

Invitation to the Annual General Meeting 2021 of Nestlé S.A.

154th Annual General Meeting
Thursday, April 15, 2021 at 2:30 p.m.
En Bergère
Avenue Nestlé 55
1800 Vevey, Switzerland



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Letter from the Chairman

Dear Shareholder,

Due to the pandemic, 2020 was a year of unprecedented challenge for everyone. I would like to give credit to the entire Nestlé family who stepped up to these challenges, safeguarding people's health, maintaining the supply of essential food and beverages and supporting our communities. Our Company has once again proven its resilience and dependability with all our stakeholders.

Even with these challenges, we continued to make progress against our established goals. In 2020, we updated our purpose – to unlock the power of food to enhance quality of life for everyone, today and for generations to come. We accelerated our focus on digital and sustainable business practices, while our Nutrition, Health and Wellness strategy and our Creating Shared Value approach to business helped us drive sustainable value for the long-term. We further intensified the innovation and renovation of our products and evolved our portfolio with changing consumer demands.

In times like these, it is even more important to keep the right balance. Our value creation model, which combines the balanced pursuit of top-line and bottom-line growth with resource efficiency, enabled us to continue investing in our brands, our science and technologies and our people. This allows us to once more maintain our consistent dividend growth practice and to continue our CHF 20 billion share buyback program over the period from 2020 to 2022.

In December 2020, we released our detailed Climate Roadmap with specific milestones to achieve zero net greenhouse gas emissions by 2050 consistent with a 1.5°C path defined by the Paris Climate Agreement. We invite our shareholders to be part of that journey.

To reflect the importance of sustainability in its corporate governance, Nestlé will split the existing Nomination and Sustainability Committee into a separate Nomination Committee and a focused Sustainability Committee. This will allow Board members to dedicate more time, focus and action on each separate topic.

We continue to listen and seek valuable feedback from you, our shareholders. This included virtual Chairman's Roundtables for our investors from Switzerland, Europe, the United Kingdom, the U.S. and Asia. These discussions helped us sharpen our strategic priorities and refine our environmental, social and governance agenda.

We were also able to leverage our highly experienced and diverse Board, which we have strengthened through ten new independent directors since 2015, each bringing unique experience and expertise directly relevant to Nestlé's success.

Safety will again be the priority for our upcoming Annual General Meeting. Therefore, in line with applicable Swiss COVID-19 legislation, the personal participation by shareholders will unfortunately not be possible. Shareholders will once again be able to exercise their voting rights through our independent shareholder representative. All relevant questions will be answered as appropriate prior to the Meeting.

Our Board member Ursula M. Burns has decided not to stand for re-election. The Board wishes to extend its sincere gratitude for her highly appreciated services. We will propose the re-election of all other Board members and the Chairman for annual terms at the Annual General Meeting. In line with our governance practice, each candidate is presented on our website.

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

If elected, our Vice Chairman, Henri de Castries will also continue to perform the role of Lead Independent Director and chair the Board's Nomination Committee.

Additionally, we propose to you the election of one new member of the Board of Directors: Lindiwe Majele Sibanda. Apart from her personal qualities and capabilities, Prof Sibanda will bring to the Board a strong understanding of the African continent and the developing world in general, her deep knowledge of food systems and the future challenges linked with them. Prof Sibanda also brings a network of connections and a deep understanding of our different stakeholders in society.

We will also propose the election of the members of the Compensation Committee. Pablo Isla, if elected, will continue to chair that Committee.

On behalf of our executive management and our global Nestlé community, I would like to thank you, our shareholders, for your continued trust during these extraordinary times. Nestlé has navigated the pandemic remarkably well, implementing the long-term strategic direction set by the Board of Directors, while taking care of the many pressing challenges of today.

I truly hope to welcome you again in person at our Annual General Meeting next year.
Please take care and stay safe.

