



Nestlé Good food, Good life



**Invitation to the
Annual General Meeting 2020
of Nestlé S.A.**

**153rd Annual General Meeting
Thursday, April 23, 2020 at 2:30 p.m.
at Beaulieu Lausanne,
Avenue des Bergières 10,
1004 Lausanne, Switzerland**

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Letter from the Chairman

Dear Shareholder,

Another year has gone by full of great challenges and opportunities. In this context, it is all the more relevant that we live up to our purpose, which is enhancing quality of life and contributing to a healthier future. It is this purpose that conditions the what and the how of our business. Our Nutrition, Health and Wellness strategy and our Creating Shared Value approach to business help us drive sustainable value for the long-term.

In 2019, we have accelerated our innovation, adapted our portfolio to changing consumer demands, and generated greater efficiencies across the organization. Our efforts create substantial value and will allow us to maintain our consistent dividend practice and to distribute an additional amount of up to CHF 20 billion to our shareholders over the period 2020 to 2022, primarily in the form of share buybacks. We are pleased to report another year of strong progress in 2019. Key financial metrics improved significantly for the second consecutive year.

At the same time, environmental and social concerns have risen to the top of the agenda. We have accelerated our actions on issues such as climate change, plastic packaging and deforestation. Notably, we have agreed to accelerate our action on climate change and committed to achieve zero net greenhouse gas emissions by 2050 consistent with a 1.5°C path defined by the Paris Climate Agreement.

Engagement with you, our shareholders, is important to us, and we continue to seek your valuable feedback through our investor meetings, analyst calls and roadshows. In the past year, this has included our Chairman's Roundtables and bilateral meetings held in Singapore, New York, Zurich, Amsterdam, Frankfurt, London and Paris. These discussions help us share our strategic vision, sharpen our priorities and refine our governance to ensure we act in the best interests of all shareholders. Nestlé also continues to be widely recognized as a leader in the industry in terms of engagement, leadership and disclosure on ESG topics.

We give high value to constructing a highly experienced and diverse Board. In the past five years, we have strengthened the Board through nine new independent directors, each bringing unique experience and expertise directly relevant to Nestlé. We will continue to ensure the Board is equipped to understand the trajectory of our business and can ask relevant questions from all angles.

At the occasion of our upcoming Annual General Meeting, the Board would like to thank Beat Hess, who will retire from our Board after twelve years of dedicated service. Beat has chaired our Board's Compensation Committee for the past six years and was a member of our Audit Committee for three years. Since 2012, he has also contributed his broad expertise as a member of the Chairman's and Corporate Governance Committee.

We will propose the re-election of the Chairman and all other Board members for annual terms. In line with our governance practice, each candidate is presented on our website.

I will be honored to continue to serve as the Chairman of the Board of Directors, if elected.

Our Vice Chairman, Mr. Henri de Castries, if elected, will continue to perform the role of Lead Independent Director and chair the Board's Nomination and Sustainability Committee.

We will also propose the election of the members of the Compensation Committee. Pablo Isla, if elected, will chair that Committee following Mr. Hess's retirement. Dick Boer will join that Committee as a member following his election.

This year, we propose to you the election of one new member of the Board of Directors:

Mrs. Hanne Jimenez de Mora, a Swiss citizen, is the co-founder and Chairperson of a-connect (group) ag, a consultant firm helping global businesses implementing critical projects. Mrs. Jimenez de Mora brings extensive expertise following a professional career in management consulting and as an entrepreneur and successful business builder.

We are confident that our strong executive team and dedicated 291'000 employees worldwide will successfully implement the long-term strategic direction set by the Board of Directors. We thank you, our shareholders, for your continued trust.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Paul Bulcke', with a large, sweeping initial 'P'.

Paul Bulcke
Chairman of the Board of Directors

Agenda and Proposals of the Board of Directors

1 Annual Report 2019

1.1 Annual Review, financial statements of Nestlé S.A. and consolidated financial statements of the Nestlé Group for 2019; reports of the statutory auditors

Proposal

Approval of the Annual Review, the financial statements of Nestlé S.A. and the consolidated financial statements of the Nestlé Group for 2019

1.2 Advisory vote on the Compensation Report 2019

Proposal

Acceptance of the Compensation Report 2019 (advisory vote)

Explanation

As per Nestlé S.A.'s Articles of Association, the Board of Directors submits the Compensation Report 2019 to an advisory vote of the shareholders. The Compensation Report is part of the Corporate Governance Report included in the Annual Report. It is available on the internet (www.nestle.com/investors/publications) or from the Share Transfer Office in Cham.

