Principles
Mandatory
September 2011

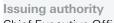


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The Nestlé Management and Leadership Principles



Principles
Mandatory
September 2011



Chief Executive Officer



Target audience
All employees

Approver

Executive Board of Nestlé S.A.

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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CEO message

Nestlé – over its long historical development from a small town operation to the world's leading Nutrition, Health and Wellness company – has demonstrated an exceptional capability to adapt to an ever-changing external environment.

The core values and principles that have guided this journey and are fundamental to our Company's success are articulated in the Nestlé Management and Leadership Principles, first issued in 1997 and revised in 2003.

They describe the culture, values and principles we expect our employees to uphold; as well as the attributes needed to be successful in a management and leadership position at our Company.

This third version of the document incorporates our commitment to the concept of Creating Shared Value. In addition, it emphasises the importance of behaviours supporting continuous improvement in building a Company focused on total performance.

The Nestlé Management and Leadership Principles are also in full alignment with the Nestlé Corporate Business Principles, in which "Leadership and Personal Responsibility" are singled out as key operational principles. They are also aligned with the Nestlé Code of Business Conduct, which establishes non-negotiable minimum standards of employee behaviour in key areas.

At Nestlé, we believe that a comprehensive leadership style – leading to win, managing for results, growing talent and teams, and proactively competing and connecting with the external environment – provides the competitive edge to create shared value for our shareholders and for society.

All Nestlé people should carefully read this document and share it with their colleagues. They should take pride in adhering to the Company's values and implement them with conviction and enthusiasm – regardless of their formal position in the organisation. In addition, our managers and leaders have the responsibility to practice the leadership attributes described in this document.



I invite you all to live by the values and principles described in this document, and support our Company's firm commitment to them. Through the pragmatic combination of a clear long-term vision and the achievement of day-to-day goals, the application of these principles everywhere, and at all times, becomes a living expression of our corporate culture and a key component of our future success.

Paul Bulcke Chief Executive Officer

Nestlé – A people-inspired company

We put people at the centre of everything we do. Nestlé is more oriented towards people, products and brands than systems. We show particular concern for the well-being of our employees and consumers.

The Company is committed to the following cultural values, which come from its Swiss roots and uphold the dynamic nature of the Company:

- Focusing on long-term business development without losing sight of the necessity to continuously deliver sound results for our shareholders.
- Creating Shared Value as the basic way we do business. In order to create long-term value for shareholders, we must create value for society.
- Committing to environmentally sustainable business practices to protect future generations.
- Making a difference in everything we do by having passion to win and creating gaps with our competition through discipline, speed and flawless execution.
- Understanding of what constitutes value for our consumers and a clear focus on delivering this in everything we do.
- Serving our consumers by constantly challenging ourselves to achieve the highest levels of quality for our products and never compromising on their safety standards.
- Continuous improvement towards excellence as a way of working and avoiding abrupt, one-time changes.
- A contextual approach to business rather than a dogmatic one. This implies that decisions are pragmatic and based on facts.
- Respect for and openness to diversity of cultures and traditions. Nestlé endeavours to integrate itself into the cultures and traditions where it is present, while staying true to the Company's core values and principles.
- Personal relations based on trust and mutual respect. This implies a commitment to align actions with words, to listen to different opinions, and to communicate openly and frankly.
- Commitment to a strong work ethic, integrity and honesty, as well as compliance with applicable laws and Nestlé principles, policies and standards.

Leading the "Nestlé way"

Nestlé managers at all levels are more concerned with leading and inspiring people to add value to the Company and society rather than with exercising formal authority. This calls for a high personal commitment of each employee and a common mindset geared towards results.

In an increasingly dynamic world, leaders face significant challenges and opportunities. These stem from shifts to new social patterns and unprecedented worldwide competition. Achieving ongoing success requires that each Nestlé leader understands the context and capitalises on it, as described in the following principles:

Lead to win

- Has built credibility as a result of coherent action, leadership and achievement.
- Is able to think from different perspectives and to create a climate of innovation. This implies openness to risk and the possibility of making mistakes, but also the willingness to correct and learn from them.
- Believes in the importance of alignment and management of expectations.
- Has broad interests, a good general education, responsible behaviour as well as a balanced lifestyle.

Manage for results

- Embraces personal commitment and courage in execution. This includes the capacity and the willingness to take initiatives and risks while maintaining composure under pressure.
- Values proactive cooperation in order to create synergies at local, regional and global levels.
- Embraces change and is able to implement it and manage its consequences.
- Believes in achieving business objectives rooted in compliance and sustainable practices.

Grow talent and teams

- Has a passion for building and sustaining an environment where people have a sense of personal commitment to their work and give their best to promote our Company's success.
- Cares for and develops the leaders of tomorrow through addressing all areas that allow them to progress in their work and to expand their capabilities.
- Understands the importance of continuous learning and improvement, as well as sharing knowledge and ideas freely with others.
- Is committed to giving and receiving honest, accurate and timely feedback, including performance evaluation, in a climate of mutual respect.
- Believes in the importance of building diverse teams, and promotes the advantages of gender balance.

Compete and connect externally

- Constantly looks for ways to satisfy our consumers and customers while attracting new ones in unique and compelling ways.
- Displays curiosity and open-mindedness as well as a high level of interest in other cultures and lifestyles.
- Believes in openness and dialogue with outside stakeholders about future trends in society, technology, consumer habits, and business opportunities.
- Understands the external impact of our operations and, as a result, proactively seeks to engage and partner with the community, authorities, shareholders and other stakeholders.

A decentralised and aligned organisation

In addition to how our managers carry out their work as leaders, Nestlé pragmatically implements the following organisational principles:

- Being as decentralised as possible to optimally respond to the needs of consumers, within the framework defined by our fundamental policies, strategic directions and operational efficiencies.
- Ensuring collaboration of all Nestlé businesses and compliance with Nestlé principles, policies and standards (Nestlé in the Market approach).
- Building and maintaining a structure which assures operational speed, with a strong focus on results and removing unnecessary obstacles.
- Establishing flat and flexible organisations with minimal levels of management and broad spans of control, which also enable people development.
- Setting a shared vision and common goals to leverage the strength of people and organisational alignment.
- Defining clear levels of responsibility.
 Teamwork does not affect the manager's duty towards his/her people and business results.

A team must always have a leader who assumes full responsibility.

A mutual commitment

Living up to the Nestlé Management and Leadership Principles is a commitment and a responsibility for everyone in our Company.

To be effective, engaging and inspiring, all Nestlé people must "walk the talk" and lead by example in their daily work; in this context, actions speak louder than words.

Therefore, at Nestlé, in addition to professional skills – and regardless of origin, nationality, religion, race, gender, sexual orientation and age – the capacity and willingness to live up to these principles are the key criterias for progressing within the organisation.

