Nestlé. Enhancing quality of life and contributing to a healthier future.
Situation at June 30, 2018

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

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

The present document is a partial update of the Nestlé Corporate Governance Report 2017, indicating changes which occurred on the Board of Directors and the Executive Board up to June 30, 2018.

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

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tel. +41 (0)21 924 35 09
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As to information concerning the share register (registrations, transfers, dividends, etc.), please contact:
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Share Transfer Office
Zugerstrasse 8
6330 Cham
Switzerland
tel. +41 (0)41 785 20 20
fax +41 (0)41 785 20 24
e-mail: shareregister@nestle.com
### 1. Board of Directors

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

<table>
<thead>
<tr>
<th>Name</th>
<th>Year of birth</th>
<th>Education/Qualifications (a)</th>
<th>Professional background</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paul Bulcke</td>
<td>1954</td>
<td>Economics and Business Administration</td>
<td>Chairman, Nestlé S.A.</td>
</tr>
<tr>
<td>Ulf Mark Schneider</td>
<td>1965</td>
<td>Economics, Business Administration and Finance &amp; Accounting</td>
<td>CEO, Nestlé S.A.</td>
</tr>
<tr>
<td>Henri de Castries (c)</td>
<td>1954</td>
<td>HEC, Law and École Nationale d’Administration (ENA)</td>
<td>Former Chairman and CEO, AXA French Ministry, Government</td>
</tr>
<tr>
<td>Beat W. Hess</td>
<td>1949</td>
<td>Law, Swiss Attorney-at-law</td>
<td>Lawyer, Former Legal Director, Royal Dutch Shell</td>
</tr>
<tr>
<td>Renato Fassbind</td>
<td>1955</td>
<td>Economics, Business Administration and Finance &amp; Accounting</td>
<td>Former CFO, ABB and Credit Suisse, Former CEO, Diethelm Keller Group</td>
</tr>
<tr>
<td>Jean-Pierre Roth</td>
<td>1946</td>
<td>Economics, Political Science and Finance</td>
<td>Former Chairman of the Governing Board, Swiss National Bank</td>
</tr>
<tr>
<td>Ann M. Veneman</td>
<td>1949</td>
<td>Juris Doctorate</td>
<td>Former Secretary, USDA, Former Executive Director, UNICEF</td>
</tr>
<tr>
<td>Eva Cheng</td>
<td>1952</td>
<td>Business Administration and History</td>
<td>Former Amway China Chairwoman and EVP, Amway Corporation</td>
</tr>
<tr>
<td>Ruth K. Oniang’o</td>
<td>1946</td>
<td>Food Science and Human Nutrition</td>
<td>Professor of Nutrition, Tufts University, Former Member of Parliament, Kenya</td>
</tr>
<tr>
<td>Patrick Aebischer</td>
<td>1954</td>
<td>Medicine and Neuroscience</td>
<td>President Emeritus, Swiss Federal Institute of Technology Lausanne (EPFL)</td>
</tr>
<tr>
<td>Ursula M. Burns</td>
<td>1958</td>
<td>Mechanical Engineering</td>
<td>Former Chairman, Xerox Corporation</td>
</tr>
<tr>
<td>Kaspar Rorsted</td>
<td>1962</td>
<td>Business Administration</td>
<td>CEO, General Management, Henkel, Compaq/Hewlett Packard</td>
</tr>
<tr>
<td>Pablo Isla</td>
<td>1964</td>
<td>Law</td>
<td>Lawyer, Former State Attorney, Government Spain Banking, Banco Popular España</td>
</tr>
<tr>
<td>Kimberly A. Ross</td>
<td>1965</td>
<td>Business Administration and Accounting</td>
<td>Former CFO, Baker Hughes, Avon Products, Royal Ahold NV</td>
</tr>
</tbody>
</table>

