

California Transparency in Supply Chains Act of 2010

Introduction

Nestlé HealthCare Nutrition, which provides nutritional solutions for people with specific dietary needs related to illnesses, disease states or the special challenges of different life stages, supports the goals of the California Transparency in Supply Chains Act of 2010 and strives to be examples of good human rights and labor practices throughout our business activities. The [Nestlé Corporate Business Principles](#) are at the heart of our company's culture, which has developed over the span of 140 years. Since Henri Nestlé first developed his successful infant cereal "Farine Lactée", we have built our business on the conviction that to have long-term success for our shareholders, we not only have to comply with all applicable legal requirements and ensure that all our activities are sustainable, but additionally we have to create significant value for society.

Nestlé's actions in this area include the following:

1. Product Supply Chains / Suppliers

In The Nestlé Corporate Business Principles, Nestlé commits to foster responsible practices in our supply chain. [The Nestlé Supplier Code](#), which is accepted by our suppliers, helps to implement this commitment and establishes non-negotiable minimum standards for Nestlé suppliers in the areas of Health and Safety, Labor Standards, Business Integrity, and the Environment.

Nestlé is also a member of Sedex (Supplier Ethical Data Exchange), a not for profit membership organization dedicated to driving improvements in responsible and ethical business practices in global supply chains. Sedex is currently being used by a number of leading retailers and brand manufacturers and over 15,000 sites are registered on Sedex. More information can be found at www.sedexglobal.com.

2. Supplier Audits

Nestlé reserves the right to verify our Supplier's compliance with the Nestlé Supplier Code. Nestlé confirms compliance with the Nestlé Supplier Code through either a combination of third party certifications or a Responsible Sourcing Audit conducted by a third party.

In the event that Nestlé becomes aware of any actions or conditions not in compliance with the Nestlé Supplier 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 Nestlé Supplier Code.

3. Human Rights in our business activities

As indicated in the Nestlé Corporate Business Principles, Nestlé fully supports the United Nations Global Compact's (UNGC) guiding principles on human rights and labor, and aim to provide an example of good human rights' and labor practices throughout our business activities.

4. Code of Business Conduct

Since the Company was founded, Nestlé's business practices have been governed by integrity, honesty, fair dealing and full compliance with all applicable laws. Nestlé employees worldwide have upheld and lived this commitment in their every day responsibilities ever since, and Nestlé's reputation remains one of the Company's most important assets today.

[The Nestlé Corporate Business Principles](#) prescribe certain values and principles which Nestlé has committed to worldwide. This Code of Business Conduct specifies and helps the continued implementation of the Nestlé Corporate Business Principles by establishing certain nonnegotiable minimum standards of behavior in key areas.

5. Employee Training

The new version of The Nestlé Corporate Business Principles was provided to each of our 280,000 employees globally by the end of 2010 and accompanied by learning and training tools. Employees were asked to acknowledge that they had received and read The Nestlé Corporate Business Principles. All new employees receive The Nestlé Corporate Business Principles in their new hire information and sign an acknowledgement of receipt.

As of 2011, a modular training program was rolled out on the various components of the Nestlé Corporate Business Principles. The depth and focus of the trainings was established in accordance with the materiality for the different functions within the company.

The Nestlé Corporate Business Principles will continue to evolve and adapt to a changing world. Our basic foundation is unchanged from the time of the origins of the company, and reflects the basic ideas of fairness, honesty, and a general concern for people.