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Principles

We actively support the United Nations (UN) Global Compact and UN Millennium Development Goals, including human rights and labour rights.



Marketing

Consumer communication commitments have been part of Nestlé's Corporate Business Principles since they were first published in 1999.



Product safety

Quality assurance and product safety are embedded in the Nestlé Corporate Business Principles and our commitment is never to compromise on the safety of any product.

Global principles and goals

Nestlé has a strong set of values and principles that we apply across all the countries where we operate. Our overriding objective is to ensure that our investments are beneficial both for our shareholders and people in the countries where we do business.

Global principles and goals	How we support them
United Nations Global Compact (UNGC)	Nestlé's Corporate Business Principles incorporate the 10 UNGC Principles on Human Rights, Labour, the Environment and Corruption. We are an active member of several of the Compact's Working Groups and Initiatives. We are a member of UNGC LEAD.
UNGC CEO Water Mandate	Nestlé is a founding signatory of the initiative, which is designed to assist companies in the development, implementation and disclosure of water sustainability policies and practices.
UN Millennium Development Goals (MDGs)	Nestlé regards the MDGs as highly important objectives. We contribute to partnerships that harness local knowledge and capabilities, for positive, sustainable change.
Universal Declaration of Human Rights	We are committed to promoting respect for human rights and recognise our responsibility for guaranteeing them, as set out in the Universal Declaration of Human Rights.
International Labour Organization (ILO) conventions	We are guided by international norms and principles, such as the fundamental International Labour Organization (ILO) conventions. We support the ILO's Tripartite Declaration for Multinational Enterprises.
Organization for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises	We adhere to the OECD Guidelines for Multinational Enterprises, which were updated in 2011 to include human rights.



- Creating Shared Value at Nestlé
- Nutrition
- Rural development
- Water
- Environmental sustainability
- Compliance**
- Our people

Global principles and goals	How we support them
World Health Organization's International Code of Marketing of Breast-milk Substitutes (WHO Code)	We have developed a strong policy articulating our commitment to and implementation of the WHO Code.
WHO Global Strategy on Diet, Physical Activity and Health	Nestlé sponsored and participated in a symposium that brought together members of government, academia, civil society and the private sector to discuss how different sectors of society need to work together to implement the strategy.
UN's high-level meeting on non-communicable disease prevention and control	Nestlé provided input on the prevention and control of non-communicable diseases (NCDs).
International Food and Beverage Alliance (IFBA)	Nestlé is a founding member of the IFBA, which supports the WHO's Global Strategy on Diet, Physical Activity and Health – for example, by reformulating and developing new products that support the goals of improving diets.

UN Global Compact

Supporting the UN Global Compact Principles

Nestlé's [Corporate Business Principles](#) incorporate the 10 UN Global Compact (UNGC) Principles on Human Rights, Labour, the Environment and Corruption. They reflect the basic concepts of fairness, honesty and respect for people and the environment in all our business actions.

We reiterate our strong support to the UN Global Compact, its 10 Principles and to its Blueprint for Corporate Sustainability Leadership.

Demonstrating leadership at global level

Nestlé is also a founding participant in [UN Global Compact LEAD](#), a leadership platform comprising a select group of 56 UN Global Compact "champion" companies. Nestlé is a member of the LEAD Steering Committee and participates in several LEAD taskforces.

We participate in the UNGC's Human Rights and Labour Working Groups, and its Supply Chain Advisory Group.

Furthermore, Nestlé is a founding signatory of the UNGC CEO Water Mandate, as mentioned elsewhere in this report. [Read more about our participation in the CEO Water Mandate.](#)

Demonstrating leadership locally

Subsequent to the clarification of the UNGC subsidiary engagement policy in 2011, we have encouraged our markets to join local UNGC networks.

In 2011, Nestlé China became a member of the Presidium of the Chinese UNGC network, and Nestlé UK joined the UK network in early 2012. In Switzerland, Nestlé S.A. sits on the board of the Swiss network and in Australia, Nestlé Australia was one of the founding members of the local UNGC network.

