



Nestlé Good food, Good life

Corporate Governance Report 2024
Compensation Report 2024
Financial Statements 2024



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Front cover

Maggi

The *Maggi* Magic Asia range offers tasty and wholesome options that celebrate the iconic flavors of Asia, with noodles, sauces and recipes that appeal to the growing demand of European consumers for world cuisine.

Corporate Governance Report 2024

Situation at December 31, 2024

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

(2) The term Executive Committee, as used in the SIX Directive, is replaced by Executive Board throughout this document.

Group structure and shareholders

Preliminary remarks

The Nestlé Corporate Governance Report 2024 follows the SIX Swiss Exchange Directive on Information relating to Corporate Governance. Additional information can be found in the Compensation Report. Nestlé S.A. complies with the recommendations of the Swiss Code of Best Practice for Corporate Governance, as in force at December 31, 2024.

To avoid duplication of information, cross-references to other reports are made in some sections, namely to the Annual Review 2024, the Financial Statements 2024, which comprise the Consolidated Financial Statements of the Nestlé Group and the Financial Statements of Nestlé S.A., as well as the Articles of Association of Nestlé S.A., whose full text can be consulted in this report (page 65) or at: www.nestle.com/investors/corporate-governance/articles.

The Consolidated Financial Statements of the Nestlé Group 2024 comply with the IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) and with Swiss law. Where necessary, these disclosures have been extended to comply with the requirements of the SIX Swiss Exchange Directive on Financial Reporting.

1. Group structure and shareholders

1.1 Group structure

Please refer to the Annual Review 2024, page 56 for the overview of Directors and Officers.

1.1.1 Description of Nestlé's operational group structure

For the general organization chart of Nestlé S.A., refer to page 32 of this document. The Group's management structure is represented in the analysis by operating segments (refer to Note 3 of the Consolidated Financial Statements of the Nestlé Group 2024, page 91).

1.1.2 All listed companies belonging to the Nestlé Group

The registered offices of Nestlé S.A. are in Vevey and Cham (Switzerland). Nestlé S.A. shares are listed on the SIX Swiss Exchange in Switzerland (ISIN code: CH0038863350). At December 31, 2024, the market capitalization of Nestlé S.A. was CHF 192 644 902 120. For further information, see also page 61 of the Annual Review 2024 and visit our website at www.nestle.com/investors.

Please refer to the Consolidated Financial Statements of the Nestlé Group 2024, page 161, for the list of publicly listed companies of the Nestlé Group, with an indication of the company name, registered office, share capital, place of listing, securities' ISIN number, their market capitalization and the Company's participation.

1.1.3 The non-listed companies belonging to the Nestlé Group

Please refer to the Consolidated Financial Statements of the Nestlé Group 2024, page 161, for the enumeration of companies of the Nestlé Group, joint arrangements and associates, with an indication of the company name, registered office, share capital and the Company's participation.

1.2 Significant shareholders

BlackRock, Inc., New York, announced on January 3, 2022, holding at that time, directly or indirectly, 5.04% of Nestlé S.A.'s share capital, and UBS Fund Management (Switzerland) AG announced on May 7, 2024, holding directly or indirectly 5.547% of Nestlé S.A.'s share capital. Apart from the foregoing, Nestlé S.A. is not aware of any other shareholder holding, as at December 31, 2024, Nestlé S.A. shares in excess of 3% of the share capital.

During 2024, the Company published on the electronic publication platform of the SIX Swiss Exchange ten disclosure notifications pertaining to the holding of Nestlé S.A. shares by Norges Bank Oslo, six disclosure notifications pertaining to the holding of Nestlé S.A. shares by The Capital Group Companies, Inc., and two disclosure notifications pertaining to the holding of Nestlé S.A. shares by UBS Fund Management (Switzerland) AG. The details of these disclosure notifications can be accessed on the publication platform of the SIX Swiss Exchange following this link:

www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html#

With respect to nominees, Citibank N.A., London, as depositary for the shares represented by American Depository Receipts, was the registered holder of 169 354 965 shares, i.e. 6.46% of the shares of the Company as at December 31, 2024. At the same date, Nortrust Nominees Ltd., London, was a registered Nominee N of 82 782 787 shares of the Company, representing 3.16% of the shares.

1.3 Cross-shareholdings

The Company is not aware of cross-shareholdings exceeding 5% of the capital or voting rights on both sides.

2. Capital structure

2.1 Capital

The ordinary share capital of Nestlé S.A. is CHF 262 000 000. The conditional share capital is CHF 10 000 000. Nestlé S.A. does not have any capital band.

2.2 Conditional capital

The share capital may be increased (without time limitation) in an amount not to exceed CHF 10 000 000 by issuing up to 100 000 000 registered shares with a nominal value of CHF 0.10 each (representing 3.82% of the currently issued share capital) through the exercise of conversion rights and/or option rights granted in connection with the issuance by Nestlé or one of its subsidiaries of newly or already issued convertible debentures, debentures with option rights or other financial market instruments. Thus, the Board of Directors has at its disposal a flexible instrument enabling it, if necessary, to finance the activities of the Company through convertible debentures.

For a description of the group of beneficiaries and of the terms and conditions of the issuance of conditional capital, refer to art. 3^{bis} of the Articles of Association of Nestlé S.A.^(*)

2.3 Changes in capital

The share capital was reduced three times in the last three financial years as a consequence of two share buyback programs: a share buyback program of up to CHF 20 billion, launched on January 3, 2020, and terminated on December 30, 2021, and a share buyback program of up to CHF 20 billion, launched on January 3, 2022, and terminated on December 23, 2024. The resulting cancellations of shares were approved at the 2022, 2023 and 2024 Annual General Meetings.

On April 7, 2022, the Annual General Meeting resolved to cancel 65 000 000 shares, leading to a reduction of the share capital to CHF 275 000 000.

On April 20, 2023, the Annual General Meeting resolved to cancel 80 000 000 shares, leading to a reduction of the share capital to CHF 267 000 000.

On April 18, 2024, the Annual General Meeting resolved to cancel 50 000 000 shares, leading to a reduction of the share capital to the present CHF 262 000 000.

(*) Nestlé S.A.'s Articles of Association can be found on page 65 and at www.nestle.com/investors/corporate-governance/articles

For the breakdown of capital (“equity”) for 2024, 2023 and 2022, see the consolidated statement of changes in equity in the Consolidated Financial Statements of the Nestlé Group 2024, page 85, and 2023, page 81 (www.nestle.com/sites/default/files/2025-02/2024-financial-statements-en.pdf).

2.4 Shares and participation certificates

Nestlé S.A.’s capital is composed of registered shares only. The number of registered shares with a nominal value of CHF 0.10 each, fully paid up, was 2 620 000 000 as at December 31, 2024.

According to art. 11 par. 1 of the Articles of Association, each share recorded in the share register as share with voting rights confers one vote on its holder. See also point 2.6.1 below.

Shareholders have the right to receive dividends. There are no participation certificates.

2.5 Dividend-right certificates

There are no dividend-right certificates.

2.6 Limitations on transferability and nominee registrations

2.6.1. Limitations on transferability along with an indication of group clauses in the Articles of Association and rules for granting exceptions

According to art. 5 par. 5 of the Articles of Association, 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 that article. 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 (art. 5 par. 7 of the Articles of Association). The limitation on registration also applies to shares acquired or subscribed by the exercise of subscription, option or conversion rights (art. 5 par. 10 of the Articles of Association). See also art. 5 par. 6 and par. 9 of the Articles of Association and point 2.6.3 below.

2.6.2. Reasons for granting exceptions in the year under review

Please refer to points 2.6.3 and 6.1.3 below.

2.6.3. Admissibility of nominee registrations, indication of percent clauses and registration conditions
Pursuant to art. 5 par. 6 and par. 9 of the Articles of Association, the Board of Directors has issued regulations concerning the application of art. 5 of the Articles of Association. The regulations on nominees set forth rules for the entry of nominees as shareholders in the share register.

They allow the registration of:

- Nominees N (“N” as Name of beneficial owner disclosed): where trading and safekeeping practices make individual registration of beneficial owners difficult or impractical, shareholders may register their holdings through a Nominee N with voting rights, subject to the specific understanding that the identity and holdings of beneficial owners are to be disclosed to the Company, periodically or upon request. Voting rights of Nominees N are to be exercised on the basis of voting instructions received from the beneficial owners. For voting purposes, holdings of a Nominee N, or Nominees N acting as an organized group or pursuant to a common agreement, may not exceed 5% of the share capital of the Company. Holdings exceeding the 5% limit (respectively the limit fixed by the Board of Directors, see point 6.1.3 below) are registered without voting rights. The responsibility for disclosure of beneficial owners and their holdings resides with the nominees registered in the share register.
- Nominees A (“A” as Anonymous beneficial owner): registration without voting rights.

In line with its regulations, in order to facilitate trading of the shares on the Stock Exchange, the Board of Directors has authorized certain nominees to exceed the 5% limit to be registered as nominees with voting rights.

2.6.4. Procedure and conditions for cancelling statutory privileges and limitations on transferability
Please refer to point 6.1.3 below.

2.7 Convertible bonds and options

As at December 31, 2024, there are no outstanding convertible bonds or warrants/options issued by Nestlé S.A. or by subsidiaries on Nestlé S.A. shares.

Board of Directors

3. Board of Directors

3.1 Members of the Board of Directors

Nestlé S.A.'s Board of Directors is highly structured to ensure a high degree of diversity by age, gender, 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. For mandates and executive roles in other companies, please refer to the Compensation Report 2024 on page 42 or at www.nestle.com/investors/corporate-governance.

	Name	Year of birth	Education/Qualifications ^(a)	Professional background
1	Paul Bulcke	1954	Economics and Business Administration	Chairman, Nestlé S.A.
2	Pablo Isla ^{(c)(d)}	1964	Law	Former Chairman and CEO, Inditex Former State Attorney, Government Spain Banco Popular España
3	Renato Fassbind	1955	Economics, Business Administration and Finance & Accounting	Former CFO, ABB and Credit Suisse Former CEO, Diethelm Keller Group Former Vice Chairman, Swiss Re Ltd.
4	Hanne Jimenez de Mora	1960	Business Administration	Former Partner, McKinsey & Company Co-founder and former Chairperson, a-connect group
5	Dick Boer	1957	Business Administration	Former President and CEO, Ahold Delhaize NV
6	Patrick Aebischer	1954	Medicine and Neuroscience	President Emeritus, Swiss Federal Institute of Technology Lausanne (EPFL)
7	Dinesh Paliwal	1957	Engineering, Sciences, Global Business	Former Chairman and CEO, Harman International Former President, ABB Ltd. Former Lead Director, Raytheon Technologies
8	Lindiwe M. Sibanda	1963	Agriculture Sciences, Animal Physiology & Nutrition	Director, Chairwoman and Policy Advisor for Agriculture and Sustainable Food Systems
9	Chris Leong	1967	Management	Former SVP Nokia, WPP
10	Luca Maestri	1963	Economics and Business Administration	Former CFO Xerox, Nokia Siemens Networks, General Motors
11	Rainer Blair	1964	Science, Business and M&A	President and CEO, Danaher Corporation Former President and CEO, MAPEI Americas Former Group Vice President, BASF SE
12	Marie-Gabrielle Ineichen-Fleisch	1961	Law and Business Administration	Former State Secretary and Director of the Swiss State Secretariat for Economic Affairs (SECO) Former Swiss Ambassador and Delegate for Trade Agreements
13	Geraldine Matchett	1972	Geography, Sustainable Development, Finance & Accounting	Former Co-CEO and CFO, DSM-Firmenich AG Former CFO, SGS S.A.

(a) For more complete information on qualifications: please refer to section 3.2 and the individual CVs at 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.

(e) Based on past and present professional experience.

Sector	Classification	Nationality	First election	Expires ^(b)
Food & Beverages	FMCG/CEO	Belgian/Swiss	April 10, 2008	2025
Retail	Finance/Legal/ FMCG/CEO	Spanish	April 07, 2018	2025
Finance	Financial Management/CFO	Swiss	April 16, 2015	2025
Management Consulting	Customer Service/ Corporate Strategy/Sustainability ^(e)	Swiss	April 23, 2020	2025
Food Retail Digital	FMCG/CEO/Sustainability ^(e)	Dutch	April 11, 2019	2025
Science	Scientist	Swiss	April 16, 2015	2025
Technology Digital Finance	Technology/CEO/M&A/ Sustainability ^(e)	US/Indian	April 11, 2019	2025
Agriculture, Sustainable Food Systems	Public Policy/Sustainability ^(e) / Academia	Zimbabwean	April 15, 2021	2025
Digital, Communications, Retail, Energy Management	Brand Marketing/ Digital Customer Experience/Sustainability ^(e)	Malaysian	April 07, 2022	2025
Technology	Financial Management/ CFO/Information Systems	Italian/US	April 07, 2022	2025
Medical, Industrial & Commercial Products and Services	Life Sciences Services/ CEO	US	April 20, 2023	2025
Economic Affairs, Geopolitics and Trade	Governmental/ Diplomacy/ International Business/ Sustainability ^(e)	Swiss	April 20, 2023	2025
Health, Nutrition, Materials, Finance	Nutrition/Financial Management/ CEO/CFO/Sustainability ^(e)	Swiss/British/ French	April 18, 2024	2025

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. This ensures an appropriate cognitive diversity and supports the continuous succession planning for the Board as a whole and for its various Committees.

The Nomination Committee periodically reviews 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, sustainability 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, ethnicity, nationality, culture and leadership approach;
- the Board's general age and term limits.

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.

3.1.1. Management tasks of the members of the Board of Directors

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 with respect to Nestlé Health Science and Nestlé's engagement with L'Oréal.

3.1.2. 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.A.'s Board Regulations ^(a), 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 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.A.'s Board Regulations ^(a), an age limit of 72 years applies. This allows for continuous refreshment and long-term succession planning considering Nestlé's skills and diversity grid.

3.1.3. Cross-involvement

None.

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

3.2 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 but remained a 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.

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, and the J.P. Morgan International Council.

Pablo Isla Vice Chairman

Lead Independent Director

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 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 Chairman and CEO of the company in 2011, a function he relinquished in March 2022.



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

Since 2024, Pablo Isla serves as a Global Senior Advisor of Cinven, Spain and as a Supervisory Board member of Bertelsmann, Germany.

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 as Head of Corporate Staff, Audit between 1990 and 1997 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.

Later, Renato Fassbind was a member of various Boards such as HSBC Holdings Plc., Kühne+Nagel AG and Swiss Re Ltd., the latter in the position of Vice Chairman.



Hanne Jimenez de Mora

Early in her career, Hanne Jimenez de Mora held brand manager and controller roles at Procter & Gamble in Scandinavia and the Middle East. She was a partner at McKinsey & Company in Switzerland until 2002. At McKinsey, she primarily focused on corporate strategy and post-merger integration for global companies. She was the co-lead of the marketing practice and responsible for recruiting in Switzerland. Hanne Jimenez de Mora is co-founder and former Chairperson of a-connect (group) AG, a global management consultant firm based in Zurich. She has held non-executive director roles at large publicly traded companies including AB Volvo, Sandvik, Telenor and Tomra since 2002.

Hanne Jimenez de Mora is Chairperson of Microcaps AG, Switzerland. She serves as Vice Chair and a Supervisory Board member of IMD Business School, Switzerland.



(*) 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.

(**) For information on former members of the Board of Directors see www.nestle.com/investors/corporate-governance/former-members-board-of-directors.

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. He then 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.



In November 2022, he joined the Board of Just Eat Takeaway.com (JET) as Chairman and serves on the Board of Shell plc. since 2020. Furthermore, Dick Boer serves as Chairman of the Advisory Board of the Rijksmuseum Fonds, the Netherlands. He is also Chairman of the Supervisory Board of the Royal Concertgebouw, the Netherlands, as well as a non-executive Board member of SHV Holdings N.V., the Netherlands.

Patrick Aebischer

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

He is the President Emeritus of the Swiss Federal Institute of Technology Lausanne (EPFL).

From 1984 to 1992, he was faculty member of Brown University, USA. 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 until the end of 2016, Patrick Aebischer was the President of EPFL. Furthermore, Patrick Aebischer is founder of four start-ups: CytoTherapeutics Inc. (1989), Modex Therapeutics Inc. (1996), Amazentis SA (2007) and Vandria SA (2021).

Currently, he serves as Vice Chairman and Lead Independent Director of PolyPeptide Group AG.

He is Chairman of Vandria SA as well as Vice Chairman of Amazentis SA.

Patrick Aebischer is also a senior partner at +ND Capital and a managing partner of Limani Partners.

Furthermore, he serves as Vice Chairman of the Geneva Science and Diplomacy Anticipator Foundation, Switzerland.



Dinesh Paliwal

Dinesh Paliwal spent 22 years with Switzerland-based ABB Group. He began his career in engineering but quickly expanded his role to manage R&D, manufacturing and regional P&L roles while residing in the USA, China, India, Singapore, Australia and Switzerland. His last role in ABB was Chairman and CEO of ABB (USA) and Global President of all Markets and Technology. In 2007, Dinesh Paliwal joined Harman International (USA) as Chairman and CEO. Upon Harman's acquisition by Samsung in 2017, he remained CEO of Harman until he stepped down in April 2020 and assumed the role of Senior Advisor to the Harman/Samsung board and CEO.

Furthermore, Dinesh Paliwal is non-executive Chairman of Marelli & Koki and a Partner at KKR & Co. Inc. NY, USA.



Lindiwe M. Sibanda

Lindiwe Majele Sibanda is Professor Extraordinary at the University of Pretoria, South Africa, as well as the Managing Director of Linds Agriculture Services Pvt Ltd., Harare, Zimbabwe.

She serves on a number of advisory boards, including Chairwoman of the Consultative Group of International Agriculture Research Centers (CGIAR) Integrated Partnership Board and Council Chair of the National University of Science and Technology (NUST), Zimbabwe. Effective 2025, she will be a member of the Foundation Board of the Geneva Science and Diplomacy Anticipator Foundation, Switzerland.



Chris Leong

Chris Leong started her career in 1991 with WWP plc., UK, in several senior executive positions, including managing WPP's agencies Bates Asia, Ogilvy Europe and Grey Global Group based in Asia. Between 2005 and 2011, she held various global positions at Nokia, including Senior Vice President Global Marketing and Senior Vice President for Greater China, Japan and Korea.

Chris Leong was appointed Chief Marketing Officer and a member of the Executive Committee at Schneider Electric SE, France, in 2015, prior to which she was Executive Vice President for Digital Customer Experience (2013) and Senior Vice President for LifeSpace Asia Pacific (2012).

As of 2025, Chris Leong will be appointed Chief Sustainability Officer and will remain a member of the Executive Committee at Schneider Electric SE, France.

In 2017, 2018, 2022 and 2024, she was named to Forbes World's Most Influential CMOs as well as to the PRovoke Media Influence 100 in 2021.



Luca Maestri

Luca Maestri started his career at General Motors Corporation in 1988 and took on increasing levels of responsibility around the world, culminating in his appointment as Vice President and Chief Financial Officer of General Motors Europe.

From 2008 to 2011, he was CFO at Nokia Siemens Networks, Germany. Between 2011 and 2013, Luca Maestri was CFO at Xerox Corporation, USA. In 2013, he joined Apple Inc., USA, as Vice President and Corporate Controller, and he has held the positions of Senior Vice President and Chief Financial Officer from 2014 to 2024.

As of 2025, Luca Maestri will be appointed Vice President, Corporate Services.



Rainer Blair

Rainer Blair is President and CEO of Danaher Corporation, USA, since 2020.

He joined Danaher in 2010 and held leadership roles across several of its operating companies before being appointed Executive Vice President of Danaher's Life Sciences in 2017.

From 2006 to 2009, he was President and CEO of MAPEI Americas.

From 1990 to 2006, Rainer Blair served the BASF Group on three continents and held various leadership roles including Group Vice President, Global Automotive Coatings at BASF SE and Managing Director at BASF Argentina SA.



Marie-Gabrielle Ineichen-Fleisch

Marie-Gabrielle Ineichen-Fleisch was the State Secretary and Director of the Swiss State Secretariat for Economic Affairs (SECO) from 2011 to 2022.

From 2007 to 2011, she was Swiss Federal Council Delegate for Trade Agreements, Ambassador, and member of the Board of SECO. In that function, she served as Switzerland's chief negotiator at the World Trade Organization (WTO), and was responsible for the negotiation of free trade agreements and Switzerland's membership in OECD.

Marie-Gabrielle Ineichen-Fleisch started her career in 1990 in the Swiss Federal Office of Foreign Economic Affairs as advisor in the Legal and International Investment and Technology Transfer Services. 1992/1993 she was sent to the World Bank in Washington D.C. as legal assistant to Switzerland's Executive Director.

From 1995 to 2007 she took on increasing responsibilities in international trade negotiations for Switzerland, in particular in the WTO.

Marie-Gabrielle Ineichen-Fleisch serves on the boards of BVZ Holding AG, KIBAG Holding AG, Schweizerische Mobiliar Genossenschaft and F.G. Pfister Holding AG.



Geraldine Matchett

Geraldine Matchett was Co-Chief Executive Officer and Chief Financial Officer (CFO) at DSM-Firmenich Ltd (formerly Royal DSM N.V.) from 2020 to 2023, where she served as CFO from 2014 to 2020.



Prior to that she was Global Chief Financial Officer and member of the Operations Council of the SGS Group in Switzerland.

From 2020 to 2023, she also served as Executive Committee member of the World Business Council for Sustainable Development (WBCSD).

Geraldine Matchett started her career as a Management Trainee at Thames Water Utilities Ltd, United Kingdom, and subsequently held financial auditor roles at Deloitte Switzerland and KPMG United Kingdom.

She is a member of the Boards of Directors of ABB Ltd., Switzerland and Swiss Re Ltd., Switzerland, a member of the Board of Directors of FCLTGlobal, Boston, USA, and a member of the Foundation Board of IMD Business School, Lausanne, Switzerland.

Geraldine Matchett is also the Greenhouse Gas Protocol (GHGP) Steering Committee chair.

3.3 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} of the Articles of Association.

Mandates held in other undertakings with commercial objectives are disclosed in our Compensation Report 2024 (page 42).

3.4 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 Chair 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 Chairs 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 reflect 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 3.1.2 above and 3.5.2 below.

For the time of first election and term of office, see point 3.1 above.

3.5 Internal organizational structure

3.5.1. Allocation of tasks within the Board of Directors

	Chair's and Corporate Governance Committee	Compensation Committee	Nomination Committee	Sustainability Committee	Audit Committee
Paul Bulcke Chairman	• (Chair)		•		
Pablo Isla Vice Chairman Lead Independent Director	•	•	• (Chair)		
Renato Fassbind	•				• (Chair)
Hanne Jimenez de Mora	•			• (Chair)	
Dick Boer	•	• (Chair)		•	
Patrick Aebischer		•			
Dinesh Paliwal		•	•		
Lindiwe M. Sibanda				•	
Chris Leong				•	
Luca Maestri					•
Rainer Blair					•
Marie-Gabrielle Ineichen-Fleisch			•		
Geraldine Matchett					•

3.5.2. 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. After each Committee meeting, its Chair reports to the full Board.

Chair's and Corporate Governance Committee

The Chair's and Corporate Governance Committee consists of the Chair, any Vice Chair, the Lead Independent Director, the CEO and any other member elected by the Board. It liaises between the Chair and the full Board of Directors in order to act as a consultant body to the Chair 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. It receives regular reports on other risk-related topics.

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 Chair and a minimum of three non-executive members of the Board. All members are independent (art. 19^{bis} 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 reviews 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 Directors and the Executive Board. In addition, it proposes

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

the remuneration of the Chair of the Board 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 Committee

The Nomination Committee consists of a Chair, who is an independent and non-executive member of the Board, preferably the Lead Independent Director; the other members are the Chair of the Board of Directors and a minimum of two independent and non-executive members of the Board. The Nomination 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. It is regularly supported by external search firms.

The succession planning for the Board of Directors is highly structured and seeks to ensure a balance of relevant competencies and an appropriate diversity of its members. The Nomination Committee regularly reviews the Company's skills and diversity grid (see 3.1. above) and ensures appropriate cognitive diversity. 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 to the business and affairs of the Company and the Group. If required, the Nomination Committee arranges for further training.

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

Sustainability Committee

The Sustainability Committee consists of a Chair, who is an independent and non-executive member of the Board, and a minimum of two non-executive members of the Board.

The Sustainability Committee 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. While the full Board approves the Company's Non-Financial Statement for submission to the Annual General Meeting, the Sustainability Committee has oversight over the structure and content of the Company's non-financial reporting. It discusses periodically how 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 the Company's response to climate change and other environmental issues, it ensures the Company carries out human rights due diligence and reports on its most severe human rights risks, and it reviews the Company's diversity and inclusion and employee health and well-being. It meets at least four times a year and as frequently as necessary to fulfil its tasks. It keeps the Board updated on the material issues affecting the long-term sustainability of the Group.

Audit Committee

The Audit Committee consists of a Chair, 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, the Audit Committee 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 the external auditors (EY) and Nestlé Internal Audit (corporate internal auditors). It has oversight over the accuracy of the Company's financial and non-financial reporting.

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 and where necessary interim 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 audits;
- 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 reports regarding internal controls, compliance, fraud, enterprise risk management 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.

Meetings held in 2024	Frequency	Average duration (hours)
Board of Directors of Nestlé S.A.	13 times	2:50
Chair's and Corporate Governance Committee	11 times	1:50
Compensation Committee	6 times	1:10
Nomination Committee	5 times	0:45
Sustainability Committee	4 times	2:05
Audit Committee	4 times	2:25

Board members	Board meetings attended	Board members	Board meetings attended	Board members	Board meetings attended
Paul Bulcke	13	Patrick Aebischer	13	Rainer Blair	11
Pablo Isla	13	Dinesh Paliwal	13	Marie-Gabrielle Ineichen-Fleisch	13
Renato Fassbind	13	Lindiwe M. Sibanda	13	Geraldine Matchett	8
Hanne Jimenez de Mora	13	Chris Leong	13		
Dick Boer	12	Luca Maestri	12		

3.5.3. Work methods of the Board of Directors and its Committees

The Board meets as often as necessary, at least quarterly, and on notice by the Chair or by the person designated by him. In addition, the Board must be convened as soon as a Board member requests the Chair to call a meeting. All Committees provide a detailed report to the full Board at each meeting in a dedicated Chair's session. The Board regularly meets for *in camera* sessions (without CEO) and independent director meetings (without Chair and CEO).

The Board reserves at least one day per year to discuss the strategic long-term plan of the Company. In addition, every year, the Board visits one Nestlé Market for three to five days (in 2024, Nestlé Iberia).

The average attendance at the Board meetings in 2024 was 98%. All Board meetings, with the exception of certain Chair's and *in camera* sessions, are attended by all members of the Executive Board. In addition, members of the Executive Board and senior management participate in Committee meetings, if appropriate, when a Committee discusses matters in relation to their respective responsibilities. The CEO may partially attend the meetings of the Audit Committee, the Nomination Committee, the Sustainability Committee and the Compensation Committee as an invited guest, except on matters where he may have a conflict of interest. Furthermore, both the external auditor and the Head of Nestlé Internal Audit participate in the Audit Committee meetings except for regular *in camera* sessions. No external subject matter experts were invited to the Board and Committee meetings in 2024.

The Company performs annual self-evaluations of the Board and its Committees, including confidential, anonymous feedback and individual interviews. Findings are appropriately addressed. An open, transparent and critical board room culture forms the basis for the Board of Directors' annual review of its own performance and effectiveness. The Board of Directors conducts the self-assessment on the basis of anonymous questionnaires which deal with the Board's composition, organization and processes, the Board's responsibilities governed by the Board Regulations as well as the focus areas and goals of the year under review. The topics are discussed and take-aways defined to be incorporated in the goals for the upcoming year. In addition, each Board Committee annually reviews the adequacy of its composition, organization and processes as well as the scope of its responsibilities, assesses its accomplishments and evaluates its performance. For example, the Board created a dedicated Sustainability Committee as a result of its self-assessment process.

3.5.4. Lead Independent Director

The Lead Independent Director assumes the role of a prime intermediary between the Board and the Chair. He may convene and chair Board meetings and *in camera* sessions, where the Chair is not present. He serves as an advisor to the Chair and acts as an intermediary between the Chair, the Board and the Board's stakeholders. He chairs meetings of the independent directors to evaluate the performance of the Chair and the effectiveness of the relationship between the Chair and the CEO.

3.6 Definition of areas of responsibility

The governing bodies have responsibilities as follows:

3.6.1. Board of Directors ⁽¹⁾

The Board of Directors is the ultimate governing body of the Company. It is responsible for the long-term strategy and the ultimate supervision of the Group. It oversees the Group's economic, social and environmental sustainability. The Board attends to all matters which are not reserved for the Annual General Meeting or another governance body of the Company by law, the Articles of Association or specific regulations issued by the Board of Directors.

Under Nestlé's governance model, the CEO (Administrateur délégué) is a full member of the Board of Directors, ensuring full alignment on its critical responsibilities and proper checks and balances between the Chair and CEO.

The Board has the following main duties:

- a) the ultimate direction of the Company, in particular the conduct, management and supervision of the business of the Company, and the provision of necessary directions;
- b) the determination of the Company's organization;
- c) the determination of accounting and financial control principles, as well as the principles of financial planning;
- d) the appointment and removal of any Vice Chair, the Committee members (except the members of the Compensation Committee) and their Chairs and members of the Executive Board;
- e) the ultimate supervision of the Chair and the members of the Executive Board, in particular with respect to their compliance with the law, the Articles of Association, the Board Regulations and instructions given from time to time by the Board;
- f) the preparation of the Annual Report, the Compensation Report, the Non-Financial Statement as well as the General Meetings and execution of their resolutions;
- g) the notification of the court in the event of overindebtedness;
- h) the discussion and approval of:
 - the Group's long-term strategy and annual investment budget;
 - major financial operations;
 - any significant policy issue dealing with the Company's or the Group's general structure or with financial, commercial and industrial policy;
 - Corporate Governance Principles of the Company;

- the review of and decision on any report submitted to the Board;
- the Group's annual risk assessment; and
- the compensation proposals to the General Meeting.

3.6.2. Executive Board

The Board of Directors delegates to the CEO, with the authorization to subdelegate, the power to manage the Company's and the Group's business, subject to the law, the Articles of Association and the Board Regulations.

The CEO chairs the Executive Board and delegates to its members individually the powers necessary for carrying out their responsibilities, within the limits fixed in the Executive Board Regulations.

3.7 Information and control instruments vis-à-vis the Executive Board

The Board of Directors is, at each of its meetings, informed on material matters involving the Company's and the Group's business. Except for regular *in camera* sessions, the members of the Executive Board attend the Board of Directors meetings and report on current developments, significant projects and events. Other members of management attend Board meetings to report on the areas of the business for which they are responsible. Each Board member is entitled to request and receive information from the CEO and from other members of the Executive Board. In preparation for each Board meeting, the Board is provided with an overview of business performance and consolidated financial information. In addition, regular written reports by the Executive Board are provided, including e.g. capital investment, risk, audit, compliance and strategy progress reports. The Chair and the CEO ensure the proper information flow between the Executive Board and the Board of Directors.

The Board pays a visit to a major Market every year, where it meets members of senior management. The Board visited the Swiss Market in 2019 and 2021, Nestlé India in 2022, Nestlé Mexico in 2023 and Nestlé Iberia in 2024.

The Chair receives the agenda, documents and minutes of the meetings of the Executive Board as well as of the Key Markets and senior management meetings. He has regular meetings with the CEO and may request information about any matters relating to the Company. He may examine reports, proposals and minutes of meetings of any functions or committees of the Corporate Center or the Markets or businesses.

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

The Chair's and Corporate Governance Committee is regularly informed about the strategic management of the Group's financial assets and liabilities and financial risk policies. It performs twice a year a review of the assets and liabilities management by the Company's treasury, pensions and insurance departments with the Chief Financial Officer and the Head of Treasury, Pensions & Insurance being present.

The Audit Committee reviews the financial performance and assesses the effectiveness of the internal and external audit processes as well as the internal risk management organization and processes. It has oversight over the accuracy of the financial and non-financial reporting. It reviews reports on the Company's internal control, compliance and risk management processes. It has complete and unrestricted access to the Company's management, books and records and may obtain any information it requires from the appropriate services. Members of the Executive Board and other senior management, in particular the Heads of Group Accounting & Reporting, Internal Audit and Legal and Compliance, attend the Audit Committee meetings, except for certain *in camera* sessions.

The Nomination Committee leads the succession planning for the Board of Directors.

The Sustainability Committee reviews reports on measures that ensure the long-term sustainability of the Company in its economic, social and environmental dimension. It has oversight over the structure and content of the non-financial reporting and monitors the Company's performance against selected external sustainability indexes. It oversees the Company's response to climate change, its human rights program and human capital management. Members of management, in particular the CEO, the Heads of Public Affairs and of Legal and Compliance, may attend the meetings.

The Compensation Committee reviews the Company's compensation system and principles. The Head of Human Resources may attend the meetings, except when questions of compensation for Executive Board members are deliberated.

Additional information and control instruments include the external auditors, Ernst & Young Ltd, auditors of Nestlé S.A. and of the Consolidated Financial Statements of the Nestlé Group, who conduct their audit in compliance with Swiss law and in accordance with Swiss Auditing Standards and International Standards on Auditing, and the Nestlé Internal Audit function.

Nestlé Internal Audit comprises an organization of one Center Team and eight regional units of auditors covering all the businesses (i.e. head offices, factories, distribution centers and business units) worldwide, completing audit

assignments on the basis of the annual internal audit plan based on an independent risk assessment that is approved by the Audit Committee.

The role of Nestlé Internal Audit is to enhance and protect organizational value by providing risk-based and objective assurance, advice and insight, contributing to the continuous improvement of the Company's risk management and control systems. Nestlé Internal Audit assesses the reliability of financial and operational information, the effectiveness of controls and processes for compliance with internal, legal, regulatory and statutory requirements. Findings are communicated in the form of an audit report, which is shared with management and the Audit Committee.

The Head of Nestlé Internal Audit reports administratively to the Chief Financial Officer and has a functional reporting line to the Chair of the Audit Committee. He reports at all the Audit Committee meetings, has direct access to the Chair of the Audit Committee and regularly meets with him for interim updates. The Audit Committee regularly receives a report on the results of the internal auditors' work that is also provided to the Chair of the Board of Directors, Executive Board members and other stakeholders. It reviews and monitors management's responsiveness to internal audit findings and recommendations. In case of major findings, a follow-up audit is planned to ensure proper remediation.

Group Risk Management provides assistance to all corporate entities with regard to risk management. Group Risk Services provides assistance to all corporate entities with regard to loss prevention, claims handling and insurance. Enterprise Risk Management (ERM) is a process applied across the Group, designed to identify potential events that may affect the Group's achievement of its strategic objectives and support the Group to ensure it acts in accordance with external regulations and internal policies. It supports Nestlé's management to raise risk awareness and to anticipate emerging risks, as well as the process of identifying appropriate mitigation actions.

The Nestlé Group adopts a dual approach using "Top-Down" and "Bottom-Up" assessments. The "Top-Down" assessment occurs annually and focuses on the Group's global risks. A "Bottom-Up" assessment occurs in parallel, resulting in the aggregation of individual assessments by all Markets, Regionally and Globally Managed Businesses.

Additionally, Nestlé engages with external stakeholders to better understand the issues that are of most concern to them. For each issue, the materiality matrix (please refer to www.nestle.com/materiality) rates the degree of stakeholder concern and potential business impact.

Group ERM combines the output of the “Top-Down” assessment, the “Bottom-Up” assessments and the external stakeholder assessments which is presented annually to the Executive Board. The Annual Risk Report is reviewed by the Audit Committee, and material risks are reviewed by the Board of Directors on an annual basis.

For more information on the Nestlé Group Enterprise Risk Management, please refer to page 48 of the Annual Review 2024.

Group Compliance and other risk- and control-related functions provide additional guidance and oversight. Risk and compliance activities are coordinated through the Group Compliance Committee to ensure a holistic, entity-wide approach. The Chief Compliance Officer has direct access to the Chair of the Audit Committee. The Audit Committee is provided yearly with the Group Compliance Report, a comprehensive documentation of the Company’s compliance framework, systems, activities and improvement actions pursued by the various functions. It includes a summary of the feedback received on the Group’s integrity reporting system as well as the functional third-party compliance audits (CARE). The Group Compliance Report is also reviewed by the Board of Directors.

For more information on the Group’s Governance and Compliance, please refer to pages 55 and 60 of the Annual Review 2024.

Executive Board

4. Executive Board

4.1 Members of the Executive Board (December 31, 2024)

Name	Year of birth	Nationality	Education/current function
Laurent Freixe	1962	French	Business Administration CEO
Stefan Palzer	1969	German/ Swiss	PhD - Professorships Process Engineering, Food Technology, Chemical Engineering, Economics EVP: Chief Technology Officer: Innovation, Technology and R&D
Béatrice Guillaume-Grabisch	1964	French	Business Administration EVP: Group Human Resources & Business Services
Leanne Geale	1965	Canadian	Law EVP: Group General Counsel
Bernard Meunier	1960	Belgian	Economics EVP: Strategic Business Units, Marketing and Sales
Steve Presley	1968	US	Finance & Accounting EVP & CEO: Zone North America
Remy Ejel	1969	French/ Lebanese	Marketing and Arts EVP & CEO: Zone Asia, Oceania and Africa
David Zhang	1971	Chinese	Business Administration and Economics EVP & CEO: Zone Greater China
Stephanie Pullings Hart	1972	US	Chemical Engineering and Business Administration EVP: Operations
David Rennie	1966	British	History and Politics EVP: Nestlé Coffee Brands
Anna Mohl	1968	US	History and Business Administration EVP & CEO: Nestlé Health Science
Anna Manz	1973	British	Chemistry and Accounting EVP & CFO (includes Finance and Control, Tax, Treasury, Investor Relations)
Guillaume Le Cunff	1970	French	Business Administration EVP & CEO: Zone Europe
Sanjay Bahadur	1959	Swiss/ Indian	Economics, Management Science Deputy EVP: Group Strategy and Business Development
Lisa Gibby	1969	US	Political Science and French Deputy EVP: Chief Communications Officer

EVP: Executive Vice President; CEO: Chief Executive Officer

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

For changes to the Executive Board effective January 1, 2025, please refer to page 56 of the Compensation Report 2024.

4.2 Professional background and other activities and functions ^(*)^(**)

Laurent Freixe

Laurent Freixe joined Nestlé France in 1986 and became the Head of the Nutrition Division of Nestlé France in 1999. In 2003, he was appointed CEO of Nestlé Hungary and in 2007 CEO of the Nestlé Iberian Region. In November 2008, Laurent joined the Nestlé S.A. Executive Board as Executive Vice President for Zone Europe and in 2014 was appointed CEO of Zone Americas. In January 2022, he was appointed Executive Vice President and CEO Zone Latin America.



Effective September 1, 2024, Laurent Freixe was appointed Chief Executive Officer (CEO) of the Nestlé Group.

As a representative of Nestlé, he is a member of the Board of Directors of Cereal Partners Worldwide S.A., Switzerland, of the Regional Board of Directors of the Consumer Goods Forum in Latin America, and of the Executive Committee of the World Business Council for Sustainable Development.

Since June 2019, he is Chairman of the Global Apprenticeship Network (GAN).

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

Stefan Palzer

Stefan Palzer studied Food Engineering and Economics (with focus on marketing). He obtained a PhD in Process Engineering from the Technical University of Munich, habilitated in Chemical Engineering and was appointed Professor for Food, Chemical and Process Engineering by the Universities of Hamburg, Stuttgart, Sheffield and Copenhagen.



Stefan Palzer worked in production and quality assurance in the beverage industry before he joined the Nestlé Group in 2000 in the Global Technology Centre for Food close to Zurich, Switzerland. From 2003 to 2010, he held positions of increasing responsibility in R&D.

In 2010, he took over the responsibility as managing director of the Product Technology Centre for Confectionery

in York, UK. From 2013 to 2016, Stefan Palzer was Innovation Manager in the Strategic Business Unit for Coffee and other Beverages. In 2016, he was appointed Global Head of Nestlé Research located in Lausanne, Switzerland.

In January 2018, Stefan Palzer joined the Executive Board of Nestlé S.A. as Executive Vice President and Chief Technology Officer; Head of Innovation, Technology and R&D.

In addition, he is Vice President of the Swiss Food & Nutrition Valley, a member of several University Councils and Advisory Boards and member of the Executive Board of the European Academy of Food Engineering. Until 2018, he was Chairman of the Board of the European Master's in Food Studies. Stefan Palzer also serves on the Supervisory Board of the Pharma and Life Sciences company Merck KGaA, Germany.

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 2018. Before joining Nestlé, she held various leadership roles at Colgate, Beiersdorf, Johnson & Johnson and "L'Oréal Paris" in 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 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 a member of its audit committee.

(*) 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.

(**) For information on former members of the Executive Board see www.nestle.com/investors/corporate-governance/former-executive-board-members

Leanne Geale

Leanne Geale joined Nestlé S.A. in 2019 as Executive Vice President and General Counsel, Corporate Governance & Compliance. In her role, Leanne Geale oversees the legal and compliance function.



From 2014 to 2019, Leanne Geale was Chief Ethics & Compliance Officer for Royal Dutch Shell plc. Former positions at Shell include Associate General Counsel, Heavy Oil and Head of Legal for Shell Canada from 2011 to 2014, Shell Legal Services Coordinator for Royal Dutch Shell plc and its subsidiaries from 2006 to 2011, as well as Senior Solicitor and successively Associate General Counsel, Oil Products from 2003 to 2006. Prior to her functions at Shell, she was a Senior Counsel for the Royal Bank of Canada, Senior Counsel and Assistant Secretary for Rio Algom Limited, as well as Counsel for Alcan Aluminium Limited in Canada.

Leanne Geale is a member of the Board of Holcim Ltd., a member of the Management Board of the CEELI Institute, o.p.s, Prague, Czech Republic, and Treasurer of the Swiss-American Chamber of Commerce.

Bernard Meunier

Bernard Meunier joined the Nestlé Group in 1985 as Product Manager Beverages with Nestlé Belgilux in Belgium. In 1989, he embarked on an international career with a first step at Nestlé Headquarters Vevey with the Coffee & Beverages SBU. He then moved on to various assignments where he successfully held marketing, commercial and general management responsibilities, including Market Head in Hungary, the Russia & Eurasia region, the Iberia region and, from 2013 to 2021, Head of Nestlé Purina PetCare EMENA.



Effective March 2021, Bernard Meunier was appointed to the Executive Board of Nestlé S.A. as Executive Vice President with responsibility for the Strategic Business Units, Marketing and Sales.

As a representative of Nestlé, he is Co-Chairman of Cereal Partners Worldwide S.A., Switzerland.

Steve Presley

Steve Presley started his career with Nestlé in 1997 as a controller for the beverage factory in Suffolk, Virginia. He held various roles within the Beverage Division, including Vice President of Finance and Vice President/General Manager of Premium Ready-to-Drink Beverages.



