



Good Food, Good Life

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# Nestlé India Code of Business conduct

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The Nestlé Code of Business Conduct alongwith additional guidelines herein has been adopted by the Board of Directors of Nestlé India Limited at its meeting held on 31<sup>st</sup> July, 2008. This Code of Conduct has also been adopted to comply with the applicable rules of the Bombay Stock Exchange Limited, Mumbai, or any other stock exchange where the securities of the Company may be listed in future, and on becoming effective shall substitute the existing Code of Conduct adopted by the Board of Directors on 28<sup>th</sup> October, 2005.

References in various sections of the Nestlé Code of Business Conduct to:-

“Employees” shall include “Senior Management” being the members of the core management team of the Company excluding Board of Directors and normally comprising of all members of management one level below the executive directors, including all functional heads;

“Executive Board” shall be read as “Management Committee”; and

“Line Manager” and “Management” shall be read as the “Chairman of the Company” for the purpose of any reference(s) by the Board Members and Senior Management.

The Directors and the Senior Management shall affirm the compliance of the Code on an annual basis and the Annual Report of the Company shall carry a declaration to this effect signed by the Managing Director of the Company. Affirmation of the compliance of the Code may also be taken from such other employees, as may be considered necessary by the CEO.

The CEO may issue clarification/guideline(s) on any aspect of the Nestlé Code of Business Conduct with respect to its adoption by Nestlé India.

For the purpose of Section 14 of Nestlé Code of Conduct, the Company Secretary of the Company shall be the person to whom any complaint can be made or any violations can be reported on a confidential basis and outside the line management structure.

The Code of Conduct shall be effective from 1<sup>st</sup> December, 2008.

# Code of Business Conduct



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# Introduction

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Since its founding, 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 Corporate Business Principles by establishing certain non-negotiable minimum standards of behaviour in key areas.

The nature of this Code is not meant to cover all possible situations that may occur. It is designed to provide a frame of reference against which to measure any activities. Employees should seek guidance when they are in doubt about the proper course of action in a given situation, as it is the ultimate responsibility of each employee to “do the right thing”, a responsibility that cannot be delegated.

Employees should always be guided by the following basic principles:

- avoid any conduct that could damage or risk Nestlé or its reputation;
- act legally and honestly;
- put the Company’s interests ahead of personal or other interests.

For the purposes of this Code, references to “employees” include employees, associates, officers and directors of Nestlé S.A. and its subsidiaries.

# Compliance with laws, rules and regulations

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## **We respect the law at all times**

Nestlé and its employees are bound by the law. Compliance with all applicable laws and regulations must never be compromised. Additionally, employees shall adhere to internal rules and regulations as they apply in a given situation. Those internal rules are specific to the Company and may go beyond what is required by the law.

# Conflicts of Interest

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## **We will always act in the best interests of Nestlé**

A Conflict of Interest occurs when personal interests of an employee or the interests of a third party compete with the interests of Nestlé. In such a situation, it can be difficult for the employee to act fully in the best interests of Nestlé.

Employees shall avoid Conflicts of Interest whenever possible.

If a Conflict of Interest situation has occurred or if an employee faces a situation that may involve or lead to a Conflict of Interest, the employee shall disclose it to his or her Line Manager and/or the HR or the Legal or Compliance Function to resolve the situation in a fair and transparent manner.

## Outside directorships and other outside activities

### **We take pride in Nestlé's reputation and consider Nestlé's best interests also in our outside engagements and activities**

Outside of Nestlé, no activities shall be pursued if such activities will interfere with the employee's responsibilities for Nestlé, or if they create risks for Nestlé's reputation or if they in any other way conflict with the interests of Nestlé.

When in doubt about the permissibility of an activity, employees shall consult with the HR or the Legal or Compliance Function.

The following positions and activities are deemed acceptable only in case of prior authorization from a member of the Executive Board:

- board member
- officer
- employee
- partner
- consultant

Authorization will be withheld if the position or activity is likely to conflict with Nestlé's interests or the employee's responsibilities.