Communicating progress

We provide a Communication on Progress (COP) towards UNGC goals and principles in the form of our full Creating Shared Value (CSV) report, which covers the Company's efforts in implementing the Advanced criteria and the Blueprint for Corporate Sustainability Leadership.

This full CSV report covers the activities and aggregated key performance indicators of the entire Nestlé Group, including all our subsidiaries and Globally Managed Businesses (GMB). The list of all Nestlé companies can be found in the [Corporate Governance Report](#) and [Consolidated Financial Statements](#), which along with the CSV report forms an integral part of Nestlé's annual reporting to shareholders. The CSV report itself highlights specific examples of Nestlé subsidiaries and their performance in the various areas of the [Creating Shared Value Pyramid](#). In addition, we have a large number of [Case Studies](#) on CSV Community Projects on our website.

The Nestlé CSV report contains a comprehensive GRI (Global Reporting Initiative) index and has been externally verified by Bureau Veritas. As the first global food company, Nestlé has obtained a GRI A+ rating for the report in March 2012.

Links to the CSV report content can be found in the accompanying [Communication on Progress 2012 index](#).

Supporting the 10 UNGC Principles

UNGC Principles	Examples of recent and ongoing initiatives in this report	
Human Rights	Policy development, targeted training and human rights risk assessments in our operations	Identifying and managing human rights risks
	Assessing and addressing human rights impacts in partnership with the Danish Institute for Human Rights	Assessing and addressing human rights impacts
	Working with the Fair Labor Association (FLA) to combat child labour in the agricultural supply chain. We became a formal member of the FLA in 2012	Tackling child labour
	Community engagement	Community engagement
	Promoting human rights among our suppliers	Implementing the Nestlé Supplier Code
Labour	New Nestlé Policy on Conditions of Work and Employment	Our Corporate Business Principles
		Labour practices
	Revised Nestlé Management and Leadership Principles	Our Corporate Business Principles
	Ongoing CARE Audit Programme (Compliance Assessment of Human Resources, Occupational Health & Safety, Environment and Business Integrity)	Our Corporate Business Principles
Environment	Life Cycle Approach	Life cycle approach
	Eco-design	Applying eco-design
	ISO 14001 certification	Governance and systems
	CEO Water Mandate's work streams on Policy Engagement, Water Disclosure and Human Right to Water	Engagement and Disclosure
	Water Resources Review roll-out	Water management
	Carbon Disclosure Leadership Index 2011	Partnering on climate change
	Transport and distribution	Transport and distribution
	Energy Target Setting Initiative	Improving energy efficiency



UNGC Principles	Examples of recent and ongoing initiatives in this report	
Environment continued	Responsible Sourcing Audit Programme	Responsible sourcing audit programme
	Combating deforestation	Combating deforestation
Anti-corruption	Code of Business Conduct	Anti-corruption
	Anti-corruption training tool	Anti-corruption
	New Group-wide integrity reporting system	Human rights and labour rights
	Bribery and Corruption Policy	Anti-corruption



CEO Water Mandate

The CEO Water Mandate was launched in 2007 to better understand and advance water stewardship in the private sector.

It is based on six core elements, which are vital to addressing corporate water management: direct operations, supply chain and watershed management, collective action, public policy, community engagement, and transparency.

The eighth Water Mandate working conference was held in Stockholm, Sweden in August 2011. During the conference, key water-related challenges were discussed, with a particular focus on corporate water disclosure and the role of business with respect to the human right to water and sanitation.

The next Mandate working conference will be held in Rio de Janeiro, Brazil during the UN Conference on Sustainable Development in 2012. The meeting will provide more opportunities to discuss and garner feedback on the Mandate's on-going projects. The CEO Water Mandate will also hold an event at the 2012 World Water Forum in Marseille in March.

Communication on progress

Our 2011 Creating Shared Value report, focusing on water, is our Communication on Progress, and fulfils the six elements of the CEO Water Mandate.

The report is available for download and its contents are also available in the Water section of this website.

