



Good Food, Good Life

Corporate Governance Report
June 30, 2019



**Nestlé.
Enhancing quality of life
and contributing
to a healthier future.**

Situation at June 30, 2019

3 Preliminary remarks

4 1. Board of Directors ⁽¹⁾

- 1.1 Members of the Board of Directors
- 1.2 Professional background and other activities and functions
- 1.3 Mandates outside Nestlé
- 1.4 Elections and terms of office
- 1.5 Internal organizational structure

13 2. Executive Board

- 2.1 Members of the Executive Board
- 2.2 Professional background and other activities and functions
- 2.3 Mandates outside Nestlé
- 2.4 Management contracts

18 General Organization of Nestlé S.A.

(1) The full Board of Directors Regulations and Committee Charters are published on www.nestle.com/investors/corporate-governance/boardcommittees

Preliminary remarks

Nestlé S.A. publishes a full Corporate Governance Report and Compensation Report which forms an integral part of the Annual Report. We therewith comply with the requirements of the SIX Swiss Exchange (SIX) and its Corporate Governance Directive.

The present document is a partial update of the Nestlé Corporate Governance Report 2018, indicating changes which occurred on the Board of Directors and the Executive Board up to June 30, 2019.

The Annual Report is available on-line as a PDF file at www.nestle.com/investors/annual-report in English, French and German.

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Board of Directors

1. Board of Directors

1.1 Members of the Board of Directors

Nestlé's Board of Directors is highly structured to ensure a high degree of diversity by age, education/qualifications, professional background, present activity, sector expertise, special skills (classification), nationality and geography. This is reflected in Nestlé's skills and diversity grid disclosed here.

	Name	Year of birth	Education/Qualifications ^(a)	Professional background
1	Paul Bulcke	1954	Economics and Business Administration	Chairman, Nestlé S.A.
2	Ulf Mark Schneider	1965	Economics, Business Administration and Finance & Accounting	CEO, Nestlé S.A.
3	Henri de Castries ^{(c) (d)}	1954	HEC, Law and École Nationale d'Administration (ENA)	Former Chairman and CEO, AXA French Ministry, Government
4	Beat W. Hess	1949	Law, Swiss Attorney-at-law	Lawyer, Former Legal Director, Royal Dutch Shell
5	Renato Fassbind	1955	Economics, Business Administration and Finance & Accounting	Former CFO, ABB and Credit Suisse Former CEO, Diethelm Keller Group
6	Ann M. Veneman	1949	Law, Public Policy and Political Science	Former Secretary, USDA Former Executive Director, UNICEF
7	Eva Cheng	1952	Business Administration and History	Former Amway China Chairwoman and EVP, Amway Corporation
8	Patrick Aebischer	1954	Medicine and Neuroscience	President Emeritus, Swiss Federal Institute of Technology Lausanne (EPFL)
9	Ursula M. Burns	1958	Mechanical Engineering	Former Chairman, Xerox Corporation
10	Kasper B. Rorsted	1962	Business Administration	CEO, General Management Henkel, Compaq/Hewlett Packard
11	Pablo Isla	1964	Law	Lawyer, Former State Attorney, Government Spain Banking, Banco Popular España
12	Kimberly A. Ross	1965	Business Administration and Accounting	Former CFO, Baker Hughes, Avon Products Royal Ahold NV
13	Dick Boer	1957	Business Economics	Former President and CEO, Ahold Delhaize NV
14	Dinesh Paliwal	1957	Engineering, Applied Sciences, Business Administration	President and CEO, Harman International Industries Inc., a subsidiary of Samsung Electronics Co., Ltd.

(a) For more complete information on qualifications: please refer to section 1.2 and the individual CVs on www.nestle.com/aboutus/management/boardofdirectors

(b) All Board members are elected annually in accordance with Swiss Corporate law and Nestlé S.A.'s Articles of Association.

(c) Vice Chairman

(d) Lead Independent Director. The Lead Independent Director assumes the role of a prime intermediary between the Board and the Chairman. He regularly convenes and chairs Board meetings and "in camera" sessions where the Chairman is not present or conflicted.

Present functions/mandates (listed companies)	Sector	Classification	Nationality	First Election	Expires ^(b)
Chairman, Nestlé S.A. Roche Ltd. L'Oréal S.A.	Food & Beverages	FMCG/CEO	Belgian/Swiss	April 10, 2008	2020
CEO, Nestlé S.A.	Food & Beverages	CEO	German/US	April 06, 2017	2020
HSBC Holdings plc	Insurance & Finance	Insurance/CEO	French	April 19, 2012	2020
Chairman, LafargeHolcim Ltd. Vice Chairman, Sonova Holding AG	Legal	Legal	Swiss	April 10, 2008	2020
Vice Chairman, Swiss Re AG Kühne + Nagel International SA	Finance	Financial Management/ CFO	Swiss	April 16, 2015	2020
Global Health Innovative Technology Fund, CHAI and various advisory mandates	Government/NGOs	Government/NGOs	US	April 14, 2011	2020
Trinity Limited Haier Electronics Group Co. Ltd. Amcort Ltd.	Personal Care & Nutrition	FMCG	Chinese	April 11, 2013	2020
Lonza Group AG Logitech SA	Science	Scientist	Swiss	April 16, 2015	2020
Chairman & CEO, VEON Ltd. Exxon Mobil Corporation	Technology	Information Systems/ CEO	US	April 06, 2017	2020
CEO, adidas AG	Retail Technology	Information Systems/ FMCG/CEO	Danish	April 07, 2018	2020
Chairman & CEO, Inditex	Retail	Finance/Legal/ FMCG/CEO	Spanish	April 07, 2018	2020
Chubb Insurance Group PQ Corporation	Finance Personal Care Food Retail Oil & Gas	Financial Management/ FMCG/CFO	US	April 07, 2018	2020
Chairman, G-Star RAW Royal Concertgebouw Rijksmuseum Fonds	Food Retail Digital	FMCG/CEO	Dutch	April 11, 2019	2020
Bristol-Myers Squibb Raytheon Company	Technology Digital	Information Systems/ CEO	US/Indian	April 11, 2019	2020