(*) Peter Brabeck-Letmathe left the Board of Directors on April 6, 2017 and was designated Chairman Emeritus.
(a) For more complete information on qualifications: please refer to section 1.2 and the individual CVs on www.nestle.com/investors/corporate-governance/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 may convene and he regularly chairs Board meetings and “in camera” sessions where the Chairman is not present or conflicted.
<table>
<thead>
<tr>
<th>Name</th>
<th>Year of birth</th>
<th>Education/Qualifications</th>
<th>Present functions/mandates (listed companies)</th>
<th>Sector</th>
<th>Classification</th>
<th>Nationality</th>
<th>First Election</th>
<th>Expires</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paul Bulcke</td>
<td>1954</td>
<td>Economics and Business Administration</td>
<td>Chairman, Nestlé S.A. Roche Ltd.</td>
<td>Food &amp; Beverages</td>
<td>FMCG/CEO</td>
<td>Belgian/Swiss</td>
<td>April 10, 2008</td>
<td>2019</td>
</tr>
<tr>
<td>Ulf Mark Schneider</td>
<td>1965</td>
<td>Economics, Business Administration and Finance &amp; Accounting</td>
<td>CEO, Nestlé S.A.</td>
<td>Food &amp; Beverages</td>
<td>CEO</td>
<td>German/US</td>
<td>April 06, 2017</td>
<td>2019</td>
</tr>
<tr>
<td>Henri de Castries</td>
<td>1954</td>
<td>HEC, Law and École National d'Administration</td>
<td>Chairman, LafargeHolcim Ltd. Vice Chairman, Sonova Holding AG</td>
<td>Legal</td>
<td>Legal</td>
<td>French</td>
<td>April 10, 2008</td>
<td>2019</td>
</tr>
<tr>
<td>Beat W. Hess</td>
<td>1949</td>
<td>Law, Swiss Attorney-at-law</td>
<td>Lawyer, Former Legal Director, Royal Dutch Shell</td>
<td>Central Bank</td>
<td>Political/ Macroeconomics</td>
<td>Swiss</td>
<td>April 15, 2010</td>
<td>2019</td>
</tr>
<tr>
<td>Jean-Pierre Roth</td>
<td>1946</td>
<td>Economics, Political Science and Finance</td>
<td>Former Chairman of the Governing Board, Swiss National Bank</td>
<td>Central Bank</td>
<td>Political/ Macroeconomics</td>
<td>Swiss</td>
<td>April 15, 2010</td>
<td>2019</td>
</tr>
<tr>
<td>Ann M. Veneman</td>
<td>1949</td>
<td>Juris Doctorate</td>
<td>Former Secretary, USDA, Former Executive Director, UNICEF</td>
<td>Government/NGOs</td>
<td>Government/NGOs</td>
<td>US</td>
<td>April 14, 2011</td>
<td>2019</td>
</tr>
<tr>
<td>Eva Cheng</td>
<td>1952</td>
<td>Business Administration and History</td>
<td>Former Amway China Chairwoman and EVP, Amway Corporation</td>
<td>Cosmetics &amp; Nutrition</td>
<td>FMCG</td>
<td>Chinese</td>
<td>April 11, 2013</td>
<td>2019</td>
</tr>
<tr>
<td>Ruth K. Oniang'o</td>
<td>1946</td>
<td>Food Science and Human Nutrition</td>
<td>Professor of Nutrition, Tufts University</td>
<td>Nutrition</td>
<td>Scientist</td>
<td>Kenyan</td>
<td>April 16, 2015</td>
<td>2019</td>
</tr>
<tr>
<td>Ursula M. Burns</td>
<td>1958</td>
<td>Mechanical Engineering</td>
<td>Executive Chairman, VEON Ltd.</td>
<td>Technology</td>
<td>Information Systems/CEO</td>
<td>US</td>
<td>April 06, 2017</td>
<td>2019</td>
</tr>
<tr>
<td>Pablo Isla</td>
<td>1964</td>
<td>Law</td>
<td>Lawyer, Former State Attorney, Government Spain</td>
<td>Retail</td>
<td>Finance/Legal/FMCG/CEO</td>
<td>Spanish</td>
<td>April 07, 2018</td>
<td>2019</td>
</tr>
</tbody>
</table>