UN Millennium Development Goals (MDGs)

In 2010, two-thirds of the way to the UN’s 2015 deadline, Nestlé prepared and issued a second report, charting our contributions to the MDGs. We identified 292 initiatives that contribute to one or more of the Goals worldwide. Fifty-six projects in 36 countries were focused on combating poverty and hunger issues (Goal 1), but others had notable impacts on environmental sustainability (Goal 7) and building partnerships (Goal 8).

Recent examples of Nestlé’s actions:

		Our actions
MDG 1	Eradicate extreme poverty and hunger	The <i>Nescafé</i> Plan
MDG 2	Achieve universal primary education	Primary education project, Philippines or Adopt a school, South Africa (tbc)
MDG 3	Promote gender equality and empower women	Women livestock workers, Pakistan
MDG 4	Reduce child mortality	Water and sanitation projects, South Asia
MDG 5	Improve maternal health	Micronutrient fortification, Nigeria
MDG 6	Combat HIV/AIDS, malaria and other diseases	HIV/AIDS, South Africa
MDG 7	Ensure environmental sustainability	Combating deforestation: partnership with The Forest Trust
MDG 8	Develop global partnerships	International Federation of Red Cross and Red Crescent Societies

Announced our participation in the UN programme Every Woman Every Child to improve vulnerable lives.



Human rights and labour rights

The Nestlé Corporate Business Principles (NCBP) describe what we stand for as a Company and the high standards we set ourselves. Those standards are fully endorsed by the Chairman and CEO and communicated to all Nestlé employees.

Commitments and systems

Nestlé has direct influence over its own employees and indirect influence over the employees in its supply chain, and we continue to promote the principles of human and labour rights in both areas.

Our NCBP incorporates the 10 UN Global Compact (UNGC) Principles. See our UNGC Communication on Progress, including Human Rights, Labour and Anti-Corruption.

We recognise the “Corporate Responsibility to Respect Human Rights”, outlined in the UN Framework and Guiding Principles on business and human rights. We are committed to the International Bill of Human Rights, as well as to the core Conventions of the International Labour Organization (ILO).

To further improve our performance, the Nestlé Employee Relations Policy adopted in 2010 was complemented by our new policy on Conditions of Work and Employment in November 2011, which covers areas such as temporary employment, outsourcing, working time or wages.

Additionally, the Nestlé Management and Leadership Principles were fully revised in autumn 2011 to reflect the changes in the NCBP, as well as the new policies and practices.

Compliance with our NCBP is monitored through external audits under our (CARE) programme, and internally by our Group Audit function. In 2011, 110 sites underwent CARE audits. No critical non-compliances were identified. [KPI]

The CARE programme was reviewed in 2011 to ensure coverage of the entire human rights spectrum.

A new [Integrity Reporting System](#) is being made available to all employees to provide an independent mechanism to raise concerns relating to any of our policies and procedures. This is a third-party operated reporting system that handles both open and anonymous reports. Reports received through this system are sent to the Nestlé Compliance Officer responsible in the respective country of operation, who, together with other relevant functions, evaluates and assesses the information received, determines the appropriate course of action and assigns the investigation if warranted.

Working with the Danish Institute for Human Rights

Since November 2008, we have worked with the Danish Institute for Human Rights (DIHR) to review our human rights policy, systems and procedures. This work fed into a revision of the NCBP and the Employee Relations Policy, which continues to inform our efforts at the policy level and led to the identification of specific human rights indicators, which are assessed and reviewed on an annual basis as part of our overall Risk Management System.

In July 2010, we began a new two-year partnership with the DIHR on Human Rights Due Diligence, to help ensure our human rights responsibilities are implemented globally.



Impact assessments

Comprehensive impact assessments of our operations were conducted together with the DIHR in Colombia (2010), Nigeria, Angola and Sri Lanka (all in 2011), and we have also rolled out a global online human rights training tool, which is mandatory for employees working in high-risk countries. For more information on our approach to human rights, see "Human rights" in "Our people" section.

We continue to tackle child labour and improve access to education in cocoa-growing areas, in association with the International Cocoa Initiative, and work with the Fair Labor Association (FLA) – the first food company to do so – on working conditions and child labour in the hazelnut and cocoa supply chain. We became a formal member of the FLA in 2012.

