

Nestlé S.A.
ANNUAL MEETING OF SHAREHOLDERS
18TH APRIL 2024
QUESTIONS FROM DWS INVESTMENT GMBH

Dear Mr Paul Bulcke,
Dear Mr Ulf Schneider,
Dear members of the Board,

DWS Investment GmbH, also acting on behalf of funds of DWS Investment S.A. (incl. SICAVs and PLCs) and certain institutional mandates of DWS International GmbH, all according to delegation agreements (hereafter DWS), is one of the largest asset managers in Europe. As a responsible investor in Nestlé S.A. (“the Company”), it is part of our fiduciary duty to express our expectations in the best interest of our clients. Our commitment to environmental, social and governance (ESG) practices is a crucial element of our responsibilities and forms an integral part of our investment process.

Ahead of your 2024 annual general meeting (AGM) of shareholders, we would like to share our questions with you. We would greatly appreciate your answers in written form. Please note that we will also share our questions on our website (www.dws.com) on the day of your AGM. Thank you for your consideration.

Health & Nutrition

The food industry plays a critical role in helping consumers develop healthier lifestyles and battling obesity. By developing healthier products with improved nutritional quality while maintaining their energy content, the food industry can provide food that enable consumers to achieve a healthier lifestyle without reducing essential nutrients.

As such, the Company has enhanced transparency on its contribution to promote healthy food. We highly acknowledge that the Company has benchmarked its food and beverages against the HSR (Health Star Rating) system in 2022 and disclosed the respective information. According to the Company’s 2023 sustainability report (<https://www.nestle.com/sites/default/files/2024-02/creating-shared-value-sustainability-report-2023-en.pdf>), 38% of net sales were related to products with HSR of 3.5 or above. Moreover, the Company has set a target to grow its sales of more nutritious products by CHF 20-25 billion by 2030, representing about 50% growth with a baseline of 2022 sales.

However, the Company has included in the sales targets some products that are not applicable to HSR standards, including infant food and milk formula for children and coffee.

QUESTION 1: For the sake of clarity and transparency, will you provide a breakdown of the 2030 target excluding infant food and milk formula for children and coffee?

QUESTION 2: Can we expect a breakdown of the 2030 target into product segments?

Child Labour: Cocoa and Coffee

Child labour is a recurring issue in the cocoa and coffee production. Child labour is the exploitation of children through any form of work that interferes with their ability to receive an education, or is mentally, physically, socially and morally harmful. DWS expect that the Company implements stringent supply chain management processes to eliminate child labour.

The Company's portfolio includes iconic brands such as KitKat, Smarties, Milkybar, NESCAFÉ and Starbucks, which are highly dependent on cocoa and coffee sourcing. We refer hereafter to Nestlé Responsible Sourcing Core Requirements <https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/suppliers/nestle-responsible-sourcing-standard-english.pdf>

We acknowledge that the Company has set a target and is committed to trace all cocoa back to a specific group of farms and ensure 100% of the cocoa used by the Company is sourced within the sustainability cocoa program by 2025. However, this only covers tracing.

Moreover, we note that under rule 2.4.1 of the Core Requirements publication no child aged 15 or below is employed does not apply to small farms or smallholder farmers.

QUESTION 3: Will you disclose the ratio of net cocoa and coffee sales to direct suppliers covered by the program?

QUESTION 4: Will you set an age limit for all suppliers, including small farms, by 2030?

QUESTION 5: Will you set a concrete target to reduce child labor in cocoa and coffee sourcing by 2030?

Biodiversity: Land, Deforestation, Water and Recycling

Our global food system is the primary driver of biodiversity loss. In the last decades our food systems have been following the “cheaper food paradigm”, with a goal of producing more food at lower costs through increasing inputs such as fertilizers, pesticides, energy, land and water. This paradigm leads to a vicious circle: the lower cost of food production creates a bigger demand for food that must also be produced at a lower cost through more intensification and further land clearance. With the growing demand for sustainability to help the environment, recycling has never been more important in the food industry.

The Company's sourcing of palm oil leads to deforestation that affects forests such as the Leuser Ecosystem in Indonesia. Furthermore, the Company is allegedly among the top contributors to global plastic pollution according to a 2022 report released by the NGO Break Free from Plastic. Moreover, the recent allegations of illegal dumping of plastic bottle residue are also concerning.

QUESTION 6: Will you disclose the ratio of palm oil use in your products versus total net sales?

QUESTION 7: What are your measures to mitigate contamination from dumping plastic residue?

The Company has set a target that 95% of plastic packaging by 2025 will come from recycled plastic. The Company is also working towards 100% of its plastic being recyclable or reusable. However, we are still concerned with timing and pace of the strategy for moving away from the use of plastic packaging.

QUESTION 8: Can we expect that you set short and near-term targets for reducing the use of plastic packaging?



To conclude, we would like to thank all members of the board and all the employees of Nestlé S.A on their commitment and dedication.

Thank you in advance for your answers.