



Nestlé Good food, Good life

157th Annual General Meeting of Nestlé S.A. Lausanne, 18 April 2024

Speeches

Paul Bulcke

Chairman of the Board

U. Mark Schneider

Chief Executive Officer

Disclaimer

This speech might not reflect absolutely all exact words spoken.

This speech contains forward looking statements which reflect Management's current views and estimates. The forward looking statements involve certain risks and uncertainties that could cause actual results to differ materially from those contained in the forward looking statements. Potential risks and uncertainties include such factors as general economic conditions, foreign exchange fluctuations, competitive product and pricing pressures and regulatory developments.

Address by Mr. Paul Bulcke

Chairman of the Board of Directors

Translation of the original French text. Check against delivery.

Ladies and Gentlemen,

Nestlé is an integral part of the daily lives of millions of people around the world. For many of them, 2023 has not been an easy year. Together, we have faced record inflation, a volatile economic environment, a changing geopolitical landscape, and a general sense of uncertainty. It's easy to let these challenges overshadow the positive things that have happened and the many opportunities that still exist.

Nestlé is agile and able to adapt. We are always in a position to address the short-term challenges without ever losing sight of our long-term goals and how to achieve them, our purpose, and our beliefs.

In 2023, we once again demonstrated what it means to be a resilient and forward-thinking food and beverage company. We continued to provide consumers with the products they love and rely on. As the *Good food, Good life* company, we remain convinced that the future holds great promise and great opportunities.

There is perhaps nothing better than a few images to illustrate what this means in concrete terms around the world.

[VIDEO]

Dear Shareholders,

This video captures not only Nestlé's global impact but also conveys the very essence of who we are. Nestlé wants to make a positive difference around the world. I hope you saw, in these images, the passion, creativity and commitment that drive our almost 300,000 employees, wherever they may be.

I would like to warmly thank the Executive Board and all Nestlé employees around the world for their hard work, day in, day out.

They tackle new challenges every day. They innovate and drive our business forward, no matter whether the circumstances are favorable or difficult. They adjust their actions whenever necessary and seize opportunities as they arise. The dedication displayed by the Nestlé team – at all levels and in all geographies – is remarkable.

On behalf of the Board of Directors and, I am certain, on behalf of every one of you, I would like to pay tribute to them today.

Our Chief Executive Officer, Mark Schneider, will talk in more detail later about our 2023 results. But let me just say this: we remained steadfast in times of uncertainty. We continued to grow in a profitable way.

Based on these results, the Board of Directors proposes to you today a dividend of 3 Swiss francs per share. This represents an increase of 5 cents compared to last year. If approved, our dividend will have increased every year for almost 30 years.

Ladies and Gentlemen,

We look to the future with confidence. We see many opportunities for our business. We have a compelling strategy. And we know how to implement it with conviction.

Our strategy is all about nutrition, health and wellness. This has been the source of our success. And will underpin our continuing success going forward.

Looking at the world today, we see many reasons to be confident:

- Consumer trends are changing rapidly. Thanks to our research and development network, we are well equipped to provide solutions for these evolving needs.
- People are becoming increasingly health-conscious and aware of the benefits of a balanced diet. We have the expertise to support them on this journey.
- The global population is aging rapidly. This group has specific nutritional needs, and we see the need and desire to age healthily as a big opportunity for us.
- In many countries, the middle classes continue to grow. We want to be there for them.
- The world is digitalizing ever more rapidly. We are embracing the opportunity this presents across all our activities, ensuring that we harness the full potential of digital technology, for instance in our operations, our communications, and our supply chain.
- Sustainability is a key decision driver for many consumers. They favor products that respect people, communities, and the planet. For Nestlé, this is linked to long-term thinking. It is in our DNA.

These are just a few of the opportunities we see. Mark Schneider will elaborate on them later.

Nestlé is well positioned to unlock these opportunities because we believe in the power of food, food to promote balanced diets, food to help people with specific nutritional and health needs. That's what motivates us, this belief in the power of food that improves the quality of life for everyone – today and tomorrow. That is our purpose and why we exist as a company.

Our direction is clear: to offer high-quality food and beverages, which we complement with attractive growth platforms such as Nestlé Health Science and our nutritional health products.

