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POLICY STATEMENT ON HUMAN RIGHTS STRATEGY OF NESTLÉ GERMANY

FOREWORD BY THE MANAGEMENT OF NESTLÉ DEUTSCHLAND

Creating shared value is central to our business at Nestlé. We strongly believe that our business can only achieve long-term success by generating added value for society. Our commitments and ambitions lie in having a positive impact on individuals, families, communities, and the environment. We are therefore committed to respect and promote human rights throughout the value chain, in line with the United Nations Guiding Principles on Business and Human Rights (UNGP). Respect for the universal rights of every individual is one of our core corporate values. Respecting the fundamental rights of every individual is deeply ingrained in our corporate values. Through close collaboration with our partners, we diligently fulfill our responsibilities in terms of human and environmental due diligence. Together, we strive to promote a sustainable and regenerative food system that prioritizes the well-being of people.

Our global [Human Rights Policy](#) highlights our commitment to corporate due diligence. With the present Policy Statement, we as Nestlé Deutschland supplement the [Human Rights Policy](#) of the Nestlé Group with the specific requirements arising from the Supply Chain Due Diligence Act, which entered into force on 1 January 2023. This Policy applies to all Nestlé Deutschland GmbH subsidiaries falling within the scope of its application.



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OUR CORPORATE STRUCTURE

Nestlé SA is headquartered in Vevey, Switzerland, and is the parent company of the national Nestlé companies (collectively referred to as 'the Nestlé Group'). It currently employs over 275,000 people and has a portfolio of over 2,000 brands in various product categories. It is supplied raw materials, packaging materials and services from over 150,000 direct suppliers worldwide and manufactures products in 344 production sites in 77 countries. The Nestlé Group distributes its products in 188 countries, achieving a revenue of CHF 94.4 billion in 2022.



Nestlé Unternehmungen Deutschland GmbH is the national parent company of various Nestlé businesses in Germany, including Nestlé Deutschland AG (jointly referred to as "Nestlé Deutschland") and is part of the international Nestlé Group, including all its related business units.

In Germany, we currently employ over 8,300 people at 13 sites. More than 8,000 direct suppliers provide us with raw and packaging materials and services. Our 50 brands and approximately 5,200 products are manufactured in 12 factories across

Germany. In 2022, our turnover amounted to 3.3 billion EUR.

Nestlé Deutschland is committed to implementing the corporate due diligence requirements outlined in the Supply Chain Due Diligence Act (LkSG).



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THE HUMAN RIGHTS STRATEGY OF THE NESTLÉ GROUP: NESTLÉ'S HUMAN RIGHTS POLICY

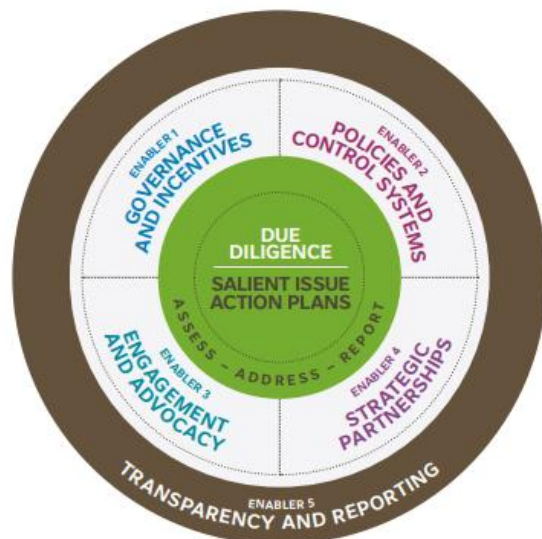
An important guide for our corporate actions is the [Nestlé Human Rights Policy](#). [The Human Rights Policy](#) is applicable to the entire Nestlé Group and forms the basis of the Nestlé [Human Rights Framework](#) - the framework by which we operationalize our human rights strategy. As part of the Nestlé Group, Nestlé Deutschland also adheres to the [Human Rights Policy](#) and implements the [Human Rights Framework](#). This commitment contributes to fulfilling the human rights and environmental due diligence obligations outlined in the LkSG.

The present Policy Statement supplements the [Human Rights Policy](#) by the specific requirements arising from the LkSG.