In Colombia, we continue our dialogue with Alliance Sud, an advocacy group for six Swiss non-governmental organisations (NGOs). After five years of engagement, Alliance Sud published their report on Nestlé's human rights and development impact in June 2011. Globally, the International Union of Food Workers (IUF) stopped its campaign against Nestlé in March 2011, when a solution to the labour conflict in Indonesia was found. Unfortunately, industrial relations in the Indonesian Panjang factory deteriorated again later in the year, which led to a resumption of the campaign.

NIGERIA – Labour rights

Nestlé Nigeria continues to take a proactive approach to embedding human rights principles within business operations. The bi-annual *MD-Union Forum* is an interactive approach to foster good workplace and industrial relations.



Responsible advertising and marketing

Nestlé is fully committed to contributing to good nutrition and a healthy lifestyle. We share concerns about rising obesity, specifically among children, throughout the world, including in developing countries where the double burden of over- and under-nutrition occurs.

Obesity is a complex societal problem, which requires the involvement and cooperation of many parties including scientists, academia, consumers, health leaders, the food and beverage industry, as well as national and international authorities.

Obesity is influenced by a range of factors, such as physical activity, school curricula and genetics. These, in combination with large portion sizes, foods and drinks with elevated calorie content, can contribute to an unbalanced diet.

Understanding the impact of advertising

Advertising is a minor element in the context of the many factors that determine individual food preferences, consumption and behaviour. This is demonstrated by the Obesity Systems Influence Diagram, which illustrates the many factors contributing to the obesity epidemic. The diagram shows 108 drivers of obesity (compiled from 38 science reviews) in a systemic view. Positive and negative influence arrows on the diagram link the variables into a web of causal relationships (Foresight Tackling Obesity Project).

Dealing responsibly with advertising and marketing to children is part of the larger solution, and one that Nestlé is well-placed to influence. For more details, please see Advertising to children, and below.

Our policies

Principles concerning appropriate communication with consumers have been part of Nestlé's Corporate Business Principles since they were first published in 1999, and they undergo periodic review.

A more comprehensive and detailed set of Consumer Communication Principles was released in 2002. These were further strengthened with regard to children in 2004, 2007 and most recently in September 2011.

Nestlé's Consumer Communication Principles:

- encourage moderation, healthy eating habits and physical activity without, in the case of children, undermining the authority of parents or creating unrealistic expectations of popularity or success; and
- must be referred to by all marketing staff and advertising agencies globally.

Our Policy on Marketing Communication to Children, in place since 2008, is that no advertising or marketing activity is directed to children below six years of age, and that advertising to children aged 6 to 12 is restricted to products with a nutritional profile which helps children achieve a healthy, balanced diet, including limits for ingredients such as sugar, salt and fat.



In September 2011, we further strengthened our Policy on Marketing Communication to Children by making two amendments.

First, with respect to digital media, the whole digisphere, including company-owned websites, is now included in our policy.

Second, to ensure that more programming is covered the policy applies when 35% or more of the audience (down from the previous threshold of 50%) is under 12 years of age.

Nestlé has a process in place to better ensure global compliance with our Consumer Communication Principles and Policy on Marketing Communication to Children. This includes a set of Implementation Guidelines, support and a monitoring system. For more detail on how we are implementing these policies, see Advertising to children.

Implementing our policies

In light of regulatory developments worldwide and increasing consumer interest, Nestlé has reviewed and reinforced its internal approach to the development and validation of nutrition and health claims.

A "General Instruction" document describing all mandatory procedures was published and promoted across the Company in late 2008.

A detailed Claim Development Standard was then issued in 2009, examining consumer understanding issues, rigorous scientific validation procedures, and multifunctional teamwork and responsibilities.

Deployment of more comprehensive tools and training for all marketing staff is ongoing.

Performance

99.1% Marketing to Children compliance rate [KPI]

We maintained tight control of our media planning and buying in an aim to retain close to 100% compliance at the end of the year.