(*) Peter Brabeck-Letmathe left the Board of Directors on April 6, 2017 and was designated Chairman Emeritus.
(a) For more complete information on qualifications: please refer to section 1.2 and the individual CVs on www.nestle.com/investors/corporate-governance/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 may convene and the regularly chairs Board meetings and "in camera" sessions where the Chairman is not present or conflicted.
1.1 Management tasks of the members of the Board of Directors

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

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

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

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

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

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

1.1.3 Cross-involvement

None.

1.2 Professional background and other activities and functions (*)

**Paul Bulcke**

Chairman

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

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

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

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

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

**Ulf Mark Schneider**

CEO

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

(*) 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 organisations, foundations, trusts and employee welfare foundations.

(a) Nestlé S.A.’s Board Regulations can be found on www.nestle.com/investors/corporate-governance/boardcommittees
As a representative of Nestlé, Mark Schneider serves as Co-Chairman of the Board of Directors of Cereal Partners Worldwide S.A., Switzerland. Furthermore, he is a member of the Board of the Consumer Goods Forum.

**Henri de Castries**
**Lead Independent Director**

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

In March 2016, Henri de Castries joined the Board of HSBC Holdings plc.

**Beat W. Hess**

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

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

**Renato Fassbind**

Renato Fassbind started his career in 1982 as Managing Director of Kunz Consulting AG. From 1984 until 1990 he was Auditor and ultimately Head of Internal Audit at F. Hoffmann-La Roche AG. Renato Fassbind then joined ABB Ltd and served between 1990 and 1997 as Head of Corporate Staff Audit, and then as CFO and member of the Executive Board from 1997 to 2002. Subsequently, he joined Diethelm Keller Holding AG as CEO from 2002 to 2004. He joined Credit Suisse Group AG as CFO and member of the Executive Board from 2004 until 2010.

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

**Jean-Pierre Roth**

Jean-Pierre Roth spent his whole career at the Swiss National Bank, which he joined in 1979. After various senior positions, he was appointed a member of the Governing Board in 1996 before becoming its Chairman in 2001 until 2009. From 2001, he was a member of, and since 2006 the Chairman of the Board of Directors of the Bank of International Settlements until his retirement in 2009. Jean-Pierre Roth also served as Swiss Governor of the International Monetary Fund from 2001 until 2009 and as a Swiss representative on the Financial Stability Board from 2007 until 2009.

As of 2010, Jean-Pierre Roth has been a member of the Board of Swatch Group. Between 2010 and 2016, he was a member of the Board of Swiss Re and, until April 2017, Chairman of the Cantonal Bank of Geneva.

In May 2014, he joined the Board MKS (Switzerland) SA, and in July 2017 he became Vice Chairman of Arab Bank (Switzerland) Ltd. Furthermore, Jean-Pierre Roth is a member of the Advisory Board of the University of Geneva, the Feris Endowment Fund IHEI, Geneva, the Foundation Board and Programme Committee of Avenir Suisse, Switzerland, and the Foundation of the Swiss Pontifical Guard, Vatican City.
Ann M. Veneman
An attorney by training, Ann M. Veneman was Secretary of the United States Department of Agriculture (USDA) from 2001 to 2005. She then served a five-year term as the Executive Director of the United Nations Children’s Fund. Earlier in her career she practiced law and was in various positions in the USDA. She also served four years as the Secretary of the California Department of Food and Agriculture. She is currently a member of the Boards of the Global Health Innovative Technology Fund, JUST Capital and Clinton Health Access Initiative. Ann M. Veneman is on a number of advisory boards including BRAC, TerraVesco, The Chicago Council Global Agriculture Development, Ukko, KDC Ag and Full Harvest. She is a member of the Council on Foreign Relations and the Trilateral Commission. In addition, Ann M. Veneman is a member of the Hilton Humanitarian Prize Jury.