In 2009, Steve Presley was named President of Nestlé Business Services, and in 2013 he was appointed Chief Financial Officer for Nestlé USA.

In 2016, his role was expanded to include leading Nestlé USA's strategic transformation.

In 2018, Steve Presley was appointed Chairman and CEO of Nestlé USA.

Effective January 2022, he joined the Nestlé S.A. Executive Board as Executive Vice President and CEO of Zone North America.

Steve Presley is a director of the Board of Food Marketing Institute, USA, and a member of the CEO Roundtable of the American Heart Association.

Remy Ejel

Remy Ejel joined Nestlé in Saudi Arabia in 1998 and held various executive positions in different Markets and countries over the years.



In 2007, he assumed the role of Assistant Regional Manager in Zone Asia, Oceania and Africa (AOA) at Nestlé Headquarters in Switzerland, supporting all African countries for four years, before returning to the Middle East as Business Executive Officer Confectionery. He was appointed Country Manager for Saudi Arabia in 2013.

In 2016, Remy Ejel was appointed Chairman and CEO for the Southern African Region, where he led the successful development of the business and became Chairman and CEO of the Central West African Region in 2018. In 2020, he was appointed Chairman and CEO of Nestlé Middle East & North Africa.

Effective January 2022, Remy Ejel was appointed to the Executive Board of Nestlé S.A. as Executive Vice President and CEO of Zone Asia, Oceania and Africa.

As a representative of Nestlé, he is a member of the Board of Directors of Cereal Partners Worldwide S.A., Switzerland.

David Zhang

Before joining Nestlé, David Zhang worked in the pharmaceutical and FMCG industry for nearly 20 years, for Carrier Air Conditioner, Yusai Cosmetics, Wyeth and others.

In 2012, David Zhang joined Nestlé as Senior Operation Director of Wyeth Nutrition China, and he served as Vice President of Grocery Retail Sales of Nestlé Greater China Region in 2015 and 2016.

From 2017 to 2021, he held the position of Chief Executive Officer of Shanghai Totole Food Ltd.

In 2021, he was appointed Business Executive Officer for Food of Nestlé Greater China Region.

Effective January 2022, David Zhang joined the Nestlé S.A. Executive Board as Executive Vice President and CEO of Zone Greater China.

As a representative of Nestlé, David Zhang is a Board member of Sichuan Haoji Food Co. Ltd., China.

David Zhang serves as a Board member of Mei Nian Jian Kang, China.



David Rennie

David Rennie joined the Nestlé Group in 2005 as Marketing Director for Nestlé Confectionery in the UK and Ireland. He came to Nestlé from Procter and Gamble, where he held a number of leadership roles at local, regional and global level over a sixteen-year period from 1989 to 2005.

From 2009 until 2012, David Rennie was Managing Director, Nestlé Confectionery, UK & Ireland.

From 2012 to 2014, he held the position of Vice President, Regional Manager Zone Europe Nestlé S.A.

During the period 2014 to 2018, he was Senior Vice President, Europe of SC Johnson.

In 2018, David Rennie was appointed Senior Vice President, Head of Beverage Strategic Business Unit, Nestlé S.A.

As of January 2020, David Rennie was appointed Deputy Executive Vice President, Head of Nestlé Coffee Brands.

Effective March 2021, he was appointed to the Executive Board of Nestlé S.A. as Deputy Executive Vice President, Head of Nestlé Coffee Brands and Chairman of Nespresso.

Effective January 2024, David Rennie was promoted to Executive Vice President, Head of Nestlé Coffee Brands and Chairman of Nespresso.

As a representative of Nestlé, David Rennie serves on the Board of Froneri Lux Topco Sàrl, Luxembourg.



Stephanie Pullings Hart

Stephanie Pullings Hart joined Nestlé in 1995 and has held various roles in manufacturing, factory management, supply chain, R&D, and learning and development, moving between the Markets and Headquarters.

She first worked in Nestlé's PetCare division in the USA, as Engineer and Operations Manager and successively as a Factory Manager. In 2007, she was appointed as Program Director for Nestlé Headquarters.

She returned to the North American Market in 2010 before relocating to Nestlé Oceania, where she took on the positions of Executive Director of Technical and Production and Vice President of Operations, respectively. In 2016, Stephanie Pullings Hart was appointed as Vice President of Manufacturing at Nestlé USA.

Following several years in executive roles outside Nestlé, as Senior Vice President Global Operations for Beyond Meat and for Warby Parker, she rejoined Nestlé as Deputy Head of Operations in July 2023. She was appointed Executive Vice President of Nestlé S.A. and Head of Operations effective November 1, 2023.

Stephanie Pullings Hart is a Board member of TraceLink, Inc. USA.



Anna Mohl

Anna Mohl joined Nestlé Health Science in 2010, first leading the Medical Nutrition Marketing team, then leading the Medical Nutrition Sales team, before leading the Medical Nutrition business unit in the USA, and then becoming CEO for the USA in 2018. Most recently Anna Mohl has been CEO of its International Business since 2021.

Effective January 2024, she was appointed Executive Vice President of Nestlé S.A. and CEO of Nestlé Health Science.

Prior to joining Health Science, Anna Mohl spent seven years in various marketing and innovation roles at Nestlé USA Infant Nutrition (Gerber).

Before joining Nestlé, Anna Mohl held marketing positions at Nabisco, Unilever, and RiskMetrics Group, all in the USA.

Currently, Anna Mohl serves as a Board member of Amazentis SA, Switzerland.



Anna Manz

Anna Manz joined Nestlé S.A. in March 2024 as Executive Vice President and Chief Financial Officer.

From 2020 until February 2024, she held the position of CFO and served on the Board of Directors at London Stock Exchange Group plc, UK.

From 2016 to 2020, she was CFO and Executive Director of Johnson Matthey Plc, UK, where she led the finance, procurement and IT functions. Previously, Anna Manz spent 17 years (1999-2016) at Diageo plc, UK, where she held several senior financial roles, including Chief Strategy Officer, CFO of Asia Pacific and Group Treasurer.

Anna Manz serves on the Board of Directors of AstraZeneca PLC, UK, and is a member of its Audit Committee.



Sanjay Bahadur

Sanjay Bahadur joined Nestlé in 1982 as a Management Trainee in India, before being promoted as Financial Analyst and Management Accountant. In 1991, he joined Nestlé in Switzerland as Operations Controller.

During the period 1994 to 2008, he held the position of Chief Financial Officer in Hong Kong, Turkey and the Greater China Region, respectively.

In 2008, Sanjay Bahadur was transferred to Nestlé Headquarters Vevey, Switzerland, as Head of Acquisitions and Business Development.

Effective January 2020, he was appointed Deputy Executive Vice President of Nestlé S.A. in charge of Group Strategy and Business Development.

As a representative of Nestlé, Sanjay Bahadur holds positions on the Boards of Froneri Lux Topco Sàrl, Luxembourg and European Pizza Group TopCo S.à.r.l, Luxembourg.

Sanjay Bahadur serves on the Advisory Board of the Imperial College Business School, London, UK.



Guillaume Le Cunff

Before joining Nestlé, Guillaume Le Cunff worked as an auditor and financial analyst in France and Romania. In 1998, Guillaume Le Cunff joined Nestlé, where he first headed certain internal audit and finance functions within the Group, before moving to Nestlé Nespresso S.A. in 2007 as Chief Marketing Officer. He was appointed President of Nespresso USA in 2015.

In 2020, Guillaume Le Cunff became Global CEO of Nespresso at Nestlé International Headquarters in Vevey, Switzerland.

In 2024, he joined the Executive Board of Nestlé S.A. as Executive Vice President and CEO of Zone Europe.

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

Guillaume Le Cunff is a member of the Partnership for Central America's Executive Advisory Board. He is also a member of the Steering Committee of Vaud Promotion, Switzerland.



Lisa Gibby

Lisa Gibby joined Nestlé USA in 2014 as Vice President, Head of US Corporate Communications. She served as Senior Vice President Nestlé S.A., Head of Global Corporate Communications from 2020 to 2022.

In January 2023, Lisa Gibby joined the Executive Board of Nestlé S.A. as Deputy Executive Vice President and Chief Communications Officer.

Prior to Nestlé, Lisa Gibby served as Director of Global Communications of The ONE Campaign (2012–2014), an anti-poverty advocacy organization co-founded by activist and philanthropist, Bono.

Previously, she founded LKG Communications in 2008, providing a broad range of communication services to corporations, advocacy organizations and PR agencies.

Her communications background over three decades includes roles as Vice President of Corporate Communications for AOL, between 1999 and 2008; Manager, Corporate Communications for Home Box Office (HBO) from 1995 to 1999 and Senior Account Executive of Robinson, Lerer & Montgomery/Bozell PR from 1993 to 1995, all in the USA.



4.3 Mandates outside Nestlé

Pursuant to art. 21^{sexies} of the Articles of Association, no member of the Executive Board may hold more than two additional mandates in listed companies and four additional mandates in non-listed companies. Each of these mandates is subject to 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} of the Articles of Association.

Mandates held in other undertakings with commercial objectives are disclosed in our Compensation Report 2024 (pages 42 and 59).

4.4 Management contracts

There are no management contracts with third parties at Nestlé.

5. Compensation, shareholdings and loans

Please refer to the Compensation Report 2024, page 33.

Shareholders' participation

6. Shareholders' participation rights

6.1 Voting rights restrictions and representation

6.1.1. Voting rights restrictions and rules on granting exceptions

and

6.1.3 Reasons for granting exceptions in the year under review

Each share registered with the right to vote entitles the holder to one vote at General Meetings ("one share, one vote"). Only persons entered in the share register as shareholders with voting rights may exercise the voting rights or the other rights related thereto (art. 5 par. 2 of the Articles of Association).

No person may exercise, directly or indirectly, voting rights, with respect to own shares or shares represented by proxy, in excess of 5% of the share capital as recorded in the commercial register. 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 such a limit, shall be counted as one shareholder (art. 11 par. 2 of the Articles of Association; see art. 11 par. 3 of the Articles of Association for exceptions to this voting restriction).

To permit the exercise of voting rights in respect of shares held by nominees, in line with art. 11 par. 4 of the Articles of Association, the Board of Directors may by means of regulations or agreements depart from the limit of 5% of the share capital as recorded in the commercial register (art. 5 par. 6 and par. 9 of the Articles of Association). The Board of Directors has granted exceptions to vote shares that in aggregate are in excess of 5% of the share capital to the following Nominees N: Chase Nominees Ltd., London, and Citibank N.A., London, as depositary for shares represented by American Depositary Receipts (please refer to point 2.6.3).

Pursuant to art. 5 par. 9 and art. 11 par. 4 of the Articles of Association, the Board of Directors has conferred to UBS AG and Credit Suisse AG (a subsidiary of UBS) as custodians the right to vote shares in excess of 5% on the basis of specific instructions provided by their clients for General Meetings.

6.1.4 Procedure and conditions for abolishing voting rights restrictions in the Articles of Association

A resolution to amend the provisions of the Articles of Association relating to:

- (i) restrictions on the exercise of voting rights and the change or removal of such restrictions, or
 - (ii) the limitation on registration or the limitation on voting rights and the change or removal of such limitations
- requires a majority of two-thirds of the shares represented and the absolute majority of the nominal value represented at the General Meeting (art. 13 of the Articles of Association). See also art. 11 par. 4 of the Articles of Association.

6.1.5 Rules on participation in the General Meeting of shareholders

There are no restrictions to the legal regime set out by Swiss law in the Articles of Association. Shareholders with voting rights may have their shares represented by the proxy of their choice.

6.1.6 Rules on instructions to the Independent Representative and on the electronic participation in the General Meeting of shareholders

The legal regime set out by Swiss law applies to instructions in written or electronic form to the Independent Representative for participation in the General Meeting of shareholders. There are no specific provisions related thereto in the Articles of Association.

6.2 Quorums required by the Articles of Association

Please refer to art. 13 of the Articles of Association.

6.3 Convocation of the General Meeting of shareholders

Nestlé S.A. statutory rules (art. 7 to 9 of the Articles of Association) do not differ from applicable legal provisions. An Extraordinary General Meeting requested by one or more shareholders whose combined holdings represent at least 5% of the share capital as recorded in the commercial register or the votes must be held as promptly as practicable following such request (art. 8 par. 2 of the Articles of Association).

Change of control and defence measures

6.4 Inclusion of items on the agenda

One or more shareholders with voting rights whose combined holdings represent at least 0.15% of the share capital 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 the General Meeting by making the request in writing to the Board of Directors at the latest 45 days before the meeting and specifying the agenda items and the proposals made (art. 9 par. 2 and par. 3 of the Articles of Association).

6.5 Entries in the share register

The relevant date to determine the shareholders' right to participate in the General Meeting on the basis of the registrations appearing in the share register is set by the Board of Directors.

7. Change of control and defence measures

7.1 Duty to make an offer

Nestlé S.A. does not have a provision on opting out or opting up in the Articles of Association.

Thus, the provisions regarding the legally prescribed threshold of 33 1/3% of the voting rights for making a public takeover offer set out in art. 135 of the Swiss Financial Market Infrastructure Act are applicable.

7.2 Clauses on change of control

There are no such agreements.

Auditors

8. Auditors

8.1 Duration of the mandate and term of office of the lead auditor

EY were first appointed on April 23, 2020, as auditors of Nestlé S.A. On April 16, 2024, EY were appointed as auditors of the Financial Statements of Nestlé S.A. and the Consolidated Financial Statements of Nestlé Group for the financial year 2024.

The audit report is signed jointly by two EY partners on behalf of EY. 2020 was the first year that Jeanne Boillet, in her capacity as lead auditor, signed the Financial Statements of Nestlé S.A. and the Consolidated Financial Statements of the Nestlé Group. The lead auditor is rotated every seven years in accordance with Swiss law.

8.2 Auditing fees

The auditing fees paid to EY in their capacity as Group auditors for 2024 amount to CHF 37.5 million including fees for services related to the review of Environmental, Social and Governance (ESG) information.

8.3 Additional fees

In addition, EY provided non-audit services amounting to CHF 9.6 million, including CHF 5.8 million for tax services, CHF 1.4 million for IS/IT advisory support, CHF 0.7 million for ESG non-audit related work, and CHF 1.7 million for other various non-audit services.

8.4 Information instruments pertaining to the external audit

EY presents to the Audit Committee a detailed report on the conduct of the Financial Statements audit, the findings on significant financial accounting and reporting issues together with the findings on the internal control system, as well as an overview of issues found during the interim audit.

In 2024, EY participated in four Audit Committee meetings, including sessions with the Audit Committee without the Group's management being present.

The Audit Committee assesses the effectiveness of the work of the auditors in accordance with Swiss law, based on their understanding of the Group's business, control, accounting and reporting issues, together with the way in which matters significant at Group level or in the statutory accounts are identified and resolved.

The Audit Committee is also informed on the work of the auditors through regular briefings of its Chair. Audit fees are ultimately approved by the Audit Committee.

The Group and EY have agreed on clear guidelines for non-audit services which are permitted for EY to provide. These services include sell-side and carve-out support on disposals and certain tax and business risk assurance and IT advisory support. These guidelines ensure EY's independence in their capacity as auditors to the Group. EY monitors its independence throughout the year and confirms its independence to the Audit Committee annually.

9. Information policy

Investor Relations – guiding principles

Nestlé is committed to open and consistent communication with shareholders and other interested parties. The objective is to ensure that the perception of those parties about the historical record, current performance and future prospects of Nestlé is in line with management's understanding of the actual situation at Nestlé. The guiding principles of this policy are that Nestlé gives equal treatment to shareholders in equal situations, that any price-sensitive information is published in a timely fashion, and that information is provided in a format that is as full, simple, transparent and consistent as possible.

Methodology

Each year, Nestlé produces a detailed Annual Report, which consists of i) the Annual Review, ii) the Consolidated Financial Statements of the Nestlé Group, iii) the Financial Statements of Nestlé S.A., iv) the Corporate Governance Report, and v) the Compensation Report. The Consolidated Financial Statements are prepared according to the IFRS Accounting Standards. Nestlé also publishes the Non-Financial Statement, which includes reporting on non-financial matters in accordance with the Swiss Code of Obligations. The Half-Year Report, consisting of the Half-Year Income Statement, Balance Sheet and Cash Flow Statement, complements the Annual Report.

In addition to its Financial Statements for the full-year and the half-year, Nestlé publishes its sales figures for the first three months and nine months. Press releases accompany the financial results and sales announcements, and are also issued at the time of potentially price-sensitive events, such as significant acquisitions and divestments, joint venture agreements or alliances. These communications are publicly available on the internet. Major announcements, such as results of corporate activity and investor seminars, are accompanied by a presentation broadcast "live" on the internet.

Furthermore, Nestlé has an active investor relations (IR) program. Throughout the year, IR engages with investors (current or prospective) and relevant sell-side analysts in virtual and in-person meetings, conference calls, roadshows, broker conferences, or other events. In certain cases, members of management might also participate in some meetings with the financial community, including group and one-to-one meetings. Topics of discussion may include recently announced financial results, recent corporate activity, or the longer-term strategy of the Group; they are not an occasion for the disclosure of new information which might encourage investment decisions. Specifically on governance topics, the Company engages in an active dialogue with investors through regular Chairman's Roundtables, surveys, and bilateral exchanges, which are reported to the Chair's and Corporate Governance Committee or the Board.

The Company uses its website (www.nestle.com/investors) to ensure rapid and equitable distribution of information. There are also links to further non-financial information that may be of interest to investors, including areas such as the environment, sustainability, notably the Creating Shared Value at Nestlé 2024 publication, and news about brands and innovation. A corporate calendar of relevant dates is displayed on page 61 of the Annual Review 2024 and is available on the IR events pages (www.nestle.com/investors/events).

The Nestlé Investor Relations Department can be contacted via the following coordinates:

Contact

Investor Relations
Nestlé S.A., Avenue Nestlé 55
1800 Vevey (Switzerland)
Tel.: +41 (0)21 924 35 09
E-mail: ir@nestle.com

Close Periods

10. Close Periods

The Nestlé Policy on Inside Information foresees the following Close Periods, during which trading in Nestlé S.A. shares and other Nestlé securities is not allowed: January 1 up to and including the trading day of the public announcement of the annual results; April 1 up to and including the trading day of the public announcement of the sales figures of the Nestlé Group for the first three months; July 1 up to and including the trading day of the public announcement of the half-yearly results; and October 1 up to and including the trading day of the public announcement of the sales figures for the first nine months. The Close Periods cover the members of the Board of Directors and Executive Board of Nestlé S.A., as well as relevant employees of departments at the Headquarter who have access to privileged information related to the preparation and communication of the full-year and interim financial statements. In addition, they cover relevant employees in Globally Managed Businesses and Key Markets of the Nestlé Group who have access to such information. No exceptions are granted.

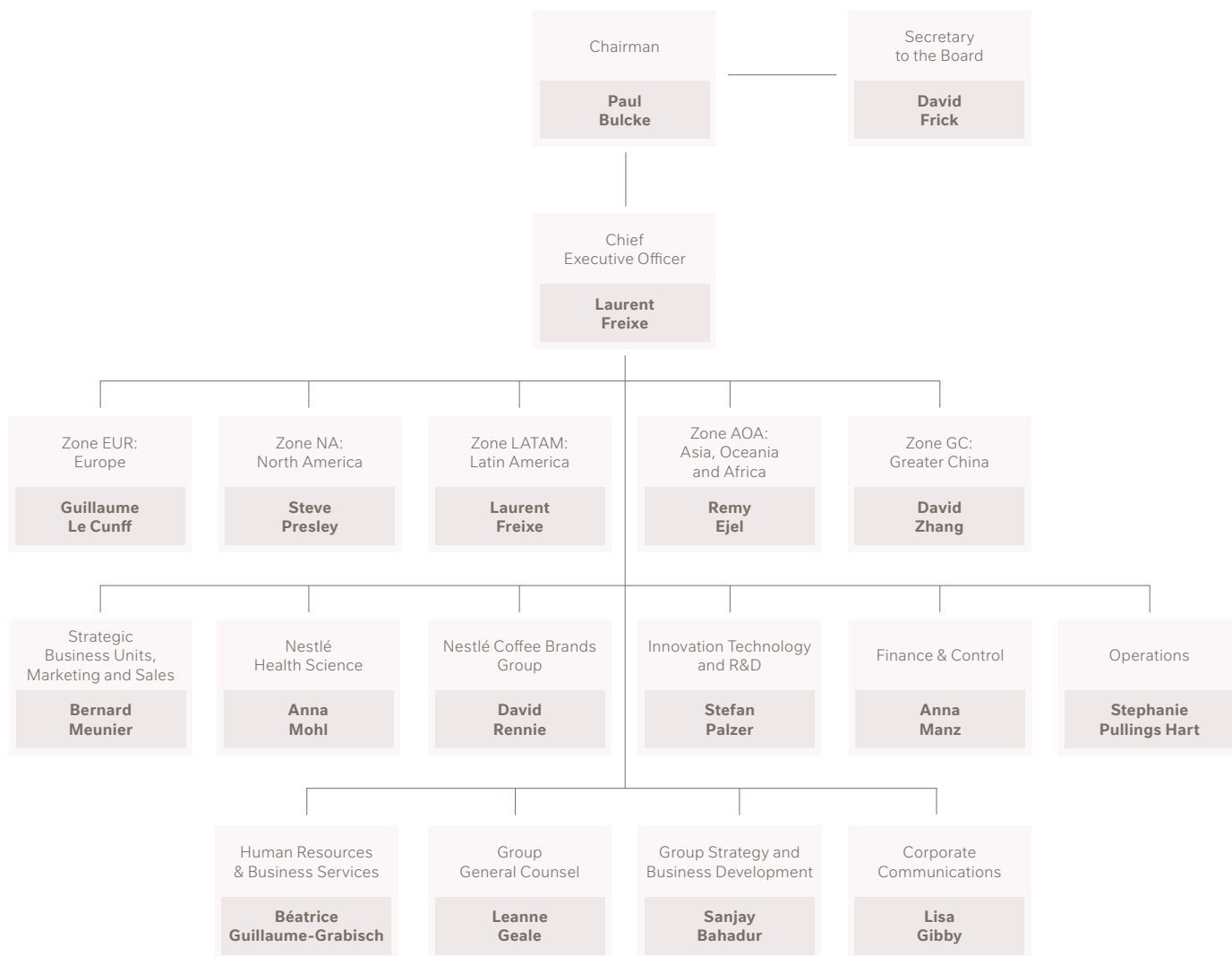
General Organization of Nestlé S.A.

at December 31, 2024

Executive Board

Laurent Freixe
 Stefan Palzer
 Béatrice Guillaume-Grabisch
 Leanne Geale
 Bernard Meunier
 Steve Presley
 Remy Ejel
 David Zhang

Stephanie Pullings Hart
 David Rennie
 Anna Mohl
 Anna Manz
 Guillaume Le Cunff
 Sanjay Bahadur
 Lisa Gibby



Compensation Report 2024

Compensation Report 2024

Introduction

The future success of Nestlé is dependent on its ability to attract, motivate and retain the right talented employees. Among the various programs to support this ambition is a competitive remuneration policy. Nestlé believes in a performance culture as well as good corporate governance and corporate social responsibility.

Therefore, remuneration at Nestlé is based on the following principles:

- pay for performance to support the Company's short-term and long-term objectives;
- compensation aligned with long-term Group strategy and shareholders' interests;
- coherence in our remuneration plans and levels throughout the Company;
- competitiveness versus external market comparisons;
- appropriate balance of fixed and variable remuneration and short-term and long-term rewards.

This Compensation Report shall be submitted to the advisory vote of the shareholders at the Annual General Meeting 2025.

At the 2024 Annual General Meeting, shareholders approved the total compensation budgets for the Board of Directors and the Executive Board with large majorities.

To ensure complete accountability, the shareholders will be able to retrospectively vote on the Compensation Report and payouts in a consultative vote.

Changes to compensation

For 2024, the payout range for the short-term bonus has been expanded to a maximum of 150% to align with market practice.

Governance

The Board of Directors has the overall responsibility for defining the compensation principles used in the Group. Pursuant to art. 21^{bis} of Nestlé S.A.'s Articles of Association ^(*), the total compensation of the Board of Directors and the Executive Board is subject to approval by the shareholders, upon proposal by the Board of Directors.

As of December 31, 2024, the governance for setting the compensation of the members of the Board of Directors and the Executive Board is defined as follows:

Compensation of	Recommended by	Approved by
Board of Directors as a whole	Board of Directors	Shareholders
Executive Board as a whole	Board of Directors	Shareholders
Chair of the Board, CEO	Compensation Committee	Board of Directors ^(a)
Non-executive members of the Board of Directors	Compensation Committee	Board of Directors ^(b)
Members of the Executive Board	CEO together with Chair	Compensation Committee ^(c)

(a) Chair as well as CEO not voting on own compensation, and not participating in the relevant meetings.

(b) Members not voting on own compensation to the extent that Committee fees are concerned.

(c) Executive Board members not participating in the relevant meetings.

Compensation Committee (CC)

The CC is governed by the Compensation Committee Charter (see point 3.5.2 in the Corporate Governance section). The Committee consists of the Chair, who is an independent and non-executive member of the Board. The other members shall be a minimum of three other non-executive members of the Board.

The members of the CC have been elected by the shareholders for one year. The Chair was appointed by the Board of Directors. On December 31, 2024, the composition of the CC is as follows:

Chair	Members
Dick Boer	Pablo Isla
	Patrick Aebischer
	Dinesh Paliwal

The tasks and areas of responsibility of the CC are described on page 14 of the Corporate Governance Report 2024.

(*) Nestlé S.A.'s Articles of Association can be found on page 65 and at www.nestle.com/investors/corporate-governance/articles

Board of Directors

Principles of compensation for the members of the Board of Directors

Governance

Pursuant to art. 21^{bis} par. 1 of Nestlé S.A.'s Articles of Association, the General Meeting shall approve annually the proposal of the Board of Directors in relation to the maximum aggregate amount of the compensation of the Board of Directors for the period until the next Annual General Meeting ^(a).

In the event the General Meeting has not approved a proposal of the Board of Directors, the Board of Directors shall determine the respective maximum aggregate amount or maximum partial amounts of compensation provided that:

- a) the Board of Directors takes into account (i) the proposed maximum aggregate amount of compensation; (ii) the decision of the General Meeting and, to the extent known to the Board of Directors, the main reasons for the negative vote; and (iii) Nestlé's compensation principles; and
- b) the Board of Directors submits the amount(s) so determined for approval by the same General Meeting, a subsequent Extraordinary General Meeting or the next Annual General Meeting (art. 21^{bis} par. 2 of the Articles of Association).

The compensation of the members of the Board of Directors is subject to "claw back" rules in accordance with art. 678 of the Swiss Code of Obligations. Members of the Board of Directors could be obligated to return benefits received from the Company to the extent that these are manifestly disproportionate to the performance rendered in return and to the Company's economic situation (including as a result of fraud or accounting misstatement).

Principles

The remuneration of the members of the Board of Directors is set to attract and retain highly qualified individuals to serve on the Board of Directors. The level of remuneration reflects the time and effort required from the members in fulfilling their Board and Committee responsibilities. The pay structure (cash and blocked shares) is designed to ensure the Board's focus on the long-term success of the Company. There is no variable compensation for non-executive members of the Board of Directors, in order to ensure a proper level of independence.

The principal benchmark used to define Board remuneration is a selection of large Swiss Market Index (SMI) companies ^(b), adjusted for the size of Nestlé. These figures are periodically reviewed against this benchmark.

Compensation 2024 for the members of the Board of Directors

Board membership fees and allowances

With the exception of the Chair and the CEO, each member of the Board of Directors receives a Board membership fee of CHF 280 000 and an Expense Allowance of CHF 15 000. These figures have remained unchanged since 2006.

(a) The Board of Directors may submit for approval by the General Meeting deviating or additional proposals relating to the same or different periods.

(b) Novartis, Roche, Richemont, ABB, UBS and Credit Suisse.

Members of a Board Committee receive the following additional fees ^(a):

	Chair	Members
Chair's and Corporate Governance Committee	CHF 300 000	CHF 200 000
Compensation Committee	CHF 150 000	CHF 70 000
Nomination Committee	CHF 150 000	CHF 70 000
Sustainability Committee	CHF 150 000	CHF 70 000
Audit Committee	CHF 150 000	CHF 100 000

(a) The Chair and the CEO Committee fees are included in their total remuneration.

Committee membership on December 31, 2024

	Chair's and Corporate Governance Committee	Compensation Committee	Nomination Committee	Sustainability Committee	Audit Committee
Paul Bulcke, Chairman	• (Chair)		•		
Pablo Isla, Vice-Chairman, Lead Independent Director	•	•	• (Chair)		
Renato Fassbind	•				• (Chair)
Hanne Jimenez de Mora	•			• (Chair)	
Dick Boer	•	• (Chair)		•	
Patrick Aebischer		•			
Dinesh Paliwal		•	•		
Lindiwe M. Sibanda				•	
Chris Leong				•	
Luca Maestri					•
Rainer Blair					•
Marie-Gabrielle Ineichen-Fleisch			•		
Geraldine Matchett					•

The above fees and allowances cover the period between the Annual General Meeting 2024 and the Annual General Meeting 2025. They are paid in two instalments in arrears. Board membership and Committee fees are paid 50% in cash and 50% in Nestlé S.A. shares, which are subject to a three-year blocking period. The blocking period remains applicable upon termination of the mandate.

The number of Nestlé S.A. shares is determined by taking the closing price of the share on the SIX Swiss Exchange on the ex-dividend date of the respective financial year.

Henri de Castries and Kimberly A. Ross did not stand for re-election at the Annual General Meeting on April 18, 2024, and left the Board of Directors.

Compensation payout 2024

At the Annual General Meeting of April 18, 2024, the shareholders approved a maximum compensation for the Board of Directors of CHF 10 million for the period from the Annual General Meeting 2024 to the Annual General Meeting 2025. The total actual compensation payout for this period including social security contributions is CHF 9 762 642.

Audited (*) Summary of compensation 2024 **

	Cash in CHF ^(a)	Market value of shares in CHF ^(b)	Total Cash & Shares	Social security & addit. Fees ^(c)	Total Compensation
Paul Bulcke, Chairman	—	3 500 000	3 500 000	29 400	3 529 400
Pablo Isla, Vice Chairman, Lead Independent Director	365 000	350 000	715 000	29 400	744 400
Renato Fassbind	330 000	315 000	645 000	29 400	674 400
Patrick Aebischer	190 000	175 000	365 000	42 695	407 695
Dick Boer	365 000	350 000	715 000	—	715 000
Dinesh Paliwal	225 000	210 000	435 000	19 806	454 806
Hanne Jimenez de Mora	330 000	315 000	645 000	29 400	674 400
Lindiwe M. Sibanda	190 000	175 000	365 000	43 886	408 886
Chris Leong	190 000	175 000	365 000	18 886	383 886
Luca Maestri	205 000	190 000	395 000	20 365	415 365
Rainer Blair	205 000	190 000	395 000	20 365	415 365
Marie-Gabrielle Ineichen-Fleisch	190 000	175 000	365 000	18 886	383 886
Geraldine Matchett	205 000	190 000	395 000	23 622	418 622
Total for 2024	2 990 000	6 310 000	9 300 000	326 111	9 626 111

** The above table shows the annual compensation due covering the twelve-month period starting with the Annual General Meeting.

- (a) The cash amount includes the expense allowance of CHF 15 000. The Chairman receives no expense allowance.
- (b) The Board is paid in arrears (25% in October 2024 and 75% in April 2025). The Nestlé S.A. shares equivalent to 50% of the annual remuneration will be delivered at the end of the Board year in April 2025. They will be valued at the closing price of the share on the SIX Swiss Exchange on the ex-dividend date 2025. The actual number of shares delivered will be published in the Compensation Report 2025. In 2024, 68 737 shares have been delivered to the Board.
- (c) Since Company contributions to social security are based on full earnings, whereas benefits are capped, only contributions that lead to future benefits are included. The additional cost to the Company taking into account full social security employer contributions is CHF 136 531 in 2024. For details of additional fees, see page 41. The amount includes as well pension contributions for one Board member who is not exempted from mandatory occupational benefit plans in Switzerland.

(*) Sections highlighted with a blue bar are audited by the statutory auditor. They include all elements the Company needs to disclose pursuant to art. 734a to 734f of the Swiss Code of Obligations.

Audited (*) **Summary of compensation 2023 ****

	Cash in CHF ^(a)	Market value of shares in CHF ^(b)	Total Cash & Shares	Social security & addit. Fees ^(c)	Total Compensation
Paul Bulcke, Chairman	—	3 500 000	3 500 000	29 400	3 529 400
Ulf Mark Schneider, Chief Executive Officer ^(d)	—	—	—	—	—
Henri de Castries, Vice Chairman, Lead Independent Director	380 000	365 000	745 000	29 400	774 400
Renato Fassbind	330 000	315 000	645 000	29 400	674 400
Patrick Aebischer	190 000	175 000	365 000	42 695	407 695
Pablo Isla	330 000	315 000	645 000	29 400	674 400
Kimberly A. Ross	205 000	190 000	395 000	—	395 000
Dick Boer	225 000	210 000	435 000	—	435 000
Dinesh Paliwal	225 000	210 000	435 000	19 806	454 806
Hanne Jimenez de Mora	330 000	315 000	645 000	29 400	674 400
Lindiwe M. Sibanda	190 000	175 000	365 000	43 886	408 886
Chris Leong	190 000	175 000	365 000	18 886	383 886
Luca Maestri	205 000	190 000	395 000	20 365	415 365
Rainer Blair	155 000	140 000	295 000	15 435	310 435
Marie-Gabrielle Ineichen-Fleisch	190 000	175 000	365 000	18 886	383 886
Total for 2023	3 145 000	6 450 000	9 595 000	326 959	9 921 959

** The above table shows the annual compensation due covering the twelve-month period starting with the Annual General Meeting.

- (a) The cash amount includes the expense allowance of CHF 15 000. The Chairman receives no expense allowance.
- (b) The Board is paid in arrears (25% in October 2023 and 75% in April 2024). The Nestlé S.A. shares equivalent to 50% of the annual remuneration will be delivered at the end of the Board year in April 2024. They will be valued at the closing price of the share on the SIX Swiss Exchange on the ex-dividend date 2024. The actual number of shares delivered will be published in the Compensation Report 2024. In 2023, 55 042 shares have been delivered to the Board.
- (c) Since Company contributions to social security are based on full earnings, whereas benefits are capped, only contributions that lead to future benefits are included. The additional cost to the Company taking into account full social security employer contributions is CHF 140 246 in 2023. For details of additional fees, see page 41.
- (d) The CEO's compensation is disclosed in its entirety under compensation of the Executive Board.

Paul Bulcke, in his capacity as active, non-executive Chairman, received Nestlé S.A. shares, which are blocked for three years. In addition to his responsibilities for the governance and strategy of the Group, this reflects specific responsibilities for the direction and control of the Group, including the support of Nestlé Health Science through its Strategic Advisory Council, the direct leadership of Nestlé's interests in L'Oréal and the chairmanship of the Nestlé Science & Technology Advisory Council. Paul Bulcke maintains close relationships with shareholders, including through worldwide Chairman's Roundtables. He also engages with other stakeholders, including through his Co-Chairmanship of the 2030 Water Resources Group (WRG) and his membership of the WEF Community of Chairpersons. The remuneration includes all compensation received in relation to these activities.

	2024		2023
	Value in CHF	Number	Value in CHF
Cash compensation	—		—
Blocked shares (market value) ^(a)	3 500 000	37 298	3 500 000
Total Cash & Shares	3 500 000		3 500 000
Company contribution to compulsory Swiss social security ^(b)	29 400		29 400
Total compensation	3 529 400		3 529 400

(a) The Chairman is paid in arrears. The Nestlé S.A. shares equivalent to 100% of the annual remuneration will be delivered at the end of the Board year in April 2025. They will be valued at the closing price of the share on the SIX Swiss Exchange on the ex-dividend date 2025. The actual number of shares delivered will be published in the Compensation Report 2025.

(b) Since Company contributions to social security are based on full earnings, whereas benefits are capped, only contributions that lead to future benefits are included. The additional cost to the Company taking into account full social security employer contributions is CHF 127 216 in 2023 and in 2024.

Share ownership of the non-executive members of the Board of Directors and closely related parties on December 31, 2024

	Number of shares held ^(a)
Paul Bulcke, Chairman	1 545 209
Pablo Isla, Vice Chairman, Lead Independent Director	15 334
Renato Fassbind	62 083
Patrick Aebischer	18 911
Dick Boer	10 391
Dinesh Paliwal	8 609
Hanne Jimenez de Mora	13 221
Lindiwe M. Sibanda	4 803
Chris Leong	3 392
Luca Maestri	3 683
Rainer Blair	1 645
Marie-Gabrielle Ineichen-Fleisch	8 231
Geraldine Matchett	—
Total as at December 31, 2024	1 695 512
Total as at December 31, 2023	1 663 993

(a) Including shares subject to a three-year blocking period.

There are no stock options held by any non-executive member of the Board of Directors and closely related parties.

Other audited information regarding the Board of Directors

Loans

There are no loans to members of the Board of Directors. Loans to a member of the Board of Directors may only be granted at market conditions and may, at the time of grant, not exceed the respective member's most recent total annual compensation (art. 21^{septies} of the Articles of Association).

Additional fees and remuneration of the Board of Directors

There are no additional fees or remuneration paid by Nestlé S.A. or any of its Group companies, directly or indirectly, to members of the Board of Directors, except for CHF 25 000 paid to Patrick Aebischer, who serves on the Nestlé Science & Technology Advisory Council, and CHF 25 000 paid to Lindiwe Sibanda who serves on the Creating Shared Value (CSV) Council.

Compensation and loans for former members of the Board of Directors

There was no compensation conferred during 2024 on former members of the Board of Directors. Similarly, there are no loans outstanding to former members of the Board of Directors.

Compensation or loans to related parties of members of the Board of Directors

In 2024, no compensation was paid to related parties of members of the Board of Directors and there were no loans outstanding to related parties.

Mandates on December 31, 2024

As at December 31, 2024, the members of the Board of Directors held the following comparable positions in other undertakings with commercial objectives.

	Mandates in listed companies	Function	Mandates in non-listed companies	Function
Paul Bulcke	L'Oréal S.A.	<ul style="list-style-type: none"> – Board member – Vice Chairman – Strategy and Sustainable Development Committee, member – Nominations and Governance Committee, member – Human Resources and Remuneration Committee, member 	J.P. Morgan International Council	– Member
Pablo Isla			Bertelsmann SE & Co. KGaA	– Board member
			Fonte Films S.L.	– Chairman
			Cinven Ltd	– Global Senior Advisor
Renato Fassbind				
Hanne Jimenez de Mora			Microcaps AG	<ul style="list-style-type: none"> – Board member – Chairperson
			IMD Business School	<ul style="list-style-type: none"> – Board member – Vice Chair
Dick Boer	Shell plc	<ul style="list-style-type: none"> – Board member – Senior Independent Non-Executive Director – Deputy Chair – Audit & Risk Committee, member – Nomination and Succession Committee, member – Remuneration Committee, member 	SHV Holdings N.V.	<ul style="list-style-type: none"> – Board member – Vice Chair
	Just Eat Takeaway.com	<ul style="list-style-type: none"> – Board member & Chairman – Audit Committee, member – Nomination and Remuneration Committee, member 	Het Concertgebouw N.V.	– Board member & Chairman

Audited

	Mandates in listed companies	Function	Mandates in non-listed companies	Function
Patrick Aebischer	PolyPeptide Group AG	– Board member – Vice Chairman & Lead Independent Director	NistronTech Sàrl	– Board member
			Amazentis SA	– Board member – Vice Chairman
			Swiss Vaccine SA	– Board member
			Vandria SA	– Board member – Chairman
			EPFL	– Honorary Professor
Dinesh Paliwal	KKR & Co. Inc.	– Partner	Marelli & Koki Holdings Co. Ltd.	– Board member – Non-Executive Chairman
Lindiwe M. Sibanda			University of Pretoria	– Professor Extraordinary
			Linds Agriculture Services PVT Ltd.	– Managing Director
Chris Leong	Schneider Electric SE	– Chief Marketing Officer		
Luca Maestri	Apple Inc.	– Chief Financial Officer		
Rainer Blair	Danaher Corporation	– President & CEO – Board member – Executive Committee, member – Science & Technology Committee, member		
Marie-Gabrielle Ineichen-Fleisch	BVZ Holding AG	– Board member	KIBAG Holding AG	– Board member
			Schweizerische Mobiliar Genossenschaft	– Board member
			F.G. Pfister Holding AG	– Board member
Geraldine Matchett	ABB Ltd.	– Board member		
	Swiss Re Ltd.	– Board member		

Mandates on December 31, 2023

As at December 31, 2023, the members of the Board of Directors held the following comparable positions in other undertakings with commercial objectives.

	Mandates in listed companies	Function	Mandates in non-listed companies	Function
Paul Bulcke	L'Oréal S.A.	Board member Vice Chairman Strategy and Sustainable Development Committee, member Nominations and Governance Committee, member Human Resources and Remuneration Committee, member	J.P. Morgan International Council	Member
Ulf Mark Schneider	Roche Holding Ltd	Board member		
Henri de Castries	Stellantis N.V.	Board member Lead Independent Director	General Atlantic	Senior Advisor Chairman of Europe
			AXA Assurances Vie Mutuelle	Board member
			AXA Assurances IARD Mutuelle	Board member
Renato Fassbind				
Patrick Aebischer	Logitech International SA	Board member Nominating and Governance Committee, member	NistronTech Sàrl	Board member
	PolyPeptide Group AG	Board member Vice Chairman & Lead Independent Director	Amazentis SA	Board member Vice Chairman
			Swiss Vaccine SA	Board member
			Vandria SA	Board member
			EPFL	Honorary Professor
Pablo Isla			Amara NZero S.A.	Chairman
			Fonte Films S.L.	Chairman
Kimberly A. Ross	The Cigna Group	Board member Finance Committee, member Audit Committee, Chair		
	Northrop Grumman Corporation	Board member Audit Committee, member Policy Committee, member		
	KKR Co. Inc.	Board member		

Audited

	Mandates in listed companies	Function	Mandates in non-listed companies	Function
Dick Boer	Shell plc	Board member-Senior Independent Non-Executive Director Deputy Chair Audit & Risk Committee, member Nomination and Succession Committee, member Remuneration Committee, member	SHV Holdings N.V.	Board member
	Just Eat Takeaway.com	Board member & Chairman	Het Concertgebouw N.V.	Board member & Chairman
Dinesh Paliwal	KKR & Co. Inc.	Partner	Marelli & Koki Holdings Co. Ltd.	Board member Non-Executive Chairman
Hanne Jimenez de Mora			Microcaps AG	Board member Chairperson
			IMD Business School	Board member Vice Chair
Lindiwe M. Sibanda			University of Pretoria	Professor Extraordinary Director
			Linds Agriculture Services PVT Ltd.	Managing Director
Chris Leong	Schneider Electric SE	Chief Marketing Officer		
Luca Maestri	Apple Inc.	Chief Financial Officer		
Rainer Blair	Danaher Corporation	President & CEO Board member Science & Technology Committee, member		
Marie-Gabrielle Ineichen-Fleisch			KIBAG Holding AG	Board member
			Schweizerische Mobiliar Genossenschaft	Board member
			F.G. Pfister Holding AG	Board member

Executive Board

Principles of compensation for members of the Executive Board

Governance

Pursuant to art. 21^{bis} par. 1 of Nestlé S.A.'s Articles of Association (*), the General Meeting shall approve annually the proposal of the Board of Directors in relation to the maximum aggregate amount of the compensation of the Executive Board for the following financial year (**).

