



Nestlé

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**Report of the Board of Directors  
on the Proposals for the Compensation  
of the Board of Directors and  
of the Executive Board**

**Annual General Meeting of Nestlé S.A.  
April 16, 2026**

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## Overview

This Report informs the shareholders of Nestlé S.A. on the proposed maximum amounts of compensation of the Board of Directors and of the Executive Board submitted to the shareholders for approval at the Annual General Meeting of April 16, 2026.

## I. Governance

Pursuant to the Articles of Association, the Board of Directors will submit at the forthcoming Annual General Meeting the proposed maximum compensation amounts separately for the Board of Directors, for the period from the Annual General Meeting 2026 to the Annual General Meeting 2027 (Agenda item 5.1), and for the Executive Board for the business year 2027 (Agenda item 5.2). This Report explains the related proposals of the Board of Directors.

In addition to their vote on the maximally possible compensation amounts for the Board of Directors and for the Executive Board, shareholders can at subsequent Annual General Meetings retrospectively vote on the Compensation Report including the actual compensation payout (advisory vote).

## II. Approvals of the Annual General Meeting 2025

At the Annual General Meeting of April 16, 2025, the shareholders approved with strong majorities a maximum compensation for the Board of Directors of CHF 10 million for the period from the Annual General Meeting 2025 to the Annual General Meeting 2026, and a maximum compensation of CHF 70 million for the Executive Board for the business year 2026.

For the period from the Annual General Meeting 2025 to the Annual General Meeting 2026, the actual compensation payout for the Board of Directors was CHF 8.8 million, below the approved maximum of CHF 10 million. The actual compensation payout for the Executive Board was CHF 50.7 million for the business year 2025, below the approved maximum of CHF 80 million.

In addition, the shareholders accepted the Compensation Report 2024 in a separate advisory vote, with a strong majority.

### III. Proposals to the Annual General Meeting 2026

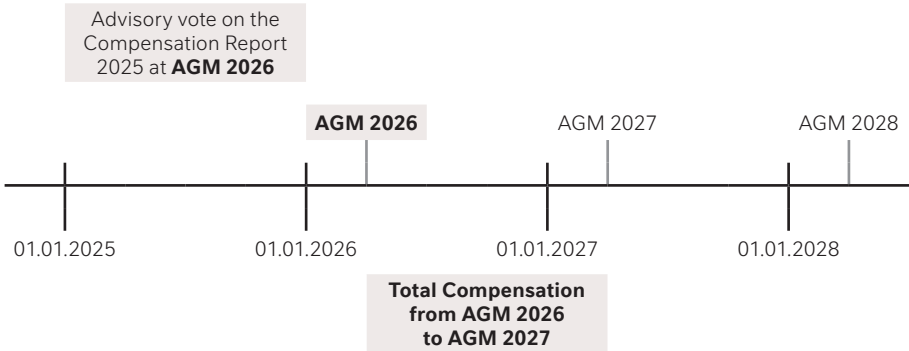
#### 1. Compensation of the Board of Directors (Agenda item 5.1)

*Proposal*

Approval, prospectively, for the period from the Annual General Meeting 2026 to the Annual General Meeting 2027, of a **total compensation for the 13 non-executive members of the Board of Directors** (including the Chair) of **CHF 10.0 million**, including approximately CHF 4.7 million in cash remuneration, CHF 4.7 million in Nestlé S.A. shares (blocked for a 3-year period) and CHF 0.6 million for social security contributions and other fees

*Explanation*

Timeline:



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 Nestlé S.A. shares) is designed to ensure the Board's focus on the long-term performance and success of the Company.

With the exception of the Chair, 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. The Lead Independent Director receives an additional fee of CHF 150 000 and each Vice Chair an additional fee of CHF 100 000.

Members of a Board Committee receive the following additional fees<sup>(a)</sup>:

	Chair	Members
Compensation Committee	CHF 150 000	CHF 70 000
Nomination and Corporate Governance Committee	CHF 150 000	CHF 70 000
Science, Technology and Sustainability Committee	CHF 150 000	CHF 70 000
Audit and Finance Committee	CHF 200 000	CHF 100 000

<sup>(a)</sup> The Chair's Committee fees are included in his total remuneration.

The above fees and allowances cover the period between the Annual General Meeting 2026 and the Annual General Meeting 2027. Board membership and Committee fees are paid 50% in cash (in two half-yearly instalments) and 50% in Nestlé S.A. shares, which are subject to a three-year blocking period. The payments will be done in arrears.

