



Nestlé Good food, Good life



Report of the Board of Directors on the Proposed Revision of the Articles of Association

**Annual General Meeting
of Nestlé S.A.
April 20, 2023**

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A. Overview

This Report informs the shareholders of Nestlé S.A. on the proposed revision of the Articles of Association of Nestlé S.A. submitted to the shareholders at the Annual General Meeting of April 20, 2023. All references to functions and individuals shall refer to all genders throughout this document.

1. Preliminary Remarks

On June 19, 2020, the Swiss Parliament adopted a revision of the Swiss company law (the Company Law Reform), which entered into force on January 1, 2023 (subject to certain transitional provisions). The Company Law Reform modernizes Swiss corporate law while retaining its basic principles. Among other things, the revised law improves the corporate governance of listed companies, enhances the flexibility regarding the General Meeting and strengthens shareholders' rights.

As a result of the Company Law Reform, Swiss corporations are obliged to amend their Articles of Association within two years to comply with the revised law. Therefore, the Board of Directors proposes to the shareholders of Nestlé S.A. to revise the Articles of Association in line with the revised law and prevailing market standards in Switzerland.

This overview summarizes the significant changes in Nestlé S.A.'s Articles of Association, as proposed by the Board of Directors, and describes their background and consequences. The overview is followed by a presentation of the proposed amendments of the Articles of Association compared to the existing provisions.

2. Amendments of Provisions Pertaining to the General Meeting

Under agenda item 7.1, the Board of Directors proposes several amendments to the Articles of Association (Articles 6, 8, 9, 10 and 13) in connection with shareholder rights and the General Meeting:

Article 6 – Powers of the General Meeting

The Company Law Reform strengthens shareholders' rights by allocating additional non-transferable powers to the General Meeting (cf. article 698 para. 2 of the Swiss Code of Obligations (CO)). Accordingly, the Board of Directors proposes to amend Article 6 of the Articles of Association by including the new powers assigned to the General Meeting by operation of the revised law.

Article 8 – Extraordinary General Meeting

The revised law further strengthens the rights of shareholders by lowering the threshold for the right to request an Extraordinary General Meeting from 10% to 5% of the share capital or votes. The Board of Directors proposes to reflect this change in Article 8 para. 2 of the Articles of Association.

Article 9 – Notice of General Meetings; Agenda; Venue

The revised law introduces various ways of conducting a General Meeting: The General Meeting can either be held at different locations simultaneously or as a hybrid or virtual

event. At a hybrid General Meeting, shareholders who are not present at the venue of the General Meeting can participate and exercise their rights in real-time by electronic means. A virtual General Meeting is held by electronic means only without a physical venue (cf. article 701a - 701f CO). Even though the Board of Directors does not plan to hold a virtual or hybrid General Meeting currently, it proposes that Article 9 of the Articles of Association be amended to reflect all possibilities offered by the new law in this respect. Should the Board of Directors ever decide to invite to a virtual General Meeting, it will establish and communicate clear procedures to ensure that shareholders can exercise all their rights in accordance with the law and the Articles of Association.

The other proposed changes to Article 9 of the Articles of Association reflect the new possible forms of communication, new notice requirements in connection with the invitation to a General Meeting (cf. article 700 para. 2 CO) and a terminological adaptation.

Article 10 – Presiding officer; Minutes

The revised law requires public companies to make available the resolutions and the election results electronically within 15 days after the General Meeting, stating the exact proportion of votes (cf. article 702 para. 5 CO). Moreover, shareholders may request that the minutes be made available to them within 30 days after the General Meeting. The Board of Directors proposes to reflect these changes in Article 10 of the Articles of Association.

Article 13 – Special quorum

The revised law extends the list of important decisions that require a qualified majority of at least two thirds of the shares represented and the absolute majority of the nominal value represented at a General Meeting. The proposed amendments to Article 13 take into account the latest changes under the revised law.