In the event the General Meeting has not approved a proposal of the Board of Directors, the Board of Directors shall determine the respective maximum aggregate amount or maximum partial amounts of compensation, provided that:

- a) the Board of Directors takes into account: (i) the proposed maximum aggregate amount of compensation; (ii) the decision of the General Meeting and, to the extent known to the Board of Directors, the main reasons for the negative vote; and (iii) Nestlé's compensation principles; and
- b) the Board of Directors submits the amount(s) so determined for approval by the same General Meeting, a subsequent Extraordinary General Meeting or the next Annual General Meeting (art. 21^{bis} par. 2 of the Articles of Association).

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 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 (art. 21^{ter} of the Articles of Association).

Principles

The principles of compensation for members of the Executive Board are the following:

Pay for performance

The Total Direct Compensation for the members of the Executive Board includes a fixed portion (Annual Base Salary) and a variable portion (Short-Term Bonus and Long-Term Incentives). The fixed compensation takes into account individual performance. Variable compensation is determined based on collective and individual performance. These are intended to ensure a major part of executive rewards are contingent on achieving demanding performance goals.

Alignment with long-term company strategy and shareholder interests

Compensation for members of the Executive Board is aligned with company strategy and shareholders' interests. The Short-Term Bonus payout is determined by the degree of achievement of a number of objectives aligned to annual business plans. Long-Term Incentives are provided in the form of share-based instruments, therefore ensuring alignment with shareholders' interests. In 2024, the main Long-Term Incentive instrument was the Performance Share Unit Plan (PSUP). PSUs have a vesting period of three years, with a further holding period of two years for Executive Board members, leading to a total restriction period of five years. Their alignment with shareholder interests is reinforced through payouts being tied to underlying Earnings per Share (EPS) growth, relative Total Shareholder Return (TSR) performance, Return on Invested Capital (ROIC) and reduction in greenhouse gas emissions.

Coherence in remuneration plans and levels throughout the Company

The Company aims to align remuneration plans across the Group and to ensure that compensation rewards are appropriate for the added responsibilities of positions held. This is reflected in the relative remuneration levels of the Executive Board.

(*) Nestlé S.A.'s Articles of Association can be found on page 65 and at www.nestle.com/investors/corporate-governance/articles

(**) The Board of Directors may submit for approval by the General Meeting deviating or additional proposals relating to the same or different periods.

Compensation to be internationally competitive by using selected benchmarks

The compensation packages for the members of the Executive Board need to be competitive in a dynamic international environment. Nestlé targets its overall remuneration policy to be between the median and the 75th percentile of the selected external benchmarks (please refer to page 52). Whenever appropriate, the benchmark values are adjusted for the size of Nestlé. The market competitiveness of the compensation of the Executive Board is therefore periodically assessed using the services of Willis Towers Watson, a reputed international human capital and benefits consultancy.

The total compensation package consists of the following elements:

1. Base Salary

The Base Salary is the foundation of the total compensation. It reflects the experience, expertise and sustained performance of the Executive Board member, as well as taking into account external market competitiveness. It also serves as the basis for determining the Short-Term Bonus target levels and the allocation of Long-Term Incentives. The Base Salary is reviewed annually by the Compensation Committee. Criteria for adjustments are individual contribution and the level of competitiveness against the benchmarks.

2. Short-Term Bonus

The Short-Term Bonus is intended to reward results achieved against annual collective and individual objectives related to Nestlé's overall business strategy. The Short-Term Bonus is paid in cash and/or in Nestlé S.A. shares ^(*), which are subject to a three-year blocking period.

Governance

Pursuant to art. 21^{quater} of Nestlé S.A.'s Articles of Association ^(**), variable compensation may comprise short-term compensation elements, and shall be subject to caps expressed as predetermined multipliers of the respective target levels.

Short-term compensation elements are governed by performance metrics that take into account the performance of Nestlé and/or parts thereof, targets in relation to the market, to other companies or to comparable benchmarks and/or individual targets, and achievement of which is generally measured based on a one-year period. The annual target level of the short-term compensation elements is determined as a percentage of the Base Salary; depending on achieved performance, the compensation may amount up to a pre-determined multiplier of target level.

The Board of Directors or, to the extent delegated to it, the Compensation Committee, determines performance metrics and target levels, and their achievement.

(*) or American Depositary Receipts

(**) Nestlé S.A.'s Articles of Association can be found on page 65 and at www.nestle.com/investors/corporate-governance/articles

Objectives 2024

The Short-Term Bonus (Annual Bonus) is based on a bonus target expressed in % of the Annual Base Salary.

In 2024, the following target levels were applicable

- CEO: 150%;
- Executive Vice President: 100%;
- Deputy Executive Vice President: 80%.

For the CEO and the CFO, 85% of the target is linked to performance against the Nestlé Group objectives (see below) and 15% to Environmental, Social and Governance (ESG) objectives. For the other members of the Executive Board, at least 35% of the target is linked to business performance, to ensure accountability for Nestlé's results; for Function Heads, 50% is tied to functional objectives, 35% to Group performance and 15% to ESG objectives; for Zone or Business Heads, 60% is tied to business objectives they are directly responsible for, 25% to Group performance and 15% to ESG objectives.

In case an executive reaches all objectives in full, the bonus payout will correspond to the targeted level. If one or more objectives are not reached, the bonus is reduced. The bonus payout is capped at a maximum of 150% (2023: 130%) of the target. There is no guarantee for the payout of a minimum bonus.

Members of the Executive Board can elect to receive part or all of their Short-Term Bonus in Nestlé S.A. shares ^(*). The CEO has to take a minimum of 50% in shares.

The number of shares granted is determined using the average market closing price of the last ten trading days of January 2025.

Group objectives

Every year, the Board of Directors defines a set of key quantitative operational objectives, which comprise the main elements in determining the annual Group performance for the following year. These are linked to measurable financial objectives. In 2024, their weighting was 60% Organic Growth and 40% Profitability (Underlying Trading Operating Profit margin).

Additional quantitative and qualitative objectives, set by the Board of Directors in line with Nestlé's strategy, are also used to determine the Nestlé Group performance. This set of additional objectives reflects market shares, capital expenditure, structural cost optimization, progress on digitalization, strengthening Nestlé's values and culture, and further progress on quality and safety.

The above objectives are kept under review by the Board of Directors to ensure that they are aligned with Nestlé's business objectives and its strategic ambition.

Business and functional objectives

Business and functional objectives are determined by the CEO for each member of the Executive Board. They are related to the individual area of responsibility and are of a financial or non-financial nature.

Environmental, Social and Governance (ESG) objectives

ESG objectives (15% of the target) are set annually by the Compensation Committee and reflect selected performance measures from the Company's ESG/Sustainability agenda. For 2024, they relate to affordable nutrition with micro nutrients, reduction of greenhouse gas emissions, virgin plastic reduction, reduction of water use in factories and management positions held by women. These five objectives are equally weighted at 3% each.

(*) or American Depositary Receipts

3. Long-Term Incentives

Long-Term Incentives are intended to reward sustained business success and overall shareholder value creation as well as to retain key senior management members.

Governance

Pursuant to art. 21^{quater} of Nestlé S.A.'s Articles of Association ^(*), variable compensation may comprise long-term compensation elements, and shall be subject to caps expressed as pre-determined multipliers of the respective target levels.

Long-term compensation elements are governed by performance metrics that take into account strategic objectives of Nestlé, achievement of which is generally measured based on a multi-annual period. The annual target level of the long-term compensation elements is determined as a percentage of the Base Salary; depending on the achieved performance, the compensation may amount up to a pre-determined multiplier of the target level. Vesting periods, as determined by the Board of Directors or, to the extent delegated to it, the Compensation Committee, shall be at least three years. See further art. 21^{quater} par. 6 to par. 8 of the Articles of Association.

The Board of Directors or, to the extent delegated to it, the Compensation Committee determines performance metrics and target levels, and their achievement.

Target levels 2024

In 2024, members of Nestlé's Executive Board were eligible to receive Long-Term Incentives in the form of Performance Share Units under the Performance Share Unit Plan (PSUP). The grant value for Long-Term Incentives in 2024 was the following:

- CEO: 150% of the Annual Base Salary
- Executive Vice President and Deputy Executive Vice President: 100% of the Annual Base Salary

The PSUP provides units which entitle participants to receive Nestlé S.A. shares at the end of the three-year vesting period. These shares remain blocked for a further period of two years for Executive Board members.

The level at which PSUs vest is determined by the degree by which the four performance measures of the PSUP are met over the full three-year vesting period. These four criteria are:

- the growth of underlying Earnings per Share (EPS) in constant currencies;
- the relative Total Shareholder Return (TSR) of the Nestlé S.A. share in relation to the STOXX Global 1800 Food & Beverage Gross Return Index;
- the Return on Invested Capital (ROIC) and
- the reduction in greenhouse gas emissions.

Growth of underlying Earnings per Share, Total Shareholder Return performance in relation to peers, Return on Invested Capital and reduction in greenhouse gas emissions are commonly used measures to determine senior management long-term performance in the industry. Growth of underlying Earnings per Share will be weighted at 40%, Total Shareholder Return Performance, Return on Invested Capital and reduction in greenhouse gas emissions at 20% respectively to determine the vesting level of the initial PSU award.

All four performance measures will be subject to Compensation Committee review in case of extraordinary events.

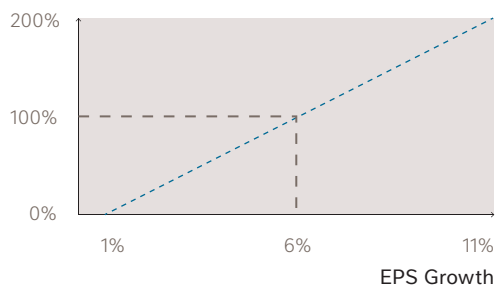
The PSUP covers the Executive Board, Senior Vice Presidents and selected Vice Presidents and Assistant Vice Presidents. A Restricted Stock Unit Plan (RSUP) applies to all other participants.

(*) Nestlé S.A.'s Articles of Association can be found on page 65 and at www.nestle.com/investors/corporate-governance/articles

The following charts show the different potential levels of achievement for each of the four measures for the 2024 PSUP grant.

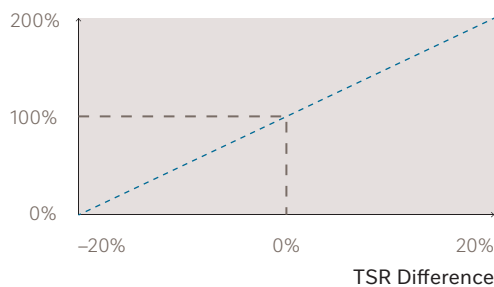
**Underlying EPS Growth
(constant currencies)**

Achievement



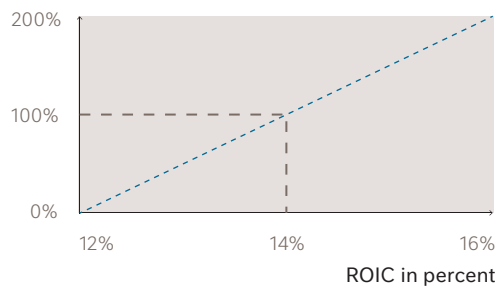
**TSR Difference
(Nestlé vs. Index)**

Achievement



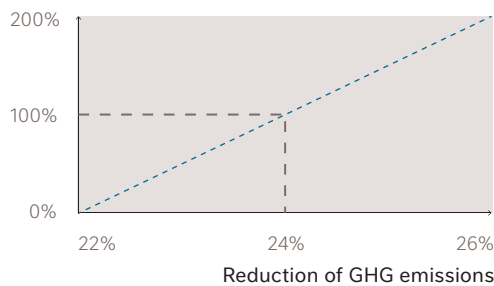
ROIC (in percent)

Achievement



**Reduction of Greenhouse Gas (GHG)
emissions**

Achievement

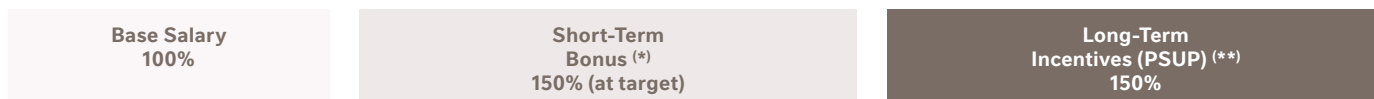


The total vesting level will be determined by applying, at the end of the vesting period, a weight of 40% for Underlying EPS Growth, 20% for TSR Difference, 20% for ROIC and 20% for the Reduction of Greenhouse Gas emissions, and by adding up the four elements.

The vesting range of the PSU starts at 0% and is capped at 200% of the initial PSU award, thus providing alignment with strategy and shareholders' interests, as well as ensuring competitiveness versus external market comparisons.

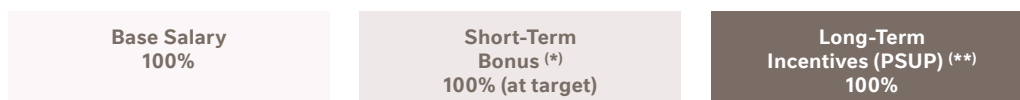
Overview of Executive Board compensation elements

CEO



(*) Payable between 50% and 100% in Nestlé S.A. shares with a three-year blocking period.
 (**) Subject to a two-year holding period after the three-year vesting period.

Executive Vice Presidents



(*) Payable between 0% and 100% in Nestlé S.A. shares with a three-year blocking period.
 (**) Subject to a two-year holding period after the three-year vesting period.

Maximum payout:

- Short-Term Bonus: capped at 150% of the target;
- PSUP: vesting ranges from 0% to 200% of the initial PSU award.

4. Other Incentive Plans

For the Head of Nestlé Health Science, the LTI target grant values are the same as mentioned above, but are split between PSUP (30% of grant value) and the specific Long-Term Incentive Plan of Nestlé Health Science (70% of grant value). Nestlé Health Science has a Phantom Share Unit Plan based on the long-term development of that business, with a vesting period of three years, and a value capped at two times the Unit price at grant.

The Head of Zone North America also participates in the Nestlé US Short-Term and Long-Term Incentive Plans for 75% of his total grant value. The Nestlé US Long-Term Incentive Plan, which has a target value of 250%, is a Phantom Share Unit Plan based on the long-term results of Nestlé S.A. The vesting range and performance measures of these US Performance Share Units (US PSUs) are the same as those of the PSUs described above. US PSUs have a three-year vesting period and are cash settled following the third anniversary of the grant date. These terms reflect the dynamics in our largest market and are comparable to the terms applicable for employees in similar positions in the US.

5. Other benefits

Typical elements are a car allowance, long-term service awards in line with Company policy as well as contributions towards health insurance premiums and periodical health checks as well as personal security services. Health insurance premiums of the Heads of Zone North America and Zone Greater China, the Chief Communications Officer, the Head of Nestlé Health Science and the Head of Operations are paid by the Company. They also receive a financial planning allowance. Those Executive Board members who have been transferred to Switzerland from other Nestlé locations are eligible to receive benefits provided by Nestlé’s expatriation policies. The Heads of Zone North America and Zone Greater China receive a housing allowance. The Chief Financial Officer benefits from tax and relocation support for her transfer to Switzerland. The Head of Zone North America also receives certain additional benefits including contributions to life insurance and other benefits available to employees in similar positions in the US.

6. Pension benefits

Executive Board members are affiliated to the Nestlé Pension Plan in Switzerland like all other employees, except for the Head of Operations, who is affiliated to the Expatriate Swiss Life Pension Plan in Switzerland, the Chief Communications Officer and the Head of Nestlé Health Science. The Heads of Zone North America and of Zone Greater China are also affiliated to the local pension plans, as are the Chief Communications Officer, the Head of Operations and the Head of Nestlé Health Science, who remained on US pension plans in line with Nestlé's Corporate Expatriation Policy. The employer's contributions for future pension benefits are included in the compensation amount.

Pensionable earnings under the Nestlé Pension Plan in Switzerland include the Annual Base Salary, but not the variable compensation (Short-Term Bonus or Long-Term Incentives). Any part of the Annual Base Salary which exceeds the ceiling prescribed by Swiss Pension Law is covered directly by the Company.

Benchmarks of Executive Board compensation

Any benchmark needs to take into account Nestlé's overall size, its sector and geographic location. The Compensation Committee has therefore decided that the most appropriate way to assess the competitiveness of the compensation for the Executive Board is by comparing it against the STOXX Europe 50 index (excluding financial services) as the primary benchmark (*), while taking account of trends in executive remuneration in the European fast moving consumer goods (FMCG) and pharma companies. Reflecting the Company's size (revenue and headcount), Nestlé's competitive position has been evaluated with reference to the 75th percentile of the benchmark.

Share ownership policy

Following an appropriate build-up period, each Executive Board member is required to hold shares at least equal to twice his/her Annual Base Salary, absent specific circumstances. The CEO is required to hold shares at least equal to five times his Annual Base Salary.

An additional two-year blocking period is imposed on Nestlé S.A. shares delivered to Executive Board members upon vesting of PSUs, bringing the total restriction period to five years. The blocking period remains applicable upon termination of employment.

Loans

The Company does not, as a rule, grant loans, except that it may provide advances, generally repayable over a three-year period to members of the Executive Board who have been transferred to Switzerland from other Nestlé locations in line with the Nestlé Corporate Expatriation Policy.

Loans to Executive Board members may only be granted at market conditions and may, at the time of grant, not exceed the respective member's most recent total annual compensation (art. 21^{septies} of the Articles of Association).

Contracts of employment and severance payments

Members of the Executive Board are subject to a notice period of 12 months. During this time, unless there was termination for cause, entitlement to the Annual Base Salary and prorated Short-Term Bonus continues. Long-Term Incentives are forfeited upon voluntary resignation or termination for cause; Long-Term Incentives immediately vest in all other cases of termination of employment. There are no severance payments or change of control provisions ("golden parachutes"). Non-compete provisions are in line with the Articles of Association and are activated by the Company only as necessary on a case-by-case basis.

The compensation of the members of the Executive Board is subject to forfeiture or claw back if the compensation paid or granted is rejected by the General Meeting of Nestlé S.A. in a final vote.

(*) Companies include: ABB, Adyen, Air Liquide, Airbus, ASML, AstraZeneca, BASF, Bayer, BP, British American Tobacco, Deutsche Post, Deutsche Telekom, Diageo, Enel, EssilorLuxottica, Glencore, GSK, Kering, L'Oréal, Mercedes-Benz, Novartis, Novo Nordisk, Prosus, Relx, Rio Tinto, Roche, Sanofi, SAP, Schneider Electric, Shell, Siemens, TotalEnergies and Vinci.

Audited

Compensation 2024 for members of the Executive Board

At the Annual General Meeting of April 20, 2023 the shareholders approved a maximum compensation for members of the Executive Board of CHF 72 million for 2024. The total compensation paid to members of the Executive Board in 2024, including contributions towards future pension benefits and total social security contributions, was CHF 77 037 581. This amount includes a supplementary payment to one new member of the Executive Board. Please refer to the explanations provided on page 58.

Compensation for members of the Executive Board in CHF (including the CEO)

	2024	2023
Annual Base Salary	17 833 333	16 741 666
Short-Term Bonus (cash)	15 155 708	15 666 017
Short-Term Bonus (market value of Nestlé S.A. share) ^(a)	1 901 376	4 755 855
Performance Share Units (market value) ^(b)	20 406 777	19 594 778
Other benefits	2 576 594	2 385 243
Total	57 873 788	59 143 559
% Fixed/Variable	35.3 – 64.7	32.3 – 67.7
Company contributions towards future pension benefits (in line with Nestlé's Pension Benefit Policy described above)	4 978 127	4 896 824
Company contributions to compulsory Swiss social security ^(c)	421 400	436 100
Additional remuneration and fees paid to members of the Executive Board	11 092 353	—
Total including the elements above	74 365 668	64 476 483

The above compensation table includes the following:

	2024	2023
Number of Nestlé S.A. shares ^(d) granted	24 923	48 757
Number of Performance Share Units granted under the PSUP	218 855	181 573

- (a) Nestlé S.A. shares or American Depositary Receipts delivered as part of the Short-Term Bonus are valued at the average closing price of the last ten trading days of January 2025.
- (b) The Performance Share Units are valued at the average closing price of the first ten trading days, after the publication of the annual results for the Grant in March and at the average closing price of the last ten trading days in September for the Grant in October. Performance Share Units granted and revoked in the same year are not disclosed.
- (c) Since the Company contributions to social security are based on full earnings, whereas benefits are capped, only contributions that lead to future benefits are included. The additional cost to the Company taking into account full social security employer contributions is CHF 2 671 913 in 2024 and CHF 2 337 174 in 2023.
- (d) or American Depositary Receipts

Explanations

- On December 31, 2024, the Executive Board consisted of 15 members.
- Anna Manz was appointed member of the Executive Board effective March 1, 2024.
- Francois-Xavier Roger left the Executive Board on March 1, 2024.
- Guillaume Le Cunff was appointed member of the Executive Board effective July 1, 2024.
- Marco Settembri left the Executive Board on July 1, 2024.
- Laurent Freixe was appointed CEO effective September 1, 2024.
- Mark Schneider left the Executive Board on September 1, 2024.
- For other benefits, see section 5 above.
- Performance Share Units granted in 2024 are disclosed at market value, which corresponds to CHF 93.07 (*) for the Grant in March and to CHF 84.58 for the Grant in October.
- The values in the table above differ in some respect from the compensation disclosure in Note 18.1 of the Consolidated Financial Statements of the Nestlé Group 2024, which have been prepared in accordance with the IFRS Accounting Standards. The differences relate to the timing of valuation of Performance Share Units, whose values are spread over three years under IFRS but reported fully at the grant date in this report.

Payout levels

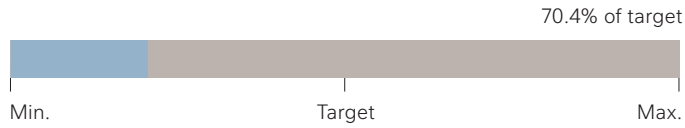
- The Short-Term Bonus payout for the Executive Board was 89.1% in 2024, based on the achievement of the relevant Group and individual quantitative and qualitative objectives (2023: 118%).
- The Performance Share Units granted in 2022 vest in February 2025 with a payout of 79% of the initial PSU award (PSUs granted in 2021 vested in 2024 with a payout of 92%).

(*) USD 113.38 for US Performance Share Units

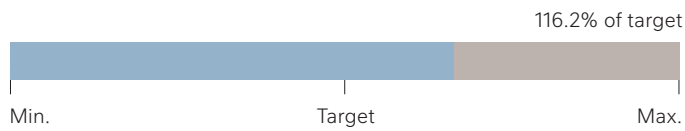
Target Achievements

Group and ESG Objectives 2024 Target Achievements
(CEO Short Term Bonus Achievements)

Financial Objectives (85% weighted)

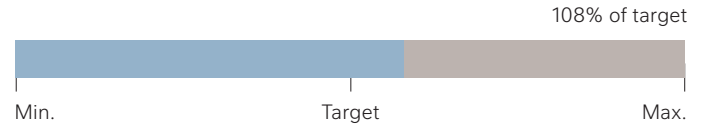


ESG (15% weighted)

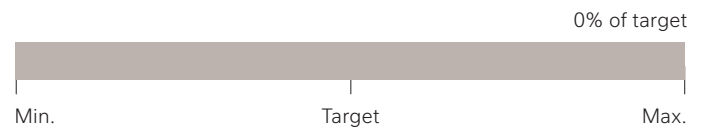


Long-Term Incentive Plan 2022–2024 Achievements

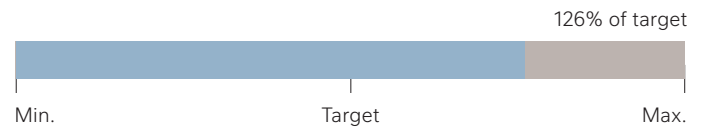
Underlying EPS (50% weighted)



TSR (30% weighted)



ROIC (20% weighted)



Events after the balance sheet date

- Philipp Navratil was appointed member of the Executive Board effective January 1, 2025.
- Anna Lenz was appointed member of the Executive Board effective January 1, 2025.
- David Zhang left the Executive Board on January 1, 2025.
- Béatrice Guillaume-Grabisch left the Executive Board on January 1, 2025.
- Lisa Gibby left the Executive Board on January 1, 2025.
- David Rennie left the Executive Board on January 1, 2025 and was re-appointed member of the Executive Board effective April 1, 2025, succeeding Bernard Meunier.
- Bernard Meunier will leave the Executive Board on April 1, 2025.

Highest total compensation for a member of the Executive Board (*)

In 2024, the highest total compensation for a member of the Executive Board was conferred to Ulf Mark Schneider, the CEO until August 31, 2024. The amounts below are included in the Executive Board compensation disclosed above.

		2024		2023
	Number	Value in CHF	Number	Value in CHF
Annual Base Salary		2 400 000		2 400 000
Short-Term Bonus (cash)		2 779 200		2 210 401
Short-Term Bonus (market value of Nestlé S.A. share) (a)		—	22 661	2 210 399
Performance Share Units (market value) (b)	38 681	3 600 041	33 211	3 600 072
Other benefits		68 900		148 568
Total		8 848 141		10 569 440
% Fixed/Variable		27.9 – 72.1		24.1 – 75.9
Company contribution towards future pension benefits		748 775		647 381
Company contribution to compulsory Swiss social security (c)		29 400		29 400
Total including the elements above		9 626 316		11 246 221

- (a) Nestlé S.A. shares delivered as part of the Short-Term Bonus are valued at the average closing price of the last ten trading days of January 2025.
- (b) The Performance Share Units are valued at the average closing price of the first ten trading days, after the publication of the annual results.
- (c) Since the Company contributions to social security are based on full earnings, whereas benefits are capped, only contributions that lead to future benefits are included. The additional cost to the Company taking into account full social security employer contributions is CHF 425 265 in 2024 and CHF 498 525 in 2023.

Explanations

- Performance Share Units granted in 2024 are disclosed at market value, which corresponds to CHF 93.07 for the Grant in March.
- Please also refer to the explanations provided on page 54.

Payout levels

- The Short-Term Bonus payout for the CEO was 77.2% in 2024, based on the achievement of Group quantitative and qualitative objectives and the ESG objectives (2023: 122.8%).
- The Performance Share Units granted in 2022 vest in February 2025 with a payout of 79% of the initial PSU award (PSUs granted in 2021 vested in 2024 with a payout of 92%).

(*) Not taking into account replacement grants awarded to members of the Executive Board during the financial year. Including replacement grants, Anna Manz (CFO) would have been the highest paid in 2024. Please refer to the explanations provided on page 58.

Audited

Share ownership of the members of the Executive Board and closely related parties on December 31, 2024

	Number of shares held ^(a)
Laurent Freixe, Chief Executive Officer	41 318
Stefan Palzer	31 397
Béatrice Guillaume-Grabisch	78 194
Leanne Geale	31 178
Bernard Meunier	20 370
Steve Presley	7 312
Rémy Ejel	13 214
David Zhang	6 441
Stephanie Pullings Hart	—
David Rennie	29 540
Anna Mohl	800
Anna Manz	44 297
Guillaume Le Cunff	6 768
Sanjay Bahadur	99 467
Lisa Gibby	6 536
Total as at December 31, 2024	416 832
Total as at December 31, 2023	1 031 522

(a) Including shares subject to a three-year blocking period, and further two-year holding period.

There are no stock options held by any member of the Executive Board and closely related parties.

Audited Other audited information regarding the Executive Board**Loans to members of the Executive Board**

On December 31, 2024, there were no loans outstanding to any member of the Executive Board.

Additional fees and remuneration of the Executive Board

One member of the Executive Board, in her role of CEO of Nestlé Health Science, also participated in 2024 in the Nestlé Health Science Long-Term Incentive plan, a Phantom Share Unit plan based on the long-term development of that business. She was attributed 6958 Units in 2024, with a share price of CHF 80.48 per Unit (vesting period of three years, value capped at two times the Unit price at grant).

One member of the Executive Board (Anna Manz, CFO) received on March 1, 2024, replacement grants for long-term and short-term incentives granted to her by her former employer, London Stock Exchange Group, that were forfeited as a result of her resignation. They were granted in the form of Nestlé PSUs, blocked Nestlé shares and cash (in the total amount of CHF 10 532 373). For a part of the value (CHF 5 037 580), the supplementary amount authority pursuant to article 21^{ter} of Nestlé's Articles of Association was used.

For the sake of full transparency, two members of the Executive Board served on the Board of Directors of Froneri Lux Topco Sàrl ("Froneri"), in which Nestlé holds a minority equity interest of 44%. Nestlé does not exercise control over Froneri. In 2024, these members of the Executive Board did not receive any compensation from Froneri.

Compensation and loans for former members of the Executive Board

On December 31, 2024, there were no loans outstanding to former members of the Executive Board.

Compensation or loans to related parties of members of the Executive Board

In 2024, no compensation was paid to related parties of members of the Executive Board, and there were no loans outstanding to related parties.

Audited

Mandates on December 31, 2024

As at December 31, 2024, the members of the Executive Board held the following comparable positions in other undertakings with commercial objectives.

	Mandates in listed companies	Function	Mandates in non-listed companies	Function
Laurent Freixe			Cereal Partners Worldwide SA	– Board member
Stefan Palzer	Merck KGaA	– Board member		
Béatrice Guillaume-Grabisch	L'Oréal S.A.	– Board member – Audit Committee, member		
Leanne Geale	Holcim Ltd.	– Board member – Health, Safety and Sustainability Committee, member		
Bernard Meunier			Cereal Partners Wordwide SA	– Board member, Co-Chair
Steve Presley				
Rémy Ejel			Cereal Partners Wordwide SA	– Board member
David Zhang	Mei Nian Jian Kang	– Board member		
Stephanie Pullings Hart			TraceLink Inc.	– Board member – Enterprise Risk Committee, member
David Rennie			Froneri Lux Topco Sàrl	– Board member
Anna Mohl			Amazentis SA	– Board member
Anna Manz	AstraZeneca Plc	– Board member – Audit Committee, member		
Guillaume Le Cunff			Cereal Partners Wordwide SA Lactalis Nestlé Produits S.A.S.	– Board member – Board member
Sanjay Bahadur			Froneri Lux Topco Sàrl European Pizza Group Topco Sàrl	– Board member – Board member
Lisa Gibby				

Mandates on December 31, 2023

As at December 31, 2023, the members of the Executive Board held the following comparable positions in other undertakings with commercial objectives.

	Mandates in listed companies	Function	Mandates in non-listed companies	Function
Ulf Mark Schneider	Roche Holding Ltd	Board member		
Laurent Freixe			Cereal Partners Worldwide SA	Board member
Marco Settembri			Froneri Lux Topco Sàrl Lactalis Nestlé Produits S.A.S	Board member Board member
François-Xavier Roger	Sandoz Group AG	Board member Audit, Risk and Compliance Committee, Chair	Cereal Partners Worldwide SA	Board member
Stefan Palzer				
Béatrice Guillaume-Grabisch	L'Oréal S.A.	Board member Audit Committee, member		
Leanne Geale	Holcim Ltd.	Board member Health, Safety and Sustainability Committee, member		
Bernard Meunier			Cereal Partners Wordwide SA	Board member, Co-Chair
Steve Presley				
Rémy Ejel				
David Zhang				
Stephanie Pullings Hart			TraceLink Inc.	Board member Enterprise Risk Committee, member
Grégory Behar	Sonova AG Seres Therapeutics Inc.	Board member Board member	Amazentis SA	Board member
Sanjay Bahadur			Froneri Lux Topco Sàrl European Pizza Group Topco Sàrl	Board member Board member
David Rennie				
Lisa Gibby				

To the General Meeting of
Nestlé S.A., Cham & Vevey

Lausanne, 12 February 2025

Report of the statutory auditor on the audit of the Compensation



Opinion

We have audited the Compensation Report of Nestlé S.A. (the Company) for the year ended 31 December 2024. The audit was limited to the information pursuant to articles 734a-734f of the Swiss Code of Obligations (CO) in the tables marked “audited” and highlighted with a blue bar on pages 38 to 60 of the Compensation Report.

In our opinion, the information pursuant to Art. 734a-734f CO in the Compensation Report complies with Swiss law and the Company’s articles of association.



Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the “Auditor’s Responsibilities for the Audit of the Compensation Report” section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the tables labelled “audited” in the Compensation Report, the consolidated financial statements, the stand-alone financial statements and our auditor’s reports thereon.

Our opinion on the Compensation report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Compensation Report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the audited financial information in the Compensation Report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Board of directors' responsibilities for the Compensation Report

The Board of Directors is responsible for the preparation of a Compensation Report in accordance with the provisions of Swiss law and the Company's articles of association, and for such internal control as the Board of Directors determines is necessary to enable the preparation of a Compensation Report that is free from material misstatement, whether due to fraud or error. It is also responsible for designing the remuneration system and defining individual remuneration packages.



Auditor's responsibilities for the Audit of the Compensation Report

Our objectives are to obtain reasonable assurance about whether the information pursuant to Art. 734a-734f CO is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Compensation Report.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the Compensation Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Shape the future
with confidence

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Ernst & Young Ltd

A handwritten signature in black ink, appearing to read 'J. Boillet', written in a cursive style.

Jeanne Boillet
Licensed audit expert
(Auditor in charge)

A handwritten signature in black ink, appearing to read 'André Schaub', written in a cursive style.

André Schaub
Licensed audit expert

Articles of Association of Nestlé S.A.

**Amended by the
Annual General Meeting
of April 18, 2024**

Articles of Association of Nestlé S.A.

Translation*

I. General

Article 1

Corporate name; Registered offices; Duration

- 1 Nestlé S.A. (Nestlé AG) (Nestlé Ltd.) (hereinafter "Nestlé") is a company limited by shares incorporated and organised in accordance with the Swiss Code of Obligations.
- 2 The registered offices of Nestlé are in Cham and Vevey, Switzerland.
- 3 The duration of Nestlé is unlimited.

Article 2

Purpose

- 1 The purpose of Nestlé is to participate in industrial, service, commercial and financial enterprises in Switzerland and abroad, in particular in the food, nutrition, health, wellness and related industries.
- 2 Nestlé may itself establish such undertakings or participate in, finance and promote the development of undertakings already in existence.
- 3 Nestlé may enter into any transaction which the business purpose may entail. Nestlé shall, in pursuing its business purpose, aim for long-term, sustainable value creation.

II. Share Capital

Article 3

Share capital

The share capital of Nestlé is CHF 262 000 000 (two hundred and sixty-two million Swiss francs) divided into 2620 000 000 fully paid up registered shares with a nominal value of CHF 0.10 each.

Article 3^{bis}

Conditional share capital

- 1 The share capital of Nestlé may be increased in an amount not to exceed CHF 10 000 000 (ten million Swiss francs) by issuing up to 100 000 000 registered shares with a nominal value of CHF 0.10 each, which shall be fully paid up, through the exercise of conversion rights and/or option rights granted in connection with the issuance by Nestlé or one of its subsidiaries of newly or already issued convertible debentures, debentures with option rights or other financial market instruments.

** This is an unofficial translation. In case of doubt or differences of interpretation, the official French and German versions of the Articles of Association shall prevail over the English text.*

- 2 The shareholders have no preferential rights to subscribe for these new shares. The current owners of conversion rights and/or option rights shall be entitled to subscribe for the new shares.
- 3 The new shares shall be subject, as soon as they are issued following the exercise of conversion and/or option rights, to the restrictions set forth in art. 5.
- 4 The Board of Directors may limit or withdraw the right of the shareholders to subscribe in priority to convertible debentures, debentures with option rights or similar financial market instruments when they are issued, if:
 - a) an issue by firm underwriting by a consortium with subsequent offering to the public without preferential subscription rights seems to be the most appropriate form of issue at the time, particularly in terms of the conditions for issue; or
 - b) the financial market instruments with conversion or option rights are issued in connection with the financing or refinancing of the acquisition of an enterprise or parts of an enterprise or participations or new investments.
- 5 Any financial market instruments with conversion or option rights which the Board of Directors decides not to offer directly or indirectly for prior subscription to the shareholders shall be subject to the following conditions:
 - a) Conversion rights may be exercised only for up to 15 years, and option rights only during 7 years from the date of issue of the relevant financial market instruments.
 - b) The new shares shall be issued according to the applicable conversion or option conditions. The respective financial instruments must be issued at the relevant market conditions.
 - c) The issue of new shares upon exercise of option or conversion rights shall be made at conditions taking into account the market price of the shares and/or comparable instruments with a market price at the time of issuance of the relevant convertible debenture, debenture with option rights or similar financial market instrument.

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 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. 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 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.

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 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 or in the cases provided in art. 685d par. 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.
- 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.
- 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.
- 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.
- 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.

III. Organisation of Nestlé

A. General Meeting

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 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 statement 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 7

Annual General Meeting

The Annual General Meeting shall be held each year within six months of the close of the financial year of Nestlé. The meeting shall be convened by the Board of Directors.

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 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 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.
- 2 Minutes of General Meetings shall be kept by the Secretary of the Board of Directors.
- 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 11

Voting rights; Representation of shareholders

- 1 Each share recorded in the share register as share with voting rights confers one vote on its holder.
- 2 At General Meetings no person may exercise, directly or indirectly, voting rights, with respect to own shares or shares represented by proxy, in excess of 5% of the share capital as recorded in the commercial register. 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 such a limit, shall be counted as one shareholder.
- 3 The foregoing limit does not apply to shares received and held by a shareholder pursuant to an acquisition of an enterprise, or parts of an enterprise or participations as referred in art. 5 par. 5.
- 4 In order to permit the exercise of voting rights in respect of shares held by nominees, the Board of Directors may by means of regulations or agreements with nominees depart from the limit foreseen in this article. It may also depart from such a limit within the framework of the regulations referred to in art. 5 par. 6 and par. 9. In addition, this limit shall not apply to the exercise of voting rights by the Independent Representative.
- 5 Each shareholder recorded in the share register with voting rights may be represented at the General Meeting by the Independent Representative or a third party. The Board of Directors shall determine the requirements regarding participation and representation in the General Meeting.
- 6 The Independent Representative shall be elected by the General Meeting for a term of office until completion of the next Annual General Meeting. Re-election is possible. If the office of the Independent Representative is vacant, the Board of Directors shall appoint the Independent Representative for the next General Meeting.

Article 12

Quorum and decisions

- 1 General Meetings shall be duly constituted irrespective of the number of shareholders present or of shares represented.

- 2 Unless provided otherwise by law or the Articles of Association, shareholders' resolutions and elections shall be decided by an absolute majority of the shares represented.
- 3 Votes shall be taken either on a show of hands or by electronic voting unless a vote by written ballot is ordered by the Presiding officer of the meeting. The Presiding officer may at any time order to repeat an election or resolution, if he doubts the results of the vote. In this case, the preceding election or resolution is deemed not having taken place.
- 4 If the first ballot fails to result in an election and more than one candidate is standing for election, the Presiding officer shall order a second ballot in which a relative majority shall be decisive.

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 par. 4 to 7) and the limitation on voting rights (art. 11 par. 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.

B. Board of Directors

Article 14

Number of Directors

The Board of Directors shall consist of at least seven members.

Article 15

Term of office

- 1 The Chairman of the Board of Directors and the members of the Board of Directors shall be elected individually by the General Meeting for a term of office until completion of the next Annual General Meeting.
- 2 Members of the Board of Directors whose term of office has expired shall be immediately eligible for re-election.
- 3 If the office of the Chairman of the Board of Directors is vacant, the Board of Directors shall appoint a new Chairman from amongst its members for the remaining term of office.

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 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 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 or by Board 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.

C. Compensation Committee

Article 19^{bis}

Number of members; Term of office; Organisation

- 1 The Compensation Committee consists of at least three independent members of the Board of Directors.
- 2 The members of the Compensation Committee shall be 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 shall be immediately eligible for re-election.
- 3 If there are vacancies on the Compensation Committee, the Board of Directors shall appoint substitutes from amongst its members for the remaining term of office.

- 4 The Board of Directors shall elect a Chairman of the Compensation Committee. It shall, within the limits of the law and the Articles of Association, define the organisation of the Compensation Committee in regulations.

Article 19^{ter}

Powers of the Compensation Committee

- 1 The Compensation Committee supports the Board of Directors in establishing and periodically reviewing Nestlé's compensation strategy and guidelines and performance criteria as well as in preparing the proposals to the General Meeting regarding the compensation of the members of the Board of Directors and of the Executive Board. It may submit proposals and recommendations to the Board of Directors in other compensation-related issues.
- 2 The Board of Directors promulgates regulations to determine for which positions of the Board of Directors and of the Executive Board the Compensation Committee, together with the Chairman of the Board of Directors or on its own, shall submit proposals for the compensation, and for which positions it shall determine the compensation in accordance with the Articles of Association and the compensation guidelines established by the Board of Directors.
- 3 The Board of Directors may delegate further tasks and powers to the Compensation Committee.

D. Auditors

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

Rights and duties of Auditors

The Auditors shall verify the annual financial statements of Nestlé and the consolidated financial statements of the Group and perform such other tasks as defined by law. The Auditors shall submit their reports to the General Meeting. Their rights and duties shall be as set out in the applicable Swiss law.

III^{bis}. Compensation of the Board of Directors and of the Executive Board

Article 21^{bis}

Approval of compensation by General Meeting

- 1 The General Meeting shall approve annually and separately the proposals of the Board of Directors in relation to the maximum aggregate amount of:
 - a) compensation of the Board of Directors for the period until the next Annual General Meeting;
 - b) compensation of the Executive Board for the following financial year.The Board of Directors may submit for approval by the General Meeting deviating or additional proposals relating to the same or different periods.
- 2 In the event the General Meeting has not approved a proposal of the Board of Directors, the Board of Directors shall determine the respective maximum aggregate amount or maximum partial amounts of compensation, provided that:
 - a) the Board of Directors takes into account:
 - (i) the proposed maximum aggregate amount of compensation;
 - (ii) the decision of the General Meeting and, to the extent known to the Board of Directors, the main reasons for the negative vote; and
 - (iii) Nestlé's compensation principles; and
 - b) the Board of Directors submits the amount(s) so determined to approval by the same General Meeting, a subsequent Extraordinary General Meeting or the next Annual General Meeting.
- 3 Notwithstanding the preceding paragraph, Nestlé or companies controlled by it may pay out compensation prior to approval by the General Meeting subject to subsequent approval by a General Meeting.
- 4 The Board of Directors shall submit the annual compensation report to an advisory vote of the General Meeting.