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 2020

Proposal

Approval of the Annual Review, the financial statements of Nestlé S.A. and the consolidated financial statements of the Nestlé Group for 2020

Proposal

Acceptance of the Compensation Report 2020 (advisory vote)

Explanation

As per Nestlé S.A.'s Articles of Association, the Board of Directors submits the Compensation Report 2020 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 2020

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

Proposal

Retained earnings

Profit brought forward	CHF	17 875 863 039
Dividends on own shares not distributed ^(a)	CHF	95 416 026
Profit for the year	CHF	4 503 477 145
	CHF	<u>22 474 756 210</u>

Proposed appropriation

Dividend for 2020, CHF 2.75 per share
on 2 881 000 000 shares ^(b)

(2019: CHF 2.70 on 2 887 141 341 shares) CHF 7 922 750 000

Profit to be carried forward CHF 14 552 006 210

^(a) The amount of CHF 7 795 281 621 proposed to be distributed as dividend for 2019 was reduced by CHF 95 416 026 due to an increase of 35 339 269 own shares held by the Nestlé Group at the dividend payment date.

^(b) Depending on the number of shares issued as of the last trading day with entitlement to receive the dividend (April 16, 2021). No dividend is paid on own shares held by the Nestlé Group.

Provided that the proposal of the Board of Directors is approved, the gross dividend will amount to CHF 2.75 per share, representing a net amount of CHF 1.7875 per share after payment of the Swiss withholding tax of 35%.

The last trading day with entitlement to receive the dividend is April 16, 2021. The shares will be traded ex-dividend as of April 19, 2021. The net dividend will be payable as from April 21, 2021.

4 Elections

Proposal

Individual re-elections of Paul Bulcke as member and as Chairman of the Board of Directors, and of Ulf Mark Schneider, Henri de Castries, Renato Fassbind, Pablo Isla, Ann M. Veneman, Eva Cheng, Patrick Aebischer, Kasper Rorsted, Kimberly A. Ross, Dick Boer, Dinesh Paliwal as well as Hanne Jimenez de Mora 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 2020, 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 15, 2021.

Ursula M. Burns has decided not to stand for re-election. Having joined the Board of Directors in 2017, Ursula M. Burns served the Company as a member of the Compensation Committee since 2018. The Board wishes to extend its sincere gratitude to Ursula M. Burns for her highly appreciated services.

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 Paul Bulcke, Belgian/Swiss, born 1954, Chairman of the Board of Directors, Chair of the Chair's and Corporate Governance Committee and member of the Nomination and Sustainability Committee. Paul 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. Paul Bulcke is also a Board member of Roche Holding Ltd, Switzerland. The Board of Directors proposes to re-elect Paul Bulcke as a member and also as Chairman of the Board of Directors in a single vote.

- 4.1.2 Ulf Mark Schneider, German/American, born 1965, CEO (administrateur délégué) of Nestlé S.A., member of the Chair's and Corporate Governance Committee. U. Mark Schneider was the CEO of Fresenius Group, Germany, from 2003 until June 2016.
- 4.1.3 Henri de Castries, French, born 1954, Vice Chairman and Lead Independent Director, Chair of the Nomination and Sustainability Committee, member of the Chair's and Corporate Governance Committee and of the Audit Committee. Henri 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 Stellantis N.V., Netherlands.
- 4.1.4 Renato Fassbind, Swiss, born 1955, Chair of the Audit Committee and member of the Chair's and Corporate Governance Committee. Renato 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 Pablo Isla, Spanish, born 1964, member of the Chair's and Corporate Governance Committee and Chair of the Compensation Committee. Pablo 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.
- 4.1.6 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.
- 4.1.7 Eva Cheng, Chinese, born 1952, member of the Nomination and Sustainability Committee and of the Audit Committee. Eva Cheng is former Amway China Chairwoman and Executive Vice President of Amway Corporation USA. She is a non-executive Director of Haier Smart Home Co., Ltd., China.
- 4.1.8 Patrick Aebischer, Swiss, born 1954, member of the Compensation Committee. He is the President Emeritus of the Swiss Federal Institute of Technology Lausanne (EPFL). Patrick Aebischer serves as a member of the Board of Directors of Logitech International S.A. and is Chairman of Novartis Bioventures AG, both in Switzerland.