3. Amendments of Provisions Pertaining to the Board of Directors, Compensation, Contracts and Mandates and Miscellaneous Provisions in Sections II., III.D., IV. and V. of the Articles of Association

Under agenda item 7.2, the Board of Directors proposes various technical amendments to the Articles of Association to reflect the new law:

Article 4 – Share certificates; Intermediated securities

The proposed amendments to Article 4 of the Articles of Association are clarifications resulting either from the revised law (para. 1) or recent case law (para. 3).

Article 5 – Share register

The revised law allows corporations to communicate with their shareholders also through electronic means. Accordingly, the proposed new terminology introduces such communication channels and clarifies that Nestlé S.A. may rely on last contact information received from its shareholders.

Article 16 – Organisation of the Board

Article 17 – Powers of the Board in general

Article 18 – Specific powers of the Board

Article 19 – Delegation of powers

Pursuant to the revised law, a delegation of the management from the Board of Directors to the executive management no longer requires a basis in the Articles of Association (cf. article 716b para. 1 and 2 CO). The right to delegate the management by board resolution is also permitted. Therefore, the Board of Directors proposes a respective amendment to the Articles of Association.

The Company Law Reform allocated additional powers not only to the General Meeting (cf. Article 6 of the Articles of Association), but also to the Board of Directors. The Board of Directors therefore proposes amendments to the Articles of Association to reflect the following additional powers and duties of the Board of Directors:

- The Board of Directors is required to prepare a report on non-financial matters;
- It is a non-transferable duty of the Board of Directors in case of overindebtedness to file an application for a debt restructuring moratorium; and
- In line with Article 6 lit. m) of the Articles of Association relating to the General Meeting, the Board of Directors proposes to insert a general reservation with respect to its powers and duties by other provisions of the law or the Articles of Association.

Article 20 – Number of Auditors; Term of office

The proposed amendment shall clarify that the Auditors' term of office relates to the financial year for which they are appointed. This purely technical clarification is not attributable to the revised law.

Article 21^{ter} – Supplementary amount for changes on the Executive Board

Article 21^{quinquies} – Basic principles

Article 21^{sexies} – Mandates outside Nestlé

The existing Article 21^{ter} provides for an additional amount which Nestlé S.A. or a company controlled by it is authorized to pay to any new member of its Executive Board or to any member who is promoted within the Executive Board during a compensation period for which the General Meeting has already approved the compensation. Pursuant to the new law, such additional amount is available for newly appointed Executive Board members only (cf. article 735a para. 1 CO e contrario). In addition, pursuant to the revised law, compensation for non-compete undertakings may not exceed the average compensation of the last three financial years (cf. article 735c clause 2 CO). Finally, the revised law includes a new definition of the term "mandates" (cf. article 626 para. 2 clause 1 CO). The Board of Directors therefore proposes to amend Articles 21^{ter}, 21^{quinquies} and 21^{sexies} to reflect the requirements of the new law.

Article 23 – Annual report

The proposed amendment ensures alignment with the terms used by Nestlé for its annual review as part of the annual report.

Article 25 – Communications

The revised law no longer requires communication to shareholders to be in writing, in the sense of the Swiss Code of Obligations, but allows corporations to communicate through electronic means. Accordingly, the Board of Directors proposes to revise Article 25 to allow Nestlé S.A. to make use of the new flexibility when appropriate, in particular with regard to the use of electronic means.

B. Proposed amendments to the Articles of Association

Existing Articles of Association (extract)

Article 4 Share certificates; Intermediated Securities

¹ Nestlé may issue its registered shares in the form of single certificates, global certificates or uncertificated securities. Under the conditions set forth by statutory law, Nestlé may convert its registered shares from one form into another form at any time and without the approval of the shareholders. Nestlé shall bear the cost of any such conversion.

² If registered shares are issued in the form of single certificates or global certificates, they shall be signed by two members of the Board of Directors. Both signatures may be affixed in facsimile.

³ The shareholder has no right to demand a conversion of the form of the registered shares. Each shareholder may, however, at any time request a written confirmation from Nestlé of the registered shares held by such shareholder, as reflected in the share register.