THE HUMAN RIGHTS STRATEGY OF THE NESTLÉ GROUP: HUMAN RIGHTS FRAMEWORK

At the end of 2021, the Nestlé Group published a comprehensive [Human Rights Framework and a related roadmap](#). The primary objective of this framework is to enhance due diligence within the company's own operations and supply chain, while also establishing a more favorable environment for the promotion and respect of human rights and environmental concerns.

Through a comprehensive risk analysis conducted across the entire group, ten salient issues were identified. For each issue, a detailed action plan was developed, outlining specific preventive and remedial measures. These [action plans](#), known as *salient issue action plans*, are at the heart of the [Human Rights Framework](#) and make





an important contribution to comply with our corporate due diligence obligations according to the LkSG. Five so-called *Enablers* support us in the effective implementation of our due diligence obligations:

- *Enabler 1: Governance and incentives*
- *Enabler 2: Policies and Control Systems*
- *Enabler 3: Commitment and Advocacy*
- *Enabler 4: Strategic Partnerships*
- *Enabler 5: Transparency and reporting*

OUR APPROACH TO IMPLEMENTING THE SUPPLY CHAIN DUE DILIGENCE ACT

Respect for human rights and environmental standards is an ongoing process. We continually review our processes and actions, especially in the light of new findings or a changing environment. The following describes our approach to implementing human rights and environmental due diligence requirements:

- Risk management (Section 4, (1) LkSG) to comply with the due diligence obligations;
- Risk analysis (Section 5, (1) LkSG) to identify our human rights and environmental risks in our own operations and with our direct and indirect suppliers;
- Preventive measures (Section 6, (3 - 5) LkSG) to prevent human rights violations and to protect the environment;
- Remedial action (Section 7, LkSG) to prevent, end or minimize the extent of the violation;
- Complaints procedure (Section 8, LkSG) in order to enable employees and all potentially affected persons to inform about human rights and environment-related risks as well as violations of human rights or environmental obligations;
- action against indirect suppliers (Section 9, LkSG) and
- Compliance with documentation and reporting obligations (Section 10, LkSG) in order to create transparency about our procedures and our activities.



RISK MANAGEMENT

In order to ensure compliance with our human rights and environmental due diligence obligations, we have set up a risk management system. We have established a Human Rights Steering Committee at Nestlé Germany, which takes over the function of the Chief Human Rights Officer. It is composed of, among others, heads of the following departments: Legal Department, Compliance Department, Sustainability Department, Communications Department, Supply Chain and Procurement Department. The Human Rights Steering Committee monitors the risk management as well as the operational implementation of the LkSG and reports directly to the management. The Human Rights Steering Committee will be provided with all necessary resources for the effective fulfillment of this monitoring task.

The operational implementation of the due diligence processes is ensured by the Human Rights Team (human.rights@de.nestle.com). To this end, the Human Rights Team works closely with a network of colleagues from different functions and own operations.

For the implementation of the due diligence obligations in our own operations we involve representatives of the respective businesses within the scope of application - so-called Business SPOCs¹ - and the responsible central functions: i.e. Human Resources Department, Environmental Management, Legal Department, Occupational Health & Safety Department, Compliance Department.