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^{quater}

General compensation principles

- 1 Compensation of the non-executive members of the Board of Directors comprises fixed compensation elements only.
- 2 Compensation of the members of the Executive Board comprises fixed and variable compensation elements. Fixed compensation comprises the base salary and may comprise other compensation elements and benefits. Variable compensation may comprise short-term and long-term compensation elements, and shall be subject to caps expressed as predetermined multipliers of the respective target levels.
- 3 Short-term compensation elements are governed by performance metrics that take into account the performance of Nestlé and/or parts thereof, targets in relation to the market, to other companies or to comparable benchmarks and/or individual targets, and achievement of which is generally measured based on a one-year period. The annual target level of the short-term compensation elements is determined as a percentage of the base salary; depending on achieved performance, the compensation may amount up to a predetermined multiplier of target level.
- 4 Long-term compensation elements are governed by performance metrics that take into account strategic objectives of Nestlé, and achievement of which is generally measured based on a multiannual period. The annual target level of the long-term compensation elements is determined as a percentage of the base salary; depending on achieved performance, the compensation may amount up to a predetermined multiplier of target level. Vesting periods, as determined by the Board of Directors or, to the extent delegated to it, the Compensation Committee, shall be at least three years.
- 5 The Board of Directors or, to the extent delegated to it, the Compensation Committee determines performance metrics and target levels, and their achievement.
- 6 Compensation may be paid or granted in the form of cash, shares, other benefits or in kind; compensation to members of the Executive Board may also be paid or granted in the form of financial instruments or similar units. The Board of Directors or, to the extent delegated to it, the Compensation Committee determines grant, vesting, blocking, exercise and forfeiture conditions; they may provide for continuation, acceleration or removal of vesting and exercise conditions, for payment or grant of compensation assuming target achievement or for forfeiture in the event of predetermined events such as a termination of an employment or mandate agreement.
- 7 Compensation may be paid by Nestlé or companies controlled by it.
- 8 The Board of Directors values compensation according to the principles that apply to the compensation report.

III^{ter}. Contracts with members of the Board of Directors and of the Executive Board

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 total consideration for such prohibition shall not exceed the average of the compensation of the last three financial years.

III^{quater}. Mandates outside Nestlé; Loans

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 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 comparable functions at other enterprises with an economic purpose. 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 21^{septies}

Loans

Loans to a member of the Board of Directors or the Executive Board may only be granted at market conditions and may, at the time of grant, not exceed the respective member's most recent total annual compensation.

IV. Business report and appropriation of profit resulting from the balance sheet

Article 22

Financial year

The financial year shall commence on 1 January and shall end on 31 December.

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 24

Appropriation of profit resulting from the balance sheet

The profit shall be allocated by the General Meeting within the limits set by applicable law. The Board of Directors shall submit its proposals to the General Meeting.

V. Announcements, Communications

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.

Articles of Association amended on April 18, 2024

Financial Statements 2024

Consolidated Financial Statements of the Nestlé Group 2024

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Principal exchange rates

CHF per

		2024	2023	2024	2023
		Year-end rates		Average annual rates	
1 US Dollar	USD	0.904	0.841	0.880	0.898
1 Euro	EUR	0.941	0.931	0.952	0.971
100 Chinese Yuan Renminbi	CNY	12.380	11.859	12.234	12.689
100 Brazilian Reais	BRL	14.594	17.381	16.351	17.989
100 Mexican Pesos	MXN	4.370	4.964	4.804	5.063
1 Pound Sterling	GBP	1.135	1.072	1.125	1.116
100 Philippine Pesos	PHP	1.563	1.519	1.537	1.614
1 Canadian Dollar	CAD	0.629	0.636	0.643	0.665
100 Indian Rupee	INR	1.055	1.012	1.052	1.088
1 Australian Dollar	AUD	0.562	0.575	0.581	0.596
100 Chilean Pesos	CLP	0.091	0.095	0.093	0.107

Consolidated income statement for the year ended December 31, 2024

In millions of CHF			
	Notes	2024	2023
Sales	3	91 354	92 998
Other revenue		366	353
Cost of goods sold		(48 670)	(50 328)
Distribution expenses		(7 567)	(7 765)
Marketing and administration expenses		(18 112)	(17 549)
Research and development costs		(1 667)	(1 656)
Other trading income	4	124	132
Other trading expenses	4	(1 195)	(1 665)
Trading operating profit	3	14 633	14 520
Other operating income	4	474	298
Other operating expenses	4	(383)	(755)
Operating profit		14 724	14 063
Financial income	5	358	284
Financial expense	5	(1 843)	(1 644)
Profit before taxes, associates and joint ventures		13 239	12 703
Taxes	13	(3 314)	(2 314)
Income from associates and joint ventures	14	1 249	1 120
Profit for the year		11 174	11 509
of which attributable to non-controlling interests		290	300
of which attributable to shareholders of the parent (Net profit)		10 884	11 209
As percentages of sales			
Trading operating profit		16.0%	15.6%
Profit for the year attributable to shareholders of the parent (Net profit)		11.9%	12.1%
Earnings per share (in CHF)			
Basic earnings per share	15	4.19	4.24
Diluted earnings per share	15	4.19	4.23

Consolidated statement of comprehensive income for the year ended December 31, 2024

In millions of CHF

	Notes	2024	2023
Profit for the year recognized in the income statement		11 174	11 509
Currency retranslations, net of taxes	17	798	(4 154)
Changes in cash flow hedge and cost of hedge reserves, net of taxes		895	194
Share of other comprehensive income of associates and joint ventures	14/17	14	(197)
Items that are or may be reclassified subsequently to the income statement		1 707	(4 157)
Remeasurement of defined benefit plans, net of taxes	10/17	318	(623)
Fair value changes of equity instruments, net of taxes	17	33	163
Share of other comprehensive income of associates and joint ventures	14/17	225	(40)
Items that will never be reclassified to the income statement		576	(500)
Other comprehensive income for the year	17	2 283	(4 657)
Total comprehensive income for the year		13 457	6 852
of which attributable to non-controlling interests		307	175
of which attributable to shareholders of the parent		13 150	6 677

Consolidated balance sheet as at December 31, 2024

before appropriations

In millions of CHF	Notes	2024	2023
Assets			
Current assets			
Cash and cash equivalents	12/16	5 556	4 816
Short-term investments	12	2 315	1 035
Inventories	6	13 260	11 896
Trade and other receivables	7/12	11 251	10 995
Prepayments		543	521
Derivative assets	12	792	278
Current income tax assets		1 334	1 284
Assets held for sale		137	32
Total current assets		35 188	30 857
Non-current assets			
Property, plant and equipment	8	33 706	30 467
Goodwill	9	30 595	28 693
Intangible assets	9	19 245	18 225
Investments in associates and joint ventures	14	14 326	13 088
Financial assets	12	3 650	2 947
Derivative assets	12	84	130
Employee benefits assets and reimbursement rights	10	1 475	962
Deferred tax assets	13	995	1 181
Total non-current assets		104 076	95 693
Total assets		139 264	126 550

In millions of CHF			
	Notes	2024	2023
Liabilities and equity			
Current liabilities			
Financial debt	12	11 863	9 416
Derivative liabilities	12	408	317
Trade and other payables	7/12	21 807	19 204
Accruals		5 466	5 112
Provisions	11	865	675
Current income tax liabilities		2 435	2 360
Liabilities directly associated with assets held for sale		19	—
Total current liabilities		42 863	37 084
Non-current liabilities			
Financial debt	12	51 697	45 825
Derivative liabilities	12	307	239
Employee benefits liabilities	10	2 629	2 718
Provisions	11	1 086	1 303
Deferred tax liabilities	13	3 767	2 886
Other payables	12	222	108
Total non-current liabilities		59 708	53 079
Total liabilities		102 571	90 163
Equity	17		
Share capital		262	267
Treasury shares		(4 283)	(5 155)
Translation reserve		(26 788)	(27 581)
Other reserves		363	(50)
Retained earnings		66 363	68 261
Total equity attributable to shareholders of the parent		35 917	35 742
Non-controlling interests		776	645
Total equity		36 693	36 387
Total liabilities and equity		139 264	126 550

Consolidated cash flow statement for the year ended December 31, 2024

In millions of CHF			
	Notes	2024	2023
Operating activities			
Operating profit	16	14 724	14 063
Depreciation and amortization	16	3 582	3 458
Impairment	16	580	647
Net result on disposal of businesses	4	62	221
Other non-cash items of income and expense	16	(229)	82
Cash flow before changes in operating assets and liabilities		18 719	18 471
Decrease/(increase) in working capital	16	1 208	1 134
Variation of other operating assets and liabilities	16	(334)	(425)
Cash generated from operations		19 593	19 180
Interest paid		(1 539)	(1 330)
Interest and dividends received		273	193
Taxes paid		(2 411)	(2 801)
Dividends and interest from associates and joint ventures	14	759	699
Operating cash flow		16 675	15 941
Investing activities			
Capital expenditure	8	(5 638)	(5 714)
Expenditure on intangible assets	9	(325)	(489)
Acquisition of businesses, net of cash acquired	2	(809)	(211)
Disposal of businesses, net of cash disposed of	2	(23)	215
Investments (net of divestments) in associates and joint ventures	14	(532)	(582)
Inflows/(outflows) from treasury investments		(1 251)	(80)
Other investing activities ^(a)		(46)	665
Investing cash flow		(8 624)	(6 196)
Financing activities			
Dividend paid to shareholders of the parent	17	(7 816)	(7 829)
Dividends paid to non-controlling interests		(174)	(323)
Acquisition of non-controlling interests		(27)	(52)
Purchase of treasury shares ^(b)		(4 678)	(5 234)
Inflows from bonds and other long-term financial debt	12	7 992	9 806
Outflows from bonds, lease liabilities and other long-term financial debt	12	(5 055)	(3 589)
Inflows/(outflows) from short-term financial debt	12	2 396	(2 537)
Financing cash flow		(7 362)	(9 758)
Currency retranslations		53	(682)
Increase/(decrease) in cash and cash equivalents		742	(695)
Cash and cash equivalents at beginning of year		4 816	5 511
Cash and cash equivalents at end of year		5 558	4 816
Cash and cash equivalents classified as held for sale		(2)	—
Cash and cash equivalents as per balance sheet	16	5 556	4 816

(a) In 2023, mainly composed of the proceeds of the disposal of a financial asset in Prometheus Biosciences. The accounting gain of the transaction is recorded under other comprehensive income.

(b) Mostly relates to a share buyback program launched in 2022.

Consolidated statement of changes in equity for the year ended December 31, 2024

In millions of CHF

	Share capital	Treasury shares	Translation reserve	Other reserves	Retained earnings	Total equity attributable to shareholders of the parent	Non-controlling interests	Total equity
Equity as at January 1, 2023	275	(9 303)	(23 559)	(63)	74 632	41 982	810	42 792
Profit for the year	—	—	—	—	11 209	11 209	300	11 509
Other comprehensive income for the year	—	—	(4 022)	(11)	(499)	(4 532)	(125)	(4 657)
Total comprehensive income for the year	—	—	(4 022)	(11)	10 710	6 677	175	6 852
Dividends	—	—	—	—	(7 829)	(7 829)	(323)	(8 152)
Movement of treasury shares	—	(5 142)	—	—	6	(5 136)	—	(5 136)
Equity compensation plans	—	154	—	—	(2)	152	—	152
Changes in non-controlling interests ^(a)	—	—	—	—	(55)	(55)	(15)	(70)
Reduction in share capital ^(b)	(8)	9 136	—	—	(9 128)	—	—	—
Total transactions with owners	(8)	4 148	—	—	(17 008)	(12 868)	(338)	(13 206)
Other movements ^(c)	—	—	—	24	(73)	(49)	(2)	(51)
Equity as at December 31, 2023	267	(5 155)	(27 581)	(50)	68 261	35 742	645	36 387
Equity as at January 1, 2024	267	(5 155)	(27 581)	(50)	68 261	35 742	645	36 387
Profit for the year	—	—	—	—	10 884	10 884	290	11 174
Other comprehensive income for the year	—	—	793	894	579	2 266	17	2 283
Total comprehensive income for the year	—	—	793	894	11 463	13 150	307	13 457
Dividends	—	—	—	—	(7 816)	(7 816)	(174)	(7 990)
Movement of treasury shares	—	(4 544)	—	—	(15)	(4 559)	—	(4 559)
Equity compensation plans	—	151	—	—	(19)	132	—	132
Changes in non-controlling interests ^(a)	—	—	—	—	(181)	(181)	(3)	(184)
Reduction in share capital ^(b)	(5)	5 265	—	—	(5 260)	—	—	—
Total transactions with owners	(5)	872	—	—	(13 291)	(12 424)	(177)	(12 601)
Other movements ^(c)	—	—	—	(481)	(70)	(551)	1	(550)
Equity as at December 31, 2024	262	(4 283)	(26 788)	363	66 363	35 917	776	36 693

(a) Movements reported under retained earnings include put options for the acquisition of non-controlling interests.

(b) Reduction in share capital, see Note 17.1.

(c) Other movements in Other reserves relate to cash flow hedge transactions. Other movements in Retained earnings relate mainly to other equity movements in associates and joint ventures explained further in Note 14 in the table of movement of carrying amount of associates and joint ventures.

1. Accounting policies

Accounting convention and accounting standards

The Consolidated Financial Statements comply with IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) and with Swiss law.

They have been prepared on a historical cost basis, unless stated otherwise. All significant consolidated companies, joint arrangements and associates have a December 31 accounting year-end.

The Consolidated Financial Statements 2024 were approved for issue by the Board of Directors on February 12, 2025, and are subject to approval by the Annual General Meeting on April 16, 2025.

Accounting policies

Accounting policies are included in the relevant Notes to the Consolidated Financial Statements and are presented as text highlighted with a grey background. The accounting policies below are applied throughout the Consolidated Financial Statements.

Key accounting judgments, estimates and assumptions

The preparation of the Consolidated Financial Statements requires Group Management to exercise judgment and to make estimates and assumptions that affect the application of policies, reported amounts of revenues, expenses, assets and liabilities as well as disclosures. Estimated climate impacts, current and probable stated regulatory changes and Nestlé's environmental commitments have been taken into account. These estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The estimates and underlying assumptions are reviewed on an ongoing basis. Information about potential impacts under alternative scenarios (including, among others, the policies aligned with the Paris ambition and Nestlé's environmental commitments) on the medium and long term, aligned with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), has been considered. Management believes that the Financial Statements as at December 31, 2024 reflect the most reasonable view of the value of the assets and liabilities at this date. The implications for the Group and the global economy of the war in Ukraine (described in Note 2) as well as potential escalations are highly uncertain, and remain difficult to predict or quantify. Actual results and outcomes could differ from the judgments and estimates taken into account in these Consolidated Financial Statements.

Those areas that involved a higher degree of judgment or uncertainty are explained further in the relevant Notes, including:

- assessment of control and estimation of the fair value of net assets acquired in business combinations and the fair value of considerations received with regard to disposal of businesses (see Note 2);
- recognition and estimation of revenue (see Note 3);
- presentation of additional line items and subtotals in the income statement (see Note 4);
- identification of leases and determination of lease term (see Note 8);
- identification of cash generating units (CGUs) and estimation of recoverable amount for impairment tests (see Note 9);
- assessment of useful lives of intangible assets, including assessment as finite or indefinite (see Note 9);
- measurement of employee benefit obligations (see Note 10);
- recognition and measurement of provisions (see Note 11); and
- estimation of current and deferred taxes, including uncertain tax positions (see Note 13).

Foreign currencies

The functional currency of the Group's entities is the currency of their primary economic environment.

In individual companies, transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at year-end rates. Any resulting exchange differences are taken to the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges.

On consolidation, assets and liabilities of foreign operations reported in their functional currencies are translated into Swiss Francs, the Group's presentation currency, at year-end exchange rates. Income and expense are translated into Swiss Francs at the annual average rates of exchange or at the rate on the date of the transaction for significant items.

Differences arising from the retranslation of opening net assets of foreign operations, together with differences arising from the translation of the net results for the year of foreign operations, are recognized in other comprehensive income.

When there is a loss of control or partial disposal of a foreign operation, exchange differences that were recorded in equity are recognized in the income statement as part of the gain or loss on disposal.

Hyperinflationary economies

Several factors are considered when evaluating whether an economy is hyperinflationary, including the cumulative three-year inflation, and the degree to which the population's behaviors and government policies are consistent with such a condition.

The balance sheet and results of subsidiaries operating in hyperinflationary economies are restated for the changes in the general purchasing power of the local currency, using official indices at the balance sheet date, before translation into Swiss Francs and, as a result, are stated in terms of the measuring unit current at the balance sheet date. The hyperinflationary economies in which the Group operates are listed in Note 20.

Other revenue

Other revenue are primarily sales-based royalties and license fees from third parties (including associates and joint ventures) which have been earned during the period.

Expenses

Operating expenses are presented in the income statement using the function of expense method, as this is the method used by management to analyze performance and is commonly used in the consumer goods industry, and thus provides more relevant information.

Cost of goods sold is determined on the basis of the cost of purchase or of production (comprised of the costs of raw and packaging material, direct labor, energy, manufacturing overheads and depreciation of factory assets, which are allocated to products using activity-based drivers), adjusted for the variation of inventories. It includes the cost of royalties due to third-party licensors for the use of their intellectual property, which are accrued in accordance with the respective agreement. Cost of goods sold also includes amortization of intangible assets related to acquired licenses to sell products or to use technology, as well as maintenance and depreciation of equipment used in the sales process like coffee machines and water coolers.

All other expenses, including those in respect of advertising and promotions, are recognized when the Group receives the risks and rewards of ownership of the goods or when it receives the services. Government grants that are not related to assets are credited to the income statement as a deduction of the related expense when they are received, if there is reasonable assurance that the terms of the grant will be met.

Distribution expenses encompass the costs of storing products and transporting products between factories, warehouses and customer locations. It includes the costs

of outsourced transportation services, salaries and wages of drivers, warehouse employees and customer service staff, as well as depreciation and running costs of warehouses and related storage, transportation and handling equipment.

Marketing and administration expenses include the costs of advertising and consumer promotion activities, merchandising, sales teams and head office functions such as finance, human resources, legal, information technology, supply chain and general management. It is primarily comprised of salaries, depreciation and maintenance of real estate, and the costs of third-party services.

Additional details of research and development, other trading income and expenses and other operating income and expenses are provided in the respective Notes.

Changes in IFRS Accounting Standards

In May 2023, the IASB issued Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7). The Group has made the required disclosures in the full year 2024 Consolidated Financial Statements (see Note 7.2) in accordance with the amendment.

Several other amendments apply for the first time in 2024 including, among others, Non-current Liabilities with Covenants (Amendments to IAS 1), and Lease Liability in a Sale and Leaseback (Amendments to IFRS 16). None of these had a material impact on the Group's Financial Statements.

Changes in IFRS Accounting Standards that may affect the Group after December 31, 2024

In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements. This standard sets out requirements for the presentation and disclosure of information in financial statements. IFRS 18 is effective for reporting periods beginning on or after January 1, 2027 and will apply retrospectively. The Group is currently evaluating all impacts this new standard will have on the presentation of the income statement and the notes to the consolidated financial statements. It is too early to assess whether this standard will have a material impact on the financial statements.

The following amendments have been issued and will become effective after December 31, 2024: Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7, Annual Improvements to IFRS Accounting Standards – Volume 11, and Lack of Exchangeability (Amendments to IAS 21). The Group is currently evaluating the effects of these new amendments; they are not expected to have a material impact on the Group's Financial Statements in the period of initial adoption, based on the analysis so far.

2. Scope of consolidation, acquisitions and disposals of businesses

Scope of consolidation

The Consolidated Financial Statements comprise those of Nestlé S.A. and of its subsidiaries (the Group).

Companies which the Group controls are fully consolidated from the date at which the Group obtains control. The Group controls a company when it is exposed to, or has rights to, variable returns from its involvement with the company and has the ability to affect those returns through its power over the company. Though the Group generally holds a majority of voting rights in the companies which are controlled, this applies irrespective of the percentage of interest in the share capital if control is obtained through agreements with other shareholders.

The war in Ukraine and the related sanctions imposed on Russia, Belarus and certain regions in Ukraine still continue to limit the freedom of Nestlé Russia Region businesses to operate. In accordance with the accounting policy described above, the Group has re-assessed and confirmed that the changes in the legal and operating environment of Russia and Ukraine have not impacted the ability to exercise control over the Group entities in these countries.

As part of the Consolidated Financial Statements, the list of the principal subsidiaries is provided in the section Companies of the Nestlé Group, joint arrangements and associates after Note 21.

2.1 Change of scope of consolidation

Acquisitions

There were no significant acquisitions in 2024 nor in 2023.

In 2024, among several other non-significant acquisitions, in March, the Group closed the acquisition of Grupo CRM, a premium chocolate player in Brazil, and end of September the acquisition of the global rights of the VOWST business from Seres Therapeutics, Inc. Previously Nestlé Health Science held the rights to the commercialization of the VOWST business in the USA under a license with Seres Therapeutics, Inc., accounted for as an operating right intangible asset, which has been subsumed following the acquisition of the global rights to the full VOWST business.

Disposals

In 2024, there were no significant disposals.

In 2023, among several non-significant disposals, the European frozen pizza business was contributed in September to a newly created joint venture company European Pizza Group (see Note 14). In addition, in September as well, the Group disposed of *Palforzia*, its peanut allergy treatment business, for future royalty and milestone payments dependent on the achievement of sales targets. The disposal transaction has an insignificant income statement impact, as impairment charges had been recorded in 2022.

2.2 Acquisitions of businesses

The major classes of assets acquired and liabilities assumed at the acquisition date are:

In millions of CHF	2024	2023
Inventories	93	20
Other assets	64	25
Property, plant and equipment	93	32
Intangible assets ^(a)	289	19
Financial debt	(100)	(5)
Other liabilities	(97)	(11)
Deferred taxes	—	3
Fair value of identifiable net assets/(liabilities)	342	83

(a) Mainly intellectual property rights, customer lists, trademarks and trade names as well as franchise relationships, composed of CHF 152 million (2023: CHF 14 million) of finite life, and of CHF 137 million (2023: CHF 5 million) of indefinite life intangible assets.

Since the valuation of the assets and liabilities of acquired businesses is still in process, the values are determined provisionally.

The goodwill arising on acquisitions and the cash outflow are:

In millions of CHF	2024	2023
Fair value of consideration transferred	1 043	203
Fair value of identifiable net (assets)/liabilities	(342)	(83)
Goodwill	701	120

In millions of CHF	2024	2023
Fair value of consideration transferred	1 043	203
Cash and cash equivalents acquired	(29)	(4)
Consideration payable	(229)	(7)
Payment of consideration payable on prior-year acquisitions	24	19
Cash outflow on acquisitions	809	211

The consideration transferred consists of payments made in cash with some consideration remaining payable.

Acquisition-related costs

Acquisition-related costs have been recognized under Other operating expenses in the income statement (see Note 4.2) for an amount of CHF 17 million (2023: CHF 27 million).

2.3 Disposals of businesses

There were no significant disposals of business during the year 2024 nor during the year 2023.

In millions of CHF	2024	2023
Cash, cash equivalents and short-term investments	24	20
Inventories	34	72
Trade and other receivables, prepayments and other assets	10	74
Deferred tax assets	2	19
Property, plant and equipment	42	150
Goodwill and intangible assets	20	231
Financial liabilities	(10)	(15)
Trade and other payables, accruals and other liabilities	(19)	(90)
Employee benefits and provisions	(2)	(5)
Deferred tax liabilities	—	(7)
Non-controlling interests	—	(22)
Net assets disposed of	101	427
Cumulative other comprehensive income items, net, reclassified to income statement	23	187
Profit/(loss) on disposals, net of disposal costs	(62)	(221)
Total disposal consideration, net of disposal costs	62	393
Cash and cash equivalents disposed of	(24)	(20)
Disposal costs not yet paid	—	44
Shares in joint ventures and associates ^(a)	(23)	(126)
Loans granted to joint ventures ^(a)	—	(100)
Consideration receivable	—	(5)
Disposal costs paid on prior-year disposals	(43)	—
Receipt of consideration receivable on prior-year disposals	5	29
Cash flow on disposals, net of disposal costs	(23)	215

(a) In 2023, mainly related to the fair value of the equity interest in European Pizza Group based on discounted cashflow, and related loans granted to this joint venture (see Notes 2.1 and 14) part of the Zone EUR operating segment.

3. Analyses by segment

Nestlé is organized into five geographic Zones as well as Globally Managed Businesses. The Company manufactures and distributes food and beverage products in the following categories: powdered and liquid beverages, water, milk products and ice cream, nutrition products, prepared dishes and cooking aids, confectionery and petcare. Nestlé also manufactures and distributes nutritional science products through its globally managed business Nestlé Health Science. The Group has factories in 75 countries and sales in 185 countries and employs around 277 000 people.

Segment reporting

Basis for segmentation

Operating segments reflect the Group's management structure and the way financial information is regularly reviewed by the Group's chief operating decision maker (CODM), which is defined as the Executive Board.

The CODM considers the business from both a geographic and product perspective, through geographic Zones as well as Globally Managed Businesses (GMB). Zones and GMBs that meet the quantitative threshold of 10% of total sales, trading operating profit or assets for all operating segments are presented on a stand-alone basis as reportable segments. Even though it does not meet the reporting threshold, Nespresso is voluntarily reported separately considering its financial contribution to the Group.

The Group is organized into five Zones and two significant GMBs. Therefore, the Group's reportable segments are:

- Zone North America (NA);
- Zone Europe (EUR);
- Zone Asia, Oceania and Africa (AOA);
- Zone Latin America (LATAM);
- Zone Greater China (GC);
- Nestlé Health Science; and
- Nespresso.

Other business activities and operating segments are combined and presented in Other businesses.

As most operating segments represent geographic Zones, information by product is also disclosed. The seven product groups that are disclosed represent the highest categories of products that are followed internally.

Revenue and results by segment

Segment results (Trading operating profit) represent the contribution of the different segments to central overheads, unallocated research and development costs and the trading operating profit of the Group. Specific corporate expenses are allocated to the corresponding segments. In addition to the Trading operating profit, Underlying trading operating profit is shown on a voluntary basis because it is one of the key metrics used by Group Management to monitor the performance of the Group.

Depreciation and amortization include depreciation of property, plant and equipment (including right-of-use assets under leases) and amortization of intangible assets.

Invested capital and other information by segment

No segment assets and liabilities are regularly provided to the CODM to assess segment performance or to allocate resources, and therefore segment assets and liabilities are not disclosed. However, the Group discloses the invested capital, goodwill and intangible assets by segment and by product on a voluntary basis, and uses the assets directly allocated to the segments to determine if a segment is reportable.

Invested capital comprises property, plant and equipment, trade receivables and some other receivables, assets held for sale, inventories, prepayments, less trade payables, accruals and some other payables, liabilities directly associated with assets held for sale and non-current other payables.

Goodwill and intangible assets are not included in invested capital since the amounts recognized are not comparable between segments due to differences in the intensity of acquisition activity and changes in the accounting standards that were applicable at various points in time when the Group undertook significant acquisitions. Nevertheless, allocations of goodwill and intangible assets by segment and product and the related impairment expenses are provided.

Inter-segment eliminations represent inter-company balances between the different segments.

Invested capital and goodwill and intangible assets by segment represent the situation at the end of the year, while the figures by product represent the annual average, as this provides a better indication of the level of invested capital.

Capital additions represent the total cost incurred to acquire property, plant and equipment (including right-of-use assets under leases), intangible assets and goodwill, including those arising from business combinations.

Unallocated items

Unallocated items represent items whose allocation to a segment or product would be arbitrary. They mainly comprise:

- corporate expenses and related assets/liabilities;
- research and development costs and related assets/liabilities; and
- some goodwill and intangible assets.

Revenue

Sales represent amounts received and receivable from third parties for goods supplied to the customers and for services rendered. Sales are recognized when control of the goods has transferred to the customer, which is mainly upon arrival at the customer.

Revenue is measured as the amount of consideration which the Group expects to receive, based on the list price applicable to a given distribution channel after deduction of returns, sales taxes, pricing allowances, other trade discounts and couponing and price promotions to consumers. The level of discounts, allowances and promotional rebates is recognized as a deduction from revenue at the time that the related sales are recognized or when the rebate is offered to the customer (or consumer if applicable). They are estimated using judgments based on historical experience and the specific terms of the agreements with the customers. Payments made to customers for commercial services received are expensed. The Group has a range of credit terms which are typically short term, in line with market practice and without any financing component.

3. Analyses by segment

The Group does not generally accept sales returns, except in limited cases mainly in the Infant Nutrition business. Historical experience is used to estimate such returns at the time of sale. No asset is recognized for products to be recoverable from these returns, as they are not anticipated to be resold.

Trade assets (mainly coffee machines and water coolers) may be sold or leased separately to customers.

Arrangements where the Group transfers substantially all the risks and rewards incidental to ownership to the customer are treated as finance lease arrangements. Operating lease revenue is recognized on a straight-line basis over the lease term.

Sales are disaggregated by product group and geography in Notes 3.2 and 3.4.

3.1 Operating segments

Revenue and results

In millions of CHF

							2024
	Sales ^(e)	Underlying trading operating profit ^(b)	Trading operating profit	Net other trading income/(expenses) ^(c)	of which impairment of property, plant and equipment	of which restructuring costs	Depreciation and amortization
Zone NA	25 336	5 640	5 588	(52)	(21)	(40)	(774)
Zone EUR	18 910	3 192	2 895	(297)	(88)	(133)	(834)
Zone AOA	16 793	3 916	3 777	(139)	(70)	(46)	(490)
Zone LATAM	11 933	2 429	2 278	(151)	(39)	(28)	(424)
Zone GC	4 973	803	770	(33)	(4)	(27)	(145)
Nestlé Health Science	6 739	943	794	(149)	(23)	(17)	(322)
Nespresso	6 378	1 278	1 081	(197)	(180)	(2)	(283)
Other businesses ^(d)	292	(13)	(24)	(11)	(8)	—	(34)
Unallocated items ^(e)	—	(2 484)	(2 526)	(42)	(3)	(18)	(276)
Total	91 354	15 704	14 633	(1 071)	(436)	(311)	(3 582)

In millions of CHF

							2023
	Sales ^(a)	Underlying trading operating profit ^(b)	Trading operating profit	Net other trading income/(expenses) ^(c)	of which impairment of property, plant and equipment	of which restructuring costs	Depreciation and amortization
Zone NA	25 995	5 768	5 546	(222)	(83)	(84)	(701)
Zone EUR	19 098	3 127	2 698	(429)	(71)	(267)	(812)
Zone AOA	17 519	4 109	3 944	(165)	(89)	(57)	(508)
Zone LATAM	12 196	2 520	2 346	(174)	(19)	(36)	(390)
Zone GC	5 037	832	468	(364)	(170)	(191)	(159)
Nestlé Health Science	6 498	777	670	(107)	(16)	(47)	(300)
Nespresso	6 372	1 291	1 283	(8)	(16)	(8)	(274)
Other businesses ^(d)	283	(12)	(15)	(3)	(2)	—	(37)
Unallocated items ^(e)	—	(2 359)	(2 420)	(61)	(24)	(33)	(277)
Total	92 998	16 053	14 520	(1 533)	(490)	(723)	(3 458)

(a) Inter-segment sales are not significant.

(b) Trading operating profit before Net other trading income/(expenses).

(c) Included in Trading operating profit.

(d) Composed of businesses not under the direct control of the Zones or GMBs and Group procurement activities.

(e) Refer to the Segment reporting accounting policies above for the definition of unallocated items.

3. Analyses by segment

Invested capital and other information

In millions of CHF

					2024
	Invested capital	Goodwill and intangible assets (c)	Impairment of non-commercialized intangible assets (d)	Impairment of intangible assets (e)	Capital additions
Zone NA	10 919	19 387	—	(20)	2 239
Zone EUR	8 653	4 454	—	(42)	1 480
Zone AOA	4 935	7 131	—	(2)	843
Zone LATAM	4 817	2 371	—	—	1 687
Zone GC	60	1 652	—	—	133
Nestlé Health Science	2 827	13 672	(32)	(48)	522
Nespresso	1 322	600	—	—	448
Other businesses (a)	(1 858)	98	—	—	30
Unallocated items (b) and inter-segment eliminations	1 434	506	—	—	303
Total	33 109	49 871	(32)	(112)	7 685

In millions of CHF

					2023
	Invested capital	Goodwill and intangible assets (c)	Impairment of non-commercialized intangible assets (d)	Impairment of intangible assets (e)	Capital additions
Zone NA	8 749	18 149	—	(44)	2 401
Zone EUR	7 977	4 412	—	(27)	1 680
Zone AOA	4 389	6 846	—	(6)	928
Zone LATAM	4 974	1 925	—	(13)	923
Zone GC	194	1 583	—	(1)	161
Nestlé Health Science	2 674	12 848	(45)	(21)	478
Nespresso	1 422	560	—	—	282
Other businesses (a)	(827)	92	—	—	88
Unallocated items (b) and inter-segment eliminations	1 294	503	—	—	218
Total	30 846	46 918	(45)	(112)	7 159

(a) Composed of businesses not under the direct control of the Zones or GMBs and Group procurement activities.

(b) Refer to the Segment reporting accounting policies above for the definition of unallocated items.

(c) Refer to Note 3.3b for the reconciliation of the total goodwill and intangible assets with the balance sheet.

(d) Included in Operating profit.

(e) Included in Trading operating profit.

3.2 Products

Revenue and results

In millions of CHF

				2024		
	Sales	Underlying trading operating profit ^(a)	Trading operating profit	Net other trading income/(expenses) ^(b)	of which impairment of property, plant and equipment	of which restructuring costs
Powdered and Liquid Beverages	24 598	4 920	4 499	(421)	(285)	(71)
Water	3 180	297	259	(38)	(3)	(8)
Milk products and Ice cream	10 397	2 442	2 393	(49)	(5)	(20)
Nutrition and Health Science	15 137	3 006	2 771	(235)	(26)	(62)
Prepared dishes and cooking aids	10 711	2 137	2 000	(137)	(63)	(54)
Confectionery	8 449	1 299	1 190	(109)	(25)	(46)
PetCare	18 882	4 087	4 047	(40)	(26)	(32)
Unallocated items ^(c)	—	(2 484)	(2 526)	(42)	(3)	(18)
Total	91 354	15 704	14 633	(1 071)	(436)	(311)

In millions of CHF

				2023		
	Sales	Underlying trading operating profit ^(a)	Trading operating profit	Net other trading income/(expenses) ^(b)	of which impairment of property, plant and equipment	of which restructuring costs
Powdered and Liquid Beverages	24 786	5 130	4 945	(185)	(70)	(104)
Water	3 320	351	161	(190)	(41)	(99)
Milk products and Ice cream	10 981	2 688	2 601	(87)	(26)	(40)
Nutrition and Health Science	15 278	2 831	2 291	(540)	(207)	(267)
Prepared dishes and cooking aids	11 666	2 136	1 849	(287)	(97)	(113)
Confectionery	8 107	1 364	1 231	(133)	(11)	(41)
PetCare	18 860	3 912	3 862	(50)	(14)	(26)
Unallocated items ^(c)	—	(2 359)	(2 420)	(61)	(24)	(33)
Total	92 998	16 053	14 520	(1 533)	(490)	(723)

(a) Trading operating profit before Net other trading income/(expenses).

(b) Included in Trading operating profit.

(c) Refer to the Segment reporting accounting policies above for the definition of unallocated items.

3. Analyses by segment

Invested capital and other information

In millions of CHF

		2024		
	Invested capital	Goodwill and intangible assets	Impairment of non-commercialized intangible assets (b)	Impairment of intangible assets (c)
Powdered and Liquid Beverages	6 280	6 398	—	—
Water	1 365	1 075	—	(22)
Milk products and Ice cream	3 052	1 171	—	—
Nutrition and Health Science	5 668	23 085	(32)	(90)
Prepared dishes and cooking aids	3 034	5 304	—	—
Confectionery	2 618	1 180	—	—
PetCare	9 753	9 170	—	—
Unallocated items (a) and intra-group eliminations	1 483	1 602	—	—
Total	33 253	48 985	(32)	(112)

In millions of CHF

		2023		
	Invested capital	Goodwill and intangible assets	Impairment of non-commercialized intangible assets (b)	Impairment of intangible assets (c)
Powdered and Liquid Beverages	7 032	6 587	—	(2)
Water	1 432	1 087	—	(25)
Milk products and Ice cream	2 907	1 191	—	—
Nutrition and Health Science	6 153	23 806	(45)	(24)
Prepared dishes and cooking aids	3 169	5 611	—	(31)
Confectionery	2 483	682	—	(11)
PetCare	8 604	9 385	—	(19)
Unallocated items (a) and intra-group eliminations	1 433	1 678	—	—
Total	33 213	50 027	(45)	(112)

(a) Refer to the Segment reporting accounting policies above for the definition of unallocated items.

(b) Included in Operating profit.

(c) Included in Trading operating profit.

3.3a Reconciliation from Underlying trading operating profit to Profit before taxes, associates and joint ventures

In millions of CHF

	2024	2023
Underlying trading operating profit ^(a) as per Note 3.1	15 704	16 053
Net other trading income/(expenses) as per Note 4.1	(1 071)	(1 533)
Trading operating profit as per Note 3.1	14 633	14 520
Impairment of non-commercialized intangible assets	(32)	(45)
Net other operating income/(expenses) excluding impairment of non-commercialized intangible assets	123	(412)
Operating profit	14 724	14 063
Net financial income/(expense)	(1 485)	(1 360)
Profit before taxes, associates and joint ventures	13 239	12 703

(a) Trading operating profit before Net other trading income/(expenses).

3.3b Reconciliation from invested capital and goodwill and intangible assets to total assets

In millions of CHF

	2024	2023
Invested capital as per Note 3.1	33 109	30 846
Liabilities included in invested capital	25 750	23 057
Subtotal	58 859	53 903
Intangible assets and goodwill as per Note 3.1 ^(a)	49 871	46 918
Other assets	30 534	25 729
Total assets	139 264	126 550

(a) Including Intangible assets and goodwill classified as assets held for sale of CHF 31 million (2023: CHF nil).

3.4 Disaggregation of sales by geographic area (country and type of market)

The Group disaggregates revenue from the sale of goods by major product group as shown in Note 3.2. Disaggregation of sales by geographic area is based on customer location and is therefore not a view by management responsibility as disclosed by operating segments in Note 3.1.

In millions of CHF

	2024	2023
NA	32 123	32 553
United States	29 682	30 034
Canada	2 441	2 519
EUR	22 086	22 291
United Kingdom	3 617	3 529
France	3 437	3 546
Germany	2 008	2 212
Other markets of geographic area	13 024	13 004
of which Switzerland	1 062	1 101
AOA	19 180	19 870
Philippines	2 674	2 677
India	2 013	1 993
Australia	1 469	1 450
Other markets of geographic area	13 024	13 750
LATAM	12 533	12 760
Brazil	4 040	4 131
Mexico	3 839	3 937
Chile	1 137	1 312
Other markets of geographic area	3 517	3 380
GC	5 432	5 524
Greater China	5 432	5 524
Total sales	91 354	92 998
of which developed markets	54 462	54 829
of which emerging markets	36 892	38 169

3.5 Geography

Sales and non-current assets in Switzerland and countries which individually represent at least 10% of Group sales or 10% of Group non-current assets are disclosed separately.

The analysis of sales is stated by customer location.

Non-current assets relate to property, plant and equipment (including right-of-use assets under leases), intangible assets and goodwill. Property, plant and equipment and intangible assets are attributed to the country of their legal owner. Goodwill is attributed to the countries generating the cash flows supporting the goodwill.

In millions of CHF

	2024		2023	
	Sales	Non-current assets	Sales	Non-current assets
United States	29 682	33 807	30 034	30 182
Switzerland	1 062	17 604	1 101	16 893
Rest of the world	60 610	32 135	61 863	30 310
Total	91 354	83 546	92 998	77 385

3.6 Customers

There is no single customer accounting for 10% or more of Group revenues.

4. Net other trading and operating income/(expenses)

Other trading income/(expenses)

These comprise restructuring costs, impairment of property, plant and equipment and intangible assets (other than goodwill and non-commercialized intangible assets), litigations and onerous contracts, results on disposals of property, plant and equipment, and specific other income and expenses that fall within the control of operating segments.

Restructuring costs are restricted to dismissal indemnities and employee benefits paid to terminated employees upon the reorganization of a business or function.

Other operating income/(expenses)

These comprise impairment of goodwill and non-commercialized intangible assets, results on disposals of businesses (including impairment and subsequent remeasurement of businesses classified as held-for-sale, as well as other directly related disposal costs like restructuring costs directly linked to businesses disposed of and legal, advisory and other professional fees), acquisition-related costs, the effect of hyperinflation accounting, and income and expenses that fall beyond the control of operating segments or relate to events such as wars and natural disasters including extreme weather events linked to climate change, as well as expropriation of assets.

4. Net other trading and operating income/(expenses)

4.1 Net other trading income/(expenses)

In millions of CHF

	Notes	2024	2023
Other trading income		124	132
Restructuring costs		(311)	(723)
Impairment of property, plant and equipment ^(a) and intangible assets ^(b)	8/9	(548)	(602)
Litigations and onerous contracts		(193)	(173)
Miscellaneous trading expenses		(143)	(167)
Other trading expenses		(1 195)	(1 665)
Total net other trading income/(expenses)		(1 071)	(1 533)

(a) Including impairment of assets held for sale.

(b) Excluding impairment of non-commercialized intangible assets.

4.2 Net other operating income/(expenses)

In millions of CHF

	Notes	2024	2023
Profit on disposal of businesses	2	33	3
Miscellaneous operating income ^(a)		441	295
Other operating income		474	298
Loss on disposal of businesses	2	(95)	(224)
Impairment of non-commercialized intangible assets	9	(32)	(45)
Miscellaneous operating expenses ^(b)		(256)	(486)
Other operating expenses		(383)	(755)
Total net other operating income/(expenses)		91	(457)

(a) Including CHF 257 million (2023: CHF 156 million) of hyperinflation adjustments.

(b) Miscellaneous operating expenses include, among others, expenses of transitional services provided to disposed businesses and natural disasters.

5. Net financial income/(expense)

Net financial income/(expense) includes net financing cost of net financial debt and net interest income/(expense) on defined benefit plans.

Net financing cost comprises the interest income earned on cash and cash equivalents and short-term investments, as well as the interest expense on financial debt (including leases), collectively termed "net financial debt" (see Note 16.5). These headings also include other income and expenses such as exchange differences on net financial debt and results on related foreign currency and interest rate hedging instruments. Certain borrowing costs are capitalized as explained in the Note on Property, plant and equipment (see Note 8).

In millions of CHF		Notes	2024	2023
Interest income			269	192
Interest expense			(1 700)	(1 500)
Net financing cost of net financial debt			(1 431)	(1 308)
Interest income on defined benefit plans			89	92
Interest expense on defined benefit plans			(141)	(143)
Net interest income/(expense) on defined benefit plans		10	(52)	(51)
Other financial income/(expense)			(2)	(1)
Net financial income/(expense)			(1 485)	(1 360)

6. Inventories

Raw materials are valued at the lower of purchase cost calculated using the FIFO (first-in, first-out) method and net realizable value. Work in progress, sundry supplies and finished goods are valued at the lower of their weighted average cost (including an allocation of factory overheads and depreciation) and net realizable value. The cost of inventories includes the gains/losses on cash flow hedges for the purchase of raw materials and finished goods.