2 Discharge of the Board of Directors and of the Management

Proposal

Discharge to the members of the Board of Directors and of the Management for the financial year 2019

3 Appropriation of profit resulting from the balance sheet of Nestlé S.A.

Proposal

Retained earnings

Profit brought forward	CHF	11436254726
Profit for the year	CHF	14234889934
	CHF	<u>25671144660</u>

Proposed appropriation

Dividend for 2019, CHF 2.70 per share

on 2 887 141 341 shares ^(a)

(2018: CHF 2.45 on 2 984 258 341 shares) ^(b)

CHF 7795281621

Profit to be carried forward

CHF 17875863039

(a) Depending on the number of shares issued as of the last trading day with entitlement to receive the dividend (April 24, 2020). No dividend is paid on own shares held by the Nestlé Group.

(b) The amount of CHF 81 816 792, representing the dividend on 33 394 609 own shares acquired between January 1st and the date of the dividend payment, has been transferred to the special reserve.

Provided that the proposal of the Board of Directors is approved, the gross dividend will amount to CHF 2.70 per share, representing a net amount of CHF 1.755 per share after payment of the Swiss withholding tax of 35%.

The last trading day with entitlement to receive the dividend is April 24, 2020. The shares will be traded ex-dividend as of April 27, 2020. The net dividend will be payable as from April 29, 2020.

4 Elections

4.1 Re-election of the Chairman and of the members of the Board of Directors

Proposal

Individual re-elections of Mr. Paul Bulcke as member and as Chairman of the Board of Directors, and of Messrs. Ulf Mark Schneider, Henri de Castries, Renato Fassbind, Mrs. Ann M. Veneman, Mrs. Eva Cheng, Mr. Patrick Aebischer, Mrs. Ursula M. Burns, Messrs. Kasper Rorsted, Pablo Isla, Mrs. Kimberly A. Ross, as well as Messrs. Dick Boer and Dinesh Paliwal, as members of the Board of Directors (each for a term of office until the end of the next Annual General Meeting)

Explanation

At the Annual General Meeting 2019 the shareholders elected the Chairman and all members of the Board of Directors for a term of office of one year in accordance with the Articles of Association. Their mandates will expire at the end of the Annual General Meeting of April 23, 2020.

Mr. Beat W. Hess will not stand for further re-election. Having joined the Board of Directors in 2008, Mr. Hess has served the Company as Chairman of the Compensation Committee since 2014 and as a member of the Chairman's and Corporate Governance Committee since 2012. He was also a member of the Audit Committee from 2009 until 2012.

The Board of Directors wishes to extend its sincere gratitude to Mr. Hess for his highly appreciated and outstanding services during all these years.

Pursuant to Nestlé's Articles of Association, the Board of Directors proposes the individual re-election of each of the following Directors, who have provided most valuable services to the Company as members of the Board of Directors:

- 4.1.1 Mr. Paul Bulcke, Belgian/Swiss, born 1954, Chairman of the Board of Directors, Chairman of the Chairman's and Corporate Governance Committee and member of the Nomination and Sustainability Committee. Mr. Bulcke was the CEO (administrateur délégué) of Nestlé S.A. from 2008 to 2016. As a Nestlé S.A. representative, he serves as Vice Chairman of L'Oréal S.A., France. Mr. Bulcke is also a Board member of Roche Holding Ltd, Switzerland. The Board of Directors proposes to re-elect Mr. Bulcke as a member and also as Chairman of the Board of Directors in a single vote.