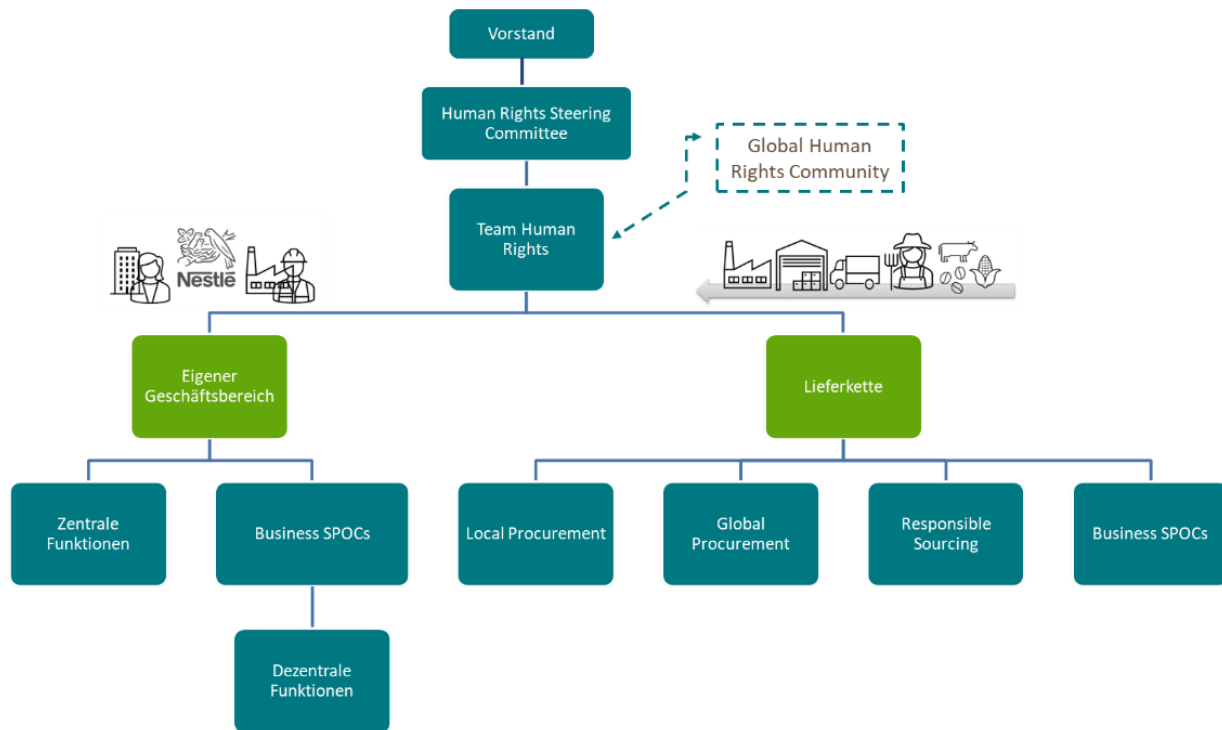
For the implementation of the due diligence obligations in our supply chains, business SPOCs as well as the Procurement Department, the global Responsible Sourcing Department and - in the case of concrete indications - the compliance department are also involved.

The organizational structure is illustrated by the following graph:

¹ SPOC: Single Point of Contact



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The displayed organizational structure is regularly checked for its effectiveness and suitability and readjusted if necessary.

Our risk management ensures that the [Human Rights Framework](#) and the requirements of the LkSG are implemented in all relevant business processes. At the level of the Nestlé Group, human rights concerns are also integrated into all processes. At the group level, a Human Rights Community² was founded in addition to the global Human Rights Team. The Human Rights Steering Committee and the Human Rights Team of Nestlé Deutschland are advised and supported by the Global Human Rights Team and Community.

RISK ANALYZES IN OUR OWN BUSINESS UNIT AND IN THE SUPPLY CHAIN

To identify and verify our human rights and environmental risks, we carry out both annual and ad hoc risk analysis within our own operations and in our direct supply

² In 2020, the Human Rights Community was established at Nestlé Group level. The community is made up of 25 members who meet regularly and exchange information. As part of their work, they oversee all relevant functions within Nestlé, which are entrusted with the subject of human rights.



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chain. In case of substantiated knowledge, we also initiate ad hoc risk analysis with our indirect suppliers.

The methods of the risk analysis are adapted to the different stages of the supply chain. First of all, we carry out an abstract risk assessment taking into account various indicators (including country-specific environmental and human rights indices of an external service provider). Additionally, industry- and sector-specific risks are also taken into account. We validate the results on the basis of a concrete risk analysis, for which we use further internally available information.

OWN OPERATIONS

The annual and ad hoc risk analysis in our own operations are primarily based on:

- Audit reports of the internal CARE social audit program³,
- Assessments of Business SPOCs and representatives of central functions and
- Complaints and information from our complaints system [Speak Up](#) or other channels (e.g. submissions to supervisors).