Advertising to children

IFBA membership

Nestlé is a founding member of the International Food and Beverage Alliance (IFBA), which supports the WHO's 2004 *Global Strategy on Diet, Physical Activity and Health* by taking action in five areas.

One of these is extending responsible advertising and marketing initiatives to children globally, and in 2009 IFBA adopted a global policy on marketing communication and advertising to children under 12 years of age. This was further enhanced in 2011, to be implemented 31 December 2012, and is in line with Nestlé's global Policy on Marketing Communication to Children.

IFBA also promotes the adoption of this policy in the wider marketplace with national pledge programmes. These pledges, based on the core tenets of the IFBA global policy, encourage regional and local companies to follow IFBA's lead and to change the types of products they advertise to children.

IFBA pledge programmes have been launched in 45 countries including Australia, Brazil, Canada, the 27 Member States of the EU, the six countries of the Cooperation Council for the Arab States of the Gulf, India, Mexico, the Philippines, Russia, South Africa, Switzerland, Thailand, Turkey and the US. Monitoring is an intrinsic part of the various industry pledges and initiatives.

Another survey was conducted in 2011 to assess the compliance of IFBA members – The Coca Cola Company, General Mills, Grupo Bimbo, Kellogg's, Kraft, Mars, Nestlé, PepsiCo and Unilever – with their stated policies on marketing and advertising to children.

IFBA Progress Report

The Second IFBA Progress Report documents what member companies have been doing to support the WHO Global Strategy. IFBA companies have taken comprehensive steps to limit what they advertise to children in more than 200 countries, and these measures have been backed by third-party monitoring.

In the second year of monitoring, there has been 100% compliance in print and online advertising and 96% compliance in television advertising. These figures are based on studies in Chile, China, India, Mexico, Russia, the Kingdom of Saudi Arabia, the Philippines and South Africa.

EU Pledge monitoring

The EU Pledge is a commitment by 19 companies, including 11 leading food manufacturers, to voluntarily restrict their advertising to children under the age of 12 in print, on television and online.

Results from the 2011 third-party monitoring report show a 79% decline in advertising of products that do not meet companies' nutritional criteria in programmes targeted at children.



ADVERTISING TO CHILDREN: Nestlé has committed to voluntarily restrict advertising to children under 12 in print, on television and online.

Compliance across the industry is consistently high, and in most markets Nestlé's own performance was even higher (see table below). The slightly lower figure in Ireland is due to the low number of advertising spots; 160 Nestlé spots compared to 37 152 for all companies. The enhanced EU Pledge, which came into effect on 1 January 2012, is in line with the Nestlé Policy on Marketing Communication to Children.

EU Pledge Compliance 2011

For the third year running, the monitoring of 12 EU markets for advertising and 12 EU markets for in-school communications has demonstrated high compliance rates.

There was close to 100% compliance for advertising on all media, and 98% compliance for in-school communications. In primary schools, the overall compliance rate was 98%, while Nestlé's compliance rate was 99.5%.

Compliance by medium

Medium	EU Pledge overall compliance rate	Nestlé compliance rate
TV	99.1%	98.48%
Print	100%	100%
Online	100%	100%

Compliance by market

Market	EU Pledge overall compliance rate	Nestlé compliance rate
France	99.6%	99.7%
Ireland	98.3%	97.5%
Netherlands	99%	99.55%
Poland	98.9%	98.7%
Portugal	99.5%	99.6%
Romania	99.5%	99.6%
Slovakia	99%	99.4%



Infant food marketing

Addressing key challenges: Marketing of breast-milk substitutes and the WHO Code

Nestlé supports the World Health Organization recommendation of exclusive breastfeeding for the first six months of life followed by continued breastfeeding along with the introduction of complementary foods as advised by a health professional. We seek to promote safe, adequate nutrition for infants by encouraging breastfeeding as the best start in life, and by manufacturing high-quality breast-milk substitutes (BMS) when a safe alternative is needed.

