

150th Annual General Meeting of Nestlé S.A.

Lausanne, 6 April 2017

Message from Andreas Koopmann, Vice-Chairman of the Board of Directors, on the occasion of Peter Brabeck-Letmathe's end of term of office as Chairman.

Dear Shareholders,

Dear Guests,

I am happy to say a few words on the occasion of this important change in the top management of our Group and the chairmanship of our Board.

Peter Brabeck-Letmathe is retiring from our Board and as its Chairman, as he has reached the age limit set by the Board a few years ago.

With his departure, an important period in the long history of our company is coming to an end – and a new one is about to start.

Peter Brabeck started his career with Nestlé 50 years ago as a salesman for ice-cream and frozen products in Austria. In the course of half a century, through his tireless work for the benefit of our company and his loyalty towards it, he climbed up step by step and achieved the top position within the largest globally active group in the Fast Moving Consumer Goods industry. There is not enough time today of course to list the many stages and achievements that make up his remarkable career. Therefore, I will restrict myself to mentioning some of the most striking events since 1997, exactly twenty years ago, when Mr. Brabeck was nominated CEO of the Group's general management team.

Taking over the reins from our Honorary Chairman, Mr. Helmut Maucher, Mr. Brabeck and his teams embarked on a relentless journey to bring about the profound transformation of Nestlé – from a traditional food company to a corporation that is dedicated to nutrition, health and wellbeing. Early on, in 2000, Mr. Brabeck was already convinced that a re-orientation was needed. He presented to the Board and to its new Chairman, Mr. Rainer Gut, a proposal describing his vision for a “wellness company” that would include a pharmaceutical arm. However, at that time the Board considered this too daring and risky, perhaps a little too “visionary”, and rejected it.

Mr. Brabeck took this decision in the right spirit and pursued this inevitable evolution in a different way: by creating Nestlé Nutrition, acquiring Novartis Medical Nutrition, initiating the creation of the Nestlé Institute of Health Science – a research institute in between food and pharmaceuticals –, by setting up “Nestlé Health Science”, a business unit that develops personalized and therapeutic foods, and by enabling the creation of “Nestlé Skin Health” by taking 100% ownership of Galderma.

Only two years into his time as the CEO, encouraged by the acquisitions made in the first half of the 1990s under Mr. Maucher, and certain of the importance of water in a healthy diet as well as the opportunity of distributing drinking water on a large scale, Mr. Brabeck initiated the launch of Nestlé Pure Life. The water, which comes from different sources but is always of the same high quality, has since become the best-selling water in the world. Because it is affordable, it also benefits people in many developing countries. Throughout his career, Mr. Brabeck’s commitment to water issues is reflected on many levels.

At roughly the same time, he also recognized the importance of improving Nestlé’s operational efficiency, which led him to launch the “Globe” project. The objective was to adopt the best processes that were being used in the various Nestlé companies, while simultaneously simplifying IT systems, and allowing shared use and management of all data. At the time, this was in fact the largest and most important IT project undertaken by any multinational corporation. It goes without saying that it was met with strong headwind and resistance, given that the Group was deeply committed to a de-centralized approach. But thanks to Mr. Brabeck’s tenacity and the teams he had hand-picked for this development, Nestlé is now reaping the benefits from this investment, and without it, probably would not be what it is today.

However, the most important actions undertaken by Mr. Brabeck were not confined to these profound changes in paradigms which were intended to get Nestlé into a better position to face the challenges of future decades. Let me mention two very important acquisitions – Purina in the pet food market and Dryers in ice-cream – both of which significantly increased the presence of Nestlé in the U.S. at the beginning of this century. And let’s not forget Novartis Medical Nutrition, which had the effect of

reinforcing the already well established nutrition approach. Or Gerber and Wyeth which perfectly complement Nestlé's original raison d'être – nutrition for babies and infants. And finally, I want to mention the sale of Alcon. As a reminder, Alcon is a company specializing in ophthalmological products. It cost Nestlé some 660 million Swiss francs to buy it in 1978, and it brought the company the impressive amount of approximately 43 billion Swiss francs when parts of it were offered to the public and through its sale to Novartis in 2010.

These transactions not only enabled Nestlé to continue to invest heavily in research and development, but also supported the various share buyback operations amounting to some 50 billion Swiss francs while Mr. Brabeck was at the helm.

2005 was a key milestone in Mr. Brabeck's career, since in addition to his responsibility as Chief Operating Officer, he was elected Chairman of the Board, succeeding Mr. Gut, who had reached retirement age. This choice, although it was contested by that part of the shareholders who are opposed to the joint holding of mandates – the chairmanship of the Board and the role of CEO – proved to be a very good one, as has been shown by the results achieved. I might add here that a dogmatic approach to this subject is of course a simplification. Each case must be evaluated in terms of the person and also the culture of the company at the time. Nestlé is a prime example.

This resume of the last 20 years of Nestlé with Peter Brabeck at the helm would not be complete without mentioning the profound transformation the Group has undergone in relation to the various external stakeholders and communication with them. Just to give an example: When Nestlé was preparing for an important revision of its articles of association in 2008, the Chairman of the Board, Mr. Brabeck, chose to conduct an opinion poll amongst the shareholders. This was an absolute first. The opinion poll was conducted again and has since then become "institutionalised" through the regular "Chairman's round tables" to which the main shareholders or their representatives across the world are invited.

Under the leadership of Mr. Brabeck, Nestlé has also become the first large Swiss corporation to have three women on its Board – and the number has now gone up to five!

In addition, there are now many NGOs who respect Nestlé for what it does, and what it is. Thanks to its willingness to hold an open dialog and constructive exchanges, a

mutual respect has developed with a number of them, despite some very engrained divergences. It is worth remembering that this was not always the case.

It is equally noteworthy that the then very innovative approach of “Creating Shared Value” (CSV) was also introduced under Mr. Brabeck. This shows very clearly that an enterprise that provides value for all its stakeholders, as Nestlé has done for many decades, also provides sustainable values for its shareholders. The proof: over the last 20 years, during Mr. Brabeck’s time as CEO and/or as Chairman of the Board, the total return on shareholders’ investments (TSR) has gone up by more than 580%. In other words, loyal long-term shareholders have seen their investments quintuple during that time!

As I said in my introduction, an exhaustive enumeration of the events in a career as rich and active as Mr. Brabeck’s would go far beyond the scope of this meeting. This is why I have tried to summarise the most important points. However, this summary really would not be complete if I did not bring to your attention the excellent way in which his succession was planned. On the initiative of its Chairman, who is fully aware that every boss must ensure the long-term survival of the company after his departure, the members of the Board are unanimously convinced that, with Mr. Paul Bulcke as future Chairman and Mr. Ulf Mark Schneider as CEO, we have once again a very high-level duo at the top, well prepared to face the challenges ahead and to continue to lead this wonderful company, Nestlé, towards a successful future.

For all this, Mr. Chairman, let me say, on behalf of the entire Board, the Management, the staff and – I am sure the large majority of the shareholders assembled here today – Thank you very much.

I have the special pleasure of informing you that the Board took the resolution in one of its recent meetings to nominate Mr. Peter Brabeck as Chairman Emeritus of Nestlé. This means that Mr. Bulcke and Mr. Schneider will be able to consult Mr. Brabeck if they wish.

Peter, I wish you a wonderful new phase in your life and above everything else very good health for many years to come.

Thank you all for your attention. I now hand over to the Chairman.