In millions of CHF		2024	2023
Raw materials, work in progress and sundry supplies		6 557	5 725
Finished goods		7 103	6 509
Allowance for write-down to net realizable value		(400)	(338)
		13 260	11 896

Inventories amounting to CHF 299 million (2023: CHF 251 million) are pledged as security for financial liabilities.

Inventories amounting to CHF 46 295 million (2023: CHF 48 336 million) were recognized as an expense during the year and included in Cost of goods sold.

7. Trade and other receivables/payables

7.1 Trade and other receivables

Recognition and measurement

Trade and other receivables are recognized initially at their transaction price and subsequently measured at amortized cost less loss allowances. Other receivables are comprised mainly of receivables for indirect taxes.

Expected credit losses

The Group applies the IFRS 9 simplified approach to measuring expected credit losses (ECLs) for trade receivables at an amount equal to lifetime ECLs. The ECLs on trade receivables are calculated based on actual credit loss experience over the preceding three to five years on the total balance of non-credit impaired trade receivables, adjusted for forward-looking information where relevant (such as a significant deterioration in the economic environment). The Group's credit loss experience has shown that aging of receivable balances is primarily due to negotiations about variable consideration.

The Group considers a trade receivable to be credit impaired when one or more detrimental events have occurred such as:

- significant financial difficulty of the customer; or
- it is becoming probable that the customer will enter bankruptcy or other financial reorganization.

Impairment losses related to trade and other receivables are not presented separately in the consolidated income statement but are reported under the heading Marketing and administration expenses.

In millions of CHF

	2024			2023		
	Gross carrying amount	Expected credit loss allowance	Total	Gross carrying amount	Expected credit loss allowance	Total
Trade receivables (not credit impaired)	9 514	(100)	9 414	9 092	(100)	8 992
Other receivables (not credit impaired)	1 838	(6)	1 832	2 002	(8)	1 994
Credit impaired trade and other receivables	188	(183)	5	179	(170)	9
Total	11 540	(289)	11 251	11 273	(278)	10 995

The top five major customers represent 16% (2023: 15%) of trade and other receivables, none of them individually exceeding 7% (2023: 6%).

Based on the historic trend and expected performance of the customers, the Group believes that the above expected credit loss allowance sufficiently covers the risk of default.

7.2 Trade and other payables

Recognition and measurement

Trade and other payables are recognized initially at their transaction price and subsequently measured at amortized cost.

Supplier finance arrangements

The Group participates in supplier finance arrangements (SFA) with the following standard terms and conditions:

- The Group enters into invoice processing services and paying agency agreements with financial institutions or technology providers for the settlement of some trade and other payables to suppliers.
- By virtue of commercial agreements with suppliers, the Group remains obligated to settle invoices at the contractually agreed payment terms. The invoice processing services and paying agency agreements do not change these contractual obligations.
- No extension of payment terms beyond those agreed with suppliers is offered to the Group by the financial institutions or technology providers nor is such extension sought by the Group.
- Only received and approved invoices for goods or services are eligible for settlement through supplier finance arrangements. Where goods or services have been received without an invoice, the resulting liability is not eligible for settlement through supplier finance arrangements until the invoice is received and approved.
- The suppliers may elect to join the arrangements and at their discretion can enter into receivable purchase programs or equivalent with the providers of supplier finance arrangements. The Group is not a party to these receivable purchase programs and does not control nor have ongoing/systematic visibility on the timing of any receivable purchases. The commercial terms and conditions negotiated between the suppliers, who are part of supplier finance arrangements, and Nestlé are not impacted by whether or not the suppliers decide to obtain early financing from the financial institutions. There is no recharge from the financial institutions to Nestlé in case the suppliers obtain early financing.
- No collateral or other securities are deposited or pledged for the benefit of the financial institutions or technology providers.

The arrangements avoid concentration and liquidity risk, since:

- Supplier finance arrangements are implemented by Nestlé affiliates with a large number of financial institutions located in more than 50 geographies. The largest Group affiliates operate supplier finance arrangements with multiple financial institutions.
- None of the arrangements with financial institutions include conditions that would force Nestlé to prepay some aggregated amount earlier than the maturity dates of each individual invoice loaded to the programs.
- The Group's commercial contracts with suppliers take into account several factors when determining payment terms. These include market conditions, supplier's financials, origins of sourcing, and the ability of the suppliers to obtain early financing, for example through supplier finance arrangements or direct arrangements with financial institutions. These factors lead to a diversity of payment terms throughout the Group, avoiding concentration of payment terms. These terms are compliant with the applicable regulations. They remain consistent with the normal operating cycle of Nestlé business, which exceeds 120 days from acquisition of goods to realization in cash through finished goods sales, reflecting long supply chains.

7. Trade and other receivables/payables

The Group presents invoices to be settled through these programs as Trade and other payables considering that the original liability is neither legally released nor substantially modified on entering into such arrangements. Related payments are included within operating cash flows because they remain operational in nature. There were no significant non-cash changes in the carrying amount of the trade payables included in the Group's supplier finance arrangements. These arrangements are not used for the settlement of transactions with employees, authorities, or M&A transactions.

In millions of CHF

	2024	2023
Due within one year		
Trade payables	16 685	14 195
Social security and sundry taxes and levies	1 692	1 665
Other payables	3 430	3 344
	21 807	19 204
Of which invoices from suppliers of goods and services in Supplier finance arrangements ^(a)	6 211	4 681

(a) Includes approximately CHF 4817 million for which suppliers have already received payment from the financial institutions as of December 31, 2024 according to information communicated by the financial institutions with limited liability and disclaimer provisions. The Group is not party to the decisions, including timing, about whether suppliers are paid before the due date of the invoice and does not systematically receive this information for operational purposes.

The ranges of contractually agreed payment terms for invoices from suppliers in supplier finance arrangements and comparable suppliers not in supplier finance arrangements are the following:

In millions of CHF

	2024	
Ranges of contractually agreed payment terms	Invoices from suppliers in SFA ^(a)	Invoices from suppliers not in SFA
Less than 60 days	228	3 573
From 61 to 120 days	2 593	3 392
From 121 to 180 days	3 300	73
More than 180 days	90	74
	6 211	7 112

(a) The amount of unsettled invoices with suppliers in SFA outstanding for more than 90 days as at December 31, 2024 is estimated at CHF 1.5 billion.

8. Property, plant and equipment

Property, plant and equipment comprise owned and leased assets.

In millions of CHF	Notes	2024	2023
Property, plant and equipment – owned	8.1	31 083	27 888
Right-of-use assets – leased	8.2b	2 623	2 579
		33 706	30 467

8.1 Owned assets

Owned property, plant and equipment are shown on the balance sheet at their historical cost.

Depreciation is assessed on components that have homogeneous useful lives by using the straight-line method to depreciate the initial cost down to the residual value over the estimated useful lives. The residual values are 30% on head offices and nil for all other asset types. The useful lives are as follows:

Buildings	20–40 years
Machinery and equipment	10–25 years
Tools, furniture, information technology and sundry equipment	3–15 years
Vehicles	3–10 years

Land is not depreciated.

Useful lives, components and residual amounts are reviewed annually. Such a review takes into consideration the nature of the assets, their intended use, including but not limited to the closure of facilities, the evolution of technology and competitive pressures.

Depreciation of property, plant and equipment is allocated to the appropriate headings of expenses by function in the income statement.

Borrowing costs incurred during the course of construction are capitalized if the assets under construction are significant and if their construction requires a substantial period to complete (typically more than one year). The capitalization rate is determined on the basis of the short-term borrowing rate for the period of construction.

Government grants are recognized as deferred income which is released to the income statement over the useful life of the related assets.

8. Property, plant and equipment

In millions of CHF

	Land and buildings	Machinery and equipment	Tools, furniture and other equipment	Vehicles	Assets under construction and advance payments	Total
Net carrying amount						
As at January 1, 2024	8 995	9 632	1 681	116	7 464	27 888
Additions (a)	488	999	478	95	3 424	5 484
Acquisitions through business combinations	33	25	8	—	6	72
Reclassification from assets under construction	1 283	2 202	272	48	(3 805)	—
Depreciation	(450)	(1 367)	(604)	(29)	—	(2 450)
Impairments	(92)	(262)	(35)	2	—	(387)
Disposals	(11)	(43)	(16)	(25)	(4)	(99)
Classification (to)/from held-for-sale and disposals of businesses	(44)	(35)	(4)	—	(5)	(88)
Currency retranslations and others	437	(49)	72	6	197	663
As at December 31, 2024	10 639	11 102	1 852	213	7 277	31 083
Gross value	17 240	29 650	6 880	380	7 277	61 427
Accumulated depreciation and impairments	(6 601)	(18 548)	(5 028)	(167)	—	(30 344)
Net carrying amount						
As at January 1, 2023	9 043	10 169	1 699	102	6 527	27 540
Additions (a)	355	700	451	61	4 108	5 675
Acquisitions through business combinations	7	8	3	—	6	24
Reclassification from assets under construction	895	1 378	290	8	(2 571)	—
Depreciation	(423)	(1 322)	(586)	(20)	—	(2 351)
Impairments	(136)	(319)	(35)	—	—	(490)
Disposals	(16)	(30)	(15)	(7)	(1)	(69)
Classification (to)/from held-for-sale and disposals of businesses	(59)	(85)	4	—	(2)	(142)
Currency retranslations and others	(671)	(867)	(130)	(28)	(603)	(2 299)
As at December 31, 2023	8 995	9 632	1 681	116	7 464	27 888
Gross value	15 053	26 623	6 442	287	7 464	55 869
Accumulated depreciation and impairments	(6 058)	(16 991)	(4 761)	(171)	—	(27 981)

(a) Including borrowing costs.

As at December 31, 2024, net property, plant and equipment of CHF 92 million are pledged as security for financial liabilities (2023: CHF 88 million).

As at December 31, 2024, the Group was committed to expenditure amounting to CHF 2107 million (2023: CHF 2829 million).

Impairment of property, plant and equipment

Reviews of the carrying amount of the Group's property, plant and equipment are performed when there is an indication of impairment. An indicator could be technological obsolescence, unfavorable development of a business under competitive pressures or severe economic slowdown in a given market as well as reorganization of the operations to leverage their scale. Earlier than planned retirement of property, plant and equipment due to a transition to a low carbon economy, Nestlé's commitments regarding recyclable or reusable packaging, reduction of virgin plastic and Nestlé's Net Zero Roadmap on greenhouse gas emissions are also considered as triggers for impairment.

In assessing value in use, the estimated future cash flows are discounted to their present value, based on the time value of money and the risks specific to the country where the assets are located. The risks specific to the asset are included in the determination of the cash flows.

Impairment of property, plant and equipment arises mainly from plans to optimize industrial manufacturing capacities by closing or selling inefficient production facilities and underperforming businesses. The majority of Nestlé's emissions are classified as Scope 3 (i.e. indirect emissions that occur across Nestlé's value chain and outside of Nestlé's direct control), and the property, plant and equipment are geographically widespread. Therefore, property, plant and equipment are not materially exposed to climate transition risks nor to physical climate risks, and no significant climate-related triggers for impairment have been identified.

8.2 Leases – Group as a lessee

The Group assesses whether a contract is or contains a lease at inception of the contract. This assessment involves the exercise of judgment about whether it depends on a specified asset, whether the Group obtains substantially all the economic benefits from the use of that asset, and whether the Group has the right to the direct use of the asset.

The Group recognizes a right-of-use (ROU) asset and a lease liability at the lease commencement date, except for short-term leases of 12 months or less which are expensed in the income statement on a straight-line basis over the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses an incremental borrowing rate specific to the country, term and currency of the contract. Lease payments can include fixed payments, variable payments that depend on an index or rate known at the commencement date, and extension option payments or purchase options which the Group is reasonably certain to exercise. The lease liability is subsequently measured at amortized cost using the effective interest rate method and remeasured (with a corresponding adjustment to the related ROU asset) when there is a change in future lease payments in case of renegotiation, changes of an index or rate, or in case of reassessment of options.

At inception, the ROU asset comprises the initial lease liability, initial direct costs and the obligation to refurbish the asset, less any incentives granted by the lessors. The ROU asset is depreciated over the shorter of the lease term or the useful life of the underlying

8. Property, plant and equipment

asset. The ROU asset is subject to testing for impairment if there is an indicator for impairment, as for owned assets.

ROU assets are included in the heading Property, plant and equipment, and the lease liability is included in the headings current and non-current financial debt.

8.2a Description of lease activities

Real estate leases

The Group leases land and buildings for its office and warehouse space and retail stores. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Leases are typically made for a fixed period of 5–15 years and may include extension options which provide operational flexibility. If the Group exercised all extension options not currently included in the lease liability, the additional payments would amount to CHF 0.9 billion (undiscounted) as at December 31, 2024 (2023: CHF 0.9 billion (undiscounted)).

Vehicle leases

The Group leases trucks for distribution in specific businesses and cars for management and sales functions. The average contract duration is 6 years for trucks and 3 years for cars.

Other leases

The Group also leases machinery and equipment, and tools, furniture and other equipment that are each insignificant to the total leased asset portfolio.

8.2b Right-of-use assets

In millions of CHF

	Land and buildings	Vehicles	Other	Total
Net carrying amount				
As at January 1, 2024	2 095	179	305	2 579
Additions	471	132	190	793
Depreciation	(463)	(90)	(107)	(660)
Impairments	6	—	(38)	(32)
Classification (to)/from held-for-sale and change of scope of consolidation, net	20	—	(12)	8
Currency retranslations and others	(72)	—	7	(65)
As at December 31, 2024	2 057	221	345	2 623
Net carrying amount				
As at January 1, 2023	2 203	152	246	2 601
Additions	523	128	173	824
Depreciation	(465)	(82)	(95)	(642)
Impairments	—	—	—	—
Classification (to)/from held-for-sale and change of scope of consolidation, net	3	—	—	3
Currency retranslations and others	(169)	(19)	(19)	(207)
As at December 31, 2023	2 095	179	305	2 579

8.2c Other lease disclosures

A maturity analysis of lease liabilities is shown in Note 12.2b.

The Group incurred interest expense on lease liabilities of CHF 99 million (2023: CHF 86 million). The expense relating to short-term leases and variable lease payments not included in the measurement of lease liabilities is not significant. The total cash outflow for leases amounted to CHF 1057 million (2023: CHF 930 million).

There are no significant lease commitments for leases not commenced at year-end.

9. Goodwill and intangible assets

Goodwill

Goodwill is initially recognized during a business combination (see Note 2). Subsequently it is measured at cost less impairment.

Intangible assets

This heading includes intangible assets that are internally generated or acquired, either separately or in a business combination, when they are identifiable and can be reliably measured. Internally generated intangible assets (mainly management information system software) are capitalized, provided that there is an identifiable asset that will be useful in generating future benefits in terms of savings, economies of scale, etc. Payments made to third parties in order to in-license or acquire intellectual property rights, compounds and products are capitalized as non-commercialized intangible assets, as they are separately identifiable and are expected to generate future benefits.

Non-commercialized intangible assets are not amortized, but tested for impairment (see Impairment of goodwill and intangible assets below). Any impairment charge is recorded in the consolidated income statement under Other operating expenses. They are reclassified as commercialized intangible assets once development is complete, usually when approval for sales has been granted by the relevant regulatory authority.

Commercialized indefinite life intangible assets mainly comprise certain brands, trademarks, operating rights and intellectual property rights which can be renewed without significant cost and are supported by ongoing marketing activities. They are not amortized but are tested for impairment annually or more frequently if an impairment indicator is present. Any impairment charge is recorded in the consolidated income statement under Other trading expenses. The assessment of the classification of intangible assets as indefinite is reviewed annually.

Finite life intangible assets are amortized over the shorter of their contractual or useful economic lives. They comprise mainly management information systems and commercialized patents and rights to carry on an activity (e.g. exclusive rights to sell products or to perform a supply activity). They are amortized assuming a zero residual value on a straight-line basis. Useful lives are as follows: management information systems over 3 to 8 years; other finite intangible assets over the shorter of the estimated useful life or the related contractual period, from 5 to 25 years. Useful lives and residual values are reviewed annually. Amortization of finite life intangible assets starts when they are available for use and is allocated to the appropriate headings of expenses by function in the income statement. Any impairment charge is recorded in the consolidated income statement under Other trading expenses.

Research and development

Internal research costs are charged to the income statement in the year in which they are incurred. Development costs are only recognized as assets on the balance sheet if all the recognition criteria set by IAS 38 – Intangible Assets are met before the products are launched on the market. Development costs are generally charged to the income statement in the year in which they are incurred due to uncertainties inherent in the development of new products because the expected future economic benefits cannot be reliably determined. As long as the products have not reached the market place (or obtained regulatory approval if necessary), there is no reliable evidence that positive future cash flows would be obtained.

Capitalized development costs are subsequently accounted for as described in the section Intangible assets above.

9. Goodwill and intangible assets

In millions of CHF

	Goodwill	Brands and intellectual property rights	Operating rights and others	Management information systems	Total intangible assets	of which internally generated
Net carrying amount						
As at January 1, 2024	28 693	11 900	5 455	870	18 225	822
Expenditure	—	6	4	315	325	310
Acquisitions through business combinations	701	130	157	2	289	—
Amortization	—	(42)	(112)	(318)	(472)	(303)
Impairments ^(a)	—	(121)	(18)	(5)	(144)	(4)
Disposals	—	—	(1)	—	(1)	—
Classification (to)/from held-for-sale and disposals of businesses	(27)	(21)	(3)	—	(24)	—
Currency retranslations and other ^(b)	1 228	930	115	2	1 047	—
As at December 31, 2024	30 595	12 782	5 597	866	19 245	825
of which indefinite useful life ^(c)	—	12 454	4 292	—	16 746	—
of which non-commercialized intangible assets	—	21	2	—	23	—
As at December 31, 2024						
Gross value	34 119	14 740	6 466	5 578	26 784	5 223
Accumulated amortization and impairments	(3 524)	(1 958)	(869)	(4 712)	(7 539)	(4 398)
Net carrying amount						
As at January 1, 2023	31 262	13 278	5 997	962	20 237	889
Expenditure	—	99	119	271	489	263
Acquisitions through business combinations	120	5	14	—	19	1
Amortization	—	(41)	(106)	(318)	(465)	(296)
Impairments ^(a)	—	(107)	(46)	(4)	(157)	(3)
Disposals	—	—	—	—	—	—
Classification (to)/from held-for-sale and disposals of businesses	(49)	(182)	—	—	(182)	—
Currency retranslations	(2 640)	(1 152)	(523)	(41)	(1 716)	(32)
As at December 31, 2023	28 693	11 900	5 455	870	18 225	822
of which indefinite useful life ^(c)	—	11 705	4 027	—	15 732	—
of which non-commercialized intangible assets	—	33	14	—	47	—
As at December 31, 2023						
Gross value	32 070	13 616	6 221	5 232	25 069	4 886
Accumulated amortization and impairments	(3 377)	(1 716)	(766)	(4 362)	(6 844)	(4 064)

(a) Of which CHF 32 million of non-commercialized intangible assets (2023: CHF 45 million).

(b) Of which CHF 241 million reclassified from Operating rights and others to Brands and intellectual property rights related to the legacy VOWST license which has been subsumed following the acquisition of the full VOWST business (see Note 2.1).

(c) Of which CHF 4277 million (2023: CHF 4019 million) are perpetual rights to market, sell and distribute certain Starbucks consumer and food service products globally, classified under the caption Operating rights and others.

9. Goodwill and intangible assets

In addition to the above, the Group has entered into long-term agreements to in-license or acquire intellectual property or operating rights from third parties. If agreed objectives or performance targets are achieved, these agreements would require potential milestone payments and other payments by the Group, which may be capitalized as intangible assets (see accounting policy in Note 9 – Intangible assets).

As at December 31, 2024, the Group's committed payments (undiscounted and not risk-adjusted) and their estimated timing are:

In millions of CHF

	2024			2023		
	Unconditional commitments	Potential milestone payments	Total	Unconditional commitments	Potential milestone payments	Total
Within one year	—	3	3	—	30	30
In the second year	—	4	4	—	20	20
In the third and fourth years	—	26	26	—	85	85
Thereafter	—	32	32	—	862	862
Total (a)	—	65	65	—	997	997

(a) The decrease of the committed payments is primarily due to the acquisition of global rights to the full VOWST business (see Note 2.1).

Impairment of goodwill and intangible assets (including non-commercialized intangible assets)

Goodwill and intangible assets with an indefinite life or not yet available for use are tested for impairment at least annually and whenever there is an indication of impairment. Finite life intangible assets are tested when there is an indication of impairment.

The annual impairment tests are performed at the same time each year and at the cash generating unit (CGU) level. The Group defines its groups of CGUs for goodwill impairment testing based on the way that it monitors and derives economic benefits from the acquired goodwill. The CGUs are generally defined at the level of a grouping of product categories per Zone, or at the level of the GMB if the products are managed on a global basis.

For indefinite life intangible assets, the Group performs the test at the level of the smallest identifiable assets or group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Finally, non-commercialized intangible assets are tested at the level of the intangible asset itself.

The impairment tests are performed by comparing the carrying amount of the assets of these CGUs with their recoverable amount, usually based on their fair value less costs of disposal, but occasionally on their value in use.

An impairment loss in respect of goodwill is never subsequently reversed.

9.1 Impairment

9.1.1 Impairment charge during the year

The 2024 and 2023 impairment charge relate to various impairments of intangible assets. None of them are individually significant.

9.1.2 Annual impairment tests

Goodwill impairment reviews have been conducted for more than 30 Cash Generating Units (CGU). Impairment reviews on intangible assets with indefinite useful life "IAIUL" were performed at the level of the smallest identifiable assets or group of assets.

The following table sets out the key assumptions for CGUs that have significant goodwill or IAIUL allocated to them.

	Goodwill carrying amount (a)	IAIUL carrying amount (a)	Period of cash flow projections	Average annual sales growth	Annual margin evolution	Terminal growth rate	Discount rate
2024							
CGU							
PetCare Zone NA	6 867	209	5 years	4.5%	Stable	2.1%	7.3%
Nutrition Zone AOA	4 846	1 133	5 years	3.8%	Stable	3.6%	10.7%
Food Zone NA	2 842	1 553	5 years	1.8%	Improvement	2.1%	7.2%
Nestlé Health Science	6 355	5 761	5 years	5.9%	Improvement	2.0%	6.9%
Coffee Zone NA	922	4 004	5 years	4.8%	Stable	2.0%	7.1%
Subtotal	21 832	12 660					
Other CGUs	8 763	4 086					
Total	30 595	16 746					
2023							
CGU							
PetCare Zone NA	6 417	194	5 years	6.8%	Stable	2.6%	7.1%
Nutrition Zone AOA	4 635	1 084	5 years	4.4%	Stable	4.8%	11.7%
Food Zone NA	2 654	1 446	5 years	3.6%	Improvement	2.6%	7.1%
Nestlé Health Science	5 888	5 406	5 years	6.4%	Improvement	2.1%	7.0%
Coffee Zone NA	863	3 736	5 years	5.2%	Stable	2.5%	6.9%
Subtotal	20 457	11 866					
Other CGUs	8 236	3 866					
Total	28 693	15 732					

(a) In millions of CHF

For each significant CGU, the recoverable amount is higher than its carrying amount. The recoverable amount has been determined based upon a fair value less costs of disposal calculation. Generally, no directly observable market inputs are available to assess the fair value less costs of disposal. Therefore, the calculation is based on net present value techniques (fair value measurements categorized within Level 3 of the fair value hierarchy). Cash flows are projected over 5 years. They are extrapolated using a steady or declining terminal growth rate.

Finally, the following are taken into account in the impairment tests:

- The cash flows are discounted at post-tax weighted average rates. The discount rates are computed based on external sources of information and reflect the time value of money and country-specific risk.
- The cash flows are based upon financial plans approved by Group Management which are consistent with the Group's approved strategy for this period. They are based on past performance and current initiatives. The business risk is included in the determination of the cash flows.
- Climate change risks, including transition and physical risks, over the medium to longer term are taken into account in assessing the risks of the cash flows. Impacts on the underlying assumptions on future forecasts of CGUs and their portfolio strategy are considered. Sales growth, margin evolution and terminal growth are adjusted if necessary, considering the resilience of the CGUs to climate change risks as well as Nestlé's commitments to tackle climate change (including the Group's "Net Zero Roadmap"). In addition, the headroom of the CGUs is compared to information obtained from Nestlé's climate scenario modeling prepared in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). The outcomes of the scenarios analyzed (selected high, intermediate and low emissions scenarios) are probability weighted and proportionally allocated and compared to the headroom of each CGU. The process did not lead to any impairment charges.
- The terminal growth rates are determined to reflect the long-term view of the nominal evolution of the business taking into account the latest outlook for long-term inflation.
- The cash flows, discount rates and terminal growth rates include inflation.

The Group assesses the uncertainty of these estimates by performing sensitivity analyses. Management believes that no reasonably possible change in any of the above key assumptions would cause the CGU's recoverable amount to fall below its carrying amount except for the CGU Nestlé Health Science, mainly related to the performance of The Bountiful Company (TBCo) business. For this CGU, changes in the key assumptions greater than the amounts below (most likely for the annual margin evolution) would lead to the fair value less costs of disposal being less than the carrying amount:

	Nestlé Health Science Sensitivity
Average annual sales growth	Decrease by 430 basis points
Annual margin evolution	Decrease by 260 basis points
Terminal growth rate	Decrease by 120 basis points
Discount rate	Increase by 90 basis points

10. Employee benefits

10.1 Employee remuneration

The Group's salary expenses of CHF 10 368 million (2023: CHF 10 399 million) and welfare expenses of CHF 4085 million (2023: CHF 3938 million) represent a total of CHF 14 453 million (2023: CHF 14 337 million). In addition, certain Group employees are eligible for long-term incentives in the form of equity compensation plans, for which the cost amounts to CHF 147 million (2023: CHF 207 million). Employee remuneration is allocated to the appropriate headings of expenses by function (see Note 1, section Expenses).

10.2 Post-employment benefits

The liabilities of the Group arising from defined benefit obligations, and the related current service cost, are determined using the projected unit credit method. Actuarial advice is provided both by external consultants and by actuaries employed by the Group. The actuarial assumptions used to calculate the defined benefit obligations vary according to the economic conditions of the country in which the plan is located. Such plans are either funded or unfunded. The deficit or excess of the fair value of plan assets over the present value of the defined benefit obligations is recognized as a liability or an asset on the balance sheet.

Pension costs charged to the income statement consist of service cost (current and past service cost, gains and losses arising from curtailment and settlement) and administration costs (other than costs of managing plan assets), which are allocated to the appropriate heading by function, and net interest expense or income, which is presented as part of net financial income/(expense). The actual return less interest income on plan assets, changes in actuarial assumptions, and differences between actuarial assumptions and what has actually occurred are reported in other comprehensive income. Some benefits are also provided by defined contribution plans. Contributions to such plans are charged to the income statement as incurred.

Certain disclosures are presented by geographic area. The five regions disclosed are North America (NA), Europe (EUR), Asia, Oceania and Africa including Middle East (AOA), Latin America (LATAM) and Greater China (GC). Each region includes the corresponding Zones as well as the portion of the GMB activity in that region.

Pensions and retirement benefits

Apart from legally required social security arrangements, the majority of Group employees are eligible for benefits through pension plans in case of retirement, death in service, disability and resignation. Those plans are either defined contribution plans or defined benefit plans based on pensionable remuneration and length of service.

The Group manages its pension plans by geographic area and the major plans, classified as defined benefit plans under IAS 19, are located in EUR (Switzerland, United Kingdom and Germany) and in NA (USA). In accordance with applicable legal frameworks, these plans have governing bodies which have a fiduciary responsibility to oversee the management of the plans. The Group oversees the pension plans through the Group Corporate Pension Board.

In Switzerland, Nestlé's pension plan is a cash balance plan where contributions are expressed as a percentage of the pensionable salary. The pension plan guarantees the amount accrued on members' savings accounts, as well as a minimum interest on those savings accounts. At retirement date, the savings accounts are converted into pensions. However, members may opt to receive part of the pension as a lump sum. Increases of pensions in payment are granted on a discretionary basis by the Board of Trustees, subject to the financial situation of the plan. Following a decrease in conversion rates applicable since July 1, 2018, the Group has committed to make additional contributions and has contributed CHF 251 million as at December 31, 2024. CHF 34 million is still expected to be paid until 2038.

In the United Kingdom, Nestlé's pension plan is a hybrid arrangement combining a defined benefit career average section plus a defined contribution section. The defined benefit section was closed to new entrants during 2016. In the defined benefit section, from August 2017 onwards, members accrue a pension defined on their capped salary each year, plus defined contribution provision above the capped salary. Accrued pensions are automatically revalued according to inflation, subject to caps. Similarly, pensions in payment are increased annually in line with inflation, subject to caps as applicable. At retirement, there is a lump sum option. Finally, the funding of the Nestlé UK Pension Fund is defined on the basis of a triennial independent actuarial valuation in accordance with local regulations. Based on the last triennial valuation as at December 31, 2021, no deficit contributions are payable under the current schedule of contributions. The results of the triennial valuation as at December 31, 2024 should be available by March 2026, which corresponds to the statutory completion date.

In Germany, there are cash balance plans, where members benefit from a guarantee on their savings accounts. Contributions to the plans are expressed as a percentage of the pensionable salary. Increases to pensions in payment are granted in accordance with legal requirements. There is also a heritage plan, based on final pensionable salary, which has been closed to new entrants since 2006.

In the USA, Nestlé's primary pension plan is a pension equity design, under which members earn pension credits each year based on a schedule related to the sum of their age and service with Nestlé. A member's benefit is the sum of the annual pension credits earned, multiplied by an average earning payable as a lump sum. However, in lieu of the lump sum, members have the option of converting the benefit to a monthly pension annuity. The plan does not provide for automatic pension increases and members do not contribute to the plan. This plan was closed to new entrants at the end of 2015 and replaced by a defined contribution scheme.

Post-employment medical benefits and other employee benefits

Subsidiaries, principally in NA and LATAM, maintain medical benefit plans, classified as defined benefit plans under IAS 19, which cover eligible retired employees. The obligations for other employee benefits consist mainly of end-of-service indemnities, which do not have the character of pensions.

Risks related to defined benefit plans

The main risks to which the Group is exposed in relation to operating defined benefit plans are:

- market and liquidity risks: these are the risks that the investments do not meet the expected returns over the medium to long term. This also encompasses the mismatch between assets and liabilities. In order to minimize the risks, the structure of the portfolios is reviewed and asset-liability matching analyses are performed on a regular basis when relevant.
- mortality risk: the assumptions adopted by the Group make allowance for future improvements in life expectancy. However, if life expectancy improves at a faster rate than assumed, this would generally result in greater payments from the plans and consequent increases in the plans' liabilities. In order to minimize this risk, mortality assumptions are reviewed on a regular basis.

As certain of the Group's pension arrangements permit benefits to be adjusted in the case that downside risks emerge, the Group does not always have full exposure to the risks described above.

Plan amendments and restructuring events

Plans within the Group are regularly reviewed as to whether they are aligned with market practice in the local context. Should a review indicate that a plan needs to be changed, prior agreement with the local governing body, the regulator and, if applicable, the members is sought before implementing plan changes.

In 2024, as in 2023, there were plan amendments and restructuring activities (among others risk transfer transactions related to medical and retirement liabilities of pensioners) leading to curtailments and settlements, individually not significant, amounting to a net income of CHF 1 million (2023: CHF 23 million net cost).

Asset-liability management and funding arrangement

Governing bodies are responsible for determining the mix of asset classes and target allocations of Nestlé's plans with the support of investment advisors and/or local asset management firms. Periodic reviews of the asset mix are made by external parties to assess the adequacy of the portfolio's structure. Such analyses aim at dynamically comparing the fair value of the assets and liabilities in order to determine the most adequate strategic asset allocation.

The overall investment policy and strategy for the Group's funded defined benefit plans are guided by the objective of achieving an investment return which, together with the contributions paid, is sufficient to maintain reasonable control over the various funding risks of the plans. To the extent possible, the risks are shared equally amongst the different stakeholders. As those risks evolve with the development of capital markets and asset management activities, the Group addresses the assessment and control process of the major investment pension risks. In order to protect the Group's defined benefit plans funding ratio and to mitigate the financial risks, protective measures on the investment strategies are in force. Risks pertaining to sustainability, social and climate factors are also taken into consideration. The Group has a policy guiding the pension plan governing bodies to review the impact of climate risk on their investment portfolios and apply TCFD recommendations in case it is required by local pension legislation.

10. Employee benefits

10.2a Reconciliation of assets and liabilities recognized in the balance sheet

In millions of CHF

	2024			2023		
	Defined benefit retirement plans	Post-employment medical benefits and other benefits	Total	Defined benefit retirement plans	Post-employment medical benefits and other benefits	Total
Present value of funded obligations	17 321	350	17 671	17 063	342	17 405
Fair value of plan assets	(18 700)	(138)	(18 838)	(18 158)	(129)	(18 287)
Excess of liabilities/(assets) over funded obligations	(1 379)	212	(1 167)	(1 095)	213	(882)
Present value of unfunded obligations	740	671	1 411	734	710	1 444
Unrecognized assets ^(a)	450	—	450	765	3	768
Net defined benefit liabilities/(assets)	(189)	883	694	404	926	1 330
Reimbursement rights			(124)			(125)
Other employee benefit liabilities			584			551
Net liabilities			1 154			1 756
Reflected in the balance sheet as follows:						
Employee benefit assets and reimbursement rights			(1 475)			(962)
Employee benefit liabilities			2 629			2 718
Net liabilities			1 154			1 756

(a) Primarily from German pension plans for which no net asset can be recognized as at December 31, 2024. As at December 31, 2023, from Swiss and German pension plans for which CHF 17 million net assets was recognized based on economic benefits allowing asset recognition.

10.2b Funding situation by geographic area of defined benefit plans ^(a)

In millions of CHF

	2024						2023					
	EUR	NA	AOA	LATAM	GC	Total	EUR	NA	AOA	LATAM	GC	Total
Present value of funded obligations	14 124	2 571	599	350	27	17 671	13 774	2 576	592	436	27	17 405
Fair value of plan assets	(15 540)	(2 190)	(710)	(374)	(24)	(18 838)	(14 961)	(2 197)	(668)	(439)	(22)	(18 287)
Excess of liabilities/(assets) over funded obligations	(1 416)	381	(111)	(24)	3	(1 167)	(1 187)	379	(76)	(3)	5	(882)
Present value of unfunded obligations	172	438	448	353	—	1 411	172	435	450	387	—	1 444

(a) Before asset ceiling.

10.2c Movement in the present value of defined benefit obligations

In millions of CHF

	2024			2023		
	Defined benefit retirement plans	Post-employment medical benefits and other benefits	Total	Defined benefit retirement plans	Post-employment medical benefits and other benefits	Total
As at January 1	17 797	1 052	18 849	17 584	1 263	18 847
of which funded defined benefit plans	17 063	342	17 405	16 819	64	16 883
of which unfunded defined benefit plans	734	710	1 444	765	1 199	1 964
Currency retranslations	378	2	380	(663)	(88)	(751)
Service cost	340	23	363	297	47	344
of which current service cost	339	25	364	296	25	321
of which past service cost and (gains)/losses arising from settlements	1	(2)	(1)	1	22	23
Interest expense	577	64	641	653	78	731
Actuarial (gains)/losses	152	(2)	150	1 365	22	1 387
Employee contributions	110	—	110	109	—	109
Benefits paid on funded defined benefit plans	(1 194)	(34)	(1 228)	(1 464)	(99)	(1 563)
Benefits paid on unfunded defined benefit plans	(94)	(84)	(178)	(75)	(170)	(245)
Classification (to)/from held-for-sale and change of scope of consolidation, net	(1)	—	(1)	(8)	(1)	(9)
Transfer from/(to) defined contribution plans	(4)	—	(4)	(1)	—	(1)
As at December 31	18 061	1 021	19 082	17 797	1 052	18 849
of which funded defined benefit plans	17 321	350	17 671	17 063	342	17 405
of which unfunded defined benefit plans	740	671	1 411	734	710	1 444

10.2d Movement in fair value of defined benefit plan assets

In millions of CHF

	2024			2023		
	Defined benefit retirement plans	Post-employment medical benefits and other benefits	Total	Defined benefit retirement plans	Post-employment medical benefits and other benefits	Total
As at January 1	(18 158)	(129)	(18 287)	(18 817)	(38)	(18 855)
Currency retranslations	(374)	(8)	(382)	642	11	653
Interest income	(603)	(7)	(610)	(712)	(6)	(718)
Actual return on plan assets, excluding interest income	(178)	—	(178)	(104)	(10)	(114)
Employee contributions	(110)	—	(110)	(109)	—	(109)
Employer contributions	(490)	(28)	(518)	(548)	(185)	(733)
Benefits paid on funded defined benefit plans	1 194	34	1 228	1 464	99	1 563
Administration expenses	19	—	19	18	—	18
Classification (to)/from held-for-sale and change of scope of consolidation, net	—	—	—	8	—	8
Transfer (from)/to defined contribution plans	—	—	—	—	—	—
As at December 31	(18 700)	(138)	(18 838)	(18 158)	(129)	(18 287)

The major classes of plan assets as a percentage of total plan assets of the Group's defined benefit plans are as follows:

	2024	2023
Equities (a)	21%	19%
of which US equities	4%	4%
of which European equities	13%	12%
of which other equities	4%	3%
Debts	55%	51%
of which government debts (a)	34%	35%
of which corporate debts (b)	21%	16%
Real estate (b)	13%	12%
Alternative investments (b)	9%	9%
of which hedge funds	2%	2%
of which private equities	6%	6%
of which infrastructure	1%	1%
Cash/deposits	2%	9%

(a) Almost all have a quoted market price in an active market.

(b) Almost all are either not quoted or are quoted in a market which is not active.

Equities and government debts represent 55% (2023: 54%) of the plan assets. Almost all of them are quoted in an active market. Corporate debts, real estate, hedge funds, private equities and infrastructure represent 43% (2023: 37%) of the plan assets. Almost all of them are either not quoted or quoted in a market which is not active.

10. Employee benefits

The plan assets of funded defined benefit plans include property occupied by subsidiaries with a fair value of CHF 3 million (2023: CHF 8 million). Furthermore, funded defined benefit plans may invest in Nestlé S.A. (or related) shares. The Group's investment management principles allow such investment only when the position in Nestlé S.A. (or related) shares is passive, i.e. in line with the weighting in the underlying benchmark. There was no direct active investment as at the end of 2024 and 2023.

The Group expects to contribute CHF 466 million to its funded defined benefit plans in 2025.

10.2e Unrecognized assets

Movements of unrecognized assets and fair value of plan assets including asset ceiling are as follows:

In millions of CHF	2024			2023		
	Defined benefit retirement plans	Post-employment medical benefits and other benefits	Total	Defined benefit retirement plans	Post-employment medical benefits and other benefits	Total
As at January 1	765	3	768	1 240	3	1 243
Currency retranslations	4	—	4	(25)	—	(25)
Limitation of interest income	21	—	21	38	—	38
Changes due to asset ceiling	(340)	(3)	(343)	(488)	—	(488)
As at December 31	450	—	450	765	3	768

The maximum economic benefit available was determined in the form of both refunds and reduction in future contributions.

In millions of CHF	2024			2023		
	Defined benefit retirement plans	Post-employment medical benefits and other benefits	Total	Defined benefit retirement plans	Post-employment medical benefits and other benefits	Total
Fair value of plan assets as at December 31						
Excluding limit on asset recognition	(18 700)	(138)	(18 838)	(18 158)	(129)	(18 287)
Asset ceiling	450	—	450	765	3	768
Including limit on asset recognition	(18 250)	(138)	(18 388)	(17 393)	(126)	(17 519)

10. Employee benefits

10.2f Expenses recognized in the income statement

In millions of CHF

	2024			2023		
	Defined benefit retirement plans	Post-employment medical benefits and other benefits	Total	Defined benefit retirement plans	Post-employment medical benefits and other benefits	Total
Service cost	340	23	363	297	47	344
Net interest (income)/expenses	(5)	57	52	(21)	72	51
Administration expenses	19	—	19	18	—	18
Defined benefit expenses	354	80	434	294	119	413
Defined contribution expenses			405			393
Total			839			806

10.2g Remeasurement of defined benefit plans reported in other comprehensive income

In millions of CHF

	2024			2023		
	Defined benefit retirement plans	Post-employment medical benefits and other benefits	Total	Defined benefit retirement plans	Post-employment medical benefits and other benefits	Total
Actual return on plan assets, excluding interest income	178	—	178	104	10	114
Experience adjustments on plan liabilities	(373)	(67)	(440)	(168)	13	(155)
Change in demographic assumptions on plan liabilities	79	(11)	68	134	1	135
Change in financial assumptions on plan liabilities	142	80	222	(1 331)	(36)	(1 367)
Transfer from/(to) unrecognized assets and other	340	3	343	488	—	488
Remeasurement of defined benefit plans – actuarial gains/(losses)	366	5	371	(773)	(12)	(785)

10.2h Principal financial actuarial assumptions

The principal financial actuarial assumptions are presented by geographic area. Each item is a weighted average in relation to the relevant underlying component.

	2024						2023					
	EUR	NA	AOA	LATAM	GC	Total	EUR	NA	AOA	LATAM	GC	Total
Discount rates	2.5%	5.5%	5.7%	10.0%	2.8%	3.4%	2.6%	5.0%	5.8%	8.7%	3.0%	3.5%
Expected rates of salary increases	2.0%	3.6%	4.7%	4.1%	3.5%	2.6%	2.0%	3.6%	4.7%	4.4%	3.1%	2.6%
Expected rates of pension adjustments	1.0%	0.0%	1.6%	1.8%	0.0%	0.9%	1.0%	0.0%	1.7%	2.1%	0.0%	0.9%
Medical cost trend rates ^(a)		6.8%		6.6%		6.7%		6.3%		6.6%		6.4%

(a) Medical cost trend rates represent the expected medical cost trend rates for next year. For plans in USA and Canada, the medical cost trend rate is assumed to decrease to 4.5% by 2035 and 4% by 2040. As for the largest plan in LATAM, the related medical cost trend of 6.6% corresponds to an estimated long-term average increase. Some non-material post-employment medical plans in EUR and AOA have not been included in the average.

10.2i Mortality tables and life expectancies by geographic area for the Group's major defined benefit pension plans

Expressed in years

Country	Mortality table	2024	2023	2024	2023
		Life expectancy at age 65 for a male member currently aged 65		Life expectancy at age 65 for a female member currently aged 65	
EUR					
Switzerland	LPP 2020	21.9	21.9	23.7	23.6
United Kingdom	S4NA	20.6	20.6	22.4	23.3
Germany	Heubeck Richttafeln 2018	21.6	21.4	23.9	23.8
NA					
USA	Pri-2012	20.7	20.7	22.7	22.6

Life expectancy is reflected in the defined benefit obligations by using the best estimate of the mortality of plan members. When appropriate, base tables are adjusted to take into consideration expected changes in mortality, e.g. allowing for future longevity improvements.

