

Resolution Wording:

The shareholders request that the following item be placed on the agenda of the Annual General Meeting of April 18, 2024:

- Shareholder proposal for an Amendment to the articles of the Association regarding sales of healthier and less healthy foods.

Proposal:

In particular, and with regard to this item on the agenda, the shareholders propose to amend the company's Articles of Association by adding an Article 23bis following the Article 23 and reading as follows:

Article 23bis: Report on non-financial matters [new]:

For each financial year, the Board of Directors shall prepare a report on sustainable development, social issues, employment matters, respect for human rights and anti-corruption, which presents the results achieved in relation to certain environmental, social and governance (ESG) key performance indicators (KPIs).

These KPIs will include absolute and proportional sales figures for food and beverage according to their healthfulness, as defined by a government-endorsed Nutrient Profiling Model. The company will set a timebound target to increase the proportion of its sales derived from these healthier products.

Supporting Statement:

Nestlé consistently states that health and good nutrition are at the core of its strategic aims, “applying its expertise in nutrition, health and wellness to help people live happier, healthier lives”.

However, Nestlé relies heavily on the sales of less healthy foods, which have a major impact on public health. More than 50% of Nestlé's sales do not meet the Health Star Rating (HSR) healthier threshold of 3.5 or above, exposing itself to financial, regulatory, legal and reputational risks.

Increasing public health policies, such as sugar taxes and marketing restrictions, threaten sales. Regulatory compliance creates legal risks. Reputational risks arise from increasing societal scrutiny. Meanwhile, consumer demand for healthier alternatives is increasing.

Shareholders have been calling for the company to reduce its reliance on sales of less healthy products. However, whereas Nestlé has announced a target to increase sales from ‘nutritious’ products by 50% by 2030, this growth is simply in line with its overall growth guidance (4-6 %/yr), so that sales of less healthy products would also increase by 50%.

Moreover, some products have been included in the “nutritious” category, while HSR does not apply to them. This is for example the case for infant food and milk formula for children aged over 12 months, despite these products often not being recommended by health professionals. It is also the case for coffee, contrary to HSR guidelines. This enables the company to meet its healthier food sales target solely by increasing the sales of these products and prevents shareholders from correctly assessing the applicable risks.

Investors want to see a strategic shift to reduce over-reliance on the sale of less healthy foods, mitigating the risks these expose the company to, and capitalising on growing demand for healthier products.

This resolution supports that aim, requiring the company to set targets to increase sales of healthier products in both absolute and relative terms, while correctly applying government-endorsed methodology.