We have developed a strong policy articulating our commitment to and implementation of the World Health Organization's International Code of Marketing of Breast-milk Substitutes (WHO Code), and apply a detailed global Management System, comprising explicit procedure manuals, an internal Ombudsman System, internal and external audits, training of staff and reporting on breast-milk substitute marketing and compliance. Some 22 countries were audited by corporate internal auditors in 2011, and Bureau Veritas conducted independent Code compliance audits in Laos, Cameroon and Jamaica.

FTSE4Good inclusion

In March 2011, we became the first infant formula manufacturer included in the Financial Times Stock Exchange responsible investment Index (FTSE4Good), the only index in the world that has criteria on the marketing of breast-milk substitutes in addition to several others. This index is designed to help investors identify companies that meet globally recognised corporate responsibility standards. After rigorous evaluation of our policies and procedures, PricewaterhouseCoopers conducted a verification assessment at our headquarters and businesses operations in India and Zambia and investigated on-the-ground evidence of our behaviour.

More information about our infant formula marketing policy is available on the Nestlé Baby Milk website or by downloading the following documents from the Creating Shared Value website:

- Nestlé Charter on Infant Formula
- Nestlé Policy and Instructions for Implementation of the WHO International Code of Marketing of Breast-milk Substitutes

Performance

In 2011, 100% of Nestlé staff involved in infant formula marketing in high-risk countries received specific WHO Code training [KPI]. Additional materials have been developed to facilitate guidance to marketing staff, including a web-based training and testing tool.

22 internal audits were carried out in 2011, and Bureau Veritas conducted independent Code compliance audits in Laos, Cameroon and Jamaica.

19 concerns about non-compliance with the WHO Code, attributable to Nestlé and requiring remediation, were raised in 2011; corrective action was taken in all instances.

We will continually work to improve our practices and encourage all stakeholders to communicate their concerns to us. They can do so through our Complaint Form available from the Nestlé Baby Milk website.



Product safety

Quality assurance and food safety

At Nestlé, we are committed to delighting our consumers with food and beverage products that are consistently both safe and of the highest quality. We maintain the same high standards in all countries in which we operate.

Quality assurance and product safety is one of Nestlé's 10 Corporate Business Principles, which form the foundation of all we do.

Nestlé Quality Policy

Our actions to ensure quality and food safety are guided by the Company's Quality Policy, which describes our commitment to achieve:

- consumer trust and satisfaction with all our brands, products and services;
- food safety and full compliance with all applicable regulatory requirements;
- quality as a group-wide objective; and
- a zero-defect, no-waste attitude by everyone in our company.

When necessary, we have recalled products. For more information see the KPI table (page 14).

Nestlé Quality Management System

Our Quality Management System ensures that we can deliver on our commitment to quality and food safety. The Nestlé Quality Management System encompasses our systems for food safety and our requirements for quality compliance, including compliance with all regulatory and legal requirements.

■ Good Manufacturing Practices

We apply internationally recognised Good Manufacturing Practices (GMP) to ensure quality and food safety. GMP addresses all aspects of manufacturing, including design of equipment, standard operating procedures, people management and training, machine maintenance, and handling of materials.

■ Hazard Analysis and Critical Control Points

We use the internationally recognised HACCP system to ensure food safety. This is a systematic approach for managing food safety covering the entire food production process from raw materials to distribution. It identifies food safety hazards (e.g. chemical or microbiological contaminants) and defines the appropriate measure to control the hazard, with a focus on prevention.

■ Traceability

Our traceability system follows the "one step up – one step down" principle. We know and have approved the manufacturer for all our raw materials and packaging materials. Equally we keep records of which product we have sold to which customer.

Compliance to the Nestlé Quality Management System is certified by independent Certification Bodies. The same applies to the Food Safety Management system, which is certified against the public standard ISO 22000 and ISO 22002-1.



Consumer services

Our worldwide consumer services organisation ensures that we can immediately respond to any consumer or trade complaints and can take any corrective actions without delay. The vast majority of Nestlé branded products carry an invitation to the consumer to “talk to Nestlé”. Addresses or phone numbers are printed on each label.

Responsibility

The quality assurance and food safety system is an integral part of Nestlé’s Corporate Business Principles, which are endorsed by the President and the CEO of the Company.