10.2j Sensitivity analyses on present value of defined benefit obligations by geographic area

The table below gives the present value of the defined benefit obligations when major assumptions are changed.

In millions of CHF		EUR	NA	AOA	LATAM	GC	Total
2024	As reported	14 296	3 009	1 047	703	27	19 082
	Discount rates						
	Increase of 50 basis points	13 435	2 880	1 011	675	27	18 028
	Decrease of 50 basis points	15 263	3 146	1 084	734	28	20 255
	Expected rates of salary increases						
	Increase of 50 basis points	14 358	3 034	1 069	706	28	19 195
	Decrease of 50 basis points	14 240	2 986	1 025	700	27	18 978
	Expected rates of pension adjustments						
	Increase of 50 basis points	14 929	3 032	1 065	711	28	19 765
	Decrease of 50 basis points	14 091	3 009	1 029	697	27	18 853
Medical cost trend rates							
Increase of 50 basis points	14 298	3 014	1 047	711	28	19 098	
Decrease of 50 basis points	14 296	3 004	1 045	696	27	19 068	
Mortality assumption							
Setting forward the tables by 1 year	13 824	2 974	1 032	688	27	18 545	
Setting back the tables by 1 year	14 772	3 044	1 058	718	28	19 620	
2023	As reported	13 946	3 011	1 042	823	27	18 849
	Discount rates						
	Increase of 50 basis points	13 100	2 875	1 006	786	26	17 793
	Decrease of 50 basis points	14 889	3 161	1 077	862	28	20 017
	Expected rates of salary increases						
	Increase of 50 basis points	14 000	3 037	1 061	825	28	18 951
	Decrease of 50 basis points	13 895	2 986	1 021	820	26	18 748
	Expected rates of pension adjustments						
	Increase of 50 basis points	14 541	3 036	1 061	831	27	19 496
	Decrease of 50 basis points	13 714	3 011	1 021	816	27	18 589
Medical cost trend rates							
Increase of 50 basis points	13 947	3 016	1 042	834	27	18 866	
Decrease of 50 basis points	13 946	3 006	1 039	813	27	18 831	
Mortality assumption							
Setting forward the tables by 1 year	13 478	2 973	1 027	803	27	18 308	
Setting back the tables by 1 year	14 419	3 049	1 054	841	27	19 390	

All sensitivities are calculated using the same actuarial method as for the disclosed present value of the defined benefit obligations at year-end.

10.2k Weighted average duration of defined benefit obligations by geographic area

Expressed in years

	2024						2023					
	EUR	NA	AOA	LATAM	GC	Total	EUR	NA	AOA	LATAM	GC	Total
As at December 31	13.1	9.3	9.3	9.3	5.8	12.1	13.2	9.9	9.5	10.1	5.8	12.3

11. Provisions and contingencies

Provisions

Provisions comprise liabilities of uncertain timing or amount that arise from restructuring plans, environmental, litigation and other risks. Provisions are recognized when a legal or constructive obligation stemming from a past event exists and when the future cash outflows can be reliably estimated. Provisions are measured at the present value of the expenditures unless the impact of discounting is immaterial. Obligations arising from restructuring plans are recognized when detailed formal plans have been established and when there is a valid expectation that such plans will be carried out by either starting to implement them or announcing their main features. Obligations under litigation reflect Group Management's best estimate of the outcome based on the facts known at the balance sheet date.

Contingent assets and liabilities

Contingent assets and liabilities are possible rights and obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not fully within the control of the Group.

11.1 Provisions

In millions of CHF

	Restructuring	Environmental	Legal and indirect tax	Other	Total
As at January 1, 2024	669	60	807	442	1 978
Currency retranslations	15	—	(59)	7	(37)
Provisions made during the year ^(a)	334	16	311	186	847
Amounts used	(304)	(6)	(129)	(137)	(576)
Reversal of unused amounts	(49)	(3)	(111)	(160)	(323)
Change of scope of consolidation	—	—	—	62	62
As at December 31, 2024	665	67	819	400	1 951
of which expected to be settled within 12 months					865
As at January 1, 2023	401	70	811	451	1 733
Currency retranslations	(38)	(6)	(47)	(34)	(125)
Provisions made during the year ^(a)	722	3	321	324	1 370
Amounts used	(382)	(6)	(95)	(71)	(554)
Reversal of unused amounts	(34)	(1)	(183)	(227)	(445)
Change of scope of consolidation	—	—	—	(1)	(1)
As at December 31, 2023	669	60	807	442	1 978
of which expected to be settled within 12 months					675

(a) Including discounting of provisions.

Restructuring

Restructuring provisions arise from a number of projects across the Group. These include plans to optimize production, sales and administration structures, mainly allocated to Zone EUR and Zone GC. Restructuring provisions are expected to result in future cash outflows when implementing the plans (usually over one to three years).

Legal and indirect tax

Legal provisions have been established to cover legal and administrative settlements that arise in the course of business. Indirect tax provisions include disputes and uncertainties on non-income taxes (mainly VAT and sales taxes). They cover numerous separate cases whose detailed disclosure could be detrimental to the Group's interests. The Group does not believe that any of these cases will have a material adverse impact on its financial position. The timing of outflows is uncertain as it depends upon the outcome of the cases. Group Management does not believe it is possible to make assumptions on the evolution of these cases beyond the balance sheet date.

Other

Other provisions are mainly constituted by onerous contracts and various damage claims that occurred during the year but were not covered by insurance companies. Onerous contracts result from the termination of contracts or supply agreements above market prices in which the unavoidable costs of meeting the obligations under the contracts exceed the economic benefits expected to be received or for which no benefits are expected to be received.

11.2 Contingencies

The Group is exposed to contingent liabilities amounting to a maximum possible payment of CHF 2195 million (2023: CHF 2405 million) representing possible payments for litigations of CHF 2194 million (2023: CHF 2401 million) and payments for other items of CHF 1 million (2023: CHF 4 million). Possible payments for litigations relate mainly to various investigations as well as labor, civil and tax litigations in LATAM.

With food safety as a primary goal, operating practices at some of Nestlé's natural mineral water production sites may not be in line with the applicable regulatory framework. The Group has not identified material liabilities as at the balance sheet date related to these practices. In this context, no material provisions were recognized nor were material contingent liabilities identified.

Contingent assets for litigation claims in favor of the Group amount to a probable recoverable amount of CHF 18 million (2023: CHF 18 million), mainly in LATAM.

12. Financial instruments

Financial assets – classes and categories

The classification of financial assets is generally based on the business model in which a financial asset is managed as well as its contractual cash flow characteristics. The Group classifies financial assets in the following categories:

- measured at amortized cost;
- measured at fair value through the income statement (abbreviated as FVTPL, fair value through profit or loss); and
- measured at fair value through Other comprehensive income (abbreviated as FVOCI).

For an equity investment that is not held for trading, the Group may irrevocably elect to classify it as measured at FVOCI. This election is made at initial recognition on an investment by investment basis.

Financial assets – recognition and derecognition

The settlement date is used for initial recognition and derecognition of financial assets, as these transactions are generally under contracts whose terms require delivery within the time frame established by regulation or convention in the market place (regular-way purchase or sale). Financial assets are derecognized when substantially all of the Group's rights to cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Financial assets – measurement

Financial assets are initially recognized at fair value plus directly attributable transaction costs. However, when a financial asset measured at FVTPL is recognized, the transaction costs are expensed immediately. Subsequent remeasurement of financial assets is determined by their category, which is revisited at each reporting date.

Commercial paper and time deposits are held by the Group's treasury unit in a separate portfolio in order to mitigate the credit risk exposure of the Group and provide interest income. The Group considers that these investments are held within a business model whose objective is achieved by collecting contractual cash flows. The contractual terms of these financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These assets have therefore been classified as measured at amortized cost.

Investments in equities, debt funds, equity funds as well as other financial assets not giving rise on specified dates to cash flows that are solely payments of principal and interest are classified at FVTPL. These investments are mainly related to liquidity management and self-insurance activities.

Financial assets – impairment

The Group assesses whether its financial assets carried at amortized cost and FVOCI are impaired on the basis of expected credit losses (ECL). This analysis requires the identification of significant increases in the credit risk of the counterparties. Considering that the majority of the Group's financial assets are trade receivables, the analysis also integrates statistical data reflecting the past experience of losses incurred due to default, as well as any relevant forward-looking information. See Note 7.1 for impairments related to trade receivables.

The Group measures loss allowances for investments in debt securities and time deposits that are determined to have low credit risk at the reporting date at an amount equal to 12 months' expected credit losses. The Group considers a debt security to have low credit risk when the credit rating is 'investment grade' according to internationally recognized rating agencies.

To assess whether there is a significant increase in credit risk since initial recognition, the Group considers available reasonable and supportive information, such as changes in the credit rating of the counterparty. If there is a significant increase in credit risk, the loss allowance is measured at an amount equal to lifetime expected losses.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls due to a credit default event of the counterparty (i.e. the difference between the cash flows in accordance with the contract and the cash flows that the Group expects to receive).

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is recognized in Other comprehensive income, instead of reducing the carrying amount of the asset.

Impairment losses on other financial assets related to treasury activities are presented under Financial expenses.

The model and some of the assumptions used in calculating these ECLs are key sources of estimation uncertainty.

Financial liabilities at amortized cost

Financial liabilities are initially recognized at fair value, net of transaction costs incurred.

Subsequent to initial measurement, financial liabilities are recognized at amortized cost. The difference between the initial carrying amount of the financial liabilities and their redemption value is recognized in the income statement over the contractual term, using the effective interest rate method. This category includes the following classes of financial liabilities: trade and other payables, commercial papers, bonds, lease liabilities and other financial liabilities.

Financial liabilities at amortized cost are classified as current or non-current, depending on whether they are due within 12 months after the balance sheet date or beyond.

Financial liabilities are derecognized (in full or partly) when either the Group is discharged from its obligation, they expire, they are cancelled or they are replaced by a new liability with substantially modified terms.

12.1 Financial assets and liabilities

12.1a By class and by category

In millions of CHF

	2024				2023			
Classes	At amortized cost ^(a)	At fair value to income statement	At fair value to other comprehensive income	Total categories	At amortized cost ^(a)	At fair value to income statement	At fair value to other comprehensive income	Total categories
Cash at bank and in hand	2 055	—	—	2 055	2 315	—	—	2 315
Commercial paper	2 548	—	—	2 548	2 201	—	—	2 201
Time deposits	1 518	—	—	1 518	923	—	—	923
Bonds and debt funds	—	1 916	2	1 918	43	778	1	822
Equity and equity funds	—	426	823	1 249	—	303	389	692
Other financial assets	1 586	647	—	2 233	1 249	596	—	1 845
Liquid assets ^(b) and non-current financial assets	7 707	2 989	825	11 521	6 731	1 677	390	8 798
Trade and other receivables	11 251	—	—	11 251	10 995	—	—	10 995
Derivative assets ^(c)	—	876	—	876	—	408	—	408
Total financial assets	18 958	3 865	825	23 648	17 726	2 085	390	20 201
Trade and other payables	(22 029)	—	—	(22 029)	(19 312)	—	—	(19 312)
Financial debt	(63 560)	—	—	(63 560)	(55 241)	—	—	(55 241)
Derivative liabilities ^(c)	—	(715)	—	(715)	—	(556)	—	(556)
Total financial liabilities	(85 589)	(715)	—	(86 304)	(74 553)	(556)	—	(75 109)
Net financial position	(66 631)	3 150	825	(62 656)	(56 827)	1 529	390	(54 908)
of which at fair value	—	3 150	825	3 975	—	1 529	390	1 919

(a) Carrying amount of these instruments is a reasonable approximation of their fair value. For bonds included in financial debt, see Note 12.1d.

(b) Liquid assets are composed of cash and cash equivalents and short-term investments.

(c) Include derivatives held in hedge relationships and those that are undesignated (categorized as held-for-trading), see Note 12.2d.

12.1b Fair value hierarchy of financial instruments

The Group classifies the fair value of its financial instruments in the following hierarchy, based on the inputs used in their valuation:

- Level 1: the fair value of financial instruments quoted in active markets is based on their quoted closing price at the balance sheet date. Examples include exchange-traded commodity derivatives and financial assets such as investments in equity and debt securities.
- Level 2: the fair value of financial instruments that are not traded in an active market is determined by using valuation techniques based on observable market data. Such valuation techniques include discounted cash flows, standard valuation models based on market parameters for interest rates, yield curves or foreign exchange rates, dealer quotes for similar instruments and comparable arm's length transactions. For example, the fair value of forward exchange contracts, currency swaps and interest rate swaps is determined by discounting estimated future cash flows.
- Level 3: the fair value of financial instruments that are measured on the basis of entity specific valuations using inputs that are not based on observable market data (unobservable inputs). When the fair value of unquoted instruments cannot be measured with sufficient reliability, the Group carries such instruments at cost less impairment, if applicable.

In millions of CHF

	2024	2023
Derivative assets	446	132
Bonds and debt funds	1 392	284
Equity and equity funds	144	115
Other financial assets	35	38
Derivative liabilities	(50)	(52)
Prices quoted in active markets (Level 1)	1 967	517
Derivative assets	417	267
Bonds and debt funds	467	435
Equity and equity funds	931	447
Other financial assets	611	557
Derivative liabilities	(665)	(504)
Valuation techniques based on observable market data (Level 2)	1 761	1 202
Financial assets	247	200
Valuation techniques based on unobservable input (Level 3)	247	200
Total financial instruments at fair value	3 975	1 919

There have been no significant transfers between the different hierarchy levels in 2024 and in 2023.

12.1c Changes in liabilities arising from financing activities

In millions of CHF

	2024	2023
As at January 1	(55 489)	(54 846)
Currency retranslations and exchange differences	(2 184)	3 765
Changes in fair value	155	199
Changes arising from acquisition and disposal of businesses and classification to/(from) held-for-sale	(87)	(10)
Interest (inflows)/outflows on derivatives	(167)	(98)
Increase in lease liabilities	(771)	(819)
Inflows from bonds and other long-term financial debt	(7 992)	(9 806)
Outflows from bonds, lease liabilities and other long-term financial debt	5 055	3 589
(Inflows)/outflows from short-term financial debt	(2 396)	2 537
As at December 31	(63 876)	(55 489)
of which current financial debt	(11 863)	(9 416)
of which non-current financial debt	(51 697)	(45 825)
of which derivatives hedging financial debt	(316)	(248)

12.1d Bonds

In millions of CHF

Issuer		Face value in millions	Coupon	Effective interest rate	Year of issue/ maturity	Comments	2024	2023	
Nestlé S.A., Switzerland	CHF	900	0.25%	0.26%	2018–2024		—	900	
	CHF	600	0.75%	0.69%	2018–2028		601	602	
	CHF	675	1.63%	1.65%	2022–2026		675	675	
	CHF	475	2.13%	2.15%	2022–2030		474	474	
	CHF	350	2.50%	2.46%	2022–2034		351	351	
	CHF	360	1.63%	1.67%	2022–2025		360	360	
	CHF	260	2.63%	2.57%	2022–2035		261	261	
	CHF	310	2.25%	2.18%	2022–2029		311	311	
	CHF	300	1.88%	1.87%	2023–2029		301	301	
	CHF	450	2.00%	2.01%	2023–2033		450	450	
	CHF	400	2.13%	2.06%	2023–2038		403	403	
	CHF	155	1.63%	1.65%	2023–2027		155	155	
	CHF	215	1.88%	1.83%	2023–2031		216	216	
	CHF	210	2.00%	2.01%	2023–2036		210	210	
	CHF	200	1.38%	1.41%	2024–2028		200	—	
	CHF	225	1.50%	1.51%	2024–2031		225	—	
	CHF	480	1.63%	1.60%	2024–2034		481	—	
	CHF	330	1.75%	1.72%	2024–2040		331	—	
	Nestlé Capital Corporation, USA	USD	600	4.65%	4.74%	2024–2029		540	—
		USD	450	4.75%	4.84%	2024–2031		405	—
USD		800	4.88%	4.92%	2024–2034		721	—	
USD		650	5.10%	5.16%	2024–2054		582	—	
GBP		400	4.50%	4.64%	2024–2029	(a)	451	—	
GBP		400	4.75%	4.80%	2024–2036	(a)	452	—	
AUD		600	4.60%	4.70%	2024–2029	(a)	336	—	
AUD		600	5.25%	5.33%	2024–2034	(a)	335	—	
USD		175	5.35%	5.37%	2024–2034		158	—	
USD		175	5.26%	5.29%	2024–2031		158	—	
Nestlé Holdings, Inc., USA	EUR	850	0.88%	0.92%	2017–2025	(a)	800	791	
	CHF	550	0.25%	0.24%	2017–2027	(a)	550	550	
	CHF	150	0.55%	0.54%	2017–2032	(a)	150	150	
	USD	900	3.50%	3.59%	2018–2025	(b)	813	756	
	USD	1 250	3.63%	3.72%	2018–2028	(b)	1 126	1 047	
	USD	1 250	3.90%	4.01%	2018–2038	(b)	1 116	1 038	
	USD	2 100	4.00%	4.11%	2018–2048	(b)	1 865	1 736	
	USD	1 150	0.38%	0.49%	2020–2024	(b)	—	968	
	USD	750	0.63%	0.77%	2020–2026	(b)	677	629	
	USD	1 100	1.00%	1.06%	2020–2027	(b)	992	923	
	USD	1 000	1.25%	1.37%	2020–2030	(b)	898	835	
Subtotal							19 219	15 092	

12. Financial instruments

In millions of CHF

Issuer		Face value in millions	Coupon	Effective interest rate	Year of issue/ maturity	Comments	2024	2023
Subtotal from previous page							19 219	15 092
	GBP	600	0.63%	0.75%	2021–2025	(a)	680	643
	GBP	400	1.38%	1.46%	2021–2033	(a)	450	425
	USD	300	1.13%	1.19%	2021–2026		271	252
	USD	1 500	0.61%	0.66%	2021–2024	(b)	—	1 262
	USD	1 000	1.50%	1.58%	2021–2028	(b)	901	838
	USD	1 000	1.88%	1.91%	2021–2031	(b)	902	839
	USD	500	2.50%	2.55%	2021–2041	(b)	449	418
	USD	500	1.15%	1.22%	2021–2027	(b)	451	420
	USD	500	2.63%	2.69%	2021–2051	(b)	446	415
	CAD	2 000	2.19%	2.23%	2021–2029	(a)	1 257	1 271
	GBP	300	2.13%	2.25%	2022–2027	(a)	339	320
	GBP	600	2.50%	2.53%	2022–2032	(a)	679	642
	USD	750	4.00%	4.07%	2022–2025	(b)	677	630
	USD	500	4.13%	4.20%	2022–2027	(b)	451	420
	USD	500	4.25%	4.31%	2022–2029	(b)	451	419
	USD	1 250	4.30%	4.38%	2022–2032	(b)	1 124	1 046
	USD	1 000	4.70%	4.76%	2022–2053	(b)	895	833
	USD	1 000	5.25%	5.32%	2023–2026	(b)	903	840
	USD	850	5.00%	5.06%	2023–2028	(b)	767	713
	USD	500	4.95%	5.01%	2023–2030	(b)	451	419
	USD	650	4.85%	4.90%	2023–2033	(b)	585	545
	USD	500	5.00%	5.06%	2023–2028	(b)	451	420
	USD	500	5.00%	5.10%	2023–2030	(b)	450	418
	USD	500	5.00%	5.09%	2023–2033	(b)	449	418
	GBP	400	5.25%	5.39%	2023–2026	(a)	453	428
	GBP	400	5.13%	5.28%	2023–2032	(a)	450	425
Nestlé Finance International Ltd., Luxembourg	EUR	500	0.38%	0.54%	2017–2024		—	465
	EUR	750	1.25%	1.32%	2017–2029		703	696
	EUR	750	1.75%	1.83%	2017–2037		699	692
	EUR	1 000	1.13%	1.27%	2020–2026		939	928
	EUR	1 000	1.50%	1.63%	2020–2030		935	924
	EUR	850	0.13%	0.25%	2020–2027		797	787
	EUR	650	0.00%	0.05%	2020–2024		—	605
	EUR	1 000	0.38%	0.56%	2020–2032		928	917
	EUR	500	0.00%	(0.26%)	2020–2025		472	468
	EUR	500	0.00%	0.16%	2020–2033		464	459
	EUR	500	0.38%	0.40%	2020–2040		469	464
	EUR	1 250	0.00%	(0.00%)	2021–2026		1 176	1 164
	EUR	750	0.25%	0.32%	2021–2029		704	696
Subtotal							42 887	40 076

12. Financial instruments

In millions of CHF

Issuer		Face value in millions	Coupon	Effective interest rate	Year of issue/ maturity	Comments	2024	2023
Subtotal from previous page							42 887	40 076
	EUR	500	0.63%	0.69%	2021–2034		468	463
	EUR	650	0.88%	1.01%	2021–2041		599	592
	EUR	600	0.88%	0.95%	2022–2027		564	557
	EUR	600	1.25%	1.33%	2022–2031		562	556
	EUR	800	1.50%	1.63%	2022–2035		743	735
	EUR	500	3.00%	3.13%	2022–2028		468	463
	EUR	500	3.25%	3.38%	2022–2031		467	462
	EUR	500	3.38%	3.49%	2022–2034		466	461
	EUR	850	3.50%	3.66%	2023–2027		796	787
	EUR	850	3.75%	3.85%	2023–2033		794	785
	EUR	500	3.50%	3.56%	2023–2030		469	464
	EUR	500	3.75%	3.84%	2023–2035		467	462
	GBP	400	5.13%	5.16%	2023–2038		452	427
	EUR	750	3.00%	3.08%	2024–2031		703	—
	EUR	750	3.25%	3.40%	2024–2037		695	—
	EUR	500	2.63%	2.77%	2024–2030		467	—
	EUR	650	3.13%	3.20%	2024–2036		607	—
Nestlé Hungária Kft., Hungary	HUF	115 000	1.75%	1.53%	2021–2028		265	283
Other bonds							49	45
Total carrying amount (*)							52 988	47 618
of which due within one year							3 848	4 200
of which due after one year							49 140	43 418
Fair value (*) of bonds, based on prices quoted (level 2)							50 511	45 473

(*) Carrying amount and fair value of bonds exclude accrued interest.

Several bonds are hedged by currency and/or interest derivatives. The fair value of these derivatives is shown under derivative assets for CHF 84 million (2023: CHF 130 million) and under derivative liabilities for CHF 484 million (2023: CHF 239 million).

- (a) Subject to an interest rate and currency swap that creates a liability at fixed rates in the currency of the issuer.
(b) Sold in the United States only to qualified institutional buyers and outside the United States to non-US persons.

12.2 Financial risks

In the course of its business, the Group is exposed to a number of financial risks: credit risk, liquidity risk, market risk (including foreign currency risk and interest rate risk, commodity price risk and equity price risk). This Note presents the Group's objectives, policies and processes for managing its financial risk and capital.

Financial risk management is an integral part of the way the Group is managed. The Board of Directors determines the financial control principles as well as the principles of financial planning. The Chief Executive Officer organizes, manages and monitors all financial risks, including asset and liability matters.

The Asset and Liability Management Committee (ALMC) chaired by the Chief Financial Officer, is the governing body for the establishment and subsequent execution of the Nestlé Group's Financial Asset and Liability Management Policy. It ensures implementation of strategies and achievement of objectives of the Group's financial asset and liabilities management, which are executed by the Center Treasury, the Regional Treasury Centers and, in specific local circumstances, by the subsidiaries. Approved treasury management guidelines define and classify risks as well as determine, by category of transaction, specific approval, execution and monitoring procedures. The activities of the Center Treasury and of the Regional Treasury Centers are monitored by an independent Middle Office, which verifies the compliance of the strategies and/or operations with the approved guidelines and decisions taken by the ALMC.

12.2a Credit risk

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risk arises on financial assets (liquid, non-current and derivatives) and on trade and other receivables.

The Group aims to minimize the credit risk of liquid assets, non-current financial assets and derivative assets through the application of risk management policies. Credit limits are set based on each counterparty's size and risk of default. The methodology used to set the credit limit considers the counterparty's balance sheet, credit ratings, risk ratios and default probabilities. Counterparties are monitored regularly, taking into consideration the evolution of the above parameters, as well as their share prices and credit default swaps. As a result of this review, changes on credit limits and risk allocation are carried out. The Group avoids the concentration of credit risk on its liquid assets by spreading them over several institutions and sectors.

Trade receivables are subject to credit limits, control and approval procedures in all the subsidiaries. Due to its large geographic base and number of customers, the Group is not exposed to material concentrations of credit risk on its trade receivables (see Note 7.1). Nevertheless, commercial counterparties are constantly monitored in accordance with the same methodology used for financial counterparties.

The maximum exposure to credit risk resulting from financial activities, without considering netting agreements and without taking into account any collateral held or other credit enhancements, is equal to the carrying amount of the Group's financial assets.

Credit rating of financial assets

This includes liquid assets, non-current financial assets and derivative assets. The credit risk of the financial assets is assessed based on the risk of the counterparties, including the associated country risk. The Group uses an internationally recognized credit scale to present the information. The Group deals mainly with financial institutions located in Switzerland, the European Union and North America.

In millions of CHF

	2024	2023
A– and above	8 559	5 934
BBB+, BBB and BBB–	583	575
BB+ and below	1 268	1 258
Not rated ^(a)	1 987	1 439
	12 397	9 206

(a) Mainly equity securities and other investments for which no credit rating is available.

12.2b Liquidity risk**Liquidity risk management**

Liquidity risk is the risk that a company may encounter difficulties in meeting its obligations associated with financial liabilities that are settled by delivering cash or other financial assets. Such risk may result from inadequate market depth or disruption or refinancing problems. The Group's objective is to manage this risk by limiting exposures to financial instruments that may be affected by liquidity problems and by maintaining sufficient back-up facilities. The Group does not expect any refinancing issues and in October 2024 successfully extended the term of both its revolving credit facilities:

- A USD 3.1 billion and EUR 3.7 billion revolving credit facility with an initial maturity date of October 2025. The Group has the ability to convert the facility into a one-year term loan.
- A USD 2.2 billion and EUR 2.3 billion revolving credit facility with a new maturity date of October 2029.

The facilities serve primarily as a backstop to the Group's short-term debt.

Contractual maturities of financial liabilities and derivatives (including interest)

In millions of CHF

	In the first year	In the second year	In the third to the fifth years	After the fifth year	Contractual amount	Carrying amount
2024						
Trade and other payables	(21 807)	(142)	(44)	(33)	(22 026)	(22 029)
Commercial paper ^(a)	(4 625)	—	—	—	(4 625)	(4 600)
Bonds ^(a)	(5 246)	(6 397)	(18 362)	(35 816)	(65 821)	(52 988)
Lease liabilities	(1 087)	(977)	(1 770)	(898)	(4 732)	(2 962)
Other financial debt	(2 871)	(139)	(149)	(86)	(3 245)	(3 010)
Total financial debt	(13 829)	(7 513)	(20 281)	(36 800)	(78 423)	(63 560)
Financial liabilities (excluding derivatives)	(35 636)	(7 655)	(20 325)	(36 833)	(100 449)	(85 589)
Non-currency derivative assets	446	3	7	—	456	456
Non-currency derivative liabilities	(50)	—	—	—	(50)	(50)
Gross amount receivable from currency derivatives	28 307	637	3 376	2 909	35 229	33 817
Gross amount payable from currency derivatives	(28 281)	(666)	(3 638)	(3 042)	(35 627)	(34 062)
Net derivatives	422	(26)	(255)	(133)	8	161
of which derivatives under cash flow hedges ^(b)	465	—	—	—	465	465
2023						
Trade and other payables	(19 204)	(71)	(21)	(16)	(19 312)	(19 312)
Commercial paper ^(a)	(2 224)	—	—	—	(2 224)	(2 213)
Bonds ^(a)	(5 248)	(4 737)	(16 850)	(30 992)	(57 827)	(47 618)
Lease liabilities	(875)	(540)	(1 092)	(893)	(3 400)	(2 909)
Other financial debt	(2 425)	(83)	(107)	(60)	(2 675)	(2 501)
Total financial debt	(10 772)	(5 360)	(18 049)	(31 945)	(66 126)	(55 241)
Financial liabilities (excluding derivatives)	(29 976)	(5 431)	(18 070)	(31 961)	(85 438)	(74 553)
Non-currency derivative assets	130	2	9	—	141	141
Non-currency derivative liabilities	(51)	(1)	—	—	(52)	(52)
Gross amount receivable from currency derivatives	18 850	1 566	1 558	3 122	25 096	24 092
Gross amount payable from currency derivatives	(18 983)	(1 705)	(1 541)	(3 278)	(25 507)	(24 329)
Net derivatives	(54)	(138)	26	(156)	(322)	(148)
of which derivatives under cash flow hedges ^(b)	90	1	—	—	91	91

(a) Commercial paper of CHF 3958 million (2023: CHF 1980 million) and bonds of CHF 531 million (2023: CHF 1774 million) have maturities of less than three months.

(b) The periods when the cash flow hedges affect the income statement do not differ significantly from the maturities disclosed above.

12.2c Market risk

The Group is exposed to risk from movements in foreign currency exchange rates, interest rates and market prices that affect its assets, liabilities and future transactions.

Foreign currency risk

The Group is exposed to foreign currency risk from transactions and translation.

Transactional exposures arise from transactions in foreign currency. They are managed within a prudent and systematic hedging policy in accordance with the Group's specific business needs through the use of currency forwards, futures, swaps and options.

Exchange differences recorded in the income statement represented a loss of CHF 198 million in 2024 (2023: loss of CHF 452 million). They are allocated to the appropriate headings of expenses by function.

Translation exposure arises from the consolidation of the financial statements of foreign operations in Swiss Francs, which can be subject to hedge.

Value at Risk (VaR) based on historic data for a 250-day period and a confidence level of 95% results in a potential one-day loss for currency risk of less than CHF 2 million in 2024 (2023: less than CHF 10 million).

The Group cannot predict future movements in exchange rates, therefore the above VaR neither represents actual losses nor considers the effects of favorable movements in underlying variables. Accordingly, the VaR may only be considered indicative of future movements to the extent that historic market patterns repeat in the future.

Interest rate risk

The Group is exposed primarily to fluctuations in USD and EUR interest rates. Interest rate risk on financial debt is managed based on duration and interest management targets set by the ALMC through the use of fixed-rate debt and interest rate swaps.

Taking into account the impact of interest derivatives, the proportion of financial debt subject to fixed interest rates for a period longer than one year represents 81% (2023: 83%).

Based on the level of Liquid assets and Debt exposed to floating interest rates at year-end, an increase in interest rates of 100 basis points would cause an increase in Net financing cost of CHF 18 million on an annualized basis (2023: an increase in Net financing cost of CHF 12 million).

Price risk

Commodity price risk

Commodity price risk arises from transactions on the world commodity markets to secure supplies of green coffee, cocoa beans, cereals and grains and other commodities necessary for the manufacture of some of the Group's products.

The Group's objective is to minimize the impact of commodity price fluctuations and this exposure is hedged in accordance with the Nestlé Group's policy on commodity price risk management. The Global Procurement Organization is responsible for managing commodity price risk based on internal directives and centrally determined limits, generally using exchange-traded commodity derivatives. The commodity price risk exposure of future purchases is managed using a combination of derivatives (mainly futures and options) and executory contracts. This activity is monitored by an independent Middle Office. Given the short product business cycle of the Group, the majority of the anticipated future raw material transactions outstanding at the balance sheet date are expected to occur in the next year.

Equity price risk

The Group is exposed to equity price risk on investments. To manage the price risk arising from these investments, the Group diversifies its portfolios in accordance with the guidelines set by the Board of Directors.

12.2d Derivative assets and liabilities and hedge accounting

Derivative financial instruments

The Group's derivatives mainly consist of currency forwards, options and swaps; commodity futures and options and interest rate swaps. Derivatives are mainly used to manage exposures to foreign exchange, interest rate and commodity price risk as described in Note 12.2c Market risk.

Derivatives are initially recognized at fair value at the trade date. They are subsequently remeasured at fair value on a regular basis and at each reporting date as a minimum. The Group applies hedge accounting to hedging relationships that meet the qualifying criteria.

Hedge accounting

The Group designates and documents the use of certain derivatives and other financial assets or financial liabilities as hedging instruments against changes in fair value of recognized assets and liabilities (fair value hedges) and highly probable forecast transactions (cash flow hedges), and against the effects of the translation of net investments in foreign operations (net investment hedges). The effectiveness of such hedges is assessed at inception and verified at regular intervals and at least on a quarterly basis to ensure that an economic relationship exists between the hedged item and the hedging instrument.

The Group generally excludes from the designation of the hedging relationship the hedging cost element. Subsequently, this cost element impacts the income statement at the same time as the underlying hedged item.

For the designation of hedging relationships on commodities, the Group applies the component hedging model when the hedged item is separately identifiable and measurable in the contract to purchase the materials.

Fair value hedges

The Group uses fair value hedges to mitigate foreign currency and interest rate risks of its recognized assets and liabilities, being mostly financial debt.

Changes in fair value of hedging instruments designated as fair value hedges and the adjustments for the risks being hedged in the carrying amounts of the underlying transactions are recognized in the income statement.

Cash flow hedges

The Group uses cash flow hedges to mitigate a particular risk associated with a recognized asset or liability or highly probable forecast transactions, such as anticipated future export sales, purchases of equipment and goods, as well as the variability of expected interest payments and receipts.

The effective part of the changes in fair value of hedging instruments is recognized in Other comprehensive income, while any ineffective part is recognized immediately in the income statement. Ineffectiveness for hedges of foreign currency and commodity price risk may result from changes in the timing of the forecast transactions. When the hedged item results in the recognition of a non-financial asset or liability, including acquired businesses, the gains or losses previously recognized in Other comprehensive income are included in the measurement of the cost of the asset or of the liability. Otherwise the gains or losses previously recognized in Other comprehensive income are recognized in the income statement at the same time as the hedged transaction.

Net investment hedges

The Group uses net investment hedges to mitigate translation exposure on its net investments in subsidiaries.

The effective changes in fair values of hedging instruments are transferred directly to other comprehensive income together with gains or losses on the foreign currency translation of the hedged net investments in the foreign operations. The effective results of net investment hedges are recycled to the income statement when the hedged foreign operation is disposed of.

Undesignated derivatives

Derivatives which are not designated in a hedging relationship are classified as undesignated derivatives. They are used in the framework of approved risk management policies.

Derivatives by hedged risks

In millions of CHF

	2024			2023		
	Contractual or notional amounts	Fair value assets	Fair value liabilities	Contractual or notional amounts	Fair value assets	Fair value liabilities
Fair value hedges ^(a)						
Foreign currency and interest rate risk on net financial debt	20 225	213	527	12 678	145	392
Cash flow hedges						
Foreign currency risk on future purchases or sales	10 938	194	125	9 201	110	99
Commodity price risk on future purchases	2 340	446	50	1 288	132	52
Designated in a hedging relationship	33 503	853	702	23 167	387	543
Undesignated derivatives		23	13		21	13
Total derivatives		876	715		408	556
Conditional offsets ^(b)						
Derivative assets and liabilities		(170)	(170)		(139)	(139)
Use of cash collateral received or deposited		(233)	(196)		(76)	(101)
Balances after conditional offsets		473	349		193	316

(a) The carrying amount of the hedged item recognized in the statement of financial position is approximately equal to the notional amounts of the hedging instruments.

(b) Represent amounts that would be offset in case of default, insolvency or bankruptcy of counterparties.

A description of the types of hedging instruments by risk category is included in Note 12.2c Market risk.

The majority of hedge relationships is established to ensure a hedge ratio of 1:1.

Impact on the income statement of fair value hedges

The majority of fair value hedges are related to financing activities and are included in Net financing cost.

In millions of CHF	2024	2023
on hedged items	314	(20)
on hedging instruments	(314)	15

Ineffective results of cash flow and net investment hedges are not significant.

12.2e Capital risk management

The Group's capital risk management is driven by the impact on shareholders of the level of total capital employed. It is the Group's policy to maintain a sound capital base to support the continued development of its business.

The Board of Directors seeks to maintain a prudent balance between different components of the Group's capital. The ALMC monitors the capital structure and net financial debt by currency (see Note 16.5 for the definition of net financial debt).

The operating cash flow-to-net financial debt ratio highlights the ability of a business to repay its debts. As at December 31, 2024, the ratio was 29.8% (2023: 32.1%). The Group's subsidiaries have complied with local statutory capital requirements as appropriate.

13. Taxes

The Group is subject to taxes in different countries all over the world. Taxes and fiscal risks recognized in the Consolidated Financial Statements reflect Group Management's best estimate of the outcome based on the facts known at the balance sheet date in each individual country. These facts may include but are not limited to changes in tax laws and interpretation thereof in the various jurisdictions where the Group operates. They may have an impact on the income tax as well as the resulting assets and liabilities. Any differences between tax estimates and final tax assessments are charged to the income statement in the period in which they are incurred, unless anticipated.

Taxes include current and deferred taxes on profit as well as actual or potential withholding taxes on current and expected transfers of income from subsidiaries and tax adjustments relating to prior years. Income tax is recognized in the income statement, except to the extent that it relates to items directly taken to equity or other comprehensive income, in which case it is recognized against equity or other comprehensive income.

Deferred taxes are based on the temporary differences that arise when taxation authorities recognize and measure assets and liabilities with rules that differ from the principles of the Consolidated Financial Statements. They also arise on temporary differences stemming from tax losses carried forward and tax credits.

Deferred taxes are calculated under the liability method at the rates of tax expected to prevail when the temporary differences reverse, subject to such rates being substantially enacted at the balance sheet date. Any changes in the tax rates are recognized in the income statement unless related to items directly recognized against equity or other comprehensive income. Deferred tax liabilities are recognized on all taxable temporary differences excluding non-deductible goodwill. Deferred tax assets are recognized on all deductible temporary differences provided that it is probable that future taxable income will be available. The Group has applied the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

13.1 Components of taxes recognized in the income statement

In millions of CHF

	2024	2023
Current taxes ^(a)	(2 627)	(2 891)
Deferred taxes	(809)	784
Taxes reclassified to other comprehensive income	234	(215)
Taxes reclassified to equity	(112)	8
Total taxes	(3 314)	(2 314)

(a) Current taxes relating to prior years include a tax income of CHF 120 million (2023: tax income of CHF 8 million).

13.2 Reconciliation of taxes recognized in the income statement

In millions of CHF

		2024		2023
Profit before taxes		13 239		12 703
Expected tax expense at average applicable tax rate ^(a)	19.6%	(2 601)	19.3%	(2 455)
Tax effect of permanent differences on disposal of businesses	0.0%	(3)	0.1%	(13)
Tax effect of other permanent differences	(0.5%)	70	(1.0%)	131
Prior-year taxes ^(b)	(0.5%)	71	(1.6%)	201
Transfers to unrecognized deferred tax assets	2.6%	(348)	1.2%	(151)
Transfers from unrecognized deferred tax assets	(0.2%)	27	(0.2%)	24
Changes in tax rate and similar on deferred taxes	0.1%	(15)	(3.2%)	413
Withholding tax on transfers of income	3.5%	(461)	3.4%	(437)
Other	0.4%	(54)	0.2%	(27)
Tax expense at effective tax rate	25.0%	(3 314)	18.2%	(2 314)

(a) The weighted average applicable tax rate in 2024 increased compared to 2023 as a result of a change in the geographical mix of profits.

(b) In 2023, the prior-year tax credits include a revision of prior-year tax exposure due to progress on resolving audits and agreeing the tax treatment of major intercompany transactions with the tax authorities in certain jurisdictions.

The expected tax expense at the weighted average applicable tax rate is the result from applying the domestic statutory tax rates to profits before taxes of each entity in the country in which it operates. For the Group, the weighted average applicable tax rate varies from one year to the other depending on the relative weight of the profit of each individual entity in the Group's profit as well as changes to the statutory tax rates.

13.3 Reconciliation of deferred taxes by type of temporary differences recognized in the balance sheet

In millions of CHF

	Property, plant and equipment	Goodwill and intangible assets	Employee benefits	Working capital, provisions and other	Unused tax losses and unused tax credits	Total
As at January 1, 2024	(1 215)	(1 888)	265	820	313	(1 705)
Currency retranslations	(60)	(162)	11	(45)	(3)	(259)
(Expense)/income in income statement	(88)	(488)	62	(60)	(64)	(638)
(Expense)/income in other comprehensive income and equity	(36)	—	(52)	(83)	—	(171)
Change of scope of consolidation	—	(3)	—	2	2	1
As at December 31, 2024	(1 399)	(2 541)	286	634	248	(2 772)
As at January 1, 2023	(1 319)	(2 526)	378	608	231	(2 628)
Currency retranslations	107	276	(39)	(177)	(19)	148
(Expense)/income in income statement	(3)	360	(236)	289	111	521
(Expense)/income in other comprehensive income and equity	—	—	162	101	—	263
Change of scope of consolidation	—	2	—	(1)	(10)	(9)
As at December 31, 2023	(1 215)	(1 888)	265	820	313	(1 705)

In millions of CHF

	2024	2023
Reflected in the balance sheet as follows:		
Deferred tax assets	995	1 181
Deferred tax liabilities	(3 767)	(2 886)
Net assets/(liabilities)	(2 772)	(1 705)

13.4 Unrecognized deferred taxes

As at December 31, 2024, the unrecognized deferred tax assets amount to CHF 1273 million (2023: CHF 1108 million).

The deductible temporary differences as well as the unused tax losses and tax credits for which no deferred tax assets are recognized expire as follows:

In millions of CHF		
	2024	2023
Within one year	81	30
Between one and five years	429	444
More than five years	4 277	3 406
	4 787	3 880

In addition, the Group has unremitted earnings that are either considered indefinitely reinvested in foreign subsidiaries or not. For the component of unremitted earnings which is expected to be repatriated in the foreseeable future and which is subject to withholding and other taxes on remittance, a deferred tax liability has been recorded. The unrecognized deferred tax liability on unremitted earnings that are considered indefinitely reinvested is not significant for the Group as the major part of these earnings is not subject to withholding and other taxes on remittance.

13.5 Developments in international taxation

The Organisation for Economic Co-operation and Development (OECD) initiative to combat base erosion and profit shifting (BEPS) has led to the development of a number of measures which countries have already introduced or plan to introduce. These include the Pillar Two initiative, focused on the introduction of a minimum corporate tax rate, with the possibility of top-up taxes being introduced in cases where jurisdictions do not have the minimum tax rate. Pillar Two legislation has been enacted or substantively enacted in Switzerland and in other jurisdictions where the Group operates. The legislation came into effect for the Group's fiscal year commencing on January 1, 2024. Certain jurisdictions fall within the scope of the enacted or substantively enacted legislation and the Group has performed an assessment of the exposure to Pillar Two income taxes.

