation and benefits, including its Compensation Report.

#### **4. ORGANISATION**

The CC shall meet at least three times a year. The Chairperson shall prepare an agenda in advance of each meeting, in consultation with the Chairman. At least two members of the CC must be present to have a quorum.

The Chairperson shall appoint a secretary to the CC. Minutes of the proceedings and the resolutions of the CC shall be signed by the Chairperson and the secretary and made available prior to the next meeting and approved at that next meeting.

The CC has complete access to all Nestlé compensation data and compensation plans and may obtain any information it requires from the appropriate services. It is authorized to obtain independent compensation market data or other professional advice and may retain outside consultants to advise the CC.

The Chairperson may invite the Chairman, the CEO and members of the Executive Board to attend the meetings or parts thereof. The CC may ask other members of management or outside consultants to attend the meeting or make presentations.

In case of need, the Board of Directors is free to appoint additional members to the CC for specific situations where a particular competency or experience is required.

The Chairperson shall report to the Board of Directors after each meeting of the CC and keep it updated on the overall remuneration policy of the Group.

## **5. OTHER RESPONSIBILITIES**

The CC shall

- a) review, at least once a year, compensation market data and competitor benchmark data to attract and retain human resources needed to ensure competitiveness and long-term success of the business;
- b) review and reassess the adequacy of this Charter and submit proposed changes to the Board of Directors for approval;
- c) conduct an annual self-evaluation of its own performance.

