



Nestlé Good food, Good life

AUDIT COMMITTEE CHARTER

Approved by the Board of Directors
Vevey, 9 November 2023

INDEX

| | <i>Page</i> |
|---------------------------|-------------|
| 1. MISSION | 3 |
| 2. COMPOSITION | 3 |
| 3. POWERS AND DUTIES | 3 |
| 4. ORGANISATION | 5 |
| 5. OTHER RESPONSIBILITIES | 6 |

Abbreviations

AC Audit Committee

THE AUDIT COMMITTEE CHARTER

1. MISSION

The Audit Committee (AC) assists the Board of Directors in fulfilling its responsibilities with respect to the accounting and financial reporting practices of Nestlé S.A. and its subsidiaries, the internal and external audit processes as well as its overview of the risk management processes.

2. COMPOSITION

The Board of Directors appoints the members of the AC and its Chair for a period of one year. The AC shall be chaired by an independent and non-executive member of the Board and include a minimum of two other 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 experience, the others should be familiar with the issues of accounting and audit.

3. POWERS AND DUTIES

a) The AC shall:

Financial reporting

- review, and challenge where necessary, the actions and judgements of management, in relation to the Company's year-end financial accounts,
- review and discuss where necessary interim financial accounts;

Internal control

- review management's and the internal auditor's reports on the effectiveness of the systems for internal control;
- review management's and the internal auditors' reports on the performance of an annual risk assessment (Art. 663b Code of Obligations);
- review management's reports on the Company's compliance and risk management processes;

Enterprise Risk Management (ERM)

- review the adequacy of the ERM process and outcomes of management's annual ERM assessment as detailed in the annual Group Risk Report, which considers financial, environmental, social and governance risk aspects. Management reviews the effectiveness of the current mitigation responses and takes action, where relevant, to implement additional controls. The Group Risk Report is also reviewed by the Board of Directors.
- help the Board obtain reasonable assurance with respect to the organisation's risk management practices; annually review the organisation's risk profile; provide

- oversight on significant risk exposures and provide advice on the risk management process established by management;

Compliance

- review the Group Compliance Report, which documents the Company's compliance framework, systems, activities and improvement actions pursued by the various control functions and includes a summary of the feedback received on the Group's internal and external integrity reporting systems and the functional compliance audits (CARE) through external auditors. The Group Compliance Report is also reviewed by the Board of Directors;
- help the Board review the effectiveness of the system for monitoring compliance with laws and regulations; where appropriate, review the follow-up of instances of non-compliance and the conclusions of internal and external auditors;

Internal audit

- review the internal audit programme and ensure that the internal audit function is adequately resourced and has appropriate standing within the organisation;
- ensure that the head of internal audit maintains a direct reporting line to the Chair of the AC, while he reports administratively to the CFO;
- receive a report on the results of the internal auditors' work on a periodic basis;
- review and monitor management's responsiveness to the internal auditor's findings and recommendations;

External audit

- oversee the Company's relations with the external auditor;
- consider, and make recommendations on the appointment, reappointment or removal of the external auditor;
- approve the terms of engagement and the remuneration to be paid to the external auditor in respect of audit services provided;
- discuss with the external auditor, before the audit commences, the nature and scope of the audit;
- review with the external auditors the findings of their work, including any major issues that arose during the course of the audit and have subsequently been resolved as well as issues that have not yet been resolved; key accounting and audit judgements; levels of errors identified during the audit, obtaining explanations from management and, where necessary, the external auditors, as to why certain errors might remain unadjusted;
- review significant issues raised in the audit representation letters before consideration by the Board, giving particular consideration to matters that relate to non-standard issues;
- assess, at the end of the audit cycle, the effectiveness of the audit process;
- regularly review and recommend to the Board the Company's policy in relation to the provision of non-audit services by the auditor and ensure that the provision of such services does not impair the external auditor's independence or objectivity.

ESG/Sustainability Reporting

- The Board is responsible for the Company's strategy and organization and provides oversight over its financial and non-financial performance and reporting. The Board approves the Company's environmental, social and governance (ESG)/sustainability strategy proposed by management including the measures which ensure the Company's sustainability and how its long-term strategy relates to its ability to create shared value. This includes overseeing the identification and implementation of both statutory and internal disclosure rules on ESG/sustainability matters. The Board approves the Company's report on non-financial matters. It is assisted in its tasks by the SC and the Audit Committee.
 - The SC has oversight over the structure and content of the Company's ESG/sustainability reporting and validates that the Company's overall approach is in line with the Company's ESG/Sustainability strategy and applicable reporting requirements and regulations.
 - The AC has oversight over the accuracy of the Company's financial and ESG/sustainability reporting and validates that the data reported complies with applicable ESG/Sustainability reporting requirements and regulations.
- b) The AC does not exercise any professional auditing. However, should the AC observe, during the course of its work, anything which
- reveals any important violation of legal provisions, Nestlé internal guidelines or other rules that Nestlé must adhere to,
 - could lead to the belief that there is an important financial breach, or
 - any issues that could imply serious consequences for the reputation of the company,

it will promptly inform the Board of these observations by informing directly the Chair of the Board.

4. ORGANISATION

The AC shall meet at least four times a year and at the request of any of its members.

Generally, the external auditors and the head of internal audit participate in these meetings, as well as the EVP in charge of Finance & Control and the Head of Group Accounting and Reporting. The Chair of the Board, the CEO and members of the Executive Board may be invited to attend meetings or portions thereof. The AC Chair may ask other members of management to attend the meeting or make presentations.

Upon request and at least once a year, the AC shall meet with the internal and external auditors without the presence of members of management.

The AC Chair shall prepare an agenda in advance of each meeting. At least two members of the AC must be present to have a quorum.

The AC Chair shall appoint a Secretary for the meetings. Minutes of the proceedings and the resolutions of the AC shall be signed by the Chair and the Secretary and made available prior to the next meeting and approved at that next meeting.

The AC has complete and unrestricted access to Nestlé's management, books and records and may obtain any information it requires from the appropriate services.

The AC may appoint independent legal, accounting or other counsel, at the Company's expense, if it thinks it appropriate.

The AC Chair shall report to the Board of Directors after each meeting of the AC by means of a short summary of its activities and findings.

5. OTHER RESPONSIBILITIES

The AC shall

- a) review and reassess the adequacy of this Charter and submit proposed changes to the Board of Directors for approval;
- b) conduct an annual self-evaluation of the AC's own performance.

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