Board diversity

The working guidelines used for the selection of new Board members state that the Board of Directors should at all times be well-balanced, including with respect to Swiss and non-Swiss nationals, the members' individual experiences, expertise, competencies and personal attributes (so as to support regular succession planning for the Board as a whole and for its various Committees).

The Nomination and Sustainability Committee shall periodically review the composition of the Board using various criteria, including, without limitation:

- the Board's cumulative experience and expertise in (international) business leadership, legal/compliance/risk management, science, finance, marketing, IT, technology, government/politics and other relevant fields;
- diversity of competencies including education, function, industry and geographic business experience;
- the Board's diversity of personal attributes including gender, age, nationality, culture and leadership approach.

The Board should at all times be composed of:

- a majority of independent members; and
- members with the specific abilities or skills to serve on one or more of the various Board Committees.

1.1.1 Management tasks of the members of the Board of Directors

With the exception of Ulf Mark Schneider, all members of the Board of Directors are non-executive members. Paul Bulcke is active Chairman and has certain responsibilities for the direction and control of the Group including Nestlé Health Science S.A., Nestlé Skin Health S.A. and Nestlé's engagement with L'Oréal.

1.1.2 Information on non-executive members of the Board of Directors

With the exception of Paul Bulcke, all non-executive members of the Board of Directors are independent, were not previously members of the Nestlé management and have no important business connections with Nestlé.

Pursuant to Nestlé's Board Regulations, a Director shall be considered independent, if he/she is not and has not been employed as an executive officer at the Company or any of its principal subsidiaries or as employee or affiliate of the Group's external auditor for the past three years and does not maintain, in the sole determination of the Board, a material direct or indirect business relationship with the Company or any of its subsidiaries. Directors with immediate family members who would not qualify as independent shall not be considered independent, subject to a three-year cooling-off period.

Nestlé's succession planning process is highly structured and managed by the Board's Nomination and Sustainability Committee with the support of outside consultants when necessary.

Subject to specific exceptions granted by the Board, members are subject to twelve-year term limits. According to Nestlé's Board Regulations ^(a), an age limit of 72 years applies. This allows for continuous refreshment and long-term succession planning according to Nestlé's skills and diversity grid.

1.1.3 Cross-involvement

None.

(a) Nestlé S.A.'s Board Regulations can be found on www.nestle.com/investors/corporate-governance/boardcommittees

1.2 Professional background and other activities and functions (*)

Paul Bulcke Chairman

Paul Bulcke began his career in 1977 as a financial analyst for Scott Graphics International in Belgium before moving to the Nestlé Group in 1979 as a marketing trainee. From 1980 to 1996, he held various responsibilities in Nestlé Peru, Nestlé Ecuador and Nestlé Chile before moving back to Europe as Managing Director of Nestlé Portugal, Nestlé Czech and Slovak Republic, and Nestlé Germany. In 2004, he was appointed Executive Vice President, responsible for Zone Americas. In April 2008, Paul Bulcke was elected member of the Board of Directors of Nestlé S.A. and the Board appointed him Chief Executive Officer (CEO).

As of December 31, 2016, Paul Bulcke relinquished his function as CEO remaining member of the Board of Directors. In April 2017, Paul Bulcke was elected Chairman of the Board of Directors of Nestlé S.A.

As a Nestlé S.A. representative, he serves as Vice Chairman on the Board of L'Oréal S.A., France.

Paul Bulcke is also a Board member of Roche Holding Ltd, Switzerland.

In addition, he serves as Co-Chairman of the 2030 Water Resources Group (WRG) and is a member of the Board of Trustees of Avenir Suisse, Switzerland, the European Round Table of Industrialists (ERT), Belgium, and the J.P. Morgan International Council.

Ulf Mark Schneider CEO

Mark Schneider started his career in 1989 with Haniel Group in Germany, where he held several senior executive positions. In 2001, he joined Fresenius Medical Care as Chief Financial Officer. He was CEO of Fresenius Group between 2003 and 2016. Since January 2017, Mark Schneider has served as Chief Executive Officer (CEO) of Nestlé S.A. In April 2017, Mark Schneider was elected member of the Board of Directors of Nestlé S.A.



As a representative of Nestlé, Mark Schneider serves as Co-Chairman of the Board of Directors of Cereal Partners Worldwide S.A., Switzerland.

Furthermore, he is a member of the Board of the Consumer Goods Forum and the International Business Council of the World Economic Forum (WEF).