Board memberships on publicly listed companies need prior approval by the CEO and – in the case of members of the Executive Board – Chairman.

Unless requested by the Company to take up a particular position or activity, employees shall pursue outside activities and positions at their own risk and cost and within their spare time only.

## Families and Relatives

### **Our hiring and people development decisions will be fair and objective**

Immediate family members and partners of employees may be hired as employees or consultants only if the appointment is based on qualifications, performance, skills and experience and provided that there is no direct or indirect reporting relationship between the employee and his or her relative or partner.

These principles of fair employment will apply to all aspects of the employment, including compensation, promotions and transfers, as well as in case that the relationship develops after the respective employee has joined the Company.

Provided that they are equally suited as other candidates, priority may be given to children of Nestlé employees with respect to internships, training periods, employment during holidays and similar short-term assignments.

## Corporate opportunities

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### **We are committed to advance Nestlé's business**

Employees shall not compete with the Company. Nor shall they take personal advantage of business opportunities that they discover during the course of their employment, unless the Company expressly waives its interest in pursuing such opportunity.

If employees want to pursue business opportunities that might be of interest to the

Company, they shall inform their Line Manager who will seek a management decision as to whether or not the Company wants to pursue the opportunity. Even if the Company decides against pursuing the opportunity, the employee may seize the opportunity on his or her own behalf only if it is clear that doing so will not result in direct or indirect competition with the Company's operations.

## Insider trading

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### **We respect and follow the Insider Trading Rules when buying or selling Nestlé securities**

Nestlé prohibits the purchase and sale of Nestlé shares or securities on the basis of potentially share price relevant information which is not yet public. Non-compliance may not only entail disciplinary sanctions, but also result in criminal charges.

When in doubt regarding the interpretation or applicability of Nestlé's insider trading rules, employees shall consult with the Legal or Compliance Function.

## Antitrust and fair dealing

### We believe in the importance of free competition

Nestlé is prepared to compete successfully in today's business environment and will always do so in full compliance with all applicable antitrust, competition and fair dealing laws. Therefore, employees must at all times adhere to the following rules:

- Commercial policy and prices will be set independently and will never be agreed, formally or informally, with competitors or other non-related parties, whether directly or indirectly;

- Customers, territories or product markets will never be allocated between Nestlé and its competitors but will always be the result of fair competition;

- Customers and suppliers will be dealt with fairly.

All employees, but especially those who are involved in marketing, sales and purchasing, or who are in regular contact with competitors, have a responsibility to ensure that they are familiar with applicable competition laws. When in doubt, the Legal Function should be contacted in order to provide competition law advice and training.

## Confidential information

### We value and protect our confidential information and we respect the confidential information of others

Confidential information consists of any information that is not or not yet public information. It includes trade secrets, business, marketing and service plans, consumer insights, engineering and manufacturing ideas, product recipes, designs, databases, records, salary information and any non-published financial or other data.

Nestlé's continued success depends on the use of its confidential information and its non-disclosure to third parties. Unless required by law or authorized by their management, employees shall not disclose confidential information or allow such disclosure. This obligation continues beyond the termination of employment. Furthermore,

employees must use best efforts to avoid unintentional disclosure by applying special care when storing or transmitting confidential information.

Nestlé respects that third parties have a similar interest in protecting their confidential information. In case that third parties, such as joint venture partners, suppliers or customers, share with Nestlé confidential information, such information shall be treated with the same care as if it was Nestlé's confidential information. In that same spirit, employees shall protect confidential information that they have obtained in the course of their prior employment.

## Fraud, protection of company assets, accounting

### **We insist on honesty and we respect the Company's assets and property**

Employees must never engage in fraudulent or any other dishonest conduct involving the property or assets or the financial reporting and accounting of Nestlé or any third party. This may not only entail disciplinary sanctions but also result in criminal charges.

Nestlé's financial records are the basis for managing the Company's business and fulfilling its obligations to various stakeholders. Therefore, any financial record must be accurate and in line with Nestlé's accounting standards.