⁴ Intermediated securities based on registered shares of Nestlé cannot be transferred by way of assignment. A security interest in any such intermediated securities cannot be granted by way of assignment.

Proposed amendments to the Articles of Association

Article 4 Share certificates; Intermediated Securities

¹ Nestlé may issue its registered shares in the form of single certificates, global certificates, as uncertificated securities or as intermediated securities. Under the conditions set forth by statutory law, Nestlé may convert its registered shares from one form into another form at any time and without the approval of the shareholders. Nestlé shall bear the cost of any such conversion.

² *[unchanged]*

³ The shareholder has no right to demand a conversion of the form of the registered shares. In particular, the shareholder has no claim to the certification of the membership in a security. Each shareholder may, however, at any time request a written confirmation from Nestlé of the registered shares held by such shareholder, as reflected in the share register.

⁴ *[unchanged]*

Article 5 Share register

¹ Nestlé shall maintain a share register showing the name and address of the holders or usufructuaries. Any change of address must be reported to Nestlé.

² Only persons entered in the share register as shareholders with voting rights may exercise the voting rights or the other rights related thereto.

³ After the acquisition of shares, upon request of the shareholder to be recognised as such, any acquiring party shall be considered as a shareholder without voting rights, until it is recognised by Nestlé as a shareholder with voting rights. If Nestlé does not refuse the request to recognise the acquiring party within twenty days, the latter shall be deemed to be a shareholder with voting rights.

⁴ An acquirer of shares shall be recorded in the share register as a shareholder with voting rights provided he expressly declares to have acquired the shares in his own name and for his own account.

⁵ No person or entity shall be registered with voting rights for more than 5% of the share capital as recorded in the commercial register. This limitation on registration also applies to persons who hold some or all of their shares through nominees pursuant to this article. All of the foregoing does not apply in the case of the acquisition of an enterprise, or parts of an enterprise or participations through exchange of shares

Article 5 Share register

¹ Nestlé shall maintain a share register showing the name and contact information of the holders or usufructuaries. Any change of contact information must be reported to Nestlé. Communications from Nestlé shall be deemed to have been validly made if sent to the contact information last registered in the share register.

² *[unchanged]*

³ *[unchanged]*

⁴ *[unchanged]*

⁵ *[unchanged]*

or in the cases provided in art. 685d para. 3 of the Swiss Code of Obligations.

⁶ The Board of Directors shall promulgate regulations relating to the registration of fiduciaries or nominees to ensure compliance with these Articles of Association. ⁶ *[unchanged]*

⁷ Legal entities that are linked to one another through capital, voting rights, management or in any other manner, as well as all natural persons or legal entities achieving an understanding or forming a syndicate or otherwise acting in concert to circumvent the regulations concerning the limitation on registration or the nominees, shall be counted as one person or nominee within the meaning of paragraphs 4 and 5 of this article. ⁷ *[unchanged]*

⁸ After hearing the registered shareholder or nominee, the Board of Directors may cancel, with retroactive effect as of the date of registration, the registration of such shareholder or nominee if the registration was effected based on false information. The respective shareholder or nominee shall be informed immediately of the cancellation of the registration. ⁸ *[unchanged]*

⁹ The Board of Directors shall specify the details and promulgate the necessary regulations concerning the application of this art. 5. Such regulations shall specify the cases in which the Board or a corporate body designated by the Board may allow exemptions from the limitation on registration or the regulation concerning nominees. ⁹ *[unchanged]*

¹⁰ The limitation on registration provided for in this article shall also apply to shares acquired or subscribed by the exercise of subscription, option or conversion rights.

Article 6 Powers of the General Meeting

¹ The General Meeting of shareholders is the supreme authority of Nestlé.

² The following non-transferable powers shall be vested in the General Meeting:

- a) to adopt and amend the Articles of Association;
- b) to elect and remove the members of the Board of Directors, the Chairman of the Board of Directors and the members of the Compensation Committee;
- c) to elect and remove the Auditors;
- d) to elect and remove the Independent Representative;
- e) to approve the annual report and the consolidated financial statements;
- f) to approve the annual financial statements as well as to resolve on the use of the balance sheet profit, in particular, the declaration of dividends;
- g) to approve the compensation of the Board of Directors and of the Executive Board pursuant to art. 21^{bis};
- h) to grant discharge to the members of the Board of Directors and the persons entrusted with management; and
- i) to take all decisions which by law or under these Articles of Association are within the powers of the General Meeting.