Our nutrition, health and wellness strategy is extremely robust and holds great promise. It allows us to be a part of every stage of people's lives; from the time before conception to old age, encompassing childhood, adolescence, and adulthood.

To achieve this, we are continuously innovating and renovating our products, and we are doing so with increasing speed and agility. We invest in research and development to strengthen our brands and differentiate ourselves in terms of taste, nutritional value, or sustainability.

We recognize that people consume food and beverages not only for nourishment, but also for pleasure. We strive to offer the right products for all these occasions, while encouraging a more balanced diet. We aim to be successful in all segments of our portfolio, while ensuring that we address the diverse needs and preferences of our consumers in a responsible way.

Ladies and Gentlemen,

How we conduct our business is also important. We do it by *Creating Shared Value*. This is based on the fundamental conviction that, to succeed over time, a company must create value not only for its shareholders but also for all stakeholders in society.

Food systems are under pressure. To ensure we can continue creating long-term value, we want to help make these systems more regenerative, supporting farmers and their communities. We are focusing our energy and resources on making a large-scale positive impact in this area.

These are not empty words. These are concrete things that we do on a daily basis, and we are making good progress. For instance, peak carbon and peak virgin plastic usage are already behind us, even as our business continues to grow. Our business model is

to provide exceptional products, while ensuring sustainability and added value. In other words, good for you and good for the planet.

Creating Shared Value isn't something reserved for developing countries. Let me give you a concrete example from here in Switzerland. As part of our *Nestlé needs YOUth* program, we are joining forces with the *NextStep* program being run by the cantons of Vaud and Zürich. This initiative offers Swiss apprentices the opportunity to gain a professional experience in other countries. Nestlé will offer internships in countries such as Brazil, India, and the United States.

Dear Shareholders,

Today, you will be able to vote on our *2023 Creating Shared Value and Sustainability* report. This document provides you with detailed information on our non-financial performance.

Reporting on our engagement with society and sustainability is not new for Nestlé. We published our first report on this more than 20 years ago.

The version you will be voting on this year fulfills all the requirements of the new Swiss corporate law and has been verified by EY. This makes it an invaluable resource for first-hand, quality information about your company, Nestlé.

The publication of this comprehensive annual non-financial report is already stipulated in our Articles of Association. We want to thank you for the strong support you gave to these revised Articles of Association at last year's Annual General Meeting. By doing so, you have enabled us to comply with the new Swiss corporate law one year ahead of schedule.

Our report also covers other topics, such as detailed information on our social impact, our approach to regenerative agriculture as well as the nutritional value of our portfolio and our ambitions in this area. When it comes to that last point – the nutritional value of our portfolio – we offer a pioneering level of transparency.

Ladies and Gentlemen,

So many of the challenges that the world has faced in recent years – COVID, inflation, conflicts, instability – put additional demands on us and could have distracted us from the essential: to provide delicious, nutritious, affordable, sustainable, and convenient food and beverages for everyone, everywhere, anytime.

Against this backdrop, it is more important than ever for us to remain focused on the basics of our business. It is more important than ever to execute our strategy with excellence.

We continue to focus on our relationship with our consumers, our innovation, distribution and communications, operations, and all the other forces that drive our company. Focusing on the fundamentals... *forward to basics*.

Before closing, please allow me to briefly cover the governance of our company.

In these uncertain times and in a fragmented world full of ambiguity, governance plays an even more crucial role in delivering sustainable value creation.

Our Board of Directors ensures that our company – your company – has a clear strategic vision, strong values, and a long-term approach, while supporting management in addressing short-term challenges.

We pay special attention to the composition and renewal of our Board of Directors. We continuously strive to find the right balance of diversity, experiences and points of view that strengthen our ability to understand and anticipate the changes impacting our industry and our company.

The Board of Directors that we present to you for election and re-election today is a Board of Directors that provides a holistic assessment of the context and environment in which Nestlé operates. It does this based on an in-depth understanding of our company, including our history and culture. It is a Board of Directors that can ask the right questions at the right time, from all angles of society.

Ladies and Gentlemen,

Let me repeat that we look to the future with confidence because we have a sound strategy and we know how to implement it.

Throughout our history, we have built solid foundations: our products, our brands, our research and development, our global presence, and above all employees. These are the foundations on which we build our long-term success.