Employees shall safeguard and make only proper and efficient use of Nestlé's property. All employees shall seek to protect Nestlé's property from loss, damage, misuse, theft, fraud, embezzlement and destruction. These obligations cover both tangible and intangible assets, including trademarks, know-how, confidential or proprietary information and information systems.

To the extent permitted under applicable law, the Company reserves the right to monitor and inspect how its assets are used by employees, including inspection of all e-mail, data and files kept on Company network terminals.

## Bribery and corruption

### **We condemn any form of bribery and corruption**

Employees must never, directly or through intermediaries, offer or promise any personal or improper financial or other advantage in order to obtain or retain a business or other advantage from a third party, whether public or private. Nor must they accept any such advantage in return for any preferential treatment of a third party. Moreover, employees must refrain from any activity or behaviour that could give rise to the appearance or suspicion of such conduct or the attempt thereof.

Employees should be aware that the offering or giving of improper benefits in order to influence the decision of the recipient, even if he or she is not a government official, may not only entail disciplinary sanctions but also result in criminal

charges. Improper benefits may consist of anything of value for the recipient, including employment or consultancy contracts for closely related parties.

Employees must be aware that election laws in many jurisdictions generally prohibit political contributions by corporations to political parties or candidates. Nestlé has adopted a policy not to make such contributions except for the parent company in its country of origin. Any such contributions and any deviations from such policy must be approved by the CEO and the Chairman.



## Gifts, meals, entertainment

### **We compete and do business based only on quality and competence**

Employees shall not be influenced by receiving favours nor shall they try to improperly influence others by providing favours. Employees may only offer or accept reasonable meals and symbolic gifts which are appropriate under the circumstances, and they shall not accept or offer gifts, meals, or entertainment if such behaviour could create the impression of improperly influencing the respective business relationship.

When assessing the situation in light of the above, employees shall consult the policy applicable in their Market. If no such policy is available, they shall apply the most restrictive local

practice in order to avoid even the appearance of improper dealings. When in doubt, the employee shall seek guidance from his or her Line Manager or the Legal or Compliance Function.

No employee shall offer to or accept from any third party gifts taking the form of any of the following, whatever the value involved:

- money
- loans
- kickbacks
- similar monetary advantages.

## Discrimination and harassment

### **We embrace diversity and respect the personal dignity of our fellow employees**

Nestlé respects the personal dignity, privacy and personal rights of every employee and is committed to maintaining a workplace free from discrimination and harassment. Therefore, employees must not discriminate on the basis of origin, nationality, religion, race, gender, age or sexual orientation, or engage in any kind of verbal or physical harassment based on any of the above or any other reason.

Employees who feel that their workplace does not comply with the above principles are encouraged to raise their concerns with the HR Department.

## Failure to comply

### **We will consult the Code, comply with its provisions and seek guidance where needed**

It is each employee's responsibility to ensure full compliance with all provisions of this Code and to seek guidance where necessary from their Line Manager, or from the HR or the Legal or Compliance Function. To "do the right thing" and to ensure the highest standards of integrity is each employee's personal responsibility that cannot be delegated.

When in doubt, employees should always be guided by the basic principles stated in the introduction to this Code.

Any failure to comply with this Code may result in disciplinary action, including the possibility of dismissal and, if warranted, legal proceedings or criminal sanctions.

## Reporting illegal or non-compliant conduct

### **We take responsibility for ensuring that we all act with integrity in all situations**

Employees shall report any practices or actions believed to be inappropriate under this Code or even illegal to their Line Managers or the appropriate members of the HR or the Legal or Compliance function. If it is appropriate, in view of the nature of the reported matter, reports of violations may be made directly to higher levels including the Group's Chief Executive Officer and/or Chief Compliance Officer.

Where appropriate, complaints may be made on a confidential basis or through employee Hotlines.

All complaints shall be properly investigated. Nestlé prohibits retaliation against any employee for such reports made in good faith, while it also protects the rights of the incriminated person.

**Board of Directors  
and Executive Board of Nestlé S.A.**

Vevey, 15 November 2007