¹⁰ [unchanged]

Article 6 Powers of the General Meeting

¹ [unchanged]

² The following non-transferable powers shall be vested in the General Meeting:

- a) to adopt and amend the Articles of Association;
- b) to elect and remove the members of the Board of Directors, the Chairman of the Board of Directors and the members of the Compensation Committee;
- c) to elect and remove the Auditors;
- d) to elect and remove the Independent Representative;
- e) to approve the annual review and the consolidated financial statements;
- f) to approve the annual financial statements as well as to resolve on the use of the balance sheet profit, in particular, the declaration of dividends;
- g) to resolve on interim dividends and to approve the interim financial statements required for this purpose;
- h) to resolve on the repayment of the statutory capital reserve;
- i) to approve the compensation of the Board of Directors and of the Executive Board pursuant to art. 21^{bis};
- j) to approve the compensation report and the report on non-financial matters;
- k) to grant discharge to the members of the Board of Directors and the persons entrusted with management;
- l) to resolve on the delisting of Nestlé's shares; and

m) to take all decisions which by law or under these Articles of Association are within the powers of the General Meeting.

Article 8 Extraordinary General Meeting

¹ Extraordinary General Meetings shall be convened by the Board of Directors or, if necessary, by the Auditors, as well as in the other cases foreseen by law.

² The Board of Directors shall, if so requested by a General Meeting or at the request in writing, specifying the items and proposals to appear on the agenda, of one or more shareholders with voting rights whose combined holdings represent at least one tenth of the share capital as recorded in the commercial register, convene an Extraordinary General Meeting. The Extraordinary General Meeting shall be held as promptly as practicable following such request.

Article 9 Notice of General Meetings; Agenda

¹ Annual or Extraordinary General Meetings shall be convened by notice in the «Swiss Official Gazette of Commerce» not less than twenty days before the date fixed for the meeting. Shareholders may in addition be informed by ordinary mail.

² The notice of a meeting shall state the items on the agenda and the proposals of the Board of Directors and of the shareholders who requested that a General Meeting be convened (art. 8 para. 2) or that items be included in the agenda (art. 9 para. 3).

Article 8 Extraordinary General Meeting

¹ *[unchanged]*

² The Board of Directors shall, if so requested by a General Meeting or at the request in writing, specifying the items and proposals to appear on the agenda, of one or more shareholders with voting rights whose combined holdings represent at least 5% of the share capital as recorded in the commercial register or the votes, convene an Extraordinary General Meeting. The Extraordinary General Meeting shall be held as promptly as practicable following such request.

Article 9 Notice of General Meetings; Agenda; Venue

¹ Annual or Extraordinary General Meetings shall be convened by way of a single announcement pursuant to art. 25 not less than twenty days before the date fixed for the meeting. Shareholders may in addition be informed by ordinary mail or electronically.

² The notice of a meeting shall state the date, beginning, mode and venue of the General Meeting; the items on the agenda; the proposals of the Board of Directors together with a brief statement of the reasons; the proposals of the shareholders, together with a brief statement of the reasons, if any; and the name and address of the Independent Representative.

³ One or more shareholders with voting rights whose combined holdings represent at least 0.15% of the share capital of Nestlé as recorded in the commercial register may request that an item be included in the agenda of a General Meeting. Such a request must be made in writing to the Board of Directors at the latest 45 days before the meeting and shall specify the agenda items and the proposals made.

⁴ No resolution shall be passed at a General Meeting on matters which do not appear on the agenda except for:

- a) a resolution convening an Extraordinary General Meeting; or
- b) the setting up of a special audit.