Our strategy is clear: nutrition, health and wellness. It is our past, our present and our future.

Dear Shareholders,

When I think of Nestlé, I think of a dependable and consistent company. I think about being relevant today and tomorrow. And I think of a company that moves forward, with agility, determination, and care.

Thank you, dear Shareholders, for your trust and ongoing support.

I now invite our Chief Executive Officer, Mark Schneider, to share more details about your company's performance in 2023.

Address by Mr. U. Mark Schneider

Chief Executive Officer

Check against delivery.

Merci Paul et merci, chers actionnaires, d'être venus aujourd'hui. Bienvenue à vous.

Liebe Mitaktionäre, es ist mir eine Freude, Sie auch dieses Jahr wieder im SwissTech Convention Center in Lausanne begrüßen zu dürfen.

Please allow me to continue in English for our global audience. It's a pleasure to welcome everyone to this year's Annual General Meeting.

2023 demanded a lot from Nestlé. We had to be flexible. We had to be agile. And we had to stay focused on providing the foods and beverages that people want and depend on. In doing all of this, we delivered.

Our focus continues to be on delivering — for consumers around the world, and for you, our shareholders.

Yet, I know there are questions. I know some of you are concerned about the recent challenges we have faced. I want to assure you that we are tackling them.

Most of all, our management team is confident in where Nestlé is headed. We have a concrete plan to accelerate our growth. We have a strategy that focuses on providing nutritious foods and beverages to people at all life stages. We have industry-leading R&D that enables us to take advantage of new trends and opportunities. And we are deeply committed to operational excellence. Today, I want to preview the exciting road ahead.

But before we look forward, let's take a quick look back at 2023. Inflation continued to present challenges. Many consumers around the world were squeezed, and Nestlé also felt it, in particular in the prices of our raw materials. Supply chain issues have lingered. And geopolitical tensions, as we all know, have continued.

We also faced challenges unique to Nestlé. In our Nestlé Health Science business, we experienced an IT integration issue when implementing highly automated systems in our U.S. packaging sites. This led to short-term supply constraints in our vitamins, minerals and supplements business, which we regret.

Our recovery plan for this business is on track. We have boosted the leadership team so we can address all the underlying problems and position ourselves for future growth. We are confident that our intense efforts will deliver long-term stability and success for Nestlé Health Science, a business that continues to show great promise.

We have seen impressive growth over the past decade and have a strong Nestlé Health Science portfolio. Our team has the nutritional expertise and technologies to build on it further. We are well-positioned to deliver on consumers' increasing desire for health and nutrition.

Now I'd like to spend a few moments on the financials. Nestlé's total reported sales were down in 2023, largely due to the Swiss franc's strength against other currencies. Organic growth was solid, but volume and mix were impacted by softer consumer demand — a trend seen across our industry.

Our margins improved. Net profit increased by more than 20 percent compared with the previous year when one-off items affected our earnings. And, as a result, earnings per share were up to over four francs. Underlying earnings per share also increased by 8.4 percent, well within our target range of 6 to 10 percent. Over the past few years, we have consistently delivered within this range.

Our financial performance in 2023 was resilient.

I would like to thank everyone at Nestlé for your hard work and steadfast dedication. We all deeply appreciate your focus and commitment. Thank you!

Dear fellow shareholders, despite all that hard work, our share price performance has been disappointing for all of us. We had our own challenges I talked about. And it mainly reflects the historical inflation spike that has impacted our sales. We are now prioritizing growth that is increasingly driven by higher sales volume and mix. We are looking to return to strong levels in 2024.

How will Nestlé deliver this consistent, dependable financial performance? Let me explain.

We are stepping up our innovation and marketing initiatives, and our focus will be on our biggest and most iconic brands. Think of our *Purina One* pet care brand, our *Nespresso* and *Nescafé* coffee brands, or our *Maggi* cooking aid brand. By concentrating on fewer and bigger brands, we have better growth potential. We are also acting on the significant opportunities coming from the growing out-of-home consumption trend.

Paul said before that we're moving "forward to basics." This means seamless execution in supply chain management. In order fulfillment rates. In in-store execution. In customer service. In marketing and branding. And in food safety. Nestlé is known for getting these essentials right. This will continue to be a priority.

