

INTRODUCTION

At Nestlé, we recognize that our employees are the key to our success and nothing can be achieved without their engagement. This document encompasses the guidelines which constitute a solid basis for effective Human Resources Management throughout the Nestlé Group around the world. It explains to all Nestlé employees the vision and mission of the Human Resources function and illustrates every aspect of the Nestlé employee lifecycle. The Nestlé Management and Leadership Principles inspire all the Nestlé employees in their actions and in their dealings with others. The Corporate Business Principles refer to all the basic principles which Nestlé endorses and subscribes to on a worldwide basis. Both these documents are the pillars on which the present policy has been built. The implementation of this policy will be inspired by sound judgement, compliance with local market laws and common sense, taking into account the specific context. Its spirit should be respected under all circumstances and could be summarised in one sentence: At Nestlé we put people at the centre of everything we do.

A SHARED RESPONSIBILITY

Line managers have the prime responsibility for building and sustaining an environment where people have a sense of personal commitment to their work and give their best to ensure our Company's success. They care for and develop the leaders of tomorrow. Line managers decide on all people matters under their influence, within the boundaries set by the policies and principles, acting as the final decision makers. The Human Resources (HR) structure enables and empowers them in establishing business needs and their corresponding people requirements. Therefore, the mission of HR managers and their teams is to provide professional guidance to line managers aiming to deliver superior business results by optimising the performance of our people, while ensuring exemplary working conditions.

With a 'Nestlé in the Market' (NiM) approach, HR has adopted a streamlined approach to ensuring functional leadership and the highest level of focus, clarity, and efficiency. Our structure is based on three dedicated areas which provide specialized services (Centres of Expertise), deploy HR strategies within a specific business (Business Partners) and perform transactional activities (Employee Services).

JOINING NESTLÉ

The long-term success of the Company depends on its capacity to attract, retain and develop employees able to ensure ongoing and sustainable growth. This is a primary responsibility of all managers. The Nestlé policy is to hire employees with personal attitudes and professional skills enabling them to develop a long-term relationship with the Company. Therefore, special attention will be paid to ensure there is a strong alignment between a candidate's values and the Nestlé culture.

Only relevant skills and experience and adherence to the Nestlé principles will be considered in employing a person. No consideration will be given to a candidate's origin, nationality, religion, race, gender, disability, sexual orientation or age. Whilst adequate recruitment tools may

improve the hiring process, the decision to hire a candidate remains in the hands of the responsible manager, supported by the HR team.

EMPLOYMENT AND WORKING CONDITIONS

We are committed to providing our employees all over the world with good working conditions, a safe and healthy work environment, and flexible employment possibilities that support a better balance of private and professional life consistent with our ambition as a leading Nutrition, Health and Wellness Company. As such, we provide flexible working conditions whenever possible and encourage our employees to have outside interests especially community involvement. Those with line management responsibilities are required to take personal ownership of safety and health within their area of responsibility and are encouraged to develop their capability in this area. Nestlé's commitment however goes beyond its own employees. We care about all people working inside or outside our premises under contractual obligations with service providers and we insist that they also take steps so that adequate working conditions are made available to them. We believe that it is essential to build a relationship based on trust and respect of employees at all levels. We do not tolerate any form of harassment or discrimination. Therefore, managers are committed to build and sustain, with their teams, an environment of mutual trust. HR ensures that a respectful dialogue is present and the voice of the employees is heard.

Corporate policy: Policy on Conditions of Work and Employment

TOTAL REWARDS

Attracting new hires and keeping current employees engaged is not only about remuneration and benefits based on solid performance. It is also about the hard earned value and trust that our name brings to those who work with us; the relationships with our line managers and fellow workers; recognition and experiences enjoyed while working for a diverse global company; and possibilities to learn and grow. These are as a whole, the Total Rewards we receive.

Nestlé, therefore, focuses on Fixed Pay, Variable Pay, Benefits, Personal Growth and Development and Work Life Environment as the key elements that define Total Rewards. In the spirit of developing a high performance culture, those elements need to correspond to what is valued by employees in each and every market, and which demonstrate how Nestlé is committed to giving each employee the opportunity to grow, evolve and contribute.

Nestlé Total Rewards programmes must be established within the social and legal framework of each country, and with respect to applicable collective agreements.

It is the responsibility of each manager to propose the remuneration of their employees within the framework of Company policy. Sufficient time should be spent with each employee to explain her or his specific situation in terms of remuneration and benefits, if needed with the support of HR management, in order to communicate properly, clearly and with sufficient transparency.