³ One or more shareholders with voting rights whose combined holdings represent at least 0.15% of the share capital of Nestlé as recorded in the commercial register or the votes may request that an item, or a proposal relating to an item, be included in the agenda of a General Meeting. Such a request must be made in writing to the Board of Directors at the latest 45 days before the meeting and shall specify the agenda items and the proposals made.

⁴ No resolution shall be passed at a General Meeting on matters which do not appear on the agenda except for:

- a) a resolution convening an Extraordinary General Meeting; or
- b) the setting up of a special investigation.

⁵ The Board of Directors shall determine the venue of the General Meeting.

⁶ The Board of Directors can determine that the General Meeting be held simultaneously at different locations, provided that the contributions of the participants are transmitted directly in video and audio to all venues, or that shareholders who are not present at one of the venues of the General Meeting may exercise their rights by electronic means.

⁷ Alternatively, the Board of Directors may provide that the General Meeting will be held by electronic means without a venue.

Article 10 Presiding officer; Minutes

¹ The Chairman or any member of the Board of Directors shall preside at General Meetings and carry all procedural powers.

Article 10 Presiding officer; Minutes

¹ *[unchanged]*

² Minutes of General Meetings shall be kept by the Secretary of the Board of Directors.

² *[unchanged]*

³ The resolutions and election results shall be made available electronically within 15 days after the General Meeting, stating the exact proportion of votes. Any shareholder may request that the minutes be made available to him within 30 days after the General Meeting.

Article 13 Special quorum

The approval of at least two thirds of the shares represented and the absolute majority of the nominal value represented at a General Meeting shall be required for resolutions with respect to:

- a) a modification of the purpose of Nestlé;
- b) the creation of shares with increased voting powers;
- c) restrictions on the transfer of registered shares and the change or removal of such restrictions;
- d) an authorized or conditional increase in share capital;
- e) an increase in share capital through the conversion of capital surplus, through a contribution in kind or for the purpose of an acquisition of assets, or a grant of special benefits upon a capital increase;
- f) the restriction or withdrawal of the right to subscribe;
- g) a change of the registered offices of Nestlé;
- h) the dissolution of Nestlé;
- i) restrictions on the exercise of voting rights and the change or removal of such restrictions;
- j) the limitation on registration (art. 5 para. 4 to 7) and the limitation on voting

Article 13 Special quorum

The approval of at least two thirds of the shares represented and the absolute majority of the nominal value represented at a General Meeting shall be required for resolutions with respect to:

- a) a modification of the purpose of Nestlé;
- b) the creation of shares with increased voting powers;
- c) restrictions on the transfer of registered shares and the change or removal of such restrictions;
- d) the introduction of a conditional share capital or the introduction of a capital range;
- e) an increase in share capital through the conversion of capital surplus, through a contribution in kind or by set-off against a claim, or a grant of special benefits upon a capital increase;
- f) the restriction or withdrawal of the right to subscribe;
- g) a change of the registered offices of Nestlé;
- h) the dissolution of Nestlé;
- i) restrictions on the exercise of voting rights and the change or removal of such restrictions;
- j) the limitation on registration (art. 5 para. 4 to 7) and the limitation on voting

rights (art. 11 para. 2, 3 and 4) and the change or removal of such limitations;

k) the change of the corporate name of Nestlé; and

l) other matters as provided by statutory law.

Article 16 Organisation of the Board

¹ The Board of Directors shall elect one or two Vice-Chairmen. It shall appoint a Secretary and his substitutes, neither of whom need be members of the Board of Directors.

² The Board of Directors shall, within the limits of the law and the Articles of Association, define its organisation and the assignment of responsibilities in the Board regulations pursuant to art. 19 para. 2.

Article 17 Powers of the Board in general

The Board of Directors shall conduct all the business of Nestlé to the extent that it is not within the powers of the General Meeting or not delegated pursuant to the Board regulations as set forth in art. 19 para. 2.