Henri de Castries Vice Chairman Lead Independent Director

Henri de Castries started his career in the French Finance Ministry Inspection Office, auditing government agencies from 1980 to 1984. In 1984, he joined the French Treasury Department. As of 1989, he joined AXA Corporate Finance Division. Two years later, he was appointed Senior Executive Vice President for the Group's asset management, financial and real-estate business. Henri de Castries was Chairman of the AXA Management Board from May 2000 to April 2010. Since April 2010, following a modification of the corporate governance structure, he was Chairman and CEO of AXA, functions he relinquished in 2016.

In March 2016, Henri de Castries joined the Board of HSBC Holdings plc. and he serves on the Board of Argus Media since June 2018.

Beat W. Hess

Beat Hess started his career in 1977 at BBC Brown Boveri Ltd in Baden as Legal Counsel where he was promoted to General Counsel in 1986. From 1988 to 2003, he was Senior Group Officer, General Counsel and Secretary for ABB Ltd in Zurich. From 2003 until his retirement in January 2011, Beat Hess was Group Legal Director and a member of the Group Executive Committee of Royal Dutch Shell plc, The Hague, The Netherlands.

Beat Hess is Chairman of LafargeHolcim Ltd. and Vice Chairman of Sonova Holding AG, Switzerland. He is also a member of the Curatorium of The Hague Academy of International Law.



(*) Mandates and functions are listed in the following order: (1) mandates in listed companies, (2) mandates in non-listed companies, (3) mandates held at the request of Nestlé or companies controlled by it, (4) mandates held in associations, charitable organizations, foundations, trusts and employee welfare foundations.

Renato Fassbind

Renato Fassbind started his career in 1982 as Managing Director of Kunz Consulting AG. From 1984 until 1990, he was Auditor and ultimately Head of Internal Audit at F. Hoffmann-La Roche AG.



Renato Fassbind then joined ABB Ltd and served between 1990 and 1997 as Head of Corporate Staff Audit, and then as CFO and member of the Executive Board from 1997 to 2002. Subsequently, he joined Diethelm Keller Holding AG as CEO from 2002 to 2004. He joined Credit Suisse Group AG as CFO and member of the Executive Board from 2004 until 2010.

Currently, Renato Fassbind serves as Vice Chairman of the Board of Directors of Swiss Re AG, is the Chairman of its Audit Committee and member of its Compensation Committee. Furthermore, Renato Fassbind serves on the Board of Kühne + Nagel International AG and is a member of its Audit Committee.

Ann M. Veneman

An attorney by training, Ann M. Veneman was Secretary of the United States Department of Agriculture (USDA) from 2001 to 2005. She then served a five-year term as the Executive Director of the United Nations Children's Fund. Earlier in her career she practiced law and was in various positions in the USDA. She also served four years as the Secretary of the California Department of Food and Agriculture. She is currently a member of the Boards of the Global Health Innovative Technology Fund and Clinton Health Access Initiative. Ann M. Veneman is on a number of advisory boards including KDC Ag, Full Harvest Technologies, Inc., Memphis Meats, Perfect Day, TerraVesco, Ukko, JUST Capital, BRAC and The Washington Institute for Business, Government and Society. She is a member of the Council on Foreign Relations and the Trilateral Commission. In addition, Ann M. Veneman is a member of the Hilton Humanitarian Prize Jury.



In 2009, she was named to Forbes The World's 100 Most Powerful Women list, and she has been the recipient of numerous awards and honors throughout her career.

Ann M. Veneman also serves as member of the Nestlé CSV Council.

Eva Cheng

Eva Cheng joined Amway Corporation – a US-based global consumer product company – in 1977 as an Executive Assistant in Hong Kong and moved to become Corporate Executive Vice President in 2005 responsible for Greater China and Southeast Asia Region, a position she held until her retirement in 2011. Eva Cheng is most well-known for leading Amway's entry into China in 1991. She also held Amway China's Chairperson and CEO position since market launch until her retreat in 2011.



In 2008 and 2009, Eva Cheng was twice named to Forbes The World's 100 Most Powerful Women list. She has also received numerous awards and honors for her business leadership and community service.

Presently, Eva Cheng serves as Independent Non-Executive Director on the Boards of Trinity Limited, Haier Electronics Group Co. Ltd. in Hong Kong, China, and Amcor PLC which is listed in the US and Australia. She is also the Executive Director of the Our Hong Kong Foundation, a Director of China Children and Teenagers Foundation and a Council Member of the Hong Kong Academy of Performing Arts.

Patrick Aebischer

Patrick Aebischer was trained as an MD and neuroscientist at the University of Geneva and the University of Fribourg, Switzerland.

He is a Professor of neurosciences and Director of the Neurodegenerative Disease Research Laboratory at the Brain Mind Institute EPFL.



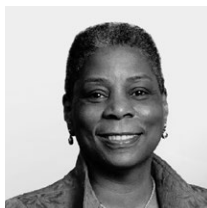
From 1984 to 1992, he worked at Brown University, USA, as Research Scientist, Assistant and then Associate Professor of Medical Sciences. In 1992, he returned to Switzerland as a Professor and Director of Surgical Research Division and Gene Therapy Center at the University Hospital of Lausanne (CHUV). From 2000 to end 2016, Patrick Aebischer was the President of the Swiss Federal Institute of Technology Lausanne (EPFL). Furthermore, Patrick Aebischer is founder of three start-ups: CytoTherapeutics Inc. (1989), Modex Therapeutics Inc. (1996) and Amazentis SA (2007).