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

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

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

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

Presently, Eva Cheng serves on the Boards of Trinity Limited, Haier Electronics Group Co. Ltd. in Hong Kong, China, and Amcor Ltd., Australia. She is also the Executive Director of the Our Hong Kong Foundation, a member of the Executive Committee of the All-China Women’s Federation, a Director of China Children and Teenagers Foundation and a Permanent Honorary Director of the Chinese General Chamber of Commerce in Hong Kong.

Ruth K. Oniang’o
Ruth K. Oniang’o was formerly Professor of Food Science and Nutrition at Jomo Kenyatta University of Agriculture and Technology, Nairobi, Kenya, and is adjunct Professor of Nutrition at Tufts University, USA. She is also Founder and Executive Director of the Rural Outreach Program Kenya, as well as Founder and Editor-in-Chief of the African Journal of Food, Agriculture, Nutrition and Development (AJFAND).

She has steered the development of nutrition policies across Africa and advocated for healthy diets globally. She has special focus on maternal and child nutrition. Ruth K. Oniang’o is a former Member of Parliament in Kenya and she works in rural developments focused on women smallholder farmers, and the youth.

Furthermore, she chairs the Boards of the Sasakawa Africa Association (SAA) and the Sasakawa Africa Fund for Extension Education (SAFE). Other engagements include being a Board member of the USTADI Foundation, Kenya, and a Trustee of the Board of CABI Centre for Agriculture and Biosciences International.

Furthermore, she has earned a distinguished service medal from the Government of Kenya. She is the 2017 recipient of the Africa Food Prize.

Ruth K. Oniang’o also serves as a member of the Nestlé CSV Council.

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

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

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

Currently, he serves as Board member of Lonza Group Ltd, and Logitech International S.A. and is Chairman of the
Advisory Board of Novartis Bioventures AG. Furthermore, Patrick Aebischer is a senior partner of NanoDimension-III and is a member of the Foundation Boards of the Verbier Festival and the Montreux Jazz Festival, Switzerland.

Ursula M. Burns

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

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

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

Kasper Rorsted

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

Kasper Rorsted also serves on the Board of Bertelsmann SE & Co., KGA, Germany.

Pablo Isla

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

Kimberly A. Ross

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

Kimberly A. Ross is also a member of the Boards of both Chubb Insurance Group and PQ Corporation, USA.
1.3 Mandates outside Nestlé
Pursuant to art. 21\textsuperscript{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 organisations, 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\textsuperscript{sexies}.

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

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

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

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

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

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

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

For the time of first election and term of office, see point 1.1 above.
1.5 Internal organisational structure

1.5.1 Allocation of tasks within the Board of Directors

<table>
<thead>
<tr>
<th>Chairman’s and Corporate Governance Committee</th>
<th>Compensation Committee</th>
<th>Nomination and Sustainability Committee</th>
<th>Audit Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Paul Bulcke</strong> Chairman</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Ulf Mark Schneider</strong> CEO (Administrateur délégué)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Henri de Castries</strong> Vice Chairman</td>
<td></td>
<td>(Chair)</td>
<td></td>
</tr>
<tr>
<td><strong>Beat W. Hess</strong> Lead Independent Director</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Renato Fassbind</strong></td>
<td>(Chair)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Jean-Pierre Roth</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Ann M. Veneman</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Eva Cheng</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Ruth K. Oniang’o</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Patrick Aebischer</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Ursula M. Burns</strong></td>
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<td></td>
</tr>
<tr>
<td><strong>Kasper Rorsted</strong></td>
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<td><strong>Pablo Isla</strong></td>
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<td></td>
</tr>
<tr>
<td><strong>Kimberly A. Ross</strong></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

1.5.2 Tasks and area of responsibility for each Committee of the Board of Directors \(^{(a)}\)

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

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

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

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

\(^{(a)}\) For complete information please refer to the Board Regulations and Committee Charters on www.nestle.com/investors/corporate-governance/boardcommittees
the compensation of the Board of Directors and the Executive Board. In addition, it proposes the remuneration of the Chairman and the CEO, and approves the individual remuneration of the members of the Executive Board. It reports on its decisions to the Board and keeps the Board updated on the overall remuneration policy of the Nestlé Group. It reviews the annual Compensation Report.