Article 18 Specific powers of the Board

The Board of Directors has the following non-transferable and inalienable duties:

a) the ultimate direction of the business of Nestlé, in particular the conduct, management and supervision of the business of Nestlé, and the provision of necessary directions;

b) the determination of the organisation in the Board regulations pursuant to art. 19 para. 2;

rights (art. 11 para. 2, 3 and 4) and the change or removal of such limitations;

k) the change of the corporate name of Nestlé;

l) the combination of shares;

m) the delisting of Nestlé's shares; and

n) other matters as provided by statutory law.

Article 16 Organisation of the Board

¹ *[unchanged]*

² The Board of Directors shall, within the limits of the law and the Articles of Association, define its organisation and the assignment of responsibilities in the Board regulations or by Board resolutions pursuant to art. 19 para. 2.

Article 17 Powers of the Board in general

The Board of Directors shall conduct all the business of Nestlé to the extent that it is not within the powers of the General Meeting or not delegated pursuant to the Board regulations or Board resolutions as set forth in art. 19 para. 2.

Article 18 Specific powers of the Board

The Board of Directors has the following non-transferable and inalienable duties:

a) the ultimate direction of the business of Nestlé, in particular the conduct, management and supervision of the business of Nestlé, and the provision of necessary directions;

b) the determination of the organisation in the Board regulations or by Board resolutions pursuant to art. 19 para. 2;

c) the determination of accounting and financial control principles;

d) the appointment and removal of the persons entrusted with the management and the granting of signatory powers to persons representing Nestlé;

e) the ultimate supervision of the persons entrusted with the management of Nestlé, ensuring in particular their compliance with the law, the Articles of Association, regulations and instructions given;

f) the preparation of the business report and the compensation report in accordance with the provisions of the law;

g) the preparation of General Meetings and the carrying out of its resolutions;

h) the determination of the manner in which the dividend shall be paid;

i) the opening and closing of branch offices; and

j) the notification of the court in case of overindebtedness.

c) the determination of accounting and financial control principles;

d) the appointment and removal of the persons entrusted with the management and the granting of signatory powers to persons representing Nestlé;

e) the ultimate supervision of the persons entrusted with the management of Nestlé, ensuring in particular their compliance with the law, the Articles of Association, regulations and instructions given;

f) the preparation of the annual report, the compensation report, the report on non-financial matters and other reports in accordance with the provisions of the law;

g) the preparation of General Meetings and the carrying out of its resolutions;

h) the determination of the manner in which the dividend shall be paid;

i) the opening and closing of branch offices;

j) the filing of an application for a debt restructuring moratorium and the notification of the court in case of overindebtedness; and

k) other powers and duties reserved to the Board of Directors by the law or the Articles of Association.

Article 19 Delegation of powers

¹ The Board of Directors may, within the limits of the law and the Articles of Association, appoint from amongst its members standing or ad hoc committees entrusted with the preparation and execution of its decisions or the supervision of specific parts of the business. The Board of Directors shall ensure that it is kept properly informed.

² Unless otherwise provided by law, the Board of Directors may in accordance with the Board regulations delegate all or part of

Article 19 Delegation of powers

¹ *[unchanged]*

² Unless otherwise provided by law, the Board of Directors may in accordance with the Board regulations or by Board

the management to one or more of its members, to one or more board committees, or to third parties.

Article 20 Number of Auditors; Term of office

The General Meeting shall appoint, for a term of office until completion of the next Annual General Meeting, one or more Auditors of the annual financial statements of Nestlé and the consolidated financial statements of the Group, which shall be independent from Nestlé and meet the special professional standards required by law. The Auditors of Nestlé may be re-elected.

Article 21^{ter} Supplementary amount for changes on the Executive Board

If the maximum aggregate amount of compensation already approved by the General Meeting is not sufficient to also cover compensation of one or more members who become members of or are being promoted within the Executive Board during a compensation period for which the General Meeting has already approved the compensation of the Executive Board, Nestlé or companies controlled by it shall be authorized to pay to such member(s) a supplementary amount during the compensation period(s) already approved. The total supplementary amount shall not exceed 40% of the aggregate amount of compensation of the Executive Board last approved by the General Meeting per compensation period.

resolutions delegate all or part of the management to one or more of its members, to one or more board committees, or to third parties.