Currently, he is Vice Chairman of Lonza Group Ltd, serves as a Board member of Logitech International S.A.

and is Chairman of Novartis Bioventures AG. Furthermore, Patrick Aebischer is a senior partner of NanoDimension-III and is a member of the Foundation Boards of the Verbier Festival, the Montreux Jazz Festival and the Geneva Science and Diplomacy Anticipator, Switzerland.

Ursula M. Burns

Ursula M. Burns joined Xerox in 1980 and advanced through engineering and manufacturing functions to leadership positions in manufacturing, operations and product development. She was Chairman of the Board of the Xerox Corporation from 2010 to 2017 and CEO from 2009 to 2016. Ursula M. Burns was appointed as Chairman of the Board of VEON Ltd. in June 2017 and CEO since December 2018. She also serves on the Boards of Exxon Mobil Corporation and Uber Technologies Inc., USA.



Furthermore, Ursula M. Burns also provides leadership counsel to various community, educational and non-profit organizations including the Massachusetts Institute of Technology, NAF (National Academy Foundation), the Mayo Clinic and the Ford Foundation as well as the New York Ballet and the Cornell Tech Board of Overseers and The High Line.

Ursula M. Burns is a member of the National Academy of Engineering and the American Academy of Arts and Sciences.

Kasper B. Rorsted

Kasper Rorsted started his career in sales and marketing positions within Oracle and Digital Equipment Corporation. From 1995, he held various international management positions at Compaq and from 2001 was General Manager for the company's Europe, Middle East & Africa (EMEA) business. In 2002, Compaq merged with Hewlett Packard. Between 2002 and 2004, Kasper Rorsted was Senior Vice President and General Manager at Hewlett Packard, where he last headed the EMEA business. In April 2005, he joined Henkel as Executive Vice President Human Resources, Purchasing, Information Technologies and Infrastructure Services. In 2007, he was Vice Chairman of the Henkel Management Board. As of April 2008 until 2016, he held the position of CEO. In August 2016, Kasper Rorsted joined the Executive Board of adidas AG and became its CEO in October 2016.



Pablo Isla

From 1988 to 1991, Pablo Isla was a Spanish State Attorney at the Ministry of Transport, Tourism and Communication. From 1992 to 1996 he was Group General Counsel for Banco Popular Español. In 1996, Pablo Isla was appointed General Manager for the National Heritage Department of the Treasury Ministry, Government of Spain. In 1998, he rejoined the Banco Popular Español as General Secretary. From 2000 to 2005, Pablo Isla was Co-Executive Chairman of Altadis Group, Spain. In 2005, he was named CEO and Deputy Chairman of Inditex S.A., Spain, and was appointed Executive Chairman of the company in 2011.



From 2003 until 2017, he served as Independent Director on the Spanish telecom company, Telefonica S.A.

Kimberly A. Ross

Kimberly A. Ross started her finance career at the Anchor Glass Container Corporation, USA, in 1992. In 1995, she joined Joseph E. Seagram & Sons Inc., USA, where she held a number of management positions. In 2001, Kimberly A. Ross joined Ernst & Young Global Limited, USA, as a Senior Manager. In the same year, she joined Royal Ahold NV, Netherlands, and advanced through a series of successively responsible positions in treasury, tax and finance before her appointment as CFO in 2007. From 2011 until 2014, Kimberly A. Ross served as CFO and Executive Vice President of Avon Products Inc., USA. She served as CFO and Senior Vice President at Baker Hughes LLC, USA, from 2014 until 2017.



Kimberly A. Ross is also a member of the Boards of both Chubb Limited, Switzerland and PQ Corporation, USA.

Dick Boer

Dick Boer spent more than 17 years in various retail positions for SHV Holding N.V. and Unigro N.V. in the Netherlands. Thereafter he became CEO of Ahold Czech Republic in 1998, and subsequently President and CEO of Albert Heijn B.V., Netherlands from 2000 to 2010. From 2006 to 2011, he held the position of Chief Operating Officer of Ahold Europe and from 2011 to 2016, Dick Boer was president and CEO of Ahold N.V. From 2016 until his retirement in 2018, he was President and CEO of Ahold Delhaize N.V.



Currently, Dick Boer serves as Chairman of the Advisory Board of G-Star RAW and the Rijksmuseum Fonds, Netherlands. He is also a member of the Supervisory Board of the Royal Concertgebouw, Netherlands as well as a Board member of SHV Holdings N.V., Netherlands.

Dinesh Paliwal

Dinesh Paliwal began his career in various technical and management roles in the ABB group for 22 years. He then became President Global markets and Technology of ABB Ltd. In 2007, Dinesh Paliwal joined Harman International Industries Inc., USA as Chairman and CEO and as from 2017, he is President and CEO of Harman International Industries Inc., USA – since then a subsidiary of Samsung Electronics Co., Ltd.



Furthermore, Dinesh Paliwal serves on the Boards of Bristol-Meyers Squibb and Raytheon Company, USA. He is also a member of the Business Roundtable, Washington and of the Board of the U.S.-India Business Council (USIBC).