Now, let's look beyond 2024. We are strategically positioning ourselves so that we can support people at every stage of life. Paul mentioned this, and I'd like to expand on it.

We have nutritionally advanced products for everyone. We also see substantial opportunities with shifting demographics around the world.

Many of you in this room may remember the history of Nestlé. Our founder started the company by creating the first infant formula during a time of high birthrates and significant infant mortality. Our nutritional products helped to address a unique need of that period.

We're doing something similar today, as the population in many parts of the world ages. People are interested in living longer, and they also want to live better and healthier. They are leading active lifestyles and want to enjoy the latter years of their lives.

We have the science, the know-how and the products to support them.

A big part of aging well is maintaining a healthy weight. This is an area that has received a lot of attention lately with the introduction of new drugs that help with this goal.

And as people eat less, they need to be mindful of nutritional gaps. Our foods, drinks, vitamins, minerals and supplements can help fill those gaps and boost people's energy levels. They support mobility and improve well-being. This is the space where our Nestlé Health Science business is leading the way. Our pioneering R&D can help us realize business opportunities across all our categories. We're finding new ways to fill the nutritional needs of people at every stage of life.

We are also leaning into premium products across our categories and geographies. These products contribute significantly to our growth and are a key pillar of our strategy moving forward.

Through all of this, I am proud to say that Nestlé stands for proper nutrition.

Our nutrition efforts have been significant, and we continue to make great strides in our offerings. We aim to bring tasty, balanced diets to people around the world. As part of that, we have reduced sugar, salt and saturated fat. We have added ingredients, such as whole grains, to existing products. And we continue to develop new nutritious offerings. This includes further expanding our micronutrient fortification efforts, our affordable offerings and our plant-based products.

How confident is Nestlé in all that we're doing in the nutrition space? Last year, we became the first company to make the nutritional value of our entire global portfolio transparent. This is an industry-leading step forward and something we are proud of.

In 2023, we also introduced a new target: to grow the sales of our more nutritious products by 20 to 25 billion Swiss francs by the year 2030. That's about a 50% increase over 2022 sales. We have already seen growth in this space in recent years. With this plan, our growth journey will continue. A significant portion of our innovation and marketing efforts will be directed to these products. I know of no other company in the industry with such bold ambitions.

What about the more indulgent parts of our portfolio? The reality is: Food is about exploration and a bit of wonder. Joy is part of this experience. This reflects how people eat. We remain committed to this part of our portfolio, but with an eye towards responsible consumption.

That's why we have strengthened our responsible marketing practices and now voluntarily restrict our marketing to all young people under the age of 16. We are one of just two major food companies to do so.

We are limiting portion sizes for our children's confectionery and ice cream products. We provide clear serving size guidance on our packaging. And we offer information so that people can make informed decisions as part of a balanced diet.

Ladies and gentlemen, Nestlé will always advocate for the joy that food can bring. We provide everyday nutrition for all stages of life, but also the occasional indulgence. I mean, who doesn't enjoy a square of *Cailler* Schoggi — our beloved Swiss chocolate brand — with their *Nespresso* after a healthy lunch?

So, that's what we stand for — good nutrition and tasty, balanced diets.

Before I close, I would like to highlight that we have also made significant progress on our sustainability goals and continue to help tackle global climate change. Last year, in fact, we achieved a net reduction of 13.5 percent of greenhouse gas emissions compared with our 2018 baseline. As Paul said, we passed peak carbon some time ago. Importantly, we have continued to grow while still reducing our emissions.

Dear fellow shareholders, we want you to leave today with confidence. Confidence that Nestlé is in the right categories. Confidence that Nestlé is capturing consumer trends. Confidence that Nestlé has the innovation capabilities to deliver added value. Confidence that Nestlé is overcoming operational challenges and operates with excellence. And confidence that Nestlé is doing this in a sustainable way that respects people, communities and the planet.

Ladies and gentlemen, Team Nestlé is "geared for growth." We have the capabilities and people needed to make big things happen. And our goal is to provide you, our shareholders, with consistent, dependable performance.

Thank you for your continued trust in all that we do.



© 2024, Nestlé AG, Vevey (Switzerland)

Concept and Design:

Société des Produits Nestlé S.A., Vevey (Switzerland)