Additional fees are paid to one member of the Board of Directors who serves as a member of the Creating Shared Value (CSV) Council (CHF 25 000), and to one member of the Board of Directors who serves on the Nestlé Science & Technology Advisory Council (CHF 25 000). For some Board members which are self-employed the Company makes moderate contributions to an external Swiss pension fund plan.

Pablo Isla, in his capacity as active, non-executive Chair, receives 50% of his compensation in Nestlé S.A. shares, which are blocked for three years, and 50% in cash. 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. The proposed remuneration includes all compensation received in relation to these activities.

Five-year history of Board of Directors compensation (including company contributions to social security)<sup>(a)</sup>:

From AGM 2021 to AGM 2022	CHF 9.7 million
From AGM 2022 to AGM 2023	CHF 9.7 million
From AGM 2023 to AGM 2024	CHF 10.1 million
From AGM 2024 to AGM 2025	CHF 9.8 million
From AGM 2025 to AGM 2026	CHF 8.8 million

<sup>(a)</sup> For details, please refer to the Compensation Report of the relevant business year.

While the evolution of the above figures is influenced by changes in the Committee structure and number of Board members, the development of costs reflects the relative stability of Board membership fees and expense allowances since 2006.

The 2025 budget of CHF 10.0 million (approved at the Annual General Meeting 2025) and the proposed 2026 budget of CHF 10.0 million are in line with the five-year compensation budgets submitted for approval and the Company's compensation history.

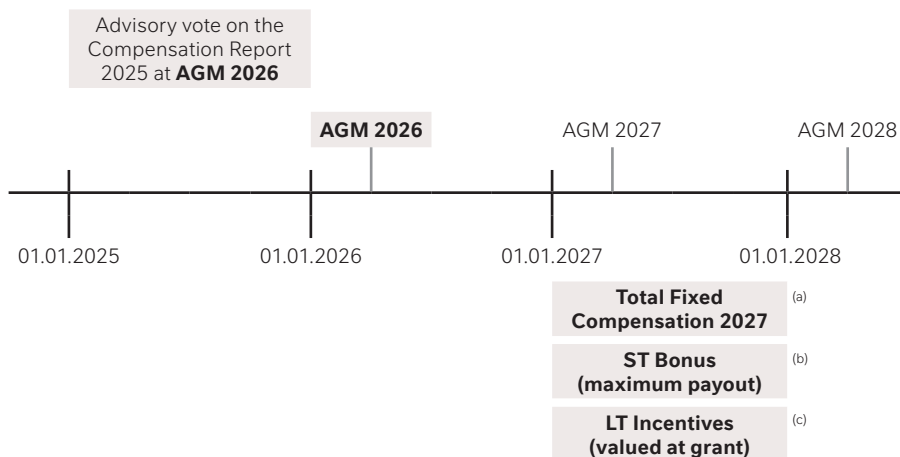
## 2. Compensation of the Executive Board (Agenda item 5.2)

### Proposal

Approval, prospectively, for the period from January 1, 2027 to December 31, 2027, of a **total maximum amount of compensation for the 11 members of the Executive Board** (including the CEO) of **CHF 55 million**, including approximately CHF 13 million for base salary, CHF 20.5 million for short-term bonus (based on maximum target achievement), CHF 14 million for long-term incentive plans (based on market value at grant), CHF 2.5 million for contributions for future pension benefits and CHF 5 million for social security contributions, other benefits and unforeseen expenses

### Explanation

Timeline:



- (a) Annual Base Salary, pension and other benefits
- (b) Short-Term Bonus based on 2027 performance
- (c) Long-Term Incentives granted in 2027

The total 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). Both fixed and variable compensation are determined in line with collective and individual performance.

Compensation for members of the Executive Board is aligned with long-term Company strategy and shareholders' interests. The Short-Term Bonus payout is determined by the degree of achievement of a number of annual operating objectives. Long-Term Incentives are provided in the form of share-based instruments, therefore ensuring alignment with shareholders' interests.

The Board values compensation proposals according to the valuation principles applied to and indicated in the Compensation Report. Conditional benefits are valued at the date of grant, using where applicable generally accepted valuation models to determine the fair value at grant.

## **Group Incentive Plans**

### *Short-Term Bonus*

The Short-Term Bonus is expressed in % of the Annual Base Salary.

The target levels are:

– CEO	150%
– Executive Vice Presidents	100%
– Deputy Executive Vice Presidents	80%

Functional objectives as part of the Short Term Bonus Scheme of the Executive Board will be replaced by Group objectives to further align the Functions to business performance.