1.3 Mandates outside Nestlé

Pursuant to art. 21^{sexies} of the Articles of Association, 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.

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 holds at the request of Nestlé or companies controlled by it. No member of the Board of Directors 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 shall hold more than 10 such mandates.

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.

The Board of Directors has promulgated regulations that determine additional restrictions.

All members of the Board of Directors comply with the provisions set out in art. 21^{sexies}.

1.4 Elections and terms of office

Pursuant to art. 6 par. 2 of the Articles of Association, the General Meeting has the competence to elect and remove the members of the Board of Directors.

The Chairman of the Board of Directors, the members of the Board of Directors and the members of the Compensation Committee are elected individually by the General Meeting for a term of office until completion of the next Annual General Meeting (art. 15 of the Articles of Association).

Members of the Board of Directors whose term of office has expired are immediately eligible for re-election.

The Board of Directors elects one or two Vice Chairmen and the members of the Committees other than the Compensation Committee.

The term of office of a Board member shall expire no later than at the Annual General Meeting following the member's 72nd birthday.

Rules in the Articles of Association are compliant with the statutory legal provisions with regard to the appointment of the Chairman, the members of the Compensation Committee and the independent proxy.

For the principles of the selection procedure, see points 1.1.2 above and 1.5.2 below.

For the time of first election and term of office, see point 1.1 above.

1.5 Internal organisational structure

1.5.1 Allocation of tasks within the Board of Directors

	Chairman's and Corporate Governance Committee	Compensation Committee	Nomination and Sustainability Committee	Audit Committee
Paul Bulcke Chairman	• (Chair)		•	
Ulf Mark Schneider CEO (Administrateur délégué)	•			
Henri de Castries Vice Chairman Lead Independent Director	•		• (Chair)	•
Beat W. Hess	•	• (Chair)		
Renato Fassbind	•			• (Chair)
Ann M. Veneman			•	
Eva Cheng			•	•
Patrick Aebischer		•		
Ursula M. Burns		•		
Kasper B. Rorsted				
Pablo Isla		•		
Kimberly A. Ross				•
Dick Boer				
Dinesh Paliwal				

1.5.2 Tasks and area of responsibility for each

Committee of the Board of Directors ^(a)

The powers and responsibilities of each Committee are established in the applicable Committee Charter, which is approved by the Board. Each Committee is entitled to engage outside counsel.

Chairman's and Corporate Governance Committee

The Chairman's and Corporate Governance Committee consists of the Chairman, the Vice Chairman and Lead Independent Director, the CEO (Administrateur délégué) and any other member elected by the Board. It liaises between the Chairman and the full Board of Directors in order to act as a consultant body to the Chairman and to expedite whenever necessary the handling of the Company's business. The Committee regularly reviews the corporate governance of the Company and prepares recommendations for the Board. It also advises on certain finance-related matters including the Company's financing and financial management and periodically reviews its asset and liability management.

While the Committee has limited authority as per the Board Regulations, it may in exceptional and urgent matters deal with business matters which might arise between Board meetings. In all cases it keeps the Board fully apprised. It reviews the Board's annual work plan.

Compensation Committee

The Compensation Committee consists of a minimum of three non-executive members of the Board. All members are independent (art. 19bis par. 1 of the Articles of Association). The members of the Compensation Committee are elected individually by the General Meeting for a term of office until completion of the next Annual General Meeting. Members of the Compensation Committee whose term of office has expired are immediately eligible for re-election. The Compensation Committee determines the system and principles for remuneration of the members of the Board of Directors and submits them to the Board for approval. It oversees and discusses the remuneration principles for Nestlé S.A. and the Nestlé Group. It prepares the proposals of the Board to be submitted for approval by the General Meeting in relation to the compensation of the Board of

(a) For complete information please refer to the Board Regulations and Committee Charters on www.nestle.com/investors/corporate-governance/boardcommittees

Directors and the Executive Board. In addition, it proposes the remuneration of the Chairman and the CEO, and approves the individual remuneration of the members of the Executive Board. It reports on its decisions to the Board and keeps the Board updated on the overall remuneration policy of the Nestlé Group. It reviews the annual Compensation Report.

Nomination and Sustainability Committee

The Nomination and Sustainability Committee consists of a Chairperson, who is an independent and non-executive member of the Board, preferably the Lead Independent Director; the other members are the Chairman of the Board of Directors and a minimum of two independent and non-executive members of the Board. The Nomination and Sustainability Committee oversees the long-term succession planning of the Board, establishes the principles and criteria for the selection of candidates to the Board, performs a regular gap analysis, selects candidates for election or re-election to the Board and prepares a proposal for the Board's decision.

The nomination process for the Board of Directors is highly structured and long-term and seeks to ensure a balance of relevant competencies and an appropriate diversity of its members over time. The NSC regularly reviews the Company's skills and diversity grid (see 1.1. above). It ensures an appropriately wide net is cast on key successions. The candidates to the Board must possess the necessary profile, qualifications and experience to discharge their duties. Newly appointed Board members receive an appropriate introduction into the business and affairs of the Company and the Group. If required, the Nomination and Sustainability Committee arranges for further training.

The Nomination and Sustainability Committee reviews, at least annually, the independence of the members of the Board as well as their outside mandates, and prepares the annual self-evaluation of the Board and its Committees.