The **Nomination and Sustainability Committee** consists of a Chairperson, who is an independent and non-executive member of the Board, preferably the Lead Independent Director; the other members are the Chairman of the Board of Directors and a minimum of two independent and non-executive members of the Board. The Nomination and Sustainability Committee oversees the long-term succession planning of the Board, establishes the principles and criteria for the selection of candidates to the Board, performs a regular gap analysis, selects candidates for election or re-election to the Board and prepares a proposal for the Board’s decision. The nomination process for the Board of Directors is highly structured and long-term and seeks to ensure a balance of necessary competencies and an appropriate diversity of its members over time. It regularly reviews the Company’s skills and diversity grid (see 1.1. above). It ensures an appropriately wide net is cast on key successions. The candidates to the Board must possess the necessary profile, qualifications and experience to discharge their duties. Newly appointed Board members receive an appropriate introduction into the business and affairs of the Company and the Group. If required, the Nomination and Sustainability Committee arranges for further training.

The Nomination and Sustainability Committee reviews, at least annually, the independence of the members of the Board as well as their outside mandates, and prepares the annual self-evaluation of the Board and its Committees. Furthermore, it reviews reports and gives advice on measures which ensure the long-term sustainability of the Company in its economic, social and environmental dimension and monitors the Company’s performance against selected external sustainability indexes. It reviews the annual Nestlé in society report and discusses periodically how other material non-financial issues affect the Company’s financial performance and how its long-term strategy relates to its ability to create shared value. It reviews as well the Company’s shareholder base and other significant stakeholders and their material interests. It meets as frequently as necessary to fulfil its tasks and prepares the relevant in camera sessions of the Board of Directors.

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

The Audit Committee’s main duties include the following:

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

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

### 2. Executive Board
#### 2.1 Members of the Executive Board

<table>
<thead>
<tr>
<th>Name</th>
<th>Year of birth</th>
<th>Nationality</th>
<th>Education/Current function</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ulf Mark Schneider</td>
<td>1965</td>
<td>German/US</td>
<td>Economics, Business Administration and Finance &amp; Accounting CEO: Nestlé S.A.</td>
</tr>
<tr>
<td>Laurent Freixe</td>
<td>1962</td>
<td>French</td>
<td>Business Administration EVP &amp; CEO: Zone Americas</td>
</tr>
<tr>
<td>Patrice Bula</td>
<td>1956</td>
<td>Swiss</td>
<td>Economics and Business Administration EVP: Strategic Business Units, Marketing, Sales and Nespresso</td>
</tr>
<tr>
<td>Wan Ling Martello</td>
<td>1958</td>
<td>US</td>
<td>Business Administration and Accountancy, Postgraduate in Management Information Systems EVP &amp; CEO: Zone Asia, Oceania and Sub-Saharan Africa</td>
</tr>
<tr>
<td>Marco Settembri</td>
<td>1959</td>
<td>Italian</td>
<td>Business Administration EVP &amp; CEO: Zone Europe, Middle East and North Africa</td>
</tr>
<tr>
<td>Magdi Batato</td>
<td>1959</td>
<td>Swiss</td>
<td>Mechanical Engineering and PhD in Thermodynamics EVP: Operations</td>
</tr>
<tr>
<td>Stefan Palzer</td>
<td>1969</td>
<td>German</td>
<td>PhD Process Engineering, Food Technology, Industrial Engineering and Chemical Engineering EVP: Chief Technology Officer: Innovation, Technology and R&amp;D</td>
</tr>
<tr>
<td>Peter Vogt</td>
<td>1955</td>
<td>Swiss</td>
<td>Economics and Finance &amp; Accounting Deputy EVP: Human Resources</td>
</tr>
<tr>
<td>Maurizio Patarnello</td>
<td>1966</td>
<td>Italian</td>
<td>Business Administration Deputy EVP: Nestlé Waters</td>
</tr>
<tr>
<td>Grégory Behar</td>
<td>1969</td>
<td>Swiss</td>
<td>Mechanical Engineering and Business Administration CEO: Nestlé Health Science</td>
</tr>
<tr>
<td>David P. Frick</td>
<td>1965</td>
<td>Swiss</td>
<td>Law SVP: Corporate Governance, Compliance and Corporate Services</td>
</tr>
</tbody>
</table>