- 4.1.9 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, Kasper Rorsted held senior executive roles at technology companies including Hewlett-Packard, Compaq and Oracle. He serves as a member of the Supervisory Board of Siemens AG, Germany.
- 4.1.10 Kimberly A. Ross, American, born 1965, member of the Audit Committee. She held the position of CFO at WeWork, USA, from March 2020 until October 2020. She also served as CFO of Baker Hughes, USA, from 2014 to 2017 and was the CFO of Avon Products, USA, from 2011 to 2014, and of Royal Ahold, Netherlands, from 2007 to 2011. Previously, Kimberly A. 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 Cigna, USA.
- 4.1.11 Dick Boer, Dutch, born 1957, member of the Compensation Committee, 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. Dick Boer is member of the Board of Royal Dutch Shell plc, United Kingdom and the Netherlands. He is also Chairman of the Advisory Board of G-Star RAW CV and of the Rijksmuseum Fonds and serves as Chairman of the Supervisory Board of the Royal Concertgebouw N.V. as well as a non-executive Board member of SHV Holdings N.V., all in the Netherlands.
- 4.1.12 Dinesh Paliwal, American/Indian Overseas Citizenship, born 1957, member of the Nomination and Sustainability Committee, was Senior Advisor to the Harman International Industries Inc./Samsung Board and CEO until December 2020, after having been the CEO of Harman from 2007 to April 2020. Dinesh Paliwal serves on the Board of Raytheon Company, 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).
- 4.1.13 Hanne Jimenez de Mora, Swiss, born 1960, is co-founder and Chairperson of a-connect (group) ag, a management consultant firm based in Switzerland, which she founded in 2002. Hanne Jimenez de Mora is a member of the Boards of AB Volvo, Sweden, and Metso Outotec Oyj, Finland. She serves also as Vice Chair and as member of the Supervisory Board of IMD Business School, Switzerland.

For further details on the nominees as well as their qualifications, see biographies in the Corporate Governance Report 2020 or on the internet (www.nestle.com/investors/corporate-governance/management/boardofdirectors).

Proposal

Election of Lindiwe Majele Sibanda 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 Lindiwe Majele Sibanda as a member of the Board of Directors.

Lindiwe Majele Sibanda, a Zimbabwean citizen, born 1963, is Professor, Director and Chairwoman of the African Research Universities Alliance (ARUA) Centre of Excellence in Sustainable Food Systems at the University of Pretoria, South Africa. Prof Sibanda is also the co-Chairwoman of the Global Alliance for Climate-Smart Agriculture (GACSA) hosted by the Food, Agriculture Organization (FAO) of the United Nations, Rome, Italy. She served as the Vice-President, Country Support, Policy and Partnerships for the Alliance for a Green Revolution in Africa (AGRA) in Kenya. For 13 years she worked in South Africa as the CEO and Head of Mission of the pan-African Food, Agriculture and Natural Resources Policy Analysis Network (FANRPAN) operating in 19 African countries. From 2016 to 2018 she served on the EAT-Lancet Commission on healthy diets from sustainable food systems and as a member of the Australian Centre for International Agricultural Research (ACIAR) Policy Advisory Council. She is the Managing Director of Linds Agriculture Services Pvt Ltd., Harare, Zimbabwe. Lindiwe Majele Sibanda brings extensive expertise on environmental sustainability, public policy and sustainable food systems with an African as well as a global perspective and will enrich the Board's knowledge in these areas.

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/management/boardofdirectors).

Proposal

Individual elections of Pablo Isla, Patrick Aebischer, Dick Boer and Kasper Rorsted 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, Pablo Isla will be appointed Chair of the Compensation Committee.

4.3.1 Pablo Isla

4.3.2 Patrick Aebischer

4.3.3 Dick Boer

4.3.4 Kasper Rorsted

(Financial statements of Nestlé S.A. and consolidated financial statements of the Nestlé Group 2021)

Proposal

Re-election of Ernst & Young Ltd, Lausanne branch, as statutory auditors for the financial year 2021 (for a term of office until the end of the next Annual General Meeting)

Proposal

Re-election of Hartmann Dreyer, Attorneys-at-law, P.O. Box, 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.

Proposal

Approval, prospectively, for the period from the Annual General Meeting 2021 to the Annual General Meeting 2022, 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 4.0 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.