Furthermore, it reviews reports and gives advice on measures which ensure the long-term sustainability of the Company in its economic, social and environmental dimension and monitors the Company's performance against selected external sustainability indexes. It reviews the Company's commitments on environmental, social and governance aspects as well as the annual Nestlé in society report and discusses periodically how other material non-financial issues affect the Company's financial performance and how its long-term strategy relates to its ability to create shared value. It reviews as well the Company's shareholder base and other significant stakeholders and their material

interests. It meets as frequently as necessary to fulfil its tasks and prepares the relevant *in camera* sessions of the Board of Directors.

Audit Committee

The Audit Committee consists of a Chairperson, who is an independent and non-executive member of the Board, and a minimum of two other non-executive members of the Board, excluding the CEO and any former member of the Executive Board. All members shall be independent. At least one member has to have recent and relevant financial expertise, the others must be familiar with the issues of accounting and audit. In discharging its responsibilities, it has unrestricted access to the Company's management, books and records. The Audit Committee supports the Board of Directors in its supervision of financial controls through a direct link to KPMG (external auditors) and the Nestlé Group Audit (corporate internal auditors).

The Audit Committee's main duties include the following:

- to review, and challenge where necessary, the actions and judgements of management, in relation to the Company's year-end financial accounts;
- to make recommendations to the Board of Directors regarding the nomination of external auditors to be appointed by the shareholders;
- to discuss the audit procedures, including the proposed scope and the results of the internal and external audit;
- to keep itself regularly informed on important findings of the audits and of their progress;
- to oversee the quality of the internal and external auditing;
- to present the conclusions on the approval of the Financial Statements to the Board of Directors;
- to review certain reports regarding internal controls, compliance and the Group's annual risk assessment.

The Audit Committee regularly reports to the Board on its findings and proposes appropriate actions. The responsibility for approving the annual Financial Statements remains with the Board of Directors.

Executive Board

2. Executive Board

2.1 Members of the Executive Board

Name	Year of birth	Nationality	Education/Current function
Ulf Mark Schneider	1965	German/US	Economics, Business Administration and Finance & Accounting CEO: Nestlé S.A.
Laurent Freixe	1962	French	Business Administration EVP & CEO: Zone Americas
Chris Johnson	1961	US/Swiss	Economics and Business Administration EVP & CEO: Zone Asia, Oceania and sub-Saharan Africa
Patrice Bula	1956	Swiss	Economics and Business Administration EVP: Strategic Business Units, Marketing, Sales and Nespresso
Marco Settembri	1959	Italian	Business Administration EVP & CEO: Zone Europe, Middle East and North Africa
François-Xavier Roger	1962	French	Business Administration and Accounting EVP: CFO (includes Finance and Control, Legal, IP, M&A, Tax, Treasury, Investor Relations)
Magdi Batato	1959	Swiss	Mechanical Engineering and PhD in Thermodynamics EVP: Operations
Stefan Palzer	1969	German	PhD Process Engineering, Food Technology, Industrial Engineering and Chemical Engineering EVP: Chief Technology Officer: Innovation, Technology and R&D
Béatrice Guillaume-Grabisch	1964	French	Business and Management EVP: Group Human Resources & Business Services
Maurizio Patarnello	1966	Italian	Business Administration Deputy EVP: Nestlé Waters
Grégory Behar	1969	Swiss	Mechanical Engineering and Business Administration CEO: Nestlé Health Science
David P. Frick	1965	Swiss	Law SVP: Corporate Governance, Compliance and Corporate Services

(EVP: Executive Vice President; SVP: Senior Vice President, CEO: Chief Executive Officer)

For complete information, please refer to individual CVs on www.nestle.com/aboutus/management/executiveboard

2.2 Professional background and other activities and functions (*)

Ulf Mark Schneider

Please refer to point 1.2 above.

Laurent Freixe

Laurent Freixe joined Nestlé France in 1986 as a sales representative and got increasing responsibilities in the field of sales and marketing. In 1999, he became a member of the Management Committee and was nominated Head of the Nutrition Division. In 2003, Laurent Freixe became Market Head of Nestlé Hungary. In January 2007, he was appointed Market Head of the Iberian Region taking responsibility for Spain and Portugal. From November 2008 to October 2014, Laurent Freixe served as Executive Vice President in charge of Zone Europe.

Effective October 2014, he was appointed Executive Vice President for Zone Americas.

As a representative of Nestlé, he is a member of the Board of Directors of Cereal Partners Worldwide S.A., Switzerland, and of the Regional Board of Directors of the Consumer Goods Forum in Latin America.

Laurent Freixe has been named International Youth Ambassador by the International Youth Organization for Ibero-America.



Chris Johnson

Chris Johnson started his career with Nestlé in 1983 as a marketing trainee at Carnation Inc. During his first eight years, he took on increasing responsibilities mainly in the commercial area at Nestlé USA and then, from 1991, in Japan. Senior Area Manager for the Asian region of Nestlé Waters in Paris from 1995, he was then transferred to Taiwan in 1998 as Market Head. From 2000, Chris Johnson led the worldwide development and implementation of GLOBE (Global Business Excellence; IS/IT), the Strategic Supply Chain as well as eNestlé. He was appointed Deputy Executive Vice President in April 2001, and later moved back to Japan in 2007 as Market Head. From January 2011 to October 2014,



Chris Johnson was Executive Vice President responsible for Zone Americas.