The quality organisation in the markets reports through the Technical or Operations Manager to the Market Head. Functionally, the quality organisation reports to Nestlé’s Head of Quality who reports to the Chief Operations Officer.



Consumer privacy

Nestlé respects the privacy of its consumers, employees and other stakeholders and is committed to protect their personal data. This includes the right of individuals to be informed of and make decisions regarding the processing of their respective personal data.

Our policy

Our internal Privacy Policy sets out the key principles that all employees and contractors of Nestlé companies must comply with when processing personal data.

In summary, personal data must:

- only be processed for specific and legitimate business purposes;
- be processed fairly and lawfully;
- be properly managed;
- be protected against unauthorised processing and damage;
- be accessible when in the form of data collections; and
- not be transferred to third parties or other countries without adequate safeguards.

Processing of sensitive personal data is subject to additional restrictions.

Nestlé's Group Data Protection Office (dataprotectionoffice@nestle.com) is a specific corporate function that verifies compliance with the Privacy Policy and provides advice, assistance and counsel to other departments on its implementation.



Governance

Governance structure

Within our general corporate governance structure, the Chairman, the Chief Executive Officer and other members of the Executive Board are ultimately responsible for the supervision and management of the Group, supported by a number of other governance bodies, including our Operations Sustainability Council, Issues Round Table, Audit Committee, Risk Management Committee, Research and Development Sustainability Council and Group Compliance Committee.

We have established a quarterly Creating Shared Value Alignment Board, chaired by our Chief Executive Officer, Paul Bulcke. This quarterly board is an umbrella organisation that oversees the strategic implementation of Creating Shared Value (CSV) across all Nestlé businesses. It leads the development and evolution of Nestlé's CSV and sustainability objectives and strategies at Group level, while reverting to the Executive Board for input and confirmation. It also liaises with and ensures coherence with our CSV Advisory Board, which gives external input to our activities.

Nestlé has embedded responsibility for water into its business units, providing a solid cross-functional platform to manage water-related issues. Our Water Task Force sets high-level strategy while our Operations Water Task Force translates this in operational targets, objectives and key performance indicators (KPIs), enabling us to face current and future challenges, and delivering competitive advantage through responsible water stewardship.

Principles and policies

The Nestlé Corporate Business Principles are the foundation of our corporate culture and describe our Company's core commitments to all of our stakeholders. These principles, together with the Nestlé Management & Leadership Principles and the Nestlé Code of Business Conduct, form the basis of how we conduct our business. They include our commitment to the 10 UN Global Compact Principles on Human Rights, Labour, the Environment and Corruption, and other relevant international human rights and labour standards.

Procedures and processes

The Corporate Business Principles were recently revised and reissued to all markets. A sustained communication campaign involving an email to all employees, a satisfaction survey, flyers, and presentations and videos at team meetings will be followed up by ongoing work to determine how best to integrate the Nestlé principles into key processes.

From the factory floor to the top management, training at Nestlé is a priority, including training our employees in the Corporate Business Principles. See Our People section for more detail on employee training and development.



Recognition

In January 2011, Nestlé Malaysia received the Best Corporate Social Responsibility Award and the Distinction Award for Corporate Governance at the Malaysian Corporate Governance (MCG) Index 2010 Awards. The annual event names the Top 100 companies that have met specific criteria in areas such as compliance, performance and quality of disclosure.

And at the 2011 Corporate Governance Awards ceremony held in London in April, Nestlé received the award for Best Corporate Governance in Switzerland. The ceremony is organised every year by World Finance Magazine in recognition of companies that have achieved excellent levels of corporate governance by serving the best interests of their shareholders with maximum transparency.

Nestlé Chairman, Peter Brabeck-Letmathe, who accepted the award for Best Corporate Governance in Switzerland on behalf of Nestlé, said: "We are in constant contact with shareholders. We listen very carefully to what they think and what they think good corporate governance should be. The creation of trust depends on good corporate governance. Employees want to work for a company that has integrity. Shareholders want to invest in a company that has good corporate governance. Consumers want to know how a company is being run, if it is honest and if it is controlled."