DIRECT AND INDIRECT SUPPLIERS

The risk analysis of the Nestlé Group serves as a starting point for the annual and the ad hoc risk analysis of Nestlé Deutschland. It evaluates the extent of the human rights and environmental risks in the countries in which we are directly or indirectly active. It is based on publicly available information, including from the United Nations Children's Fund (UNICEF), the World Bank, the International Labor Organization (ILO) and the United Nations Development Program (UNDP), as well as the US Department of Labor. In addition, risk indicators from an external service provider are used. The

³ Our global CARE social audit program was started in 2005 and is aimed at verifying that all employees and Nestlé operated sites comply with local legislation, our Corporate Business Principles and our Code of Business Conduct. Independent external auditors assess compliance with our Corporate Business Principles against seven pillars: conditions of work and employment, business integrity, safety and health, environmental sustainability, security, local communities and labor accommodation.



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results of the risk analysis at the level of the Nestlé Group are summarized in our [Human Rights Framework](#).

To verify the abstract results, we refer to the [sustainable sourcing categories](#) (our main ingredients for our products) defined by the Nestlé Group. These categories represent approximately 95% of our annual global procurement volume and are often associated with human rights and environmental risks. In addition, we use information available within the company:

- Results from audit reports (so-called *sustainable sourcing audits*);
- news about *Adverse Media Screenings*;
- Complaints and notices in particular from the [Speak Up](#) complaints system.

In addition, findings and results from our own Nestlé programs ([Sustainable Sourcing](#), [Nestlé Cocoa Plan](#), [Income Accelerator Program](#), [Child Labour Monitoring and Remediation System](#), [Nespresso AAA Sustainable Quality™](#), [Nescafé Plan 2030](#)) as well as assessments of the departments and external sources (e.g. media reports) are included in the risk analysis.

OUR HUMAN RIGHTS AND ENVIRONMENTAL RISKS

Our own operations are located exclusively in Germany. In our risk analysis, we have not identified any concrete human rights and environmental-related risks for our own operations and therefore assume a very low risk also due to the legislation in Germany.

Nevertheless, there are countries, sectors and categories where human rights and environmental risks are constantly present or even increasing. Many of these risks, which have been identified with our indirect suppliers at Nestlé Group level, are reflected accordingly in the supply chains of Nestlé Germany. This is also confirmed by the risk analysis we have carried out.

At Nestlé group level, the following ten *salient issues* were considered the largest challenges identified:



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- Child labor and access to education,
- Forced labor and responsible recruitment,
- Living income and living wage,
- Equality, non-discrimination and non-harassment,
- Safety and health at work,
- Freedom of association and collective bargaining,
- Right to water and sanitation,
- Indigenous peoples and local communities' land rights,
- Data protection and privacy,
- right to food and access to nutritious, affordable and adequate diets.

Environmental and human rights aspects are inextricably linked, as violations of environmental due diligence have a direct and indirect impact on human rights, and vice versa. Therefore, we complement the list of challenges by:

- climate change,
- deforestation, and
- other harmful environmental changes (e.g. harmful soil changes, water pollution, air changes, harmful noise emissions, excessive water consumption).

PREVENTIVE MEASURES IN OUR OWN OPERATIONS

Respect for human rights is at the heart of our culture and one of our most important corporate principles. We use our [Human Rights Policy](#) to formulate our expectations to our employees. Furthermore, we communicate our expectations via the [Nestlé Code of Business Conduct](#) and the [Nestlé Corporate Principles](#). Through regular training of our employees, we also ensure that the human rights strategy is implemented. Compulsory trainings of our employees include among others:

- Human rights
- Occupational health & safety
- Diversity and inclusion
- Code of Business Conduct



With our CARE social audit program, we check compliance with legislation and our internal policies in our own operation. All Nestlé sites worldwide are regularly audited by independent external auditors. Audits include compliance with human rights, working and employment conditions, occupational health & safety, environmental aspects, business integrity and commitment to local communities. Most factories in Germany are also OHSAS 18001 (occupational health & safety) and ISO 14001 (environmental management) certified. Deviations will be addressed and followed up in further internal audits.

All employees and potentially affected persons have the possibility at any time to use our [Speak Up](#) complaints system to provide information on violations and to present complaints in an anonymous way. This communication channel is operated by an independent third party to ensure the whistleblower's anonymity if requested. We investigate all concerns raised and prohibit retaliation for reports submitted in good faith.

PREVENTIVE MEASURES IN THE SUPPLY CHAIN

Through the [Nestlé Responsible Sourcing Standard](#) we communicate our human rights and environmental requirements and expectations to our suppliers. We refer to the [Nestlé Responsible Sourcing Standard](#) in our terms and conditions and contracts and expect our suppliers to comply with it. Since we understand this as a joint effort with our direct and indirect suppliers, we rely on cooperation with our suppliers.

