

Investment Stewardship

Vote Bulletin: Nestlé S.A.

Company	Nestlé S.A. (SWX: NESN)
Market and Sector	Switzerland, Consumer Staples
Meeting Date	April 18, 2024
Key Resolutions ¹	Item 7: Shareholder Proposal for an Amendment to the Articles of Association regarding Sales of Healthier and Less Healthy Foods
Key Topics	Corporate strategy and financial resilience
Board Recommendation	The board recommended shareholders vote AGAINST Item 7
BlackRock Vote ²	BlackRock voted AGAINST Item 7

Overview

Nestlé S.A. (Nestlé) is a multinational food and beverage company headquartered in Switzerland.

As part of our fiduciary duty to our clients, BlackRock Investment Stewardship (BIS) promotes sound corporate governance as an informed, engaged shareholder on their behalf. In our experience, sound governance is critical to long-term financial value creation and the protection of investors' interests.

BIS takes a constructive, long-term approach to our engagement with companies and focuses on the management and oversight of the drivers of risk and financial value creation in a company's business model. Engagement may also help inform our voting decisions for those clients who have given us authority to vote on their behalf. BIS' benchmark policies, and the vote decisions made consistent with those policies, reflect our reasonable and independent judgment of what is in the long-term financial interests of clients.³

¹ Nestlé S.A. "[Invitation to the Annual General Meeting 2024 of Nestlé S.A.](#)" March 19, 2024.

² BIS conducts proxy voting for those clients who authorize us to vote on their behalf. As part of BlackRock's Voting Choice program, eligible institutional and retail clients can have greater access to the proxy voting process where legally and operationally viable. Read more about Voting Choice [here](#).

³ BIS' Benchmark Policies set out the core elements of corporate governance that guide our investment stewardship efforts globally and within each market, including when engaging with companies and voting at shareholder meetings. They are anchored in our [Global Principles](#), which set out certain globally applicable fundamental elements of governance that contribute to a company's ability to create long-term financial value. They also include our regional voting guidelines, which explain how the Global Principles inform our voting decisions in relation to common ballot items for shareholder meetings in those markets. We publish our [engagement priorities](#) which reflect the five themes on which we most frequently engage companies, where they are relevant, as these can be a source of material business risk

BIS has a multi-year history of engagement with Nestlé on material business-related risks and opportunities, including those associated with the company's potential impacts on people. In March 2024, BIS engaged with members of Nestlé's management team to discuss a shareholder proposal on the ballot at the company's April 2024 annual general meeting (AGM). The proposal sought amendments to the company's Articles of Association (AOA) to commit it to producing an annual sustainability report that included, amongst other information, specific KPIs on its product mix, with timebound targets to increase the proportion of sales derived from healthier products.⁴

Rationale for BlackRock's vote

Item 7: Shareholder proposal for an amendment to the Articles of Association (AOA) regarding sales of healthier and less healthy foods (AGAINST)

BIS did not support the shareholder proposal because we determined that amending the company's AOA was an unnecessarily prescriptive course of action. In our view, the increased focus on healthy products sought by the proponents is a strategic decision, which is the responsibility of management. Additionally, Nestlé already discloses sufficient information on this issue and more than its peers.

As discussed in the [BIS proxy voting guidelines for European, Middle Eastern, and African securities](#), proposals involving amendments to a company's AOA vary from routine changes to reflect corporate law or other regulatory revisions to significant changes that alter the governance of the company. BIS reviews such proposals on a case-by-case basis, in accordance with our [Global Principles](#) and our assessment of the relevance of the request made to investors' understanding of a company and its ability to deliver financial returns.

In our view, the request made by the proponent that Nestlé increase its focus on healthier products is a strategic matter that should be determined by management. As one of many minority shareholders in public companies, BIS cannot – and does not try to – direct a company's strategy or its implementation. Our role, on behalf of our clients as long-term investors, is to better understand how corporate leadership is managing material risks and capitalizing on opportunities to help protect and enhance the company's ability to deliver long-term financial returns.

Moreover, BIS did not have concerns regarding the company's current level of disclosure associated with the nutritional value of its products and nutrition strategy, given Nestlé's track record of transparency in reporting on the environmental and societal impacts of its business activities. Since 2008, Nestlé has published its "Creating Shared Value and Sustainability Report," which includes details about how the company supports access to healthy food and sustainable food systems.⁵ In our assessment, the report provides sufficient information, including the nutritional value of the products in its portfolio, for investors to assess management's approach and how the company compares to its peers, which provide less information.