Effective October 2014, he was appointed Executive Vice President of Nestlé S.A. in charge of Nestlé Business Excellence.

From August 2018 to end December 2018, Chris Johnson was appointed Head of Group Human Resources & Business Services in addition to his responsibilities for Nestlé Business Excellence. Effective January 2019, he was appointed Executive Vice President for Zone Asia, Oceania and sub-Saharan Africa.

As a representative of Nestlé, Chris Johnson serves on the Board of Blue Bottle Coffee Inc., USA.

Chris Johnson is also Treasurer of the Swiss-American Chamber of Commerce.

Patrice Bula

Patrice Bula joined Nestlé S.A. in 1980 and was entrusted with various responsibilities in Marketing and Sales in Kenya, Japan and Taiwan before being promoted to Market Head for Taiwan in 1992, Market Head for Czech Republic in 1995, then Head for the South and Eastern Africa Region in 1997. In 2000, he was appointed Head of Chocolate, Confectionery and Biscuits Strategic Business Unit based at Nestlé's International Headquarters in Vevey. In October 2003, Patrice Bula was transferred as Market Head of Nestlé Germany and in August 2007 he took up the role as Market Head for the Greater China Region.

Effective May 2011, Patrice Bula was appointed to the Executive Board of Nestlé S.A. as Executive Vice President with responsibility for the Strategic Business Units, Marketing, Sales and Nespresso.

Patrice Bula serves on the Boards of Novartis International AG and Schindler Holding Ltd., Switzerland.

As a representative of Nestlé, Patrice Bula serves as Chairman of Blue Bottle Coffee Inc., USA, as a Board member of Cereal Partners Worldwide S.A., Switzerland, and of Froneri Ltd., UK.

He is also a Board member of Hsu Fu Chi Group Companies, China.



(*) Mandates and functions are listed in the following order: (1) mandates in listed companies, (2) mandates in non-listed companies, (3) mandates held at the request of Nestlé or companies controlled by it, (4) mandates held in associations, charitable organizations, foundations, trusts and employee welfare foundations.

Marco Settembri

Marco Settembri joined the Nestlé Group with Nestlé Italiana S.p.A. in 1987 and was entrusted with various responsibilities, mainly in the PetCare area. He was appointed Managing Director of the Sanpellegrino water business in 2004 and largely contributed to the successful consolidation of the water activities in Italy and to the development of a strong export stream of the emblematic Italian brands. In 2006, he took over the position of Market Head in Italy in addition to his responsibility as Head of Nestlé Waters Italy. In 2007, Marco Settembri was appointed CEO of Nestlé Purina PetCare Europe.

Effective December 2013, Marco Settembri was appointed to the Executive Board of Nestlé S.A. as Executive Vice President, Head of Nestlé Waters of the Nestlé Group.

As of January 2017, Marco Settembri was appointed Executive Vice President in charge of Zone EMENA (Europe, Middle East and North Africa).

As a representative of Nestlé, he is Board member of Lactalis Nestlé Produits Frais S.A.S, France, and of Cereal Partners Worldwide S.A., Switzerland.

In addition, Marco Settembri is a member of the Boards of FoodDrinkEurope and of the Association des Industries de Marque de l'Union Européenne (AIM) in Belgium.



Magdi Batato

Magdi Batato is a mechanical engineer and holds a PhD in Energetics of the human body from the Swiss Federal Institute of Technology Lausanne (EPFL). He spent a few years teaching in university and consulting before joining Nestlé S.A. in 1991 in Switzerland as Engineer in Industrial Services, Energy & Environment. His factory and production management experiences took him to Germany, Lebanon and South Africa. In 2004, he was transferred to Malaysia as Executive Director of Production and, in 2009, he moved to Nestlé UK & Ireland as Head of Group Technical. In May 2012, he took up the position of Market Head Pakistan.

Effective October 2015, he was appointed Executive Vice President of Nestlé S.A. in charge of Operations.

Magdi Batato is a member of the Board of Carlsberg A/S.



Stefan Palzer

Stefan Palzer studied food engineering and marketing. He obtained a PhD in Chemical Engineering from the Technical University of Munich and was appointed Professor for Food and Chemical Engineering by the Universities of Hamburg, Stuttgart and Sheffield. Stefan Palzer joined the Nestlé Group in 2000 as project manager in the Product Technology Centre, Kempththal. From 2003 to 2010, he held positions of increasing responsibility at the Product Technology Centre Singen and the Nestlé Research Center in Lausanne.

In 2010, he took over the responsibility as Head of the Product Technology Centre York. From 2013 to 2017, Stefan Palzer was Global R&D Manager in the Strategic Business Unit for Beverages. In 2016, he was appointed Head of the Nestlé Research Center in Lausanne. As of January 2018, Stefan Palzer joined the Executive Board of Nestlé S.A. as Executive Vice President and Chief Technology Officer.

In addition, he is a member of the Executive Board of the European Academy of Food Engineering (EAFE), a Board member of the Nutrition Cluster Berlin and a member of the Strategic Advisory Board of the École Polytechnique Fédérale de Lausanne (EPFL). In 2018, he was conferred the title "Fellow" by the International Union of Food Science and Technology (IUFOST).