Article 20 Number of Auditors; Term of office

The General Meeting shall appoint, for a term of office of one financial year, one or more Auditors of the annual financial statements of Nestlé and the consolidated financial statements of the Group, which shall be independent from Nestlé and meet the special professional standards required by law. Their term of office ends with the approval of the annual financial statements of the respective financial year by the General Meeting. The Auditors of Nestlé may be re-elected.

Article 21^{ter} Supplementary amount for changes on the Executive Board

If the maximum aggregate amount of compensation already approved by the General Meeting is not sufficient to also cover compensation of one or more members who become members of the Executive Board during a compensation period for which the General Meeting has already approved the compensation of the Executive Board, Nestlé or companies controlled by it shall be authorized to pay to such member(s) a supplementary amount during the compensation period(s) already approved. The total supplementary amount shall not exceed 40% of the aggregate amount of compensation of the Executive Board last approved by the General Meeting per compensation period.

Article 21^{quinquies} Basic principles

¹ Nestlé or companies controlled by it may enter into agreements with members of the Board of Directors relating to their compensation for a fixed term or for an indefinite term; term and notice period may not exceed one year.

² Nestlé or companies controlled by it may enter into contracts of employment with members of the Executive Board for a definite period of time not to exceed one year or for an indefinite period of time with a notice period not to exceed 12 months.

³ Contracts of employment with members of the Executive Board may contain a prohibition of competition for the time after the end of employment for a duration of up to 2 years. The annual consideration for such prohibition shall not exceed 50% of the total annual compensation last paid to such member of the Executive Board.

Article 21^{sexies} Mandates outside Nestlé

¹ No member of the Board of Directors may hold more than 4 additional mandates in listed companies and 5 additional mandates in non-listed companies.

² No member of the Executive Board may hold more than 2 additional mandates in listed companies and 4 additional mandates in non-listed companies. Each of these mandates shall be subject to approval by the Board of Directors.

³ The following mandates are not subject to these limitations:

- a) mandates in companies which are controlled by Nestlé;
- b) mandates which a member of the Board of Directors or of the Executive Board holds at the request of Nestlé or companies

Article 21^{quinquies} Basic principles

¹ *[unchanged]*

² *[unchanged]*

³ Contracts of employment with members of the Executive Board may contain a prohibition of competition for the time after the end of employment for a duration of up to 2 years. The total consideration for such prohibition shall not exceed the average of the compensation of the last three financial years.

Article 21^{sexies} Mandates outside Nestlé

¹ *[unchanged]*

² *[unchanged]*

³ *[unchanged]*

controlled by it. No member of the Board of Directors or of the Executive Board shall hold more than 10 such mandates; and

c) mandates in associations, charitable organizations, foundations, trusts and employee welfare foundations. No member of the Board of Directors or of the Executive Board shall hold more than 10 such mandates.

⁴ Mandates shall mean mandates in the supreme governing body of a legal entity which is required to be registered in the commercial register or a comparable foreign register. Mandates in different legal entities which are under joint control are deemed one mandate.

⁵ The Board of Directors shall promulgate regulations that, taking into account the position of the respective member, determine additional restrictions.

Article 23 Business report

For every financial year the Board of Directors shall prepare a business report consisting of the annual financial statements of Nestlé, of the annual report and the consolidated financial statements.

Article 25 Notices

All notices and communications to be made by Nestlé shall be considered duly made if published in the "Swiss Official Gazette of Commerce", unless the law provides otherwise.

⁴ Mandates shall mean mandates in comparable functions at other enterprises with an economic purpose. Mandates in different legal entities which are under joint control are deemed one mandate.

⁵ *[unchanged]*

Article 23 Annual report

For every financial year, the Board of Directors shall prepare an annual report consisting of the annual financial statements of Nestlé, of the annual review and the consolidated financial statements.

Article 25 Communications

All notices and communications to be made by Nestlé shall be considered duly made if, at the election of the Board of Directors, published in the "Swiss Official Gazette of Commerce" or communicated in a form that allows proof by text.



Nestlé

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