Proposal

Approval, prospectively, for the period from January 1, 2022 to December 31, 2022, of a total maximum amount of compensation for the 13 members of the Executive Board, including the CEO, of CHF 57.5 million, including approximately CHF 14.5 million for base salary, CHF 19.5 million for short-term bonus (based on maximum target achievement), CHF 15.5 million for long-term incentive plans (based on market value at grant), CHF 4.0 million for contributions for future pension benefits and CHF 4.0 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 288 100 000 by CHF 6 600 000 to CHF 281 500 000 by cancellation of 66 000 000 own shares repurchased under the share buyback program;
- 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 281 500 000 (two hundred and eighty-one million five-hundred thousand Swiss francs) divided into 2 815 000 000 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 66 000 000 own shares which were repurchased under Nestlé S.A.’s 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 66 000 000 shares above.

The auditors Ernst & Young Ltd 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 2021 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.

7 Advisory vote on Nestlé's Climate Roadmap

Proposal

Support of Nestlé's Climate Roadmap (advisory vote)

Explanation

Climate change is one of society's greatest challenges. As a signatory of the UN "Business Ambition for 1.5°C" pledge, Nestlé was one of the first companies to share its detailed, time-bound roadmap to halve its greenhouse gas emissions by 2030 and achieve net zero by 2050. The scope of our Net Zero plan goes across Nestlé's entire supply chain – from the fields and farms in which our ingredients are grown to the shelves of the retail outlets where they are sold. Through our carbon-neutral brands, it expands all the way to the consumer's table. The roadmap is available on the internet (www.nestle.com/sites/default/files/2020-12/nestle-net-zero-roadmap-en.pdf).

Nestlé's work to get to net zero spans three main areas: (i) The Company is already working with over 500 000 farmers and 150 000 suppliers to support them in implementing regenerative agriculture practices; (ii) in its operations, Nestlé expects to complete the transition of its 800 sites in the 187 countries where it operates to 100% renewable electricity within the next five years; and (iii) within its product portfolio, Nestlé is continuously expanding its offering of climate friendly products including plant-based food and beverages and is reformulating products to make them more environmentally friendly.

Nestlé believes that shareholders should have a say on Environmental, Social and Governance (ESG) matters and welcomes upcoming changes to Swiss legislation in this area. In the interim, the Board of Directors is seeking the support from shareholders on its Climate Roadmap in an advisory vote.

Information, Voting rights, Proxies, Documentation

Information

Considering the evolution of the COVID-19 pandemic, the Board of Directors has decided, in accordance with art. 27 of the COVID-19 Ordinance 3 of the Federal Council of June 19, 2020, to hold the Annual General Meeting without the attendance of shareholders. Voting rights can exclusively be exercised through the Independent Representative. All relevant questions of shareholders will be answered prior to the Annual General Meeting, and virtual Chairman's Roundtables took place for institutional investors. No entry cards may be ordered and admission to the Annual General Meeting in person will not be granted.

The speeches of the Chairman and the CEO to the Annual General Meeting will be webcast on www.nestle.com/investors/corporate-governance/annualgeneralmeeting on April 15, 2021 from 2:30 p.m. (CEST).

Voting rights

Only shareholders who are on record in the share register with voting rights on April 8, 2021 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 March 25, 2021 will automatically receive an invitation to the Annual General Meeting. Shareholders whose registration in the share register with voting rights is made as from March 26, 2021 and who wish to exercise their voting rights are asked to contact the Share Transfer Office.

Proxy to the Independent Representative

You can exercise your voting rights exclusively through the Independent Representative, Hartmann Dreyer, Attorneys-at-law. Please use the Reply Form, specify your voting instructions on the reverse side of it and send it to the Independent Representative by April 8, 2021, using the enclosed envelope.

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. Your personal access to the electronic shareholder portal is open until April 12, 2021 at 11:59 p.m. (CEST).

Documentation

Please find enclosed the summary of the Annual Report 2020 with an overview of the financial results of Nestlé S.A. and of the Nestlé Group for the business year 2020. 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 2020 (which includes the Corporate Governance and Compensation Reports 2020) by ticking the corresponding box on the Reply Form.

Using the same document, you can also pre-order the Half-Year Report January–June 2021 which will be published in July 2021. These documents will also be available on our website (www.nestle.com/investors/publications). Furthermore, the Annual Report 2020 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 questions and 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 16, 2021