Corporate policy: Nestlé Total Rewards Policy

TRAINING AND LEARNING

Learning is part of the Company culture. Employees at all levels are systematically encouraged to consider how they upgrade their knowledge and skills. The Company determines training and development priorities. The responsibility for turning these into actions is shared between employees, line managers and the Human Resources. Experience and on-the-job training are the primary source of learning. Managers are responsible for guiding and coaching employees to succeed in their current positions. Nestlé employees understand the importance of continuous improvement, as well as sharing knowledge and ideas freely with others. Practices such as lateral professional development, extension of responsibilities, and cross functional teams are encouraged to acquire additional skills, enrich job content and widen accountability. Nestlé also offers a comprehensive range of training activities and methodologies to support everyone's learning and growth. Attending a programme should never be considered as a reward but as a component of on-going development. Additionally, corporate leadership programmes help us develop and retain the best-qualified management. Leaders have the opportunity to attend either international training courses at Rive-Reine, which build integrated business understanding and solidify and reinforce Nestlé values and principles, or programmes conducted by our strategic learning partners.

TALENT, DEVELOPMENT AND PERFORMANCE MANAGEMENT

At Nestlé, a high performance culture supported by differentiated rewards and development is key to the delivery of individual and business objectives. This is driven by the alignment of clear and challenging responsibilities and ensuring that employees are aware of how their work impacts Nestlé. The line manager and employee work together to ensure that challenging objectives are set and effectively evaluated throughout the year. This further enables managers to acknowledge high performance and reward employees accordingly, while ensuring low performance is properly managed with integrity. Employees receive regular feedback on their performance and career aspirations through a variety of tools and processes such as the Performance Evaluation process (PE), the Progress and Development Guide (PDG) and 360° assessments. Each manager dedicates the necessary time to the monitoring of objectives and regular coaching of employees through the year. Each employee, supported by the line manager, is in charge of her or his own professional development, whereby the employee is encouraged to express career objectives and expectations in an open dialogue. We aim to retain and motivate employees by offering attractive but realistic career moves allowing them to develop their skills in the long-term.

Given the importance Nestlé puts on cultural diversity, employees who are interested in international assignments can be given the opportunity to work in different countries. The international dimension of the Group is used as a competitive advantage to retain and develop talented people. At Nestlé, promotions are based on sustained performance from a results and behaviour standpoint, as well as future potential. The Company undertakes an active and rigorous succession planning process at all levels of the organisation to ensure that there is a strong pipeline of successors ready to meet future needs. We are committed to ensuring sustainable conditions for a gender balanced and diverse company. As such, Nestlé has focused on removing barriers to career progression for women and men by developing a more flexible work environment, initiating mentoring schemes, having flexible career paths and

providing dual career support. HR management provides the support for implementing the necessary tools, and partners with line managers to prepare the resources necessary for the continued development of people and the Company.

Corporate policy: Expatriation Policy

EMPLOYEE RELATIONS

Since its founding, Nestlé has built a culture based on values of trust, mutual respect and dialogue. Nestlé management and employees all over the world work daily to create and maintain positive individual and collective relationships, and are expected to do so as a core part of their job. Nestlé not only upholds the freedom of association of its employees and the effective recognition of the right to collective bargaining, but also ensures that direct and frequent communication is established in the workplace. While dialogue with trade unions is essential, it does not replace the close relationship that our management maintains with all employees. In the spirit of continuous improvement, we encourage two-way dialogue with our employees that goes beyond the traditional aspects of collective bargaining in order to share knowledge and to jointly find opportunities related to important matters such as Creating Shared Value, the health and safety in the workplace and our concern for the environment. The Company and employee representatives are expected to make all necessary efforts to develop fair and constructive dialogues, overcome the difficulties that they might encounter, reach sustainable agreements and implement them.

Corporate policy: The Nestlé Employee Relations Policy

A FLEXIBLE AND DYNAMIC ORGANISATION

The Human Resources management described in this document requires and supports an organisation “on the move”. Nestlé is committed to continue the journey to establishing flat and flexible structures with minimal levels of management and broad spans of control, which enable people development, increase efficiency, and ease implementation of our “Nestlé Management and Leadership Principles”. Less hierarchical layers call for increased cooperation between colleagues. This is what will make the organisation more flexible and more accountable. Indeed, it supports today’s and tomorrow’s business requirements for an agile and innovative company working with ever competitive intensity. These simple beliefs have inspired us to create an environment that puts the emphasis not just on individual responsibility and autonomy, but also on a strong willingness to support others, to work in multi-skilled teams, and to cooperate rather than to compete internally. A dynamic organisation creates a climate of innovation and allows people to think from different perspectives. At Nestlé we encourage our people to take risks. Mistakes may be made but there is always a willingness to correct and learn from them. We combine the scope and brand strength of a global company with the creativity and knowledge of a local business. As a result, people can have far-reaching influence every day and explore their full long-term potential, propelled by continual support and a collaborative approach by line managers and employees.

Corporate policy: Nestlé on the Move