Compliance with the [Nestlé Responsible Sourcing Standard](#) is continuously checked at our direct suppliers by our so-called *Sustainable Sourcing Audit Program*. These external audits are conducted in accordance with the SMETA⁴ protocol and sustainability performance assessments (Ecovadis) and are thus an integral part of our procurement practice. Deviations from the [Nestlé Responsible Sourcing Standard](#) must be corrected within a specified period of time. Depending on the severity of the non-conformity, Nestlé managements (including the head of procurement) are to be included. The aim is to find common solutions and remedy the situation.

⁴ SMETA: Sedex Membership Ethical Trade Audit



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In the future, more intensive attention will also be paid to the selection of new suppliers to ensure that human rights and environmental due diligence obligations are integrated into their respective processes. At the same time, suppliers with a well-developed human rights due diligence system are involved in the implementation of our action plans with our indirect suppliers.

With regard to our indirect suppliers, we check compliance with the [Nestlé Responsible Sourcing Standard](#) through our so-called [Sustainable Sourcing Program](#).

This program addresses our prioritized human rights and environmental risks with our indirect suppliers, who provide us with the main ingredients for our products. Within the Sustainable Sourcing Program, we use various tools to verify compliance with the [Nestlé Responsible Sourcing Standard](#). These include sustainability certifications such as Round Table on Sustainable Palm Oil (RSPO), Rainforest Alliance, and Marine Stewardship Council (MSC). Cooperation with non-governmental organizations (NGOs) is also an essential part of the program. The NGOs Earthworm and Proforest conduct for example supply chain mappings, assessments and gap analysis for us and support us in implementing various measures and action plans. In addition, we have developed special programs such as the *Nestlé Cocoa Plan*, the *Nescafé Plan* or the *Nespresso AAA Sustainable Quality Program*. These programs address specific human rights and environmental challenges in cocoa and coffee supply chains.

Also our [salient issue action plans](#), which are the focus of our [Human Rights Framework](#), serve to implement our human rights strategy. Common cross-cutting actions are:

- working with our prioritized suppliers to develop processes and measures that address risks, impacts and complaints (e.g. through capacity building and co-financing of projects).
- contributing to the improvement of the certification systems we already use for certain raw materials as part of our Sustainable [Sourcing Program](#) ([Sustainable Sourcing Program](#)).
- encouraging our direct suppliers to set up complaints systems and management systems for human rights due diligence.



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In addition to the above-described preventive measures, we pursue a climate-centered approach. We are committed to achieving net zero emissions by 2050. This commitment is reflected in our Nestlé [Net Zero climate roadmap](#).

In order to achieve this goal, various measures are necessary. These

include our [Forest Positive Strategy](#), the [Framework on Regenerative Agriculture](#) and the [Sustainable Sourcing Programm](#) described earlier. All of these strategies and actions put people in the center.

ANALYSIS OF EFFECTIVENESS

We plan to regularly review the effectiveness of our preventive and remedial measures, as well as our complaints procedure, within our own operations and throughout our supply chain. This review will take place annually and on an ad hoc basis. We will utilize existing performance indicators and develop additional ones to assess the effectiveness of these measures. Based on the results of the analysis of effectiveness and through engagement with various stakeholders such as the *Nestlé NGO and Expert Advisory Board*, suppliers, competitors, peers, and representatives of civil society, we will continuously refine and enhance our due diligence processes. This iterative approach ensures that we remain responsive to evolving challenges and can continuously improve our practices.



COMPLAINTS PROCEDURE

An adequate and effective complaints management system is an integral part of our human rights strategy to obtain information on human rights and environmental risks and to ensure remedy. We take violations of human and environmental rights seriously and provide public and confidential complaint channels through our complaints system, through which anyone can report violations at any time. Employees and potentially affected parties can decide whether they want to submit their complaint through a web form via the [Speak Up](#) System or via a toll-free call (0049 800-1801733). This communication channel shall be operated by an independent third party to ensure the whistleblower's anonymity if requested. We investigate all concerns that have been expressed and we prohibit retaliation for reports made in good faith.