For the CEO, the CFO and the Function Heads, 85% of the target is linked to Nestlé Group performance and 15% to Environmental, Social, Governance (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 Board member reaches all objectives in full, the bonus payout will correspond to the above-mentioned targeted level. If one or more objectives are not reached, the bonus is reduced. There is no guarantee for a minimum payout of the bonus. On the other hand, the bonus payout is capped at a maximum of 150% of the target. Over-performance of members of the Executive Board can thus be rewarded with a payout exceeding the target but will in no event exceed the 150% maximum level.

All objectives are set at the beginning of each year by the Board of Directors in line with the Company's strategy. The Nestlé Group performance is determined by the Board of Directors, based on measurable operational objectives, most importantly growth, profit and efficient use of capital. Additional quantitative and qualitative objectives used to evaluate the Nestlé Group performance are related to the Nestlé strategy. The overall Group achievement level is fixed by the Board of Directors.

Business objectives are determined by the CEO for the relevant members of the Executive Board. They are related to the individual area of responsibility and can be of financial or non-financial nature depending on the respective function. The corresponding payout level is approved by the Compensation Committee.

Members of the Executive Board can elect to receive part or all of their Short-Term Bonus in Nestlé S.A. shares, which are blocked for a period of three years. The CEO has to take a minimum of 50% in shares.

### *Long-Term Incentives*

Members of Nestlé's Executive Board are eligible to receive Long-Term Incentives (LTI), in the form of Performance Share Units (PSUs) under the Performance Share Unit Plan (PSUP). The target grant values, expressed in % of the Annual Base Salary, are:

- |  |      |
|--|------|
| – CEO  | 150% |
| – Executive Vice Presidents and Deputy Executive Vice Presidents | 100% |

The PSUP provides units which entitle participants to receive Nestlé S.A. shares at the end of a three-year vesting period following their grant. The level at which PSUs vest is determined by the degree by which the four performance measures of the PSUP have been met. These four criteria are:

- the growth of underlying Earnings Per Share in constant currencies;
- the relative Total Shareholder Return of the Nestlé S.A. share in relation to the STOXX Global 1800 Food & Beverage Gross Return Index;
- Return on Invested Capital (ROIC);
- Reduction in Greenhouse Gas (GHG) Emissions.

The vesting range of the PSUP starts at 0% and is capped at 200% of the initial PSU award, thus providing alignment with long-term strategy and shareholders' interests.

For members of the Executive Board, the Nestlé S.A. shares earned are submitted, in addition to the three-year vesting period, to an additional two-year holding period, during which they cannot dispose of their shares.

**Pension benefits**

Executive Board members are generally affiliated to the Nestlé Pension Plan like all other employees in Switzerland, with some exceptions. Members can also be affiliated to local pension plans outside Switzerland. The employer's contributions for future pension benefits are included in the compensation amount. In addition, any part of the annual base salary which exceeds the ceiling prescribed by Swiss Pension law is covered directly by the Company.

**Other benefits**

Typical elements are a car allowance, long-term service awards and certain payments for health insurance premiums as well as periodical health checks. Some members receive other additional local benefits available to employees in similar positions in such countries, such as contributions to life insurance and financial planning allowance in the US. Executive Board members transferred to Switzerland receive the benefits provided by the Nestlé Corporate Expatriation Policy.

## Maximum payout

The compensation proposal made by the Board of Directors to the shareholders reflects the maximum possible bonus payout. The maximum amount of CHF 55 million proposed to the Annual General Meeting 2026 decreases vs. the maximum amount approved for 2026 by the shareholders at the Annual General Meeting 2025, to reflect the reduction in number of the Executive Board members.

The detailed remuneration plans for 2027 are not yet available at this point in time. The maximum possible payout would require highly exceptional performance.

Five-year history of Executive Board compensation (including company contributions for future pension benefits and for social security):

			Nestlé Group results achievement <sup>(a)</sup>
2021	CHF	50.6 million	111.0%
2022	CHF	60.2 million	102.7%
2023	CHF	66.8 million	124.5%
2024	CHF	77.0 million	70.4%
2025	CHF	50.7 million	94.1%

<sup>(a)</sup> Used to determine 85% of the CEO's and CFO's bonus and between 25% and 35% of the bonus of other Executive Board members.

The 2026 budget of CHF 70 million (approved at the Annual General Meeting 2025) and the proposed 2027 budget of CHF 55 million allow for potential uncertainties such as the achievement of a maximum possible bonus payout.