- 4.1.2 Mr. Ulf Mark Schneider, German/American, born 1965, CEO (administrateur délégué) of Nestlé S.A., member of the Chairman's and Corporate Governance Committee. Mr. Schneider was the CEO of Fresenius Group, Germany, from 2003 until June 2016.
- 4.1.3 Mr. Henri de Castries, French, born 1954, Vice Chairman and Lead Independent Director, Chairman of the Nomination and Sustainability Committee, member of the Chairman's and Corporate Governance Committee and of the Audit Committee. Mr. de Castries was Chairman and CEO of AXA, France, until 2016. He serves as a Board member of HSBC Holdings plc, United Kingdom, and of Argus Media, France.
- 4.1.4 Mr. Renato Fassbind, Swiss, born 1955, Chairman of the Audit Committee and member of the Chairman's and Corporate Governance Committee. Mr. Fassbind serves as Vice Chairman of the Board of Directors of Swiss Re AG and is a Board member of Kühne + Nagel International AG, both in Switzerland.
- 4.1.5 Mrs. Ann M. Veneman, American, born 1949, member of the Nomination and Sustainability Committee. She is a member of the Boards of the Global Health Innovative Technology Fund, Japan, the Clinton Health Access Initiative and Full Harvest Technologies, Inc., both in the USA. She is also a member of Nestlé's Creating Shared Value (CSV) Council.
- 4.1.6 Mrs. Eva Cheng, Chinese, born 1952, member of the Nomination and Sustainability Committee and of the Audit Committee. Mrs. Cheng is a Board member of Trinity Limited and of Haier Electronics Group Co. Ltd., both in Hong Kong, China.
- 4.1.7 Mr. Patrick Aebischer, Swiss, born 1954, member of the Compensation Committee. He is the President Emeritus of the Swiss Federal Institute of Technology Lausanne (EPFL). Mr. Aebischer is Vice Chairman of Lonza Group Ltd (until April 2020), serves as a member of the Board of Directors of Logitech International S.A. and is Chairman of Novartis Bioventures AG, all in Switzerland.
- 4.1.8 Mrs. Ursula M. Burns, American, born 1958, member of the Compensation Committee. She was Chairman of the Board of the Xerox Corporation from 2010 to 2017 and its CEO from 2009 to 2016. She serves as Chairman of VEON Ltd, Netherlands, and is a member of the Board of Directors of Exxon Mobil Corporation and Uber Technologies Inc., both in the USA.

- 4.1.9 Mr. Kasper Rorsted, Danish, born 1962, is the CEO of adidas, Germany, and was the CEO of Henkel, Germany, from 2008 to 2016. Prior to joining Henkel as Senior Vice President in 2005 and being appointed Management Board Member in 2007, Mr. Rorsted held senior executive roles at technology companies including Hewlett-Packard, Compaq and Oracle.
- 4.1.10 Mr. Pablo Isla, Spanish, born 1964, member of the Compensation Committee. Mr. Isla is the Executive Chairman of Inditex, Spain, one of the world's largest fashion retailers holding brands such as Zara. He is the former Co-Executive Chairman of Altadis, and was the General Secretary and an Executive Member of Banco Popular, both in Spain.
- 4.1.11 Mrs. Kimberly A. Ross, American, born 1965, member of the Audit Committee. She is the former CFO of Baker Hughes, a global industrial services company based in the USA. She served as CFO of Avon Products from 2011 to 2014, and of Royal Ahold, Netherlands, from 2007 to 2011. Previously, Mrs. Ross held various senior management roles at Ernst & Young Global Limited and Joseph E. Seagram & Sons Inc., both in the USA. She serves as a non-executive member of the Board of Directors of Chubb Limited, Switzerland, and of PQ Corporation, USA.
- 4.1.12 Mr. Dick Boer, Dutch, born 1957, was President and CEO of Ahold Delhaize N.V., Netherlands, until 2018. Prior to the merger of Ahold and Delhaize in 2016, he served as President and CEO of Ahold N.V., Netherlands. Mr. Boer is the Chairman of the Advisory Board of G-Star RAW and of the Rijksmuseum Fonds, serves as a member of the Supervisory Board of the Royal Concertgebouw N.V., and is a non-executive Board member of SHV Holdings N.V., all in the Netherlands.
- 4.1.13 Mr. Dinesh Paliwal, American/Indian Overseas Citizenship, born 1957, is President and CEO of Harman International Industries Inc., USA, an independent subsidiary of Samsung Electronics Co., Ltd (until April 1, 2020). Mr. Paliwal serves on the Boards of Bristol-Myers Squibb, and of Raytheon Company, both in the USA. He is also a member of the Business Roundtable, Washington D.C., and of the Board of the U.S.-India Business Council (USIBC).

For further details on the nominees as well as their qualifications, see biographies in the Corporate Governance Report 2019 or on the internet (www.nestle.com/investors/corporate-governance/management/boardofdirectors).