The assessment of Pillar Two income taxes is based on the latest available information concerning the financial performance of the constituent entities within the Nestlé Group. Based on this assessment, the Pillar Two effective tax rates in the majority of the relevant jurisdictions in which the Group operates exceeds 15%. However, there are a limited number of jurisdictions where the transitional safe harbor relief does not apply and the Pillar Two effective tax rate is projected to be below 15%. The jurisdictions where the anticipated Pillar Two effective tax rate falls below the minimum rate of 15% are not material for the Group and related top-up taxes had no material impact on the Group.

14. Associates and joint ventures

Associates are companies where the Group has the power to exercise a significant influence but does not exercise control. Significant influence is the power to participate in the financial and operating policy decisions of the investee, and the determination of whether the Group has significant influence requires the exercise of judgment. It may be evidenced when the Group has 20% or more of the voting rights in the investee or has obtained representation on the Board of Directors or otherwise participates in the policy-making process of the investee.

Joint ventures are contractual arrangements over which the Group exercises joint control with partners and where the parties have rights to the net assets of the arrangement.

Associates and joint ventures are accounted for using the equity method. The interest in the associate or joint venture also includes loans which are in substance extensions of the Group's investment in the associate or joint venture. Share of results includes the interest income related to those loans. The net assets and results are adjusted to comply with the Group's accounting policies. The carrying amount of goodwill arising from the acquisition of associates and joint ventures is included in the carrying amount of Investments in associates and joint ventures.

In millions of CHF

	2024				2023			
	L'Oréal	Other associates	Joint ventures	Total	L'Oréal	Other associates	Joint ventures	Total
As at January 1	7 840	3 278	1 970	13 088	7 909	3 294	1 820	13 023
Currency retranslations	87	149	6	242	(439)	(226)	(141)	(806)
Investments and reclassifications	—	605	24	629	—	558	253	811
Divestments and reclassifications	—	(441)	(4)	(445)	—	(71)	(11)	(82)
Share of results	1 234	2	264	1 500	1 208	(215)	150	1 143
Impairment	—	(98)	(1)	(99)	—	(6)	15	9
Share of other comprehensive income	270	(35)	4	239	(138)	(58)	(41)	(237)
Dividends and interest received	(692)	(33)	(34)	(759)	(639)	(23)	(37)	(699)
Other ^(a)	(38)	(33)	2	(69)	(61)	25	(38)	(74)
As at December 31	8 701	3 394	2 231	14 326	7 840	3 278	1 970	13 088

(a) Other movements of carrying amount of associates and joint ventures relate mainly to the Group's share in other movements included in the associates and joint ventures statement of changes in equity.

In 2024, the increase in investments of Other associates is mainly related to participation on fund raising of IVC Evidensia of CHF 271 million, and to investment into solar energy related partnership in the USA of CHF 161 million. In 2024, the decrease of investments in Other associates relates mainly to reclassifications of participations in associates to financial investments, and non-cash distributions of assets by an associate.

In 2023, the increase in investments of Joint ventures is mainly related to the creation with private equity firm PAI Partners of a joint venture for the European frozen pizza business (see Note 2.1).

In 2023, the increase in investments of Other associates is mainly related to the investment of CHF 212 million into 49.95% shares of YFOOD, a Germany-based company offering ready-to-drink meals across Europe, and to the participation on fund raising of IVC Evidensia of CHF 200 million proportional to our current stake.

14. Associates and joint ventures

As part of the carrying amount of the investment, the value for Associates and joint ventures as at December 31, 2024 includes loans granted by the Group to Associates and joint ventures of CHF 1699 million (2023: CHF 1535 million). In addition, as at December 31, 2024, the Group has potential commitments to acquire other parties' ownership interests in some associates through put mechanisms, which are exercisable in the future, and in one case, dependent on certain performance conditions.

Income from associates and joint ventures

In millions of CHF

	2024	2023
Share of results	1 500	1 143
Impairment, net of reversal	(99)	9
Profit/(loss) on disposal of Other associates ^(a)	(152)	(32)
	1 249	1 120

(a) In 2024, mainly recycling of cumulative currency translation loss.

14.1 Associate – L'Oréal

The Group holds 107 621 021 shares in L'Oréal (whose ultimate parent company is domiciled in France), the world leader in cosmetics, representing a 20.1% participation in its equity after elimination of its treasury shares (2023: 107 621 021 shares representing a 20.1% participation).

As at December 31, 2024, the market value of the shares held amounts to CHF 34.6 billion (2023: CHF 45.1 billion).

Summarized financial information of L'Oréal

In billions of CHF

	2024	2023
Total current assets	15.5	15.2
Total non-current assets	37.5	33.1
Total assets	53.0	48.3
Total current liabilities	13.8	13.9
Total non-current liabilities	8.0	7.3
Total liabilities	21.8	21.2
Total equity	31.2	27.1
Total sales	41.4	40.0
Profit from continuing operations	6.1	6.0
Other comprehensive income	1.3	(0.7)
Total comprehensive income	7.4	5.3

Reconciliation of the carrying amount

In billions of CHF

	2024	2023
Share held by the Group in the equity of L'Oréal	6.3	5.4
Goodwill and other adjustments	2.4	2.4
Carrying amount of L'Oréal	8.7	7.8

14.2 Other associates

The Group holds a number of other associates that are individually not significant, the main ones being IVC Evidensia (veterinary services provider in Europe and North America), Lactalis Nestlé Produits Frais (chilled dairy business in Europe), Herta (cold cuts and meat-based products in Europe) and Sous Chef (fresh food products in North America).

14.3 Joint ventures

The Group holds participation in a number of joint ventures operating in the food and beverage sectors. These joint ventures are individually not significant to the Group, the main ones being Froneri, Cereal Partners Worldwide and European Pizza Group.

14.4 Other information

In 2024, the Group earned CHF 270 million (2023: CHF 266 million) in royalties from joint ventures and associates (see Note 18.2) for the use of its brands, trademarks and other intellectual property.

A list of the principal joint ventures and associates is provided in the section Companies of the Nestlé Group, joint arrangements and associates.

15. Earnings per share

	2024	2023
Basic earnings per share (in CHF)	4.19	4.24
Net profit (in millions of CHF)	10 884	11 209
Weighted average number of shares outstanding (in millions of units)	2 596	2 646
Diluted earnings per share (in CHF)	4.19	4.23
Net profit, net of effects of dilutive potential ordinary shares (in millions of CHF)	10 884	11 209
Weighted average number of shares outstanding, net of effects of dilutive potential ordinary shares (in millions of units)	2 599	2 648
Reconciliation of weighted average number of shares outstanding (in millions of units)		
Weighted average number of shares outstanding used to calculate basic earnings per share	2 596	2 646
Adjustment for share-based payment schemes, where dilutive	3	2
Weighted average number of shares outstanding used to calculate diluted earnings per share	2 599	2 648

16. Cash flow statement

16.1 Operating profit

In millions of CHF

	2024	2023
Profit for the year	11 174	11 509
Income from associates and joint ventures	(1 249)	(1 120)
Taxes	3 314	2 314
Financial income	(358)	(284)
Financial expense	1 843	1 644
	14 724	14 063

16.2 Non-cash items of income and expense

In millions of CHF

	2024	2023
Depreciation of property, plant and equipment	3 110	2 993
Impairment of property, plant and equipment	436	490
Amortization of intangible assets	472	465
Impairment of intangible assets	144	157
Net result on disposal of businesses	62	221
Net result on disposal of assets	(5)	11
Non-cash items in financial assets and liabilities	(82)	84
Equity compensation plans	116	142
Hyperinflation adjustments and other	(258)	(155)
	3 995	4 408

16.3 Decrease/(increase) in working capital

In millions of CHF

	2024	2023
Inventories	(1 256)	1 756
Trade and other receivables	(355)	(1 027)
Prepayments and accrued income	(20)	(11)
Trade and other payables	2 676	65
Accruals	163	351
	1 208	1 134

16.4 Variation of other operating assets and liabilities

In millions of CHF	2024	2023
Variation of employee benefits assets and liabilities	(322)	(622)
Variation of provisions	(61)	369
Other	49	(172)
	(334)	(425)

16.5 Reconciliation of free cash flow and net financial debt

In millions of CHF	2024	2023
Operating cash flow	16 675	15 941
Capital expenditure	(5 638)	(5 714)
Expenditure on intangible assets	(325)	(489)
Other investing activities	(46)	665
Free cash flow	10 666	10 403
Acquisition of businesses	(809)	(211)
Financial liabilities and short-term investments acquired in business combinations	(100)	(5)
Disposal of businesses	(23)	215
Financial liabilities and short-term investments transferred on disposal of businesses and reclassification to/(from) held-for-sale	13	(5)
Acquisition (net of disposal) of non-controlling interests	(27)	(52)
Investments (net of divestments) in associates and joint ventures	(532)	(582)
Dividend paid to shareholders of the parent	(7 816)	(7 829)
Dividend paid to non-controlling interests	(174)	(323)
Purchase (net of sale) of treasury shares	(4 678)	(5 234)
Increase in lease liabilities	(771)	(819)
Currency retranlations and exchange differences	(2 111)	2 855
Other movements	(5)	108
(Increase)/decrease of net financial debt	(6 367)	(1 479)
Net financial debt at beginning of year	(49 638)	(48 159)
Net financial debt at end of year	(56 005)	(49 638)
of which		
Current financial debt	(11 863)	(9 416)
Non-current financial debt	(51 697)	(45 825)
Cash and cash equivalents	5 556	4 816
Short-term investments	2 315	1 035
Derivatives ^(a)	(316)	(248)

(a) Related to derivatives hedging financial debt included in Derivative assets and Derivative liabilities balances of the Consolidated balance sheet.

16.6 Cash and cash equivalents at end of year

Cash and cash equivalents include cash at bank and in hand and other short-term highly liquid investments with maturities of three months or less from the initial recognition.

In millions of CHF

	2024	2023
Cash at bank and in hand	2 055	2 315
Time deposits	1 404	916
Commercial paper	2 097	1 585
Cash and cash equivalents as per balance sheet ^(a)	5 556	4 816

(a) of which approximately CHF 0.3 billion (2023: CHF 0.4 billion) of cash and cash equivalents in countries where there is limited availability of foreign currency or other legal restrictions resulting in limitations on remittances. These balances remain available for use locally.

17. Equity

17.1 Share capital issued

The ordinary share capital of Nestlé S.A. issued and fully paid is composed of 2 620 000 000 registered shares with a nominal value of CHF 0.10 each (2023: 2 670 000 000 registered shares). Each share confers the right to one vote. No shareholder may be registered with the right to vote for shares which it holds, directly or indirectly, in excess of 5% of the share capital. Shareholders have the right to receive dividends.

The most recent share buyback program of CHF 20 billion started on January 3, 2022 and was completed on December 23, 2024. The share capital changed in 2024 and 2023 as a consequence of this share buyback program. The cancellations of shares were approved at the Annual General Meetings on April 18, 2024 and April 20, 2023. The share capital was reduced by 50 000 000 shares from CHF 267 million to CHF 262 million in 2024 and by 80 000 000 shares from CHF 275 million to CHF 267 million in 2023. The cancellation of the remaining 43 480 000 shares will be submitted to the shareholders' approval at the Annual General Meeting on April 16, 2025.

17.2 Conditional share capital

The conditional capital of Nestlé S.A. amounts to CHF 10 million as in the preceding year. It confers the right to increase the ordinary share capital, through the exercise of conversion or option rights granted in connection with convertible debentures or debentures with option rights or other financial market instruments, by the issue of a maximum of 100 000 000 registered shares with a nominal value of CHF 0.10 each. Thus, the Board of Directors has at its disposal a flexible instrument enabling it, if necessary, to finance the activities of the Company through convertible debentures.

17.3 Treasury shares

Number of shares in millions of units

	2024	2023
Purpose of holding		
Share buyback program	43.5	44.7
Long-term incentive plans	3.8	4.0
	47.3	48.7

As at December 31, 2024, the treasury shares held by the Group represent 1.8% of the share capital (2023: 1.8%). Their market value amounts to CHF 3541 million (2023: CHF 4748 million).

17.4 Number of shares outstanding

Number of shares in millions of units

	Shares issued	Treasury shares	Outstanding shares
As at January 1, 2024	2 670.0	(48.7)	2 621.3
Purchase of treasury shares	—	(50.2)	(50.2)
Treasury shares delivered in respect of equity compensation plans	—	1.6	1.6
Treasury shares cancelled	(50.0)	50.0	—
As at December 31, 2024	2 620.0	(47.3)	2 572.7
As at January 1, 2023	2 750.0	(81.9)	2 668.1
Purchase of treasury shares	—	(48.2)	(48.2)
Treasury shares delivered in respect of equity compensation plans	—	1.4	1.4
Treasury shares cancelled	(80.0)	80.0	—
As at December 31, 2023	2 670.0	(48.7)	2 621.3

17.5 Translation reserve and other reserves

The translation reserve and other reserves represent the cumulative amount attributable to shareholders of the parent of items that may be subsequently reclassified to the income statement.

The translation reserve comprises the cumulative gains and losses arising from translating the financial statements of foreign operations that use functional currencies other than Swiss Francs. It also includes the changes in the fair value of hedging instruments used for net investments in foreign operations.

The other reserves mainly comprise the Group's share in the items that may be reclassified subsequently to the income statement by the associates and joint ventures (equity reserves accounted for).

The other reserves also comprise the hedging reserve of the subsidiaries. The hedging reserve consists of the effective portion of the gains and losses on hedging instruments related to hedged transactions that have not yet occurred.

17.6 Retained earnings

Retained earnings represent the cumulative profits as well as remeasurement of defined benefit plans attributable to shareholders of the parent.

17.7 Non-controlling interests

The non-controlling interests comprise the portion of equity of subsidiaries that are not owned, directly or indirectly, by Nestlé S.A. These non-controlling interests are individually not material for the Group.

17.8 Other comprehensive income

In millions of CHF

	Translation reserve	Hedging reserves	Reserves of associates and joint ventures	Retained earnings	Total equity attributable to shareholders of the parent	Non-controlling interests	Total equity
2024							
Currency retranslations							
– Recognized ^(a)	523	(16)	—	—	507	10	517
– Reclassified to income statement	176	—	—	—	176	—	176
– Taxes	94	—	—	—	94	11	105
	793	(16)	—	—	777	21	798
Fair value changes on equity instruments							
– Recognized	—	—	—	38	38	—	38
– Taxes	—	—	—	(5)	(5)	—	(5)
	—	—	—	33	33	—	33
Changes in cash flow hedges and cost of hedge reserves							
– Recognized	—	1 163	—	—	1 163	(1)	1 162
– Reclassified to income statement	—	13	—	—	13	—	13
– Taxes	—	(280)	—	—	(280)	—	(280)
	—	896	—	—	896	(1)	895
Remeasurement of defined benefit plans							
– Recognized	—	—	—	374	374	(3)	371
– Taxes	—	—	—	(53)	(53)	—	(53)
	—	—	—	321	321	(3)	318
Share of other comprehensive income of associates and joint ventures							
– Recognized	—	—	14	225	239	—	239
– Reclassified to income statement	—	—	—	—	—	—	—
	—	—	14	225	239	—	239
Other comprehensive income for the year	793	880	14	579	2 266	17	2 283

(a) Includes CHF 28 million of effective result of net investment hedges.

17. Equity

In millions of CHF

	Translation reserve	Hedging reserves	Reserves of associates and joint ventures	Retained earnings	Total equity attributable to shareholders of the parent	Non-controlling interests	Total equity
2023							
Currency retranslations							
– Recognized ^(a)	(4 348)	(7)	—	—	(4 355)	(148)	(4 503)
– Reclassified to income statement	199	—	—	—	199	—	199
– Taxes	127	—	—	—	127	23	150
	(4 022)	(7)	—	—	(4 029)	(125)	(4 154)
Fair value changes on equity instruments							
– Recognized	—	—	—	207	207	—	207
– Taxes	—	—	—	(44)	(44)	—	(44)
	—	—	—	163	163	—	163
Changes in cash flow hedges and cost of hedge reserves							
– Recognized	—	350	—	—	350	1	351
– Reclassified to income statement	—	(105)	—	—	(105)	—	(105)
– Taxes	—	(52)	—	—	(52)	—	(52)
	—	193	—	—	193	1	194
Remeasurement of defined benefit plans							
– Recognized	—	—	—	(784)	(784)	(1)	(785)
– Taxes	—	—	—	162	162	—	162
	—	—	—	(622)	(622)	(1)	(623)
Share of other comprehensive income of associates and joint ventures							
– Recognized	—	—	(197)	(40)	(237)	—	(237)
– Reclassified to income statement	—	—	—	—	—	—	—
	—	—	(197)	(40)	(237)	—	(237)
Other comprehensive income for the year	(4 022)	186	(197)	(499)	(4 532)	(125)	(4 657)

(a) Includes CHF 41 million of effective result of net investment hedges.

17.9 Reconciliation of the other reserves

In millions of CHF

	Hedging reserves	Reserves of associates and joint ventures	Total
As at January 1, 2024	199	(249)	(50)
Other comprehensive income for the year	880	14	894
Other movements	(481)	—	(481)
As at December 31, 2024	598	(235)	363
As at January 1, 2023	(11)	(52)	(63)
Other comprehensive income for the year	186	(197)	(11)
Other movements	24	—	24
As at December 31, 2023	199	(249)	(50)

17.10 Dividend

In accordance with Swiss law, the dividend is treated as an appropriation of profit in the year in which it is approved at the Annual General Meeting and subsequently paid.

The dividend relating to 2023 was paid on April 24, 2024, in accordance with the decision taken at the Annual General Meeting on April 18, 2024. Shareholders approved the proposed dividend of CHF 3.00 per share, resulting in a total dividend of CHF 7816 million.

Dividend payable is not accounted for until it has been ratified at the Annual General Meeting. At the Annual General Meeting on April 16, 2025, a dividend of CHF 3.05 per share will be proposed, resulting in an estimated total dividend of CHF 7991 million. For further details, refer to the Financial Statements of Nestlé S.A.

The Consolidated Financial Statements for the year ended December 31, 2024, do not reflect this proposed distribution, which will be treated as an appropriation of profit in the year ending December 31, 2025.

18. Transactions with related parties

18.1 Compensation of the Board of Directors and the Executive Board

Board of Directors

Members of the Board of Directors receive an annual compensation that varies with the Board and the Committee responsibilities as follows:

- Board members: CHF 280 000;
- members of the Chair's and Corporate Governance Committee: additional CHF 200 000 (Chair: CHF 300 000);
- members of the Compensation Committee, the Nomination Committee and the Sustainability Committee: additional CHF 70 000 (Chair: CHF 150 000); and
- members of the Audit Committee: additional CHF 100 000 (Chair: CHF 150 000).

The fees for the Chair of the Board and the CEO are included in their total compensation.

Half of the compensation is paid through the granting of Nestlé S.A. shares at the ex-dividend closing price. These shares are subject to a three-year blocking period.

The full compensation is paid in arrears.

With the exception of the Chair and the CEO, members of the Board of Directors also receive an annual expense allowance of CHF 15 000 each. This allowance covers travel and hotel accommodation in Switzerland, as well as sundry out-of-pocket expenses. For Board members from outside Europe, the Company reimburses additionally their airline tickets. When the Board meets outside of Switzerland, all expenses are borne and paid directly by the Company.

The Chair of the Board is entitled to Nestlé S.A. shares which are blocked for three years.

In millions of CHF

	2024	2023
Chair's compensation	3	3
Other Board members		
Remuneration – cash	3	4
Shares	3	3
Total (a)	9	10

(a) For the detailed disclosures regarding the remunerations of the Board of Directors that are required by Swiss law, refer to the Compensation report of Nestlé S.A. with the audited sections highlighted with a blue bar.

Executive Board

The total annual remuneration of the members of the Executive Board comprises a salary, a bonus (based on the achievement of the Group's objectives, the business and functional objectives as well as the Environmental, Social and Governance (ESG) objectives), equity compensation and other benefits. Members of the Executive Board can choose to receive part or all of their bonus in Nestlé S.A. shares* at the average closing price of the last ten trading days of January of the year of the payment of the bonus. The CEO has to take a minimum of 50% in shares. These shares are subject to a three-year blocking period.

In millions of CHF

	2024	2023
Remuneration – cash	20	19
Bonus – cash	15	16
Bonus – shares *	2	5
Equity compensation plans ^(a)	28	17
Pension	4	3
Total ^(b)	69	60

(a) Equity compensation plans are equity-settled share-based payment transactions whose cost is recognized over the vesting period as required by IFRS 2 and for 2024 include replacement grants.

(b) For the detailed disclosures regarding the remunerations of the Executive Board that are required by Swiss law, refer to the Compensation report of Nestlé S.A. with the audited sections highlighted with a blue bar.

* or American Depositary Receipts.

18.2 Transactions with associates and joint ventures

The main transactions with associates and joint ventures are:

- royalties received on brand licensing (see Note 14.4);
- dividends and interest received as well as loans granted (see Note 14);
- purchases and sales of finished and unfinished goods.

18.3 Other transactions

- Group's pension plans considered as related parties, refer to Note 10 Employee benefits;
- Directors of the Group: no personal interest in any transaction of significance for the business of the Group.

19. Guarantees

As at December 31, 2024 and December 31, 2023, the Group has no significant guarantees given to third parties.

20. Effects of hyperinflation

The 2024 and 2023 figures include the following countries considered as hyperinflationary economies:

- Argentina;
- Iran;
- Lebanon;
- Syria;
- Türkiye;
- Venezuela;
- Zimbabwe; and
- Ghana.

None of them has a significant impact on the Group accounts as a result of the application of hyperinflation accounting.

21. Events after the balance sheet date

The values of assets and liabilities at the balance sheet date are adjusted if there is evidence that subsequent adjusting events warrant a modification of these values. These adjustments are made up to the date of approval of the Consolidated Financial Statements by the Board of Directors.

At February 12, 2025, the date of approval for issue of the Consolidated Financial Statements by the Board of Directors, the Group has no subsequent events which either warrant a modification of the value of its assets and liabilities, or any additional disclosures.

As previously announced, Nestlé implemented a new Zone structure as of January 1, 2025. This change in organization will impact the 2025 Financial Statements.

Companies of the Nestlé Group, joint arrangements and associates

In the context of the SIX Swiss Exchange Directive on Information relating to Corporate Governance, the principal affiliated companies are disclosed if they meet at least two of the following three disclosure criteria:

- 1) The amount exceeds **CHF 40 million or equivalent** on:
 - total sales/services for operating companies;
 - financial/property income for sub-holding, financial and property companies;
 - the share held by the Group in their profit for joint ventures and associates; and/or
- 2) The amount exceeds **CHF 20 million or equivalent** on:
 - the total balance sheet for affiliated companies;
 - the Group's investment for joint ventures and associates; and/or
- 3) The average number of employees during the financial year is **equal or greater than 250 FTE.**

Entities directly held by Nestlé S.A. that fall below the disclosure criteria are listed with a °.

A main operating entity in a given country that falls below the disclosure criteria is listed with a ^{NiM}.

All companies listed below are fully consolidated except for:

- 1) Joint ventures accounted for using the equity method;
- 2) Joint operations accounted for in proportion to the Nestlé contractual specified share (usually 50%);
- 3) Associates accounted for using the equity method.

Countries within the continents are listed according to the alphabetical order of the country names.

The percentage of capital shareholding corresponds to voting powers unless stated otherwise.

△ Companies listed on the stock exchange

◇ Sub-holding, financial and property companies

Companies	City	% capital shareholdings by Nestlé S.A.	% ultimate capital shareholdings	Currency	Capital
Europe					
Austria					
Nespresso Österreich GmbH & Co. OHG	Wien		100%	EUR	35 000
Nestlé Österreich GmbH	Wien		100%	EUR	7 270 000
Azerbaijan					
Nestlé Azerbaijan LLC	° Baku	<0.1%	100%	USD	200 020
Belarus					
LLC Nestlé Bel	° Minsk	<0.1%	100%	BYN	410 000
Belgium					
Nespresso Belgique S.A.	Bruxelles		100%	EUR	550 000
Nestlé Belgilux S.A.	Bruxelles		100%	EUR	3 818 140
Bosnia and Herzegovina					
Nestlé Adriatic BH d.o.o.	° Sarajevo	9.4%	100%	BAM	21 359
Bulgaria					
Nestlé Bulgaria A.D.	Sofia		100%	BGN	10 244 933

Companies	City	% capital shareholdings by Nestlé S.A.	% ultimate capital shareholdings	Currency	Capital
Croatia					
Nestlé Adriatic d.o.o.	Zagreb		100%	EUR	1 949 100
Czech Republic					
Nestlé Cesko s.r.o.	Praha		100%	CZK	300 000 000
Tivall CZ, s.r.o.	Krupka		100%	CZK	400 000 000
Denmark					
Nestlé Danmark A/S	Copenhagen		100%	DKK	44 000 000
Finland					
Suomen Nestlé Oy	Espoo		100%	EUR	6 000 000
France					
Centres de Recherche et Développement Nestlé S.A.S.	Issy-les-Moulineaux		100%	EUR	3 138 230
Nespresso France S.A.S.	Paris		100%	EUR	1 360 000
Nestlé Excellence Supports France S.A.S.	Issy-les-Moulineaux		100%	EUR	1 356 796
Nestlé France S.A.S.	Issy-les-Moulineaux		100%	EUR	130 925 520
Nestlé Health Science France S.A.S.	Issy-les-Moulineaux		100%	EUR	57 943 072
Nestlé Holding France S.A.S.	◊ Issy-les-Moulineaux		100%	EUR	2 251 548 192
Nestlé Purina PetCare Commercial Operations France S.A.S.	Issy-les-Moulineaux		100%	EUR	48 666 450
Nestlé Purina PetCare France S.A.S.	Issy-les-Moulineaux		100%	EUR	21 091 872
Nestlé Waters S.A.S.	◊ Issy-les-Moulineaux		100%	EUR	254 825 042
Nestlé Waters EMENA S.A.S.	◊ Issy-les-Moulineaux		100%	EUR	44 856 149
Nestlé Waters Management & Technology S.A.S.	Issy-les-Moulineaux		100%	EUR	10 538 113
Nestlé Waters Marketing & Distribution S.A.S.	Issy-les-Moulineaux		100%	EUR	106 536 520
Nestlé Waters Supply Est S.A.S.	Issy-les-Moulineaux		100%	EUR	17 539 660
Nestlé Waters Supply Sud S.A.S.	Issy-les-Moulineaux		100%	EUR	7 309 106
Cereal Partners France SNC	¹⁾ Issy-les-Moulineaux		50%	EUR	3 000 000
L'Oréal S.A.	^{Δ3)} Paris	20.1%	20.1%	EUR	106 862 404
<i>Listed on the Paris stock exchange, market capitalization EUR 182.7 billion, quotation code (ISIN) FR0000120321</i>					
Lactalis Nestlé Produits Frais S.A.S.	³⁾ Laval		40%	EUR	69 208 832
Georgia					
Nestlé Georgia LLC	NiM Tbilisi		100%	CHF	700 000
Germany					
Mucos Emulsionsgesellschaft mbH Chemisch-Pharmazeutische Betriebe	Berlin		100%	EUR	102 258
Nestlé Deutschland AG	Frankfurt am Main		100%	EUR	214 266 628
Nestlé Product Technology Centre Lebensmittelforschung GmbH	Freiburg i. Br.		100%	EUR	52 000

Companies	City	% capital shareholdings by Nestlé S.A.	% ultimate capital shareholdings	Currency	Capital
Germany (continued)					
Nestlé Purina PetCare Deutschland GmbH	Bonn		100%	EUR	30 000
Nestlé Unternehmungen Deutschland GmbH	◊ Frankfurt am Main	15%	100%	EUR	60 000 000
Nestlé Waters Deutschland GmbH	Frankfurt am Main		100%	EUR	10 566 000
Greece					
Nestlé Hellas Single Member SA	Maroussi		100%	EUR	5 269 765
Hungary					
Nestlé Hungária Kft.	Budapest		100%	HUF	6 000 000 000
Ireland (Republic of)					
Nestlé (Ireland) Ltd	NiM Dublin		100%	EUR	1 270
Wyeth Nutritionals Ireland Ltd	Askeaton		100%	EUR	8 741 000
Italy					
Nespresso Italiana S.p.A. - Societa Benefit	Assago		100%	EUR	250 000
Nestlé Italiana S.p.A.	Assago		100%	EUR	25 582 492
Nestlé Purina Commerciale Srl	Assago		100%	EUR	1 000 000
Sanpellegrino S.p.A.	San Pellegrino Terme		100%	EUR	58 742 145
Kazakhstan					
Nestlé Food Kazakhstan LLP	Almaty	<0.1%	100%	KZT	91 900
Lithuania					
UAB "Nestlé Baltics"	Vilnius		100%	EUR	31 856
Luxembourg					
Compagnie Financière du Haut-Rhin S.A.	◊ Luxembourg		100%	EUR	105 200 000
Nestlé Finance International Ltd	◊ Luxembourg	100%	100%	EUR	440 000
Nestlé Treasury International S.A.	*◊ Luxembourg	100%	100%	EUR	1 000 000
European Pizza Group Topco Sàrl ^(a)	1) Luxembourg		44.5%	EUR	1 162 000
Froneri Lux Topco Sàrl ^(a)	1) Luxembourg		47%	EUR	119 655
Islay New Group Holding S.A. ^(b)	3) Luxembourg		21%	GBP	125 220 467
Macedonia					
Nestlé Adriatik Makedonija d.o.o.e.l.	NiM Skopje-Karpos		100%	MKD	31 060 400
Malta					
Nestlé Malta Ltd	NiM Lija		100%	EUR	116 470
Moldova					
LLC Nestlé	◊ Chişinău	100%	100%	MDL	18 615

^(a) Voting powers amount to 50%

^(b) Voting powers amount to 22.3%

Companies	City	% capital shareholdings by Nestlé S.A.	% ultimate capital shareholdings	Currency	Capital
Montenegro					
Nestlé Adriatic Crna Gora d.o.o.	NiM Podgorica		100%	EUR	5 307
Netherlands					
MCO Health B.V.	Almere		100%	EUR	418 000
Nespresso Nederland B.V.	Amsterdam		100%	EUR	680 670
Nestlé Nederland B.V.	Amsterdam		100%	EUR	11 346 000
Norway					
AS Nestlé Norge	Bærum		100%	NOK	10 010 000
Poland					
Nestlé Polska S.A.	Warszawa		100%	PLN	42 459 600
Nestlé Purina Manufacturing Operations Poland Sp. Z o.o.	Nowa Wieś Wroclawska		100%	PLN	1 270 923 700
Cereal Partners Poland Torun-Pacific Sp. Z o.o.	1) Toruń		50%	PLN	14 572 838
Portugal					
Nestlé Portugal, Unipessoal, Lda.	Oeiras		100%	EUR	30 000 000
Romania					
Nestlé Romania S.R.L.	Bucharest		100%	RON	132 906 800
Russia					
Nestlé Kuban LLC	Timashevsk		100%	RUB	21 041 793
Nestlé Rossiya LLC	Moscow		100%	RUB	880 154 115
Serbia (Republic of)					
Nestlé Adriatic S d.o.o., Beograd-Surcin	Beograd-Surcin		100%	RSD	3 413 568 644
Slovak Republic					
Nestlé Slovensko s.r.o.	Prievidza		100%	EUR	13 277 568
Slovenia					
Nestlé Adriatic Trgovina d.o.o.	NiM Ljubljana		100%	EUR	8 763
Spain					
Nestlé España S.A.	Esplugues de Llobregat		100%	EUR	100 000 000
Nestlé Global Services Spain, S.L.	Esplugues de Llobregat		100%	EUR	3 000
Nestlé Purina Petcare España, S.A.	Castellbisbal		100%	EUR	12 000 000
Herta Foods, S.L.	3) Gurb		40%	EUR	489 113 988
Sweden					
Nestlé Sverige AB	Helsingborg		100%	SEK	20 000 000

Companies	City	% capital shareholdings by Nestlé S.A.	% ultimate capital shareholdings	Currency	Capital
Switzerland					
Intercona Re AG	◊ Vevey		100%	CHF	35 000 000
Maggi-Unternehmungen AG	◊ Vevey	100%	100%	CHF	100 000
Nestlé Enterprises SA	Vevey		100%	CHF	3 514 000
Nestlé Nespresso SA	Vevey		100%	CHF	2 000 000
Nestlé Operational Services Worldwide SA	Vevey		100%	CHF	100 000
Nestlé Orange Holdings GmbH	°◊ Cham	100%	100%	CHF	20 000
Nestlé Suisse S.A.	NiM Vevey		100%	CHF	250 000
Nestlé Ventures SA	°◊ Vevey	100%	100%	CHF	250 000
Nestlé Waters (Suisse) SA	Henniez		100%	CHF	5 000 000
Nestrade SA	La Tour-de-Peilz		100%	CHF	6 500 000
NTC-Europe S.A.	◊ Vevey		100%	EUR	3 565 000
Nutrition-Wellness Venture SA	°◊ Vevey	100%	100%	CHF	100 000
Société des Produits Nestlé S.A.	Vevey	100%	100%	CHF	8 900 000
Sofinol S.A.	Manno		100%	CHF	3 000 000
CPW Operations S.à r.l.	°1) La Tour-de-Peilz	50%	50%	CHF	40 000
Türkiye					
Erikli Su ve Mesrubat Sanayi ve Ticaret A.S.	Bursa		100%	TRY	4 320 700 000
Nespresso Turkey Gıda Ticaret A.S.	Istanbul		99.9%	TRY	50 000
Nestlé Türkiye Gıda Sanayi A.S.	Istanbul		99.9%	TRY	35 000 000
Dikey Vitamin Kozmetik ve Gıda Takviveleri Pazarlama Ticaret A.S.	3) Istanbul		37.5%	TRY	5 694 070
Ukraine					
LLC Nestlé Ukraine	Kyiv		100%	UAH	5 966 626 965
LLC Technocom	Kharkiv	100%	100%	UAH	119 658 066
LLC Volynholding	Torchyn		100%	UAH	100 000
United Kingdom					
Lily's Kitchen Ltd	London		100%	GBP	1 164
Mindful Chef Ltd	London		69.6%	GBP	534
Nespresso UK Ltd	York		100%	GBP	275 000
Nestlé Holdings (UK) PLC	◊ York		100%	GBP	77 940 002
Nestlé NB Financing (International) Ltd	°◊ York	100%	100%	CHF	2
Nestlé NB Financing (UK) Ltd	°◊ York	100%	100%	CHF	2
Nestlé Purina UK Commercial Operations Ltd	York		100%	GBP	10 001
Nestlé Purina UK Manufacturing Operations Ltd	York		100%	GBP	44 000 000
Nestlé UK Ltd	York		100%	GBP	129 972 342
Nestlé Waters UK Ltd	York		100%	GBP	640
Tailsco Ltd	London		100%	GBP	17
Vitaflo (International) Ltd	Liverpool		100%	GBP	625 379
Cereal Partners UK	1) Herts		50%	GBP	—
Phagenesis Ltd	°3) Manchester	12.4%	25.1%	GBP	42 107

Companies	City	% capital shareholdings by Nestlé S.A.	% ultimate capital shareholdings	Currency	Capital
Africa					
Algeria					
Nestlé Algérie SpA	° Alger	<0.1%	49%	DZD	650 000 000
Nestlé Industrie Algérie SpA	° Alger	49%	49%	DZD	1 100 000 000
Angola					
Nestlé Angola Lda	Luanda		100%	AOA	1 791 870 000
Burkina Faso					
Nestlé Burkina Faso S.A.	Ouagadougou		100%	XOF	50 000 000
Cameroon					
Nestlé Cameroun S.A.	Douala		100%	XAF	4 323 960 000
Côte d'Ivoire					
Nestlé Côte d'Ivoire S.A.	△ Abidjan		88.1%	XOF	5 517 600 000
<i>Listed on the Abidjan stock exchange, market capitalization XOF 175.7 billion, quotation code (ISIN) CI0009240728</i>					
Egypt					
Nestlé Egypt S.A.E.	Giza	100%	100%	EGP	80 722 000
Nestlé Waters Egypt S.A.E.	Cairo		99.8%	EGP	90 140 000
Gabon					
Nestlé Gabon, S.A.	NiM Libreville		90%	XAF	344 000 000
Ghana					
Nestlé Central and West Africa Ltd	Accra		100%	GHS	145 746 000
Nestlé Ghana Ltd	Accra		76%	GHS	20 100 000
Kenya					
Nestlé Equatorial African Region Ltd	° Nairobi	100%	100%	KES	132 000 000
Nestlé Kenya Ltd	Nairobi		100%	KES	226 100 400
Mauritius					
Nestlé's Products (Mauritius) Ltd	NiM Port Louis		100%	MUR	2 488 071
Morocco					
Nestlé Maroc S.A.	El Jadida		94.6%	MAD	156 933 000
Mozambique					
Nestlé Mocambique Lda	° Maputo	<0.1%	100%	MZN	2 631 711 700
Nigeria					
Nestlé Nigeria Plc	△ Ilupeju		70.8%	NGN	396 328 126
<i>Listed on the Nigerian Stock Exchange, market capitalization NGN 693.6 billion, quotation code (ISIN) NGNESTLE0006</i>					

Companies of the Nestlé Group, joint arrangements and associates

Companies	City	% capital shareholdings by Nestlé S.A.	% ultimate capital shareholdings	Currency	Capital
Senegal					
Nestlé Sénégal S.A.	Dakar		100%	XOF	1 620 000 000
South Africa					
Nestlé (South Africa) (Pty) Ltd	Johannesburg		100%	ZAR	759 735 000
Zambia					
Nestlé Zambia Trading Ltd	° Lusaka	0.2%	100%	ZMW	2 317 500
Zimbabwe					
Nestlé Zimbabwe (Private) Ltd	Harare		100%	KZWL	2 513 341 450

Companies	City	% capital shareholdings by Nestlé S.A.	% ultimate capital shareholdings	Currency	Capital
Americas					
Argentina					
Eco de Los Andes S.A.	Buenos Aires		50.9%	ARS	92 524 285
Enzimas S.A.	° Buenos Aires	99.9%	100%	ARS	9 000 000
Nestlé Argentina S.A.	Buenos Aires	48.5%	100%	ARS	19 167 183 000
Bolivia					
Industrias Alimenticias Fagal S.R.L.	Santa Cruz	0.7%	100%	BOB	250 708 000
Nestlé Bolivia S.A.	Santa Cruz	<0.1%	100%	BOB	85 103 900
Brazil					
Chocolates Garoto Ltda	Vila Velha		100%	BRL	575 615 927
CRM Industria e Comércio de Alimentos Ltda	Extrema		100%	BRL	239 855 435
Nestlé Brasil Ltda	São Paulo	26.1%	100%	BRL	7 992 916 907
Nestlé Nordeste Alimentos e Bebidas Ltda	Feira de Santana	15.8%	100%	BRL	1 674 270 610
NIBS Participações S.A.	Extrema		100%	BRL	409 591 553
Tradal Brazil Comércio, Importações e Exportações Ltda	São Paulo		100%	BRL	40 375 941
Canada					
Nestlé Canada Inc.	Toronto (Ontario)		100%	CAD	169 832 276
Cayman Islands					
Hsu Fu Chi International Limited	° Grand Cayman		60%	SGD	7 950 000
Chile					
Chocolates del Mundo SpA	Quilicura		99.8%	CLP	8 001 000 000
Nestlé Chile S.A.	Santiago de Chile	99.8%	99.8%	CLP	11 832 926 000
Aguas CCU – Nestlé Chile S.A.	3) Santiago de Chile		49.8%	CLP	49 799 375 321
Colombia					
Comestibles La Rosa S.A.	Bogotá	<0.1%	100%	COP	126 397 400
Dairy Partners Americas Manufacturing Colombia Ltda	Bogotá		100%	COP	200 000 000
Nestlé de Colombia S.A.	Bogotá	<0.1%	100%	COP	1 291 305 400
Nestlé Purina PetCare de Colombia S.A.	Bogotá	<0.1%	100%	COP	17 030 000 000
Costa Rica					
Compañía Nestlé Costa Rica S.A.	Heredia		100%	CRC	18 000 000
Cuba					
Nescor, S.A.	NiM Artemisa		50.9%	USD	32 200 000
Dominican Republic					
Nestlé Dominicana S.A.	Santo Domingo	98.5%	99.9%	DOP	1 657 445 000
Silsa Dominicana S.A.	° Santo Domingo	6%	99.9%	USD	50 000

Companies	City	% capital shareholdings by Nestlé S.A.	% ultimate capital shareholdings	Currency	Capital
Ecuador					
Ecuajugos S.A.	Quito	<0.1%	100%	USD	521 583
Industrial Surindu S.A.	Quito	<0.1%	100%	USD	3 000 000
Nestlé Ecuador S.A.	Quito	<0.1%	100%	USD	1 776 760
Terrafertil S.A.	Tabacundo		100%	USD	525 800
El Salvador					
Nestlé El Salvador, S.A. de C.V.	San Salvador	<0.1%	100%	USD	4 457 200
Guatemala					
Genoveva, S.A.	° Ciudad de Guatemala	<0.1%	100%	GTQ	5 264 700
Nestlé Guatemala S.A.	Ciudad de Guatemala	<0.1%	100%	GTQ	123 540 600
Honduras					
Malher de Honduras, S.A. de C.V.	° Tegucigalpa	<0.1%	100%	HNL	25 000
Nestlé Hondureña S.A.	Tegucigalpa		100%	HNL	400 000
Jamaica					
Nestlé Jamaica Ltd	Kingston		100%	JMD	49 200 000
Mexico					
Marcas Nestlé, S.A. de C.V.	Ciudad de México		100%	MXN	500 051 000
Nespresso México, S.A. de C.V.	Ciudad de México		100%	MXN	210 050 000
Nestlé México, S.A. de C.V.	Ciudad de México		100%	MXN	24 721 767 730
Manantiales La Asunción, S.A.P.I. de C.V.	1) Ciudad de México		40%	MXN	1 036 427 490
Nicaragua					
Compañía Centroamericana de Productos Lácteos, S.A.	Managua		92.6%	NIO	10 293 527
Nestlé Nicaragua, S.A.	Managua		100%	NIO	555 000
Panama					
Nestlé Centroamerica, S.A.	Ciudad de Panamá		100%	PAB	10 588 706
Nestlé Panamá, S.A.	Ciudad de Panamá		100%	PAB	7 911 294
Paraguay					
Nestlé Paraguay S.A.	NiM Asunción		100%	PYG	100 000 000
Peru					
Nestlé Marcas Perú, S.A.C.	Lima	50%	100%	PEN	5 536 832
Nestlé Perú, S.A.	Lima	99.5%	99.5%	PEN	88 961 741