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

For complete information, please refer to individual CVs on www.nestle.com/investors/corporate-governance/management/executiveboard
2.2 Professional background and other activities and functions (*)

Ulf Mark Schneider
Please refer to point 1.2 above.

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

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

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

Chris Johnson is a Board member of GS1, Belgium and Treasurer of the Swiss-American Chamber of Commerce.

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

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

Patrice Bula serves on the Boards of Schindler Holding Ltd. and Bobst Group SA, both in Switzerland.

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

He is a Board member of both Yinlu Food Group Companies and Hsu Fu Chi Group Companies, China.

Wan Ling Martello
Wan Ling Martello joined Nestlé S.A. as Executive Vice President in November 2011 and was the Chief Financial Officer from April 2012 until May 2015. As of May 2015, she was appointed Executive Vice President of Nestlé S.A. in charge of Zone AOA (Asia, Oceania and Sub-Saharan Africa). Wan Ling Martello came to Nestlé S.A. from Walmart Stores Inc., where she was EVP, Global eCommerce in 2010 and 2011. From 2005 to 2009, she was SVP, CFO & Strategy for Walmart International. Prior to Walmart, Wan Ling Martello built her career in the consumer packaged goods industry. She worked at Kraft in increasingly broader finance roles from 1985 to 1995. She was the Corporate Controller at Borden Foods during its turnaround years owned by KKR in 1995 until 1998. Wan Ling Martello was the CFO and then the President of the U.S. business of NCH, a former subsidiary of AC Nielsen, from 1998 to 2005.

(*) 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 organisations, foundations, trusts and employee welfare foundations.
Wan Ling Martello serves on the Board of Alibaba Group Holding Ltd., China, and Uber Technologies Inc., USA.

As a representative of Nestlé, Wan Ling Martello is a member of the Board of Cereal Partners Worldwide S.A., Switzerland, and Blue Bottle Coffee Inc., USA.

**Marco Settembri**

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

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

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

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

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

**Magdi Batato**

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

Effective October 2015, he was appointed Executive Vice President of Nestlé S.A. in charge of Operations. Magdi Batato is a member of the Board of Carlsberg A/S.

**Stefan Palzer**

Stefan Palzer studied food engineering and marketing. He obtained a PhD in Chemical Engineering from the Technical University of Munich and was appointed Professor for Food and Chemical Engineering by the Universities of Hamburg, Stuttgart and Sheffield. Stefan Palzer joined the Nestlé Group in 2000 as project manager in the Product Technology Centre, Kempthal. From 2003 to 2010 he held positions of increasing responsibility at the Product Technology Centre Singen and the Nestlé Research Center in Lausanne. In 2010, he took over the responsibility as Head of Product Technology Centre York. From 2013 to 2017, Stefan Palzer was Global R&D Manager in the Strategic Business Unit for Beverages. In 2016, he was appointed Head of the Nestlé Research Center in Lausanne. As of January 2018, Stefan Palzer joined the Executive Board of Nestlé S.A. as Executive Vice President and Chief Technology Officer.

