

Nestlé India – Policy for determination of materiality for disclosure of event or information

Preamble

The objective of this Policy for determination of materiality for disclosure of event or information (“Policy”) is to fix criteria for determination of materiality of events or information in relation to Nestlé India Limited (“Company”) to ensure timely and adequate disclosure of material events/information to the stock exchanges.

The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), under its Regulation 30(4)(ii) requires every listed entity to formulate a policy for determination of materiality of an event or information for the purpose of making disclosures to the stock exchanges and such policy is required to be disclosed on the Company's website. Further, Para B of Part A of Schedule III of the Listing Regulations provides a list of events for which the disclosures have to be made to the stock exchange based on application of certain guidelines on materiality prescribed under the Listing Regulations.

Considering the aforesaid requirements, the Company has formulated this Policy for determining materiality of an event or information for the purpose of disclosures to be made by the Company to the stock exchanges.

The Policy shall be read together with Nestlé Code of Practices and Procedures for fair disclosure of Unpublished Price Sensitive Information formulated under the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.

Criteria for Determination of materiality of events/information

The Company shall consider the following criteria for determination of materiality of an event/information:

- i. the omission of an event or information, which is likely to result in discontinuity or alteration of event or information already available publicly; or
- ii. the omission of an event or information is likely to result in significant market reaction if the said omission came to light at a later date;
- iii. In case where the criteria specified in sub-clauses (i) and (ii) are not applicable, an event/information may be treated as being material if in the opinion of the Board of Directors of the Company, the event /information is considered material.

Where it would be difficult to report the event based on qualitative criteria as stated in points (i) and (ii) above, the same may be considered material for disclosure, upon meeting materiality thresholds as mentioned herein below:

- I. For points (i) to (ix) of the Scope, if it exceeds ten percent of the income, profit before tax or net worth, as may be applicable;
- II. For fraud/defaults (point (x) of the Scope), involving financial impact of Rs. five crore or more;
- III. For options to purchase of securities, including ESOP/ESPS Scheme, if any, (point (xi) of the Scope), amounting to two percent of post-issue equity share capital of the Company.
- IV. For giving of guarantees or indemnity or becoming a surety for any third party, in excess of ten percent of the net worth of the Company.

The above thresholds shall be determined on the basis of last annual audited financial statement of the Company.

Materiality must be determined on a case to case basis depending on specific facts and circumstances relating to the information/ event.

Scope

The Company is required to apply the above mentioned criteria for determination of materiality of the events/information mentioned below:

- i. Commencement or any postponement in the date of commencement of commercial production or commercial operations of any unit/division.
- ii. Change in the general character or nature of business brought about by arrangements for strategic, technical, manufacturing, or marketing tie-up, adoption of new lines of business or closure of operations of any unit/division (entirety or piecemeal).
- iii. Capacity addition or product launch.
- iv. Awarding, bagging/ receiving, amendment or termination of awarded/bagged orders/contracts not in the normal course of business.
- v. Agreements (viz. loan agreement(s) (as a borrower) or any other agreement(s) which are binding and not in normal course of business) and revision(s) or amendment(s) or termination(s) thereof.
- vi. Disruption of operations of any one or more units or division of the Company due to natural calamity (earthquake, flood, fire etc.), force majeure or events such as strikes, lockouts etc.
- vii. Effect(s) arising out of change in the regulatory framework applicable to the Company.
- viii. Litigation(s) / dispute(s) / regulatory action(s) with impact.
- ix. Granting, withdrawal, surrender, cancellation or suspension of key licenses or regulatory approvals.
- x. Fraud/defaults etc. by directors (other than key managerial personnel) or employees of the Company.

- xi. Options to purchase securities including any ESOP/ESPS Scheme.
- xii. Giving of guarantees or indemnity or becoming a surety for any third party.
- xiii. Any other information/event viz. major development that is likely to affect business, e.g. emergence of new technologies, expiry of patents, any change of accounting policy that may have a significant impact on the accounts, etc. and brief details thereof and any other information which is exclusively known to the Company which may be necessary to enable the holders of securities of the Company to appraise their position and to avoid the establishment of a false market in such securities.
- xiv. Without prejudice to the generality of the above, the Company may make disclosures of event/information as specified by the Board of Directors of the Company, from time to time.

Amendments/Modifications

Any change in the Policy necessitated due to subsequent changes in the provisions of the Companies Act, 2013 or the Listing Regulations or any other applicable law shall be incorporated to give effect to such changes without any further act by the Board of Directors of the Company and any two of the Directors or the Company Secretary shall be authorized to give effect to such changes.

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Disclosures to the Stock Exchanges

Any transaction, event or information relating to the Company that might fall within the Scope, as specified above, is required to be reported immediately by the employees of the Company at the below contact details:

Mr. B. Murli, Senior Vice President – Legal & Company Secretary, Nestlé India Limited, “Nestle House”, Jacaranda Marg, M-Block, DLF City Phase – II, Gurgaon – 122002
Phone: +91-124 -3940 000; Fax : +91-124-2389381
Email ID: investor@in.nestle.com,

who will then determine the materiality of the event/information and will ensure that adequate disclosures with respect to such material events/information are made to the stock exchanges within the timeline prescribed under the Listing Regulations.