Through engagement with members of the company's management team in March 2024, BIS learned that Nestlé was the first major food and beverage company to disclose the nutritional value of its entire product portfolio using a government-endorsed nutrient profiling model.⁶ The company also communicated its publicly-stated position regarding the shareholder proposal to BIS during engagement,⁷ including that it was committed

or opportunity. The BIS policies are applied on a case-by-case basis, taking into consideration the context within which a company is operating. They are reviewed annually and updated as necessary to reflect market developments and feedback from clients and companies.

⁴ Nestlé S.A. "[Invitation to the Annual General Meeting 2024 of Nestlé S.A.](#)" March 19, 2024.

⁵ Nestlé S.A. "[Creating Shared Value and Sustainability Report.](#)" 2023.

⁶ Nestlé S.A. "[Transparency on our portfolio.](#)" 2024.

⁷ Nestlé S.A. "[What is Nestlé's position on ShareAction's proposal at the 2024 AGM?](#)" 2024.

to improving the nutritional value of its products through methods like reformulation – reducing sugar across their entire portfolio, reducing trans-fat levels in products, and improving the Health Star Rating of products.⁸ Moreover, Nestlé explained that it already had longstanding commitments in place to “boost sales of its more nutritious foods” and advance efforts to “help people enjoy a balanced diet.”⁹ Nestlé aims to grow its nutritious portfolio by CHF 20-25 billion by 2030,¹⁰ a 50% increase over 2022 sales, subject to consumer demand for such products.¹¹

As such, BIS determined that support for this shareholder proposal was not warranted. The proposal did not pass, receiving ~11% investor support.¹²

⁸ According to the World Health Organization (WHO), nutrient profiling is “the science of classifying or ranking foods according to their nutritional composition for reasons related to preventing disease and promoting health”. There are several Nutrient Profiling Models endorsed by governments globally, which rate products on a range of factors such as energy, saturated fat, salt and sugar content, as well as fiber and protein. Governments can use these models to set public health policies and apply marketing restrictions. Source: [WHO](#).

⁹ Nestlé S.A. “[Nestlé sets target to boost sales of its more nutritious foods and steps up support for balanced diets.](#)” September 28, 2023.

¹⁰ Currency shown in Swiss francs (CHF). The amount is equivalent to EUR 21-26 billion, or USD \$23-\$29 billion.

¹¹ Nestlé S.A. “[Nestlé sets target to boost sales of its more nutritious foods and steps up support for balanced diets.](#)” September 28, 2023.

¹² BlackRock. ISS.

About BlackRock Investment Stewardship (BIS)

BlackRock Investment Stewardship (BIS) promotes sound corporate governance as an informed, engaged shareholder on behalf of our clients. For those clients who have given us authority,¹³ we vote proxies in line with our public [Global Principles and regional voting guidelines](#) and informed by our engagements, where relevant, as well as our analysis of company disclosures.¹⁴ Under our benchmark policies, we vote with the sole objective to advance our clients' long-term financial interests.

As one of many shareholders, and typically a minority one, our role, on behalf of our clients as long-term investors, is to better understand how a company's leadership is managing risks and capitalizing on opportunities to help protect and enhance its ability to deliver long-term financial returns. Our sole objective when conducting our stewardship program under our benchmark policies is to advance our clients' long-term financial interests with a focus on the specific companies in which they invest, not on broader financial, economic, or social goals.

The BIS team of more than 60 dedicated professionals¹⁵ operates across nine offices globally, taking a localized approach while also benefitting from global insights. We focus most of our efforts on corporate governance as, in our experience, sound governance is critical to the success of a company, long-term financial value creation, and the protection of investors' interests.

We are committed to transparency in the stewardship work we do on behalf of clients. The BIS [Global Principles, regional voting guidelines, and five engagement priorities](#) (collectively, the BIS policies) set out the core elements of corporate governance that guide our investment stewardship program globally and within each regional market every year. These policies support effective stewardship processes and transparency and align with our commitment to pursue long-term financial returns for our clients as shareholders.

In addition, we inform clients about our engagement and voting policies and activities through direct communication and through various other disclosure on our [website](#). For shareholder meetings where a vote might be of particular interest to clients, we may publish a vote bulletin after the meeting explaining how we voted on key proposals.

Want to know more? blackrock.com/stewardship

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¹³ BIS conducts proxy voting for those clients who authorize us to vote on their behalf. As part of BlackRock's Voting Choice program, eligible institutional and retail clients can have greater access to the proxy voting process where legally and operationally viable. Read more about Voting Choice [here](#).

¹⁴ As detailed in our [Global Principles](#), proxy voting involves logistical issues which can affect BlackRock's ability to vote such proxies, as well as the desirability of voting such proxies. As a consequence, BlackRock votes proxies on a "best-efforts" basis.

¹⁵ As of June 30, 2024.