In addition, he is a member of the Executive Board of the European Academy of Food Engineering (EAFE), a Board member of the Nutrition Cluster Berlin and a member of the Strategic Advisory Board of the École Polytechnique Fédérale de Lausanne (EPFL).
Peter Vogt

Peter Vogt joined Nestlé S.A. in 1980 as a trainee in marketing before being appointed in Japan as Product Specialist. He returned to the Swiss market in 1985. Starting 1987, Peter Vogt resumed his international career with a series of assignments in Asia, first as Manager Hong Kong, then as Marketing Division Manager in Malaysia in April 1990 and finally as Market Head Sri Lanka until the end of 1995. In 1996, he returned to Europe to take over the Swiss Frozen Food & Ice Cream business and became Market Head Nordic Region in 2000. From 2002 to 2004, he was in charge of the newly created Nestlé Ice Cream Europe unit. Peter Vogt returned to Asia as Market Head Indonesia in 2005 and was nominated Market Head Malaysia and Singapore in 2009.

As of March 2013, Peter Vogt was appointed to the Executive Board of Nestlé S.A. as Deputy Executive Vice President, Human Resources.

Maurizio Patarnello

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

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

Grégory Behar

Grégory (Greg) Behar joined Nestlé S.A. in 2014 as CEO of Nestlé Health Science. Greg Behar came to Nestlé S.A. from Boehringer Ingelheim Pharmaceuticals Inc., USA, where he was President and CEO since 2011. From 2010 to July 2011, Greg Behar was Corporate Vice President Region NECAR (North European Union, Canada and Australasia) for Boehringer-Ingelheim GmbH and was its Corporate Vice President of the Cardiovascular and Metabolism Franchise from 2009 to 2010. Furthermore, Greg Behar held previous roles at Bula & Fils, Nestlé and Novartis Pharma. As of January 2017, he was appointed to the Executive Board of Nestlé S.A.

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

David P. Frick

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

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

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

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

He is a member of the Board of Allianz Suisse, Switzerland. Furthermore, he is a member of the Board of economiesuisse and chairs its Legal Commission. David Frick represents Nestlé at SwissHoldings and serves on the SIX Regulatory Board, ICC Switzerland and the Legal Committee for the Swiss-American Chamber of Commerce.
2.3 Mandates outside Nestlé
Pursuant to art. 21\textsuperscript{sexies} of the Articles of Association, no member of the Executive Board may hold more than 2 additional mandates in listed companies and 4 additional mandates in non-listed companies. Each of these mandates is subject to a specific approval by the Board of Directors.

The following mandates are not subject to these limitations:

a) mandates in companies which are controlled by Nestlé;
b) 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

c) mandates in associations, charitable organisations, 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\textsuperscript{sexies}.

2.4 Management contracts
There are no management contracts with third parties at Nestlé.
General Organisation of Nestlé S.A.
at June 30, 2018

Executive Board
Ulf Mark Schneider
Laurent Freixe
Chris Johnson
Patrice Bula
Wan Ling Martello
Marco Settembri
François-Xavier Roger
Magdi Batato
Stefan Palzer
Peter Vogt
Maurizio Patarnello
Greg Behar
David P. Frick

Chairman of the Board of Directors
Paul Bulcke

Nestlé Health Science
Greg Behar

Chief Executive Officer
Ulf Mark Schneider

Nestlé Skin Health
Stuart Raetzman

Corporate Governance Compliance & Corporate Services
David P. Frick

Organizational Efficiency
Wolfgang Pasewald

Corporate Communications
Eugenio Simioni

Human Resources
Peter Vogt

Operations
Magdi Batato

Finance & Control
François-Xavier Roger

Nestlé Business Excellence
Chris Johnson

Strategic Business Units, Marketing and Sales
Patrice Bula

Innovation Technology and R&D
Stefan Palzer

Zone EMENA: Europe, Middle East & North Africa
Marco Settembri

Zone AOA: Asia, Oceania and sub-Saharan Africa
Wan Ling Martello

Zone AMS: Americas
Laurent Freixe

Nestlé Waters
Maurizio Patarnello