François-Xavier Roger

In July 2015, François-Xavier Roger joined Nestlé S.A. as Executive Vice President and Chief Financial Officer.

François-Xavier Roger came to Nestlé S.A. from Takeda Pharmaceutical, Tokyo, where he was CFO since 2013. From 2008 to 2013, he was Chief Financial Officer of Millicom based in Luxembourg. From 2000 to 2008, he worked as Chief Financial Officer for Danone Asia, followed by Head of Finance, Treasury and Tax for the Danone Group based in Paris, France.

Béatrice Guillaume-Grabisch

Béatrice Guillaume-Grabisch joined Nestlé in 2013 as Vice President, Regional Manager of Zone EMENA based in Vevey, Switzerland. She served as CEO of Nestlé Germany AG from 2015 to 2019. Before joining Nestlé, she held various leadership roles at Colgate, Beiersdorf, Johnson & Johnson and L'Oréal in France and Germany. She headed the L'Oréal Consumer Division in Switzerland between 2004 and 2006. From 2006 to 2010, she was President of The Coca-Cola Company in Germany. In 2010, she became the CEO of Zurich-based Beverage Partners Worldwide, a former joint venture between Nestlé and Coca-Cola.

Effective January 2019, Béatrice Guillaume-Grabisch was appointed Executive Vice President of Nestlé S.A. in charge of Group Human Resources & Business Services.

As a representative of Nestlé, she is a Board member of L'Oréal S.A., France and member of its audit committee.



Grégory Behar

Grégory (Greg) Behar joined Nestlé S.A. in 2014 as CEO of Nestlé Health Science. Greg Behar came to Nestlé S.A. from Boehringer Ingelheim Pharmaceuticals Inc., USA, where he was President and CEO since 2011. From 2010 to July 2011, Greg Behar was Corporate Vice President Region NECAR (North European Union, Canada and Australasia) for Boehringer-Ingelheim GmbH and was its Corporate Vice President of the Cardiovascular and Metabolism Franchise from 2009 to 2010. Furthermore, Greg Behar held previous roles at Bula & Fils, Nestlé and Novartis Pharma.

As of January 2017, he was appointed to the Executive Board of Nestlé S.A.

He represents Nestlé S.A. on the Boards of various companies in which Nestlé S.A. holds investments, including Nutrition Science Partners, HK, Cerecin Inc., USA, Seres Therapeutics Inc., USA, Aimmune Therapeutics Inc., USA, and Axcella Health Inc., USA.



Maurizio Patarnello

Maurizio Patarnello joined Nestlé S.A. in 1993 and held several positions in Finance before moving to Sanpellegrino in 1999. In 2002, he was appointed as Country Business Manager for Lebanon and Jordan, where he led the development of the Nestlé Waters business. In September 2004, he joined the regional management team in Dubai and was promoted Chief Operating Officer and Regional Business Head of Nestlé Waters for Middle East and Africa. In 2007, Maurizio Patarnello took over the additional responsibility for Nestlé Waters Asia. In October 2010, he was promoted to Market Head for Ukraine and Moldova. Maurizio Patarnello took up the position of Market Head for Nestlé Russia and Eurasia Region in October 2012.

Effective January 2017, he was appointed Deputy Executive Vice President of Nestlé S.A. and Head of Nestlé Waters.



David P. Frick

David P. Frick began his career at the Meilen District Court in Zurich and as an assistant to the Banking Law Chair at Zurich University Law School.

From 1994, he was an attorney in the International Corporate and Litigation practice groups of Cravath, Swaine & Moore, the New York law firm.

In 1999, he became Group General Counsel and Managing Director of Credit Suisse Group, Zurich, where he was appointed a Member of the Executive Board and served as the company's Head of Legal and Compliance.

David Frick joined Nestlé S.A. in 2006 and serves as Senior Vice President, Corporate Governance, Compliance and Corporate Services.

He serves on the Board of Allianz Suisse, Switzerland.

Furthermore, he is a member of the Board of economiesuisse and chairs its Legal Commission.

David Frick represents Nestlé at SwissHoldings and serves on the SIX Regulatory Board, ICC Switzerland and the Legal Committee for the Swiss-American Chamber of Commerce.



2.3 Mandates outside Nestlé

Pursuant to art. 21^{sexies} of the Articles of Association, 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 is subject to a specific approval by the Board of Directors.

The following mandates are not subject to these limitations:

- mandates in companies which are controlled by Nestlé;
- mandates which a member of the Executive Board holds at the request of Nestlé or companies controlled by it. No member of the Executive Board shall hold more than 10 such mandates; and
- mandates in associations, charitable organizations, foundations, trusts and employee welfare foundations. No member of the Executive Board shall hold more than 10 such mandates.

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.

The Board of Directors has promulgated regulations that determine additional restrictions.

All members of the Executive Board comply with the provisions set out in art. 21^{sexies}.

2.4 Management contracts

There are no management contracts with third parties at Nestlé.

General Organization of Nestlé S.A.

at June 30, 2019

Executive Board

Ulf Mark Schneider
 Laurent Freixe
 Chris Johnson
 Patrice Bula
 Marco Settembri
 François-Xavier Roger

Magdi Batato
 Stefan Palzer
 Béatrice Guillaume-Grabisch
 Maurizio Patarnello
 Greg Behar
 David P. Frick

