



**CHAIRMAN'S AND CORPORATE
GOVERNANCE COMMITTEE
CHARTER**

Approved by the Committee
Vevey, 9th April 2008

Approved by the Board of Directors
Vevey, 10th April 2008

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Abbreviations

CCGC	Chairman's and Corporate Governance Committee
Board	Board of Directors
EB	Executive Board

1. MISSION

The CCGC liaises between the Chairman and the full Board, in line with the powers and duties as set out hereafter, in order to expedite whenever necessary the handling of the Company's business. It acts as a consultant body for the Chairman.

2. COMPOSITION

The CCGC consists of the Chairman, the two Vice Chairmen, the administrateur délégué (CEO) and other members as shall be elected by the Board.

3. POWERS AND DUTIES

3.1 *General Tasks*

The CCGC liaises between the Chairman and the full Board, in line with the powers and duties as set out hereafter, in order to expedite whenever necessary the handling of the Company's business.

The CCGC acts as a consultant body for the Chairman.

In exceptional and urgent cases and upon proposal by the Chairman, it deals with business matters which fall within the authority of the Board and which might arise in between meetings of the Board.

In particular, the CCGC has the following powers and duties:

- a) It follows the main elements of the management carried out by the Chairman and the CEO and acts as their counselor.
- b) Upon proposal by the Chairman and the CEO, it approves investments, participations, acquisitions or divestitures not provided for in the Group's annual investment budget, above CHF 400 million and up to CHF 1 billion per case.
- c) In exceptional and urgent cases and upon proposal by the Chairman and the CEO, it approves investments, participations, acquisitions or divestitures by the Group in excess of CHF 1 billion per case which are in line with the Group's strategy, but have not been foreseen in the Group's annual investment budget; it immediately informs the Board of such cases.
- d) At the request of the Chairman and the CEO, the CCGC acts as a consultant body.
- e) It prepares the following Board decisions upon the Chairman's proposal:

- it advises on decisions relating to the Company's or the Group's general structure;
 - it gives its view on any significant issue of the Group's financial, commercial and industrial policy;
 - it gives its view on the constitution of new companies in countries where the Group is not yet present;
 - it gives its view on major financial operations;
 - it examines proposals regarding all nominations, removals and granting of signatory powers on behalf of the Company as per its Articles of Association.
- f) The CCGC further performs the following tasks:
- it reviews reports and performs such other tasks as are delegated by the full Board;
 - it advises on any request to take a decision proposed to the Board, and submits its recommendations to the latter, in particular regarding the dividend policy and proposals to be submitted to the shareholders.
- g) The CCGC suggests to the Chairman any proposal or initiative which it considers to be in the interest of the Company's efficient management and development.
- h) The CCGC is entitled to engage outside counsel if it thinks this to be appropriate.

3.2 *Corporate Governance Tasks*

The CCGC acts as Corporate Governance Committee.

It assists the Chairman in fulfilling his responsibilities with respect to the Company's corporate governance.

It advises on corporate governance issues, periodically reviews principles of corporate governance and prepares recommendations to the Board.

It shall review, at least annually, the membership and structure of the Board's committees, and present its proposal to the Board for final determination.

3.3 Finance Related Tasks

The CCGC acts as Finance Committee.

It supports and advises on matters related to the Company's financing, financial risk management, as well as treasury, insurance and pensions management.

It is kept regularly informed of the strategic management of the Nestlé Group's short and long term financial assets and liabilities, and financial risk policies. It reviews and analyses proposals submitted by the Management.

It specifically provides insight and advice on the following subjects :

- a) capital structure of the Group and related funding needs
- b) overall currency allocation of the Group financial assets and liabilities
- c) definition of duration objectives
- d) borrowing policy
- e) intra-group lending policy
- f) liquidities investment policy
- g) management of the Group's transactional foreign exchange risk
- h) use of derivatives and management of counterparty risk

It prepares and updates for the Board's approval financial assets and liability risk management guidelines. It regularly reviews the performance of Nestlé Treasury and Pensions against agreed benchmarks.

4. ORGANISATION, MEETINGS, MINUTES

The Chairman presides over the meetings of this Committee.

The CCGC meets as often as is necessary for the Company's business and at the request of any of its members.

The CCGC shall establish its own terms of reference.

It shall regularly report to the Board on its activities and findings.

The Secretary to the Board is responsible for the Minutes, which are made available to the Board members by being incorporated into the Board documentation.