In addition, employees and potentially affected parties have the possibility to submit a notification by e-mail to Compliance@de.nestle.com. Our reporting channels are open to any person, regardless of the existence or nature of the contractual or business relationship. Employees and potentially affected parties can submit (by name or anonymously) any notice and complaint through the [Speak Up](#) System.

The processing of notices or complaints is carried out by our Compliance Department, which is impartial, independent, and bound to secrecy.

In accordance with the legal requirements of the LkSG, rules of procedure were published for the already existing appeal procedure. The [Rules of Procedure](#) are available on our [website](#).

REMEDIAL ACTION

The prevention of violations of human rights and environmental aspects is our top priority. However, if we have contributed to the violation of human rights (despite all taken preventive measures) we will immediately try to ensure appropriate remedial action to bring the infringement to an end or to reduce its severity.



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In the event of a human rights or environmental violations in our own operation in Germany, we act immediately and take immediate corrective measures to prevent, end or minimize the violation. In our supply chains, we work with suppliers to define a concrete action plan to improve the situation as quickly as possible. Supplier cooperation is an important prerequisite for further business cooperation. Implementation of an action plan will be regularly reviewed. Failure to effectively manage identified risks or close identified gaps may lead us to suspend or terminate our relationship with suppliers.

REPORTING AND DOCUMENTATION

The improvement of the global human rights situation and the implementation of human rights and environmental due diligence is a continuous process. We publish an annual report on the fulfillment of our due diligence obligations in the previous financial year. We will make this report available on our website for at least seven years. We will publish the first report on the LkSG in 2024.

We also report on a yearly basis, in a transparent manner, on our various activities and programs aimed at upholding human rights and protecting the environment, as well as on our progress in these areas:

- [Creating Shared Value and Sustainability Report \(Nestlé Group\)](#) (2022)
- [Nestlé Deutschland in der Gesellschaft \(Creating Shared Value Report by Nestlé Deutschland\)](#) (2021)
- [Towards a Forest Positive Future](#) (2021)
- [Nestlé's Net Zero Roadmap](#) (2021)
- [Tackling Child Labor Report](#) (2019)

EXPECTATIONS TO EMPLOYEES AND SUPPLIERS

The compliance with human rights and the respectful treatment of nature are our highest priority and are expressed in our [Human Rights Policy](#) and in this Policy



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Statement. We understand the compliance of our employees and suppliers with human and environmental due diligence obligations as a joint effort.

We expect our employees to observe and adhere to our [Human Rights Policy](#), the [Nestlé Code of Business Conduct](#) and [Nestlé Corporate Principles](#) in their daily decisions.

We expect from our immediate suppliers

- compliance with the [Nestlé Responsible Sourcing Standard](#).
- the passing on of the requirements formulated in the [Nestlé Responsible Sourcing Standard](#) to their suppliers.
- the implementation of an appropriate due diligence procedure for human rights and the environment. This should be proportionate to the size of the company, its ability to influence the party responsible for a risk or violation, and the nature and extent of the suppliers' business activities. The objective is to identify, prevent, and mitigate any actual or potential negative impact on human rights and the environment that the supplier causes or contributes to through its own business or through business relationships, products, or services.
- ensure the establishment or accessibility to a complaint's mechanism; and
- reporting and documentation of actual or potential serious adverse impacts.

We understand the respect for human rights and the respectful treatment of nature as a joint effort and support our suppliers in this way.

We expressly reserve the right to further contractual regulations for the prevention and remediation of possible violations of human rights and environmental due diligence obligations towards our suppliers.

CONTACT US

If you have any questions or suggestions regarding this Policy Statement or any other human rights or environment related issues, please contact us via human.rights@de.nestle.com. Please submit a report of a possible violation via our [Speak Up](#) System.



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FINAL CLAUSE

The Policy Statement enters into force from the date of its signature and will supplement the [Human Rights Policy](#) of the Nestlé Group with the specific requirements arising from the Supply Chain Due Diligence Act, which entered into force on 1 January 2023. This Policy Statement was adopted by the management of Nestlé Deutschland in May 2023.

For the management of Nestlé Deutschland AG and Nestlé Unternehmungen Deutschland GmbH

Alexander von Maillot
Frankfurt, 20.09.2023