4.2 Election to the Board of Directors

Proposal

Election of Mrs. Hanne Jimenez de Mora as member of the Board of Directors (for a term of office until the end of the next Annual General Meeting)

Explanation

The Board proposes to elect Mrs. Hanne Jimenez de Mora as a member of the Board of Directors.

Mrs. Jimenez de Mora, Swiss, born 1960, is co-founder and Chairperson of a-connect (group) ag, a management consultant firm based in Zurich, which she founded in 2002. Prior to a-connect (group) ag she was a partner at McKinsey & Company based in Switzerland. She started her career as a credit analyst with Den Norske Creditbank A/S in Luxemburg, and subsequently held brand manager and controller roles at Procter & Gamble in Sweden and Switzerland. Mrs. Jimenez de Mora holds a Bachelor's degree in Business from HEC Lausanne as well as a Master's degree in Business Administration from IESE Business School in Barcelona. Mrs. Jimenez de Mora is a member of the Boards of AB Volvo, Sweden, and Outotec Oyi, Finland. She serves also as Vice-Chair and a member of the Supervisory Board of IMD Business School, Switzerland. The Board believes that as a highly experienced professional in management consulting as well as a successful business builder, she will significantly contribute to the Board's expertise.

For further details on the nominee as well as her qualifications and current mandates, see biography on the internet (www.nestle.com/investors/corporate-governance/annualgeneralmeeting).

4.3 Election of the members of the Compensation Committee

Proposal

Individual elections of Mr. Patrick Aebischer, Mrs. Ursula M. Burns, Mr. Pablo Isla and Mr. Dick Boer as members of the Compensation Committee (each for a term of office until the end of the next Annual General Meeting)

Explanation

The Board of Directors proposes the individual election of the following candidates, for a term of office until the end of the next Annual General Meeting. If elected, Mr. Pablo Isla will be appointed Chairman of the Compensation Committee.

4.3.1 Mr. Patrick Aebischer

4.3.2 Mrs. Ursula M. Burns

4.3.3 Mr. Pablo Isla

4.3.4 Mr. Dick Boer

4.4 Election of the statutory auditors

(Financial statements of Nestlé S.A. and consolidated financial statements of the Nestlé Group 2020)

Proposal

Election of Ernst & Young Ltd, Lausanne branch, as statutory auditors for the financial year 2020

Explanation

Following a comprehensive tender process under the supervision of the Audit Committee, and as announced already on July 26, 2019, the Board of Directors proposes the election of Ernst & Young Ltd, Lausanne branch, as statutory auditors of Nestlé S.A. for the financial statements of Nestlé S.A. and the consolidated financial statements of the Nestlé Group 2020.

4.5 Election of the Independent Representative

Proposal

Re-election of Hartmann Dreyer, Attorneys-at-law, P.O. Box 736, 1701 Fribourg, Switzerland, as Independent Representative (for a term of office until the end of the next Annual General Meeting)

5 Compensation of the Board of Directors and of the Executive Board

Pursuant to Nestlé's Articles of Association, the Board of Directors submits the compensation of the Board of Directors and of the Executive Board for approval by the shareholders.

5.1 Compensation of the Board of Directors

Proposal

Approval, prospectively, for the period from the Annual General Meeting 2020 to the Annual General Meeting 2021, of a total compensation for the 13 non-executive members of the Board of Directors (including the Chairman, but excluding the CEO) of CHF 10 million, including approximately CHF 4 million in cash remuneration, CHF 5.5 million in Nestlé S.A. shares (blocked for a 3-year period) and CHF 0.5 million for social security contributions and other fees.

Explanation

Please refer to the enclosed Report of the Board of Directors on the proposals for the compensation of the Board of Directors and of the Executive Board.

5.2 Compensation of the Executive Board

Proposal

Approval, prospectively, for the period from January 1, 2021 to December 31, 2021, of a total maximum amount of compensation for the 12 members of the Executive Board, including the CEO, of CHF 55 million, including approximately CHF 14 million for base salary, CHF 19 million for short-term bonus (based on maximum target achievement), CHF 14 million for long-term incentive plans (based on market value at grant), CHF 4 million for contributions for future pension benefits and CHF 4 million for social security contributions, other benefits and unforeseen expenses.

Explanation

Please refer to the enclosed Report of the Board of Directors on the proposals for the compensation of the Board of Directors and of the Executive Board.