Companies	City	% capital shareholdings by Nestlé S.A.	% ultimate capital shareholdings	Currency	Capital
Puerto Rico					
Swirl, Corp.	NiM Guaynabo		100%	USD	100
Trinidad and Tobago					
Nestlé Caribbean, Inc.	Valsayn		100%	USD	100 000
Nestlé Trinidad and Tobago Ltd	Valsayn		100%	TTD	35 540 000
United States					
Aimmune Therapeutics, Inc.	Wilmington (Delaware)		100%	USD	0
Blue Bottle Coffee, LLC	Wilmington (Delaware)		100%	USD	0
Essentia Sub, LLC	Wilmington (Delaware)		100%	USD	—
Garden of Life LLC	Wilmington (Delaware)		100%	USD	—
Gerber Products Company	Fremont (Michigan)		100%	USD	1 000
Malher, Inc.	Stafford (Texas)		100%	USD	1 000
Nespresso USA, Inc.	Wilmington (Delaware)		100%	USD	1 000
Nestlé Capital Corporation	◊ Wilmington (Delaware)		100%	USD	1 000 000
Nestlé HealthCare Nutrition, Inc.	Wilmington (Delaware)		100%	USD	50 000
Nestlé Nutrition R&D Centers, Inc.	Wilmington (Delaware)		100%	USD	10 000
Nestlé Purina PetCare Company	St. Louis (Missouri)		100%	USD	1 000
Nestlé Purina PetCare Global Resources, Inc.	Wilmington (Delaware)		100%	USD	0
Nestlé R&D Center, Inc.	Wilmington (Delaware)		100%	USD	10 000
Nestlé Regional GLOBE Office North America, Inc.	Wilmington (Delaware)		100%	USD	1 000
Nestlé USA, Inc.	Wilmington (Delaware)		100%	USD	1 000
NHS U.S., LLC	Wilmington (Delaware)		100%	USD	—
Orgain, LLC	Wilmington (Delaware)		51%	USD	—
Pure Encapsulations, LLC	Wilmington (Delaware)		100%	USD	—
Vital Proteins LLC	Wilmington (Delaware)		100%	USD	100 000 000
Vitality Foodservice, Inc.	Dover (Delaware)		100%	USD	1 240
JustForFoodDogs, Inc.	³⁾ Irvine (California)		28.6%	USD	1 127
Sous Chef TopCo, L.P.	³⁾ Greenwich (Connecticut)		45.5%	USD	0
Uruguay					
Nestlé del Uruguay S.A.	Montevideo		100%	UYU	375 426 189
Venezuela					
Nestlé Venezuela, S.A.	Caracas	25%	100%	VES	3 471 000

Companies	City	% capital shareholdings by Nestlé S.A.	% ultimate capital shareholdings	Currency	Capital
Asia					
Afghanistan					
Nestlé Afghanistan Ltd	° Kabul	100%	100%	USD	1 000 000
Bahrain					
Nestlé Bahrain Trading WLL	NiM Manama		49%	BHD	200 000
Bangladesh					
Nestlé Bangladesh PLC	Dhaka	99.4%	100%	BDT	100 000 000
Greater China					
Dongguan Hsu Chi Food Co., Limited	Dongguan		60%	HKD	700 000 000
Guangzhou Refrigerated Foods Limited	Guangzhou		95.5%	CNY	390 000 000
Nestlé (China) Limited	◇ Beijing		100%	CNY	3 525 353 500
Nestlé Dongguan Limited	Dongguan		100%	CNY	536 000 000
Nestlé Health Science (China) Limited	Taizhou City		100%	USD	67 240 000
Nestlé Hong Kong Limited	Hong Kong		100%	HKD	250 000 000
Nestlé Nespresso Beijing Limited	Beijing		100%	CNY	7 000 000
Nestlé Purina PetCare Tianjin Limited	Tianjin		100%	CNY	240 000 000
Nestlé Qingdao Limited	Laixi		100%	CNY	930 000 000
Nestlé Shanghai Limited	Shanghai		95%	CNY	200 000 000
Nestlé Shuangcheng Limited	Shuangcheng		97%	CNY	435 000 000
Nestlé Taiwan Limited	Taipei		100%	TWD	100 000 000
Nestlé Tianjin Limited	Tianjin		100%	CNY	785 000 000
Shanghai Nestlé Product Services Limited	Shanghai		100%	CNY	83 000 000
Shanghai Totole First Food Limited	Shanghai		100%	CNY	72 000 000
Shanghai Totole Food Limited	Shanghai		100%	USD	7 800 000
Sichuan Haoji Food Co., Limited	Puge		80%	CNY	80 000 000
Suzhou Hexing Food Co., Limited	Suzhou		100%	CNY	40 000 000
Wyeth (Hong Kong) Holding Co., Limited	◇ Hong Kong		100%	HKD	1 354 107 000
Wyeth (Shanghai) Trading Co., Limited	Shanghai		100%	CNY	15 316 450
Wyeth Nutritional (China) Co., Limited	Suzhou		100%	CNY	900 000 000
India					
Nestlé India Ltd	△ New Delhi	34.3%	62.8%	INR	964 157 160
<i>Listed on the National Stock Exchange, market capitalization INR 2092.3 billion, quotation code (ISIN) INE239A01024</i>					
Dr. Reddy's and Nestlé Health Science Limited	3) Hyderabad		30.8%	INR	14 400 000 000
Indonesia					
P.T. Nestlé Indonesia	Jakarta		91.7%	KIDR	152 753 440
P.T. Wyeth Nutrition Sduaenam	Jakarta		91.7%	KIDR	2 500 000
Iran					
Nestlé Iran (Private Joint Stock Company)	Tehrān		95.9%	KIRR	358 538 000

Companies	City	% capital shareholdings by Nestlé S.A.	% ultimate capital shareholdings	Currency	Capital
Israel					
Materna Industries Limited Partnership	Shoham		100%	ILS	10 000
Nespresso Israel Ltd	Petah Tikva		100%	ILS	1 000
OSEM Food Industries Ltd	Shoham		100%	ILS	176
OSEM Investments Ltd	Shoham		100%	ILS	110 644 443
Tivall Food Industries Ltd	Shoham		100%	ILS	41 861 167
Japan					
Blue Bottle Coffee Japan, G.K.	Tokyo	25%	100%	JPY	10 000 000
Nestlé Japan Ltd	Kōbe		100%	JPY	4 000 000 000
Nestlé Nespresso K.K.	Kōbe		100%	JPY	10 000 000
Jordan					
Nestlé Jordan Trading Company Ltd	Amman		87%	JOD	410 000
Korea (Republic of)					
Blue Bottle Coffee Korea Ltd	° Seoul	25%	100%	KRW	1 785 540 000
Nestlé Korea Yuhan Chaegim Hoesa	Seoul		100%	KRW	15 594 500 000
LOTTE-Nestlé (Korea) Co., Ltd	1) Cheongju		50%	KRW	52 783 120 000
Kuwait					
Nestlé Kuwait General Trading Company WLL	Safat	49%	49%	KWD	300 000
Lebanon					
Société pour l'Exportation des Produits Nestlé S.A.	Baabda	100%	100%	CHF	1 750 000
Malaysia					
Nestlé (Malaysia) Bhd.	Δ ^o Petaling Jaya		72.6%	MYR	267 500 000
<i>Listed on the Kuala Lumpur stock exchange, market capitalization MYR 23.4 billion, quotation code (ISIN) MYL470700005</i>					
Nestlé Asean (Malaysia) Sdn. Bhd.	Petaling Jaya		72.6%	MYR	42 000 000
Nestlé Manufacturing (Malaysia) Sdn. Bhd.	Petaling Jaya		72.6%	MYR	132 500 000
Nestlé Products Sdn. Bhd.	Petaling Jaya		72.6%	MYR	28 500 000
Myanmar					
Nestlé Myanmar Limited	NiM Yangon		98.6%	USD	41 082 730
Oman					
Nestlé Oman Trading LLC	Muscat		49%	OMR	300 000
Pakistan					
Nestlé Pakistan Ltd	Δ Lahore		61.6%	PKR	453 495 840
<i>Listed on the Pakistan Stock Exchange, market capitalization PKR 337.9 billion, quotation code (ISIN) PK0025101012</i>					
Palestinian Territories					
Nestlé Trading Private Limited Company	° Bethlehem	97.5%	97.5%	JOD	200 000

Companies	City	% capital shareholdings by Nestlé S.A.	% ultimate capital shareholdings	Currency	Capital
Philippines					
Nestlé Business Services AOA, Inc.	° Bulacan	100%	100%	PHP	70 000 000
Nestlé Philippines, Inc.	Cabuyao		100%	PHP	2 300 927 400
Wyeth Philippines, Inc.	Makati City		100%	PHP	743 134 900
Qatar					
Nestlé Qatar Trading LLC	Doha	49%	49%	QAR	1 680 000
Saudi Arabia					
Al Manhal Water Factory Co. Ltd	Riyadh		90%	SAR	10 213 000
Nestlé Central Arabia Regional Headquarters	Jeddah	100%	100%	SAR	100 000
Nestlé Saudi Arabia LLC	Jeddah		75%	SAR	27 000 000
Singapore					
Nestlé Singapore (Pte) Ltd	Singapore		100%	SGD	1 000 000
Nestlé TC Asia Pacific Pte Ltd	◇ Singapore		100%	JPY	10 000 000 000
				SGD	2
Wyeth Nutritionals (Singapore) Pte Ltd	Singapore		100%	SGD	220 506 420
Sri Lanka					
Nestlé Lanka Limited	Colombo	100%	100%	LKR	537 254 630
Syria					
Nestlé Syria S.A.	NiM Damascus		100%	SYP	800 000 000
Thailand					
Nestlé (Thai) Ltd	Bangkok	<0.1%	100%	THB	880 000 000
Nestlé Roh (Thailand) Ltd	° Bangkok	<0.1%	100%	THB	250 000 000
Perrier Vittel (Thailand) Ltd	Bangkok		100%	THB	235 000 000
Quality Coffee Products Ltd	Bangkok	30%	50%	THB	500 000 000
United Arab Emirates					
Nestlé Dubai Manufacturing LLC	Dubai		100%	AED	300 000
Nestlé Middle East FZE	Dubai		100%	AED	3 000 000
Nestlé Middle East Manufacturing LLC	Dubai		49%	AED	300 000
Nestlé Treasury Centre-Middle East & Africa Ltd	◇ Dubai		100%	USD	2 997 343 684
Nestlé UAE LLC	Dubai		49%	AED	2 000 000
Nestlé Waters Factory H&O LLC	Dubai		51%	AED	71 886 000
Uzbekistan					
Nestlé Food MChJ XK	Tashkent	<0.1%	100%	UZS	12 922 977 969
Vietnam					
La Vie Limited Liability Company	Long An		65%	USD	2 663 400
Nestlé Vietnam Ltd	Bien Hoa	100%	100%	KVND	1 261 151 498

Companies		City	% capital shareholdings by Nestlé S.A.	% ultimate capital shareholdings	Currency	Capital
Oceania						
Australia						
Nestlé Australia Ltd		Sydney		100%	AUD	274 000 000
Cereal Partners Australia Pty Ltd	1)	Sydney		50%	AUD	107 800 000
Fiji						
Nestlé (Fiji) Pte Ltd	NiM	Lami		100%	FJD	3 677 000
French Polynesia						
Nestlé Polynésie S.A.S.	NiM	Papeete		100%	XPF	5 000 000
New Caledonia						
Nestlé Nouvelle-Calédonie S.A.S.	NiM	Nouméa		100%	XPF	64 000 000
New Zealand						
Nestlé New Zealand Limited		Auckland		100%	NZD	50 300 000
New Zealand Health Manufacturing Limited		Auckland		100%	NZD	—
Papua New Guinea						
Nestlé (PNG) Ltd		Lae		100%	PGK	11 850 000

Technical assistance, research and development units

All scientific research and technological development is undertaken in a number of dedicated centres, specialized as follows:

Technical Assistance centre	TA
Development centres	D
Research centres	R
Research & Development centres	R&D
Product Technology centres	PTC

The Technical Assistance centre is Société des Produits Nestlé S.A. (SPN), a technical, scientific, commercial and business assistance company. The units of SPN, specialized in all areas of the business, supply permanent know-how and assistance to operating companies in the Group within the framework of licence and equivalent contracts. SPN is also responsible for all scientific research and technological development, which it undertakes itself or through affiliated companies.

The centres involved are listed below:

City of operations	
Switzerland	
Nestlé Research	Ecublens R
Nestlé Product Technology Centre Coffee	Orbe PTC
Nestlé Product Technology Centre Nutrition	Konolfingen PTC
Nestlé Product Technology Centre Nestlé Professional	Orbe PTC
Nestlé Research	Lausanne R
Nestlé System Technology Centre	Orbe R and PTC
Société des Produits Nestlé S.A.	Vevey TA
Chile	
Nestlé Development Centre	Santiago de Chile D
Côte d'Ivoire	
Nestlé R&D Centre	Abidjan R&D
France	
Nestlé Development Centre	Lisieux D
Nestlé Product Technology Centre Waters	Vittel PTC
Nestlé R&D Centre	Aubigny R&D
Nestlé Research	Tours R
Germany	
Nestlé Product Technology Centre Food	Singen PTC
Greater China	
Nestlé R&D Centre	Beijing R&D

	City of operations			
India				
Nestlé Development Centre	Gurgaon			D
Ireland (Republic of)				
Nestlé Development Centre	Askeaton			D
Singapore				
Nestlé R&D Centre	Singapore			R&D
United Kingdom				
Nestlé Product Technology Centre Confectionery	York			PTC
United States				
Nestlé Development Centre	Fremont (Michigan)			D
Nestlé Development Centre	Marysville (Ohio)			D
Nestlé Development Centre	Solon (Ohio)			D
Nestlé Product Technology Centre				
Nestlé Health Science	Bridgewater (New Jersey)			PTC
Nestlé Product Technology Centre PetCare	St. Louis (Missouri)			PTC
Nestlé R&D Centre	St. Joseph (Missouri)			R&D

To the General Meeting of
Nestlé S.A., Cham & Vevey

Lausanne, 12 February 2025

Report of the statutory auditor

Report on the audit of the consolidated financial statements



Opinion

We have audited the consolidated financial statements of Nestlé S.A. and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2024, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements (pages 80 to 176 give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards and comply with Swiss law.



Basis for opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISA) and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the “Auditor’s responsibilities for the audit of the consolidated financial statements” section of our report. We are independent of the Group in accordance with the provisions of Swiss law, together with the requirements of the Swiss audit profession, as well as those of the International Ethics Standards Board for Accountants’ *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the “Auditor’s responsibilities for the audit of the consolidated financial statements” section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the consolidated financial statements.

Measurement of revenue as it relates to trade spend

Risk

As described in Notes 1 and 3 of the consolidated financial statements, revenue from the sale of goods is recognized when control of the goods has transferred to the customer and is measured net of discounts, allowances and promotional rebates (collectively ‘trade spend’). For certain trade spend arrangements settled retrospectively, Management estimates the level of trade spend using judgments based on historical experience and the specific terms of the agreements with the customers. The measurement of revenue, therefore, involves estimates related to various arrangements with a broad customer base across different countries.

Organic growth, which represents sales growth after removing the impact of acquisitions and divestitures and exchange rate movements, is an important component in the determination of measurable financial objectives linked to management incentive schemes. There is a risk of revenue being misstated, through error, misinterpretation or misapplication of accounting standards and policies or intentional manipulation, as a result of the pressure that local management may feel to achieve organic growth targets. The nature of the misstatements may include management bias in determining the estimated accrual and related income statement impact and unrecorded accruals resulting in understatement of liability/expense.

We deemed the measurement of trade spend to be a key audit matter due to the materiality and complexity in estimating the amount of trade spend that is ultimately claimed by customers. The estimates require the use of assumptions that are complex, given the high volume and diversity of trade spend arrangements as well as the uncertainty related to future outcomes, including changes in buying patterns resulting from the current economic environment.

Our audit response Our audit procedures included the following:

Accounting policies: We assessed the Group's revenue recognition accounting policies, including the recognition and classification criteria for trade spend.

Processes and controls: We gained an understanding of the types of arrangements, processes, systems and internal controls related to trade spend.

- We tested the integrity of the general IT control environment relating to the most significant IT systems relevant to revenue recognition and tested selected IT application controls.
- We tested selected internal controls in some markets related to measuring and accounting for trade spend.

Data analytics: We evaluated quarterly trends of sales and trade spend. We performed relationship analysis focused on the change in trade spend as a percentage of sales to assess the level of trade spend by category, and by customer, in the context of the local markets. For a sample of trade spend, we considered if those items were classified according to the Group's accounting policies.

Test of details: For a sample of trade spend arrangements, we reconciled key inputs and assumptions used in the estimates with internal and external sources of information, such as the contracts with the relevant customers or other third-party support. We recalculated the accrual and income statement amounts to test mathematical accuracy.

We reviewed manual journal entries impacting trade spend to identify significant or unusual items and obtained underlying documentation.

We assessed the ageing of trade spend accruals. We tested transactions with customers recorded after the reporting date to assess the completeness of accruals and whether recorded in the correct period.

Assessing disclosure: We assessed the disclosure provided in Note 1 and Note 3 of the consolidated financial statements in relation to the relevant accounting standards.

Our results: Our audit procedures did not lead to any reservations concerning the trade spend accrual and related net revenue recognized.

Carrying value of goodwill and indefinite useful life intangibles assets

Risk

As described in Notes 1 and 9 of the consolidated financial statements, the Company has CHF 30.6 billion of goodwill and CHF 16.7 billion of indefinite useful life intangible assets, the sum of which represents 34% of total assets and 129% of equity. For all cash generating units (CGUs) with goodwill and for indefinite useful life intangible assets, indicators of impairment are assessed at each reporting date and an impairment test is performed at least annually.

In 2024, due to increased sensitivity, management has placed additional focus on the Nestlé Health Science CGU, mainly related to the performance of The Bountiful Company (TBCo) business. The sensitivity analysis is disclosed in the Note 9 of the consolidated financial statements.

The assessment of indicators of impairment and impairment testing are subjective in nature. The recoverability of goodwill and indefinite useful life intangible assets is assessed using forecasted financial information within a discounted cash flow model. The recoverable amount is sensitive to changes in key assumptions, including sales growth, operating margins, discount and terminal growth rates. The inputs, including the impacts that climate risks and environmental commitments may have on future cashflows, as well as allocation of assets to CGUs, are subject to management judgment.

Our audit response Our audit procedures included the following:

Determination of cash generating units (CGUs): We gained an understanding of management's judgements with respect to the determination of CGUs. We gained an understanding of the judgements and inputs applied in the allocation of assets to CGUs and recalculated key inputs. We assessed the determination of CGUs and the allocation of assets to those CGUs.

Process and controls: We gained an understanding of the impairment process and confirmed the existence of key controls.

Historical comparisons and current context: We obtained an understanding of the current macro-economic context on forecasted financial information and the outlook for each CGU through both external research and discussions with selected stakeholders within the Group. We compared the forecasted financial information (sales growth and operating margins) with historical data. Where the forecasted financial information differed from our expectations given the current context and historical data, we obtained supporting explanations.

We obtained an understanding of how management considered climate change risks, including transition and physical risks, in the future cashflows of its CGUs. With assistance from our sustainability specialists, we challenged management's assessment and the consistency of potential climate risks across the CGUs as it related to sales growth and operating margin evolution. We evaluated any adjustments made to sales growth, annual operating margin evolution, and terminal growth rates in the impairment models and performed additional sensitivities over these assumptions where needed. Additionally, we gained an understanding of how management used information prepared in accordance with the Taskforce on Climate-related Financial Disclosure (TCFD) framework (as described in Note 9). We assessed the consistency of information used, including the scenario's analyzed and the probability weighting used and recalculated the allocation of the potential climate transition risk.

Personnel interviews: Forecasted financial information (sales growth and operating margins) is forecasted bottom-up and reviewed centrally. We compared judgments made and information obtained both at the local level and at Group level for consistency. We assessed and challenged assumptions with reference to information from market research and perspectives from product category, Zone and Globally Managed Business leadership.

Assessment of methodology: With the assistance of our valuation specialists, we replicated management's impairment models and tested the mathematical accuracy. Further, we assessed the appropriateness of the methodology used and the consistent application thereof to the CGUs tested.

Evaluation of technical parameters: We independently derived a range of weighted average cost of capital (WACC) and terminal growth rates, with the assistance of our valuation specialists, compared these to those calculated by the Group and identified differences in assumptions between the two calculations. We challenged the Group on such differences and assessed the discount rates in relation to other key inputs, including whether the uncertainty with respect to future cashflows is adequately considered.

Sensitivity analysis: Using data analytics, we performed sensitivity analysis around the key assumptions such as sales growth rate, operating margin, terminal growth rate, and WACC. We focused on those assumptions and CGUs that were most sensitive and judgmental.

Assessing indicators of impairment: We obtained management's assessment regarding indicators of impairment and challenged selected indicators based on our knowledge of internal and external factors.

Assessing disclosure: We assessed the adequacy of the disclosure provided in Note 1 and Note 9 of the consolidated financial statements in relation to the relevant accounting standards.

Our results: Our audit procedures did not lead to any reservations concerning the valuation, presentation and disclosure of goodwill or indefinite useful life intangible assets.

Completeness and valuation of uncertain tax positions

Risk

Nestlé's global footprint results in significant complexity as its worldwide operations are subject to a diversity of international tax regulations. The cross-border activity and scrutiny of the transfer pricing applied to intercompany transactions vary by tax jurisdiction. In addition to the complexity of its tax environment, there is a level of unpredictability of tax authority's assessment of Nestlé's tax filings, which inherently results in the application of management judgment in ascertaining reasonable estimates, which may lead to liabilities for uncertain tax positions being understated or overstated.

The identification and valuation of uncertain tax positions is a key audit matter because of the significant level of judgment and expertise required to interpret local country tax legislation and corresponding risks. Nestlé's policy on uncertain tax position can be found in Notes 1 and 13 of the consolidated financial statements.

Our audit response Our audit procedures included the following:

Processes and controls: We gained an understanding of the processes for identifying, measuring, and recognizing uncertain tax positions both centrally and locally, and confirmed the existence of controls in the process.

Historical comparisons and current context: We obtained an understanding of the current macro-economic context that may affect uncertain tax positions which are recognized or unrecognized. We validated our understanding of the current environment in relation to other key areas of the audit. Furthermore, our tax specialists, including transfer pricing specialists, considered impacts of changes in tax legislation or business operations in the identification, measurement and recognition of uncertain tax positions. We reviewed available information related to significant on-going tax audits. We reviewed the recognized and unrecognized positions in comparison to tax audits' outcomes, when available, and gained an understanding if there were any deviations in the outcome compared to amounts recognized.

Personnel interviews: Through interviews in the local markets and at Group level, we compared judgments made and information obtained for consistency.



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Methodology implementation: We assessed the application of the relevant standards, including but not limited to IFRIC 23, Uncertainty over Income Tax Treatments, in the identification, measurement and recognition of uncertain tax positions. With the assistance of our tax specialists, including transfer pricing specialists, we assessed the intercompany transfer pricing models for compliance with applicable laws, regulations and transfer pricing guidelines and evaluated management's judgment regarding tax risks. We reperformed management's calculations of uncertain tax positions.

Key assumptions: In reviewing the calculations, we identified the key assumptions of identified risk provisions, whether recognized or unrecognized, and tested the validity of these assumptions with our tax specialists. The key assumptions include, but are not limited to, number of years for which the risk occurs, use of generally accepted benchmarks, business models within the Group and availability of mutual agreement procedures in the case of disputes related to profit allocation across the Group to reduce double taxation. We focused our attention on those assumptions and inputs that were most sensitive and judgmental.

Our results: Our audit procedures did not lead to any reservations concerning the completeness and valuation of uncertain tax positions.



Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements, the Compensation Report and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



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Board of Directors' responsibilities for the consolidated financial statements

The Board of Directors is responsible for the preparation of the consolidated financial statements, which give a true and fair view in accordance with IFRS Accounting Standards and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.



Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISA and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located on EXPERTsuisse's website at: <https://www.expertsuisse.ch/en/audit-report>. This description forms an integral part of our report.



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Report on other legal and regulatory requirements



In accordance with Art. 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of the consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Ernst & Young Ltd

Jeanne Boillet
Licensed audit expert
(Auditor in charge)

André Schaub
Licensed audit expert

Financial information – 5-year review

In millions of CHF (except for data per share and employees)

	2024	2023
Results		
Sales	91 354	92 998
Underlying trading operating profit ^(a)	15 704	16 053
as % of sales	17.2%	17.3%
Trading operating profit ^(a)	14 633	14 520
as % of sales	16.0%	15.6%
Taxes	3 314	2 314
Profit for the year attributable to shareholders of the parent (Net profit)	10 884	11 209
as % of sales	11.9%	12.1%
Total amount of dividend	7 991 ^(c)	7 816
Depreciation of property, plant and equipment	3 110	2 993
Balance sheet and cash flow statement		
Current assets	35 188	30 857
Non-current assets	104 076	95 693
Total assets	139 264	126 550
Current liabilities	42 863	37 084
Non-current liabilities	59 708	53 079
Total equity	36 693	36 387
Net financial debt ^(a)	56 005	49 638
Ratio of net financial debt to total equity (gearing)	152.6%	136.4%
Operating cash flow	16 675	15 941
as % of net financial debt	29.8%	32.1%
Free cash flow ^(a)	10 666	10 403
Capital additions	7 685	7 159
as % of sales	8.4%	7.7%
Data per share		
Weighted average number of shares outstanding (in millions of units)	2 596	2 646
Basic earnings per share	4.19	4.24
Underlying earnings per share ^(a)	4.77	4.80
Dividend	3.05 ^(c)	3.00
Payout ratio based on basic earnings per share	72.7% ^(c)	70.8%
Stock prices (high)	100.06	116.46
Stock prices (low)	73.98	96.57
Yield ^(b)	3.0/4.1 ^(c)	2.6/3.1
Market capitalization	192 645	255 604
Number of employees (in thousands) ^(d)	277	275

(a) Certain financial performance measures, that are not defined by IFRS Accounting Standards, are used by management to assess the financial and operational performance of the Group. The "Alternative Performance Measures" document published under <https://www.nestle.com/investors/publications> provides the definition of these non-IFRS Accounting Standards financial performance measures.

(b) Calculated on the basis of the dividend for the year concerned, which is paid in the following year, and on high/low stock prices.

(c) As proposed by the Board of Directors of Nestlé S.A.

(d) 2024 and 2023 based on headcount. Other years based on full-time equivalent.

2022	2021	2020	
			Results
94 424	87 088	84 343	Sales
16 103	15 119	14 903	Underlying trading operating profit ^(a)
17.1%	17.4%	17.7%	as % of sales
13 195	12 159	14 233	Trading operating profit ^(a)
14.0%	14.0%	16.9%	as % of sales
2 730	2 261	3 365	Taxes
9 270	16 905	12 232	Profit for the year attributable to shareholders of the parent (Net profit)
9.8%	19.4%	14.5%	as % of sales
7 829	7 618	7 681	Total amount of dividend
3 097	3 056	3 127	Depreciation of property, plant and equipment
			Balance sheet and cash flow statement
35 062	39 257	34 068	Current assets
100 120	99 885	89 960	Non-current assets
135 182	139 142	124 028	Total assets
39 976	40 020	39 722	Current liabilities
52 414	45 395	37 792	Non-current liabilities
42 792	53 727	46 514	Total equity
48 159	32 917	31 319	Net financial debt ^(a)
112.5%	61.3%	67.3%	Ratio of net financial debt to total equity (gearing)
11 907	13 864	14 377	Operating cash flow
24.7%	42.1%	45.9%	as % of net financial debt
6 570	8 715	10 245	Free cash flow ^(a)
8 264	12 977	11 367	Capital additions
8.8%	14.9%	13.5%	as % of sales
			Data per share
2 707	2 788	2 845	Weighted average number of shares outstanding (in millions of units)
3.42	6.06	4.30	Basic earnings per share
4.80	4.42	4.21	Underlying earnings per share ^(a)
2.95	2.80	2.75	Dividend
86.3%	46.2%	64.0%	Payout ratio based on basic earnings per share
129.50	128.90	112.62	Stock prices (high)
104.98	95.00	83.37	Stock prices (low)
2.3/2.8	2.2/2.9	2.4/3.3	Yield ^(b)
285 865	351 682	293 644	Market capitalization
275	276	273	Number of employees (in thousands) ^(d)

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Income statement for the year ended December 31, 2024

In millions of CHF

	Notes	2024	2023
Income from Group companies	2	10 705	12 569
Profit on disposal and revaluation of assets	3	7	297
Other income		8	6
Financial income	4	639	404
Total income		11 359	13 276
Personnel expenses		(125)	(141)
Other expenses		(52)	(53)
Write-downs and amortization of shareholdings and loans		(116)	(21)
Financial expenses	5	(380)	(284)
Taxes	6	(90)	(106)
Total expenses		(763)	(605)
Profit for the year		10 596	12 671

Balance sheet as at December 31, 2024

before appropriations

In millions of CHF	Notes	2024	2023
Assets			
Current assets			
Cash and cash equivalents	7	142	160
Other current receivables	8	144	1 368
Prepayments and accrued income		73	16
Total current assets		359	1 544
Non-current assets			
Financial assets	9	23 754	18 687
Shareholdings and associates	10	12 934	13 005
Property, plant and equipment		1	1
Total non-current assets		36 689	31 693
Total assets		37 048	33 237
Liabilities			
Current liabilities			
Interest-bearing liabilities	11	4 865	3 061
Other current liabilities	12	183	235
Accruals and deferred income		142	222
Provisions	13	326	202
Total current liabilities		5 516	3 720
Non-current liabilities			
Interest-bearing liabilities	11	13 172	9 536
Provisions	13	11	19
Total non-current liabilities		13 183	9 555
Total liabilities		18 699	13 275
Equity			
Share capital	14 /15	262	267
Legal retained earnings	15	1 973	1 968
Voluntary retained earnings			
– Special reserve	15	2 859	2 859
– Profit brought forward	15	6 942	7 352
– Profit for the year	15	10 596	12 671
Treasury shares	15/16	(4 283)	(5 155)
Total equity		18 349	19 962
Total liabilities and equity		37 048	33 237

Notes to the annual accounts

1. Accounting policies

General

Nestlé S.A. (the Company) is the ultimate holding company of the Nestlé Group, domiciled in Cham and Vevey, which comprises subsidiaries, associated companies and joint ventures throughout the world.

The accounts are prepared in accordance with accounting principles required by Swiss law (32nd chapter of the Swiss Code of Obligations). They are prepared under the historical cost convention and on an accrual basis. Where not prescribed by law, the significant accounting and valuation principles applied are described below.

Foreign currency translation

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged forward, at the rate of exchange under the related forward contract. Non-monetary assets and liabilities are carried at historical rates. Monetary assets and liabilities in foreign currencies are translated at year-end rates. Any resulting exchange differences are included in the respective income statement captions depending upon the nature of the underlying transactions. The aggregate unrealized exchange difference is calculated by reference to original transaction date exchange rates and includes hedging transactions. Where this gives rise to a net loss, it is charged to the income statement whilst a net gain is deferred.

Hedging

The Company can use forward foreign exchange contracts, options and currency swaps to hedge foreign currency flows and positions. Unrealized foreign exchange differences on hedging instruments are matched and accounted for with those on the underlying asset or liability. Long-term loans, in foreign currencies, used to finance investments in shareholdings are generally not hedged.

The Company also uses interest rate swaps to manage interest rate risk. The swaps are accounted for at fair value at each balance sheet date and changes in the market price are recorded in the income statement.

The positive fair values of forward exchange contracts and interest rate swaps are included in prepayments and accrued income. The negative fair values of forward exchange contracts and interest rate swaps are included in accruals and deferred income.

Income statement

In accordance with Swiss law dividends are treated as an appropriation of profit in the year in which they are ratified at the Annual General Meeting rather than as an appropriation of profit in the year to which they relate.

Taxes

This caption includes taxes on profit, capital and withholding taxes on transfers from Group companies.

Financial assets and shareholdings

The carrying amount of financial assets and shareholdings comprises the cost of investment, excluding the incidental costs of acquisition, less any write-downs.

Financial assets and shareholdings are written down on a conservative basis, taking into account the profitability of the company concerned.

Property, plant and equipment

The Company owns land and buildings which have been depreciated in the past. Office furniture and equipment are fully depreciated on acquisition.

Provisions

Provisions include present obligations as well as contingencies. Provisions for Swiss taxes are made on the basis of the Company's taxable capital, reserves and profit for the year.

Additional information

The Company is integrated within the operations of the Nestlé Group, which presents its consolidated financial statements under IFRS Accounting Standards. In line with art. 961d of the Swiss Code of Obligations, the Company decided to forego presenting the additional information in the notes, the cash flow statement and the management report.

2. Income from Group companies

This represents dividends and other income from Group companies.

3. Profit on disposal and revaluation of assets

This represents mainly the net gains realized on the sale of shareholdings and financial assets.

4. Financial income

In millions of CHF

	2024	2023
Income on loans to Group companies	639	387
Other financial income	—	17
	639	404

5. Financial expenses

In millions of CHF

	2024	2023
Expenses related to loans from Group companies	(257)	(214)
Other financial expenses	(123)	(70)
	(380)	(284)

6. Taxes

In millions of CHF

	2024	2023
Direct taxes	(46)	(76)
Prior-year adjustments	(10)	13
Withholding taxes on income from foreign sources	(34)	(43)
	(90)	(106)

7. Cash and cash equivalents

Cash and cash equivalents include deposits with maturities of less than three months.

8. Other current receivables

In millions of CHF

	2024	2023
Amounts owed by Group companies (current accounts)	108	1 343
Other receivables	36	25
	144	1 368

9. Financial assets

In millions of CHF

	2024	2023
Loans to Group companies	23 722	18 639
Other investments	32	48
	23 754	18 687

10. Shareholdings and associates

In millions of CHF

	2024	2023
As at January 1	13 005	13 881
Net increase/(decrease)	(75)	(805)
Revaluation/(write-down)	4	(71)
As at December 31	12 934	13 005

A list of direct and significant indirect Group companies held by Nestlé S.A. with the percentage of the capital controlled is included in the Consolidated Financial Statements of the Nestlé Group. In 2024, Nestlé S.A. sold or contributed shareholdings with a net carrying amount of CHF 3539 million (2023: CHF 2587 million) to its subsidiary Société des Produits Nestlé S.A.

11. Interest-bearing liabilities

Current interest-bearing liabilities include amounts owed to Group companies (CHF 4505 million) and one bond issued by Nestlé S.A. Non-current interest-bearing liabilities include one amount owed to Group companies (CHF 7527 million) and sixteen bonds issued by Nestlé S.A.

In millions of CHF

Issuer		Face value in millions	Coupon	Effective interest rate	Year of issue/ maturity	2024	2023
Nestlé S.A., Switzerland	CHF	900	0.25%	0.26%	2018–2024	—	900
	CHF	600	0.75%	0.69%	2018–2028	601	602
	CHF	675	1.63%	1.65%	2022–2026	675	675
	CHF	475	2.13%	2.15%	2022–2030	474	474
	CHF	350	2.50%	2.46%	2022–2034	351	351
	CHF	360	1.63%	1.67%	2022–2025	360	360
	CHF	260	2.63%	2.57%	2022–2035	261	261
	CHF	310	2.25%	2.18%	2022–2029	311	311
	CHF	300	1.88%	1.87%	2023–2029	301	301
	CHF	450	2.00%	2.01%	2023–2033	450	450
	CHF	400	2.13%	2.06%	2023–2038	403	403
	CHF	155	1.63%	1.65%	2023–2027	155	155
	CHF	215	1.88%	1.83%	2023–2031	216	216
	CHF	210	2.00%	2.01%	2023–2036	210	210
	CHF	200	1.38%	1.41%	2024–2028	200	—
	CHF	225	1.50%	1.51%	2024–2031	225	—
	CHF	480	1.63%	1.60%	2024–2034	481	—
	CHF	330	1.75%	1.72%	2024–2040	331	—
Total carrying amount						6 005	5 669

12. Other current liabilities

In millions of CHF

	2024	2023
Amounts owed to Group companies	86	46
Other liabilities	97	189
	183	235

13. Provisions

In millions of CHF

			2024	2023
	Swiss and foreign taxes	Other	Total	Total
As at January 1	110	111	221	248
Provisions made in the period	59	186	245	189
Amounts used	(111)	(2)	(113)	(148)
Unused amounts reversed	—	(16)	(16)	(68)
As at December 31	58	279	337	221
of which expected to be settled within 12 months			326	202

14. Share capital

	2024	2023
Number of registered shares with nominal value CHF 0.10 each	2 620 000 000	2 670 000 000
In millions of CHF	262	267

According to article 5 of the Company's Articles of Association, 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. In addition, article 11 provides that no person may exercise, directly or indirectly, voting rights, with respect to own shares or shares represented by proxy, in excess of 5% of the share capital as recorded in the commercial register. Apart from UBS Fund Management (Switzerland) AG, which disclosed holding 5.547% on May 7, 2024 and BlackRock, Inc., which disclosed holding 5.04% on January 3, 2022, the Company was not aware of any shareholder holding, directly or indirectly, 5% or more of the share capital.

15. Changes in equity

In millions of CHF

	Share capital	Legal retained earnings	Special reserve	Retained earnings	Treasury shares	Total
As at January 1, 2024	267	1 968	2 859	20 023	(5 155)	19 962
Cancellation of 50 000 000 shares (share buyback program)	(5)	5	—	(5 265)	5 265	—
Profit for the year	—	—	—	10 596	—	10 596
Dividend for 2023	—	—	—	(7 816)	—	(7 816)
Movement of treasury shares	—	—	—	—	(4 393)	(4 393)
As at December 31, 2024	262	1 973	2 859	17 538	(4 283)	18 349

16. Treasury shares

In millions of CHF

	2024		2023	
	Number	Amount	Number	Amount
Share buyback programs	43 480 000	3 910	44 718 276	4 745
Long-term incentive plans	3 804 961	373	3 975 433	410
	47 284 961	4 283	48 693 709	5 155

The share capital has been reduced by 50 000 000 shares from CHF 267 million to CHF 262 million through the cancellation of shares purchased as part of the share buyback program. The purchase value of those cancelled shares amounts to CHF 5265 million.

During the year, 48 761 724 shares were purchased as part of the share buyback program for CHF 4429 million.

The Company held 3 804 961 shares to cover long-term incentive plans. During the year, 1 643 323 shares were delivered as part of the Nestlé Group remuneration plans for a total value of CHF 151 million. All treasury shares are valued at acquisition cost.

The total of own shares of 47 284 961 held by Nestlé S.A. as at December 31, 2024 represents 1.8% of the Nestlé S.A. share capital (48 693 709 own shares held as at December 31, 2023 by Nestlé S.A. representing 1.8% of the Nestlé S.A. share capital).

17. Contingencies

As at December 31, 2024, the total of the guarantees mainly for credit facilities granted to Group companies, bonds and commercial paper programs, together with the buyback agreements relating to notes issued, amounted to a maximum of CHF 102 464 million (2023: CHF 95 478 million).

18. Performance Share Units, Restricted Stock Units, Phantom Shares and Shares granted

In millions of CHF

	2024		2023	
	Number	Amount	Number	Amount
Performance Share Units, Restricted Stock Units and Phantom Shares granted to Nestlé S.A. employees ^(a)	288 827	27	184 130	20
Share plan for short-term bonus Executive Board ^(b)	94 057	9	41 683	5
Share plan for Board members ^(c)	—	6	—	6
	382 884	42	225 813	31

(a) Performance Shares and Restricted Stock Units are valued at the average closing price of the first ten trading days, after the publication of the annual results (for the Grant in March) and of the last ten trading days of September (for the Grant in October), corresponding to CHF 93.07 (Grant in March) and CHF 84.58 (Grant in October). Includes 252 530 Performance Share Units granted to Executive Board by Nestlé S.A. (2023: 161 202) and 6958 Phantom Shares (2023: 0). Note that Performance Share Units and Phantom Shares allocated and revoked in the same year are not disclosed.

(b) Nestlé S.A. shares received as part of the short-term bonus are valued at the average closing price of the last ten trading days of January. For 2024 this amount includes replacement grants with an allocation price of CHF 91.76.

(c) The Board is paid in arrears (25% in October 2024 and 75% in April 2025). The Nestlé S.A. shares equivalent to 50% of the annual remuneration will be delivered at the end of the Board year in April 2025. They will be valued at the closing price of the share on the SIX Swiss Exchange on the ex-dividend date 2025. The actual number of shares delivered will be published in the Nestlé S.A. 2025 Financial Statements. In 2024, 68 737 shares were delivered to the Board.

19. Full-time equivalents

For Nestlé S.A., the annual average number of full-time equivalents for the reporting year, as well as the previous year, did not exceed 250.

20. Events after the balance sheet date

There are no subsequent events which either warrant a modification of the value of the assets and liabilities or any additional disclosure.

Proposed appropriation of available earnings

In CHF	2024	2023
Retained earnings		
Profit brought forward	12 012 895 538	16 204 510 328
Dividends on own shares not distributed ^(a)	193 602 975	283 919 753
Cancellation of 50 000 000 shares (share buyback program) (2023: cancellation of 80 000 000 shares)	(5 264 652 067)	(9 136 617 465)
Profit for the year	10 596 079 783	12 671 082 922
	17 537 926 229	20 022 895 538
We propose the following appropriation:		
Dividend for 2024, CHF 3.05 per share on 2 620 000 000 shares ^(b) (2023: CHF 3.00 on 2 670 000 000 shares)	7 991 000 000	8 010 000 000
	7 991 000 000	8 010 000 000
Retained earnings to be carried forward	9 546 926 229	12 012 895 538

(a) The amount of CHF 8 010 000 000 proposed to be distributed as dividend for 2023 was reduced by CHF 193 602 975 due to 64 534 325 treasury shares held by the Nestlé Group at the dividend payment date.

(b) Depending on the number of shares issued as of the last trading day with entitlement to receive the dividend (April 17, 2025). No dividend is paid on treasury shares held by the Nestlé Group.

Provided that the proposal of the Board of Directors is approved by the Annual General Meeting, the gross dividend will amount to CHF 3.05 per share, representing a net amount of CHF 1.9825 per share after payment of the Swiss withholding tax of 35%. The last trading day with entitlement to receive the dividend is April 17, 2025. The shares will be traded ex-dividend as of April 22, 2025. The net dividend will be payable as from April 24, 2025.

The Board of Directors

Cham and Vevey, February 12, 2025

To the General Meeting of
Nestlé S.A., Cham & Vevey

Lausanne, 12 February 2025

Report of the statutory auditor

Report on the audit of the financial statements



Opinion

We have audited the financial statements of Nestlé S.A. (the Company), which comprise the balance sheet as at 31 December 2024, the income statement for the year ended, and notes to the annual accounts (page 193 to 201, including a summary of significant accounting policies).

In our opinion, the financial statements comply with Swiss law and the Company's articles of association.



Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Key audit matters

We have determined that there are no key audit matters to be communicated in our report.



Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements, the Compensation Report and our auditor's reports thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.



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In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Board of Directors' responsibilities for the financial statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.



Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on EXPERTsuisse's website at: <https://www.expertsuisse.ch/en/audit-report>. This description forms an integral part of our report.



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Report on other legal and regulatory requirements



In accordance with Art. 728a para. 1 item 3 CO and PS-CH 890, we confirm that an internal control system exists, which has been designed for the preparation of the financial statements according to the instructions of the Board of Directors.

Based on our audit in accordance with Art. 728a para. 1 item 2 CO, we confirm that the proposal of the Board of Directors complies with Swiss law and the Company's articles of association. We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd

Jeanne Boillet
Licensed audit expert
(Auditor in charge)

André Schaub
Licensed audit expert

Notes

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