6 Capital reduction

Proposal

- Reduction of the share capital of CHF 297 600 000 by CHF 9 500 000 to CHF 288 100 000 by cancellation of 95 000 000 own shares repurchased under the share buyback programs;
- Ascertainment of the findings of the report of the auditors which confirms that the claims of the creditors are fully covered notwithstanding the capital reduction;
- Amendment of Article 3 of the Articles of Association as follows:
“Article 3 Share capital
The share capital of Nestlé is CHF 288 100 000 (two hundred and eighty-eight million one-hundred thousand Swiss francs) divided into 2 881 000 000 fully paid up registered shares with a nominal value of CHF 0.10 each.”

Explanation

The Board of Directors proposes that the shareholders approve the cancellation of 95 000 000 own shares. 89 026 059 of these own shares were repurchased under Nestlé S.A.'s share buyback program of up to CHF 20 billion launched on July 4, 2017 on a second trading line on the SIX Swiss Exchange and completed on December 30, 2019. 5 973 941 shares were repurchased until February 3, 2020 under the ongoing share buyback program of up to CHF 20 billion launched on January 3, 2020 on a second trading line of SIX Swiss Exchange. The share capital in Article 3 of the Articles of Association is to be reduced reflecting the cancellation of the total of 95 000 000 shares above.

The auditors KPMG SA confirmed in their Report to the Annual General Meeting that the claims of the creditors are fully covered even after the capital reduction.

The capital reduction by cancellation of shares can only be accomplished after publication of three notices to creditors in accordance with art. 733 of the Swiss Code of Obligations. Such notices to creditors will be published after the Annual General Meeting 2020 in the Swiss Official Gazette of Commerce. After the two-month waiting period required by law has lapsed, the capital reduction will be effected and entered in the Commercial Register by the Board of Directors.

Admission Cards, Proxies, Documentation, Information

Admission cards

Only shareholders who are on record in the share register with voting rights on April 16, 2020 at 12:00 noon (CEST) are entitled to exercise their voting rights. The registration of shares for voting purposes does not affect the tradeability of such shares.

Shareholders registered with voting rights on April 2, 2020 will automatically receive an invitation to the Annual General Meeting. They can order an admission card for themselves or for a personal representative using the Reply Form, which should be returned to the Share Transfer Office by April 16, 2020.

Shareholders whose registration in the share register with voting rights is made as from April 3, 2020 and who wish to attend the Annual General Meeting are asked to contact the Share Transfer Office. Only shareholders or their duly appointed representatives will be entitled to participate in person in the Annual General Meeting.

Proxy to the Independent Representative

If you wish your voting rights to be exercised by the Independent Representative, Hartmann Dreyer, Attorneys-at-law, please use the Reply Form and specify your voting instructions on the reverse side of the Reply Form, which should be sent to the Independent Representative by using the enclosed envelope, by April 16, 2020. Alternatively, you have the possibility to give voting instructions to the Independent Representative electronically by accessing the electronic shareholder portal "GVMANAGER Online" via www.gvmanager.ch/nestle and entering your personal access code, or using the personal QR code provided in the Invitation Letter.

Documentation

Please find enclosed the summary of the Annual Report 2019 with an overview of the financial results of Nestlé S.A. and of the Nestlé Group for the business year 2019. For more detailed information on the financial results and an insight into our different areas of activity, we invite you to order the full Annual Report 2019 (which includes the Corporate Governance and Compensation Reports 2019) by ticking the corresponding box on the Reply Form. Using the same document, you can also pre-order the Half-Yearly Report January–June 2020, which will be published in July 2020. These documents will also be available on our website (www.nestle.com/investors/publications). Furthermore, the Annual Report 2019 is available for inspection by the shareholders at Nestlé S.A.'s registered office located at Avenue Nestlé 55, 1800 Vevey, Switzerland.

Please address all correspondence regarding the Annual General Meeting to the Share Transfer Office of Nestlé S.A., P.O. Box 665, 6330 Cham, Switzerland, telephone +41 41 785 20 20, telefax +41 41 785 20 24 or e-mail shareregister@nestle.com.

Information

All shareholder information is available at www.nestle.com/investors.

Nestlé S.A.

Board of Directors

Cham and Vevey (Switzerland), March 24, 2020



Nestlé

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