



**Nestlé**

Good Food, Good Life



**Invitation to the  
Annual General Meeting 2019  
of Nestlé S.A.**

**152<sup>nd</sup> Annual General Meeting  
Thursday, April 11, 2019 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,

In a rapidly changing environment, one of the drivers of Nestlé's success has been our continued ability to balance continuity with change. This has required a clear strategy, discipline and decisive action to build sustainable value for the long-term. We continue our Nutrition, Health and Wellness journey, while staying true to our purpose – enhancing quality of life and contributing to a healthier future – and our values, which are rooted in respect. We constantly evolve by adapting our portfolio to meet changing consumer demands, pushing the boundaries of science, accelerating innovation and driving greater agility and efficiencies across the organization.

In the past year, our Board and management have continued to implement Nestlé's sustainable value creation model delivering improved top and bottom line growth as well as capital efficiency. We do so responsibly towards all stakeholders. We took decisive steps to sharpen our strategic focus on food, beverages and nutritional health products to advance our Nutrition, Health and Wellness strategy. We accelerated the evolution of our portfolio towards attractive, high-growth, high-margin businesses through targeted investments, acquisitions and selective divestitures. Rapid innovation and a focus on bringing products to market faster were key dimensions of our growth agenda. These efforts continue to create substantial value, and over the last ten years Nestlé has returned more than CHF 100 billion to shareholders in share buybacks and dividends.

Engagement with our shareholders through our roadshows, investor meetings and analyst calls has sharpened our focus on core priorities and strategic vision. Our shareholder engagement includes our Chairman's Roundtables and bilateral meetings, which we held this past year in Hong Kong, Frankfurt, Paris, Zurich, London, New York, Boston and Tokyo. The Board and management will continue to seek and incorporate feedback to ensure we are acting in the best interests of our shareholders.

Our Board's commitment to create sustained value also includes continuous efforts to construct a highly experienced and diverse Board that will effectively oversee the direction of our Company as a truly global business. Since 2015, we have strengthened the Board through the addition of seven new independent directors with a unique depth of experience and expertise that is directly relevant for Nestlé. This year we continue that long-term approach to Board refreshment and succession planning ensuring that our Board has the right mix of backgrounds, skills and expertise to understand the dynamics and context of our business and drive a winning strategy that creates value for all of our shareholders and other stakeholders.

At our upcoming Annual General Meeting we will have the opportunity to say thank you to two members of our Board of Directors, who will not stand for re-election due to our age limit:

Jean-Pierre Roth will retire from our Board after nine years of highly appreciated service to Nestlé. He served on our Board's Compensation Committee, and contributed his financial expertise to the Company as part of the Chairman's and Corporate Governance Committee's asset & liability management reviews.

Ruth K. Oniang'o will also not stand for re-election after four years of truly valuable service. She contributed to the Board as a global nutrition expert and added social and political perspectives of the developing world.

The Board wishes to extend its sincere gratitude to Mr Roth and Ms Oniang'o for their dedicated service to the Company.

We will propose to you the re-election of the Chairman and all other Board members for annual terms. Under our governance practice, each candidate is presented on our website and new candidates will be introduced at the General Meeting.

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.

This year, we propose to you the election of two new members of the Board of Directors:

Mr Dick Boer is the former President and CEO of Ahold Delhaize N.V., one of the world's largest food retail groups and a leader in both supermarkets and e-commerce. Mr Boer brings deep, international experience in the Fast Moving Consumer Goods sector and successfully designed and reshaped his company's strategy in response to e-commerce and technological change.

Mr Dinesh Paliwal is the President and CEO of Harman International Industries Inc., an independent subsidiary of Samsung Electronics Co.,Ltd. Mr Paliwal brings extensive expertise in digital products and solutions for automotive, consumer and professional electronics markets and will enrich the Board's knowledge in emerging technology areas, including artificial intelligence, digital business models and cloud computing.

We will also propose the election of the members of the Compensation Committee. Pablo Isla, if elected, will newly join that Committee following Mr Roth's retirement. As always, you will be able to approve our compensation budgets for the Board of Directors and the Executive Board and to vote on the 2018 Compensation Report.

We remain committed, on the basis of our Articles of Association, to aim for long-term, sustainable value creation for our shareholders as well as our other stakeholders through our Creating Shared Value approach to business. In 2018, Nestlé was again recognized, among other things, as a leader in its industry in the Dow Jones Sustainability Index and received the award for Best Corporate Governance in Europe by the Ethical Boardroom magazine.

We are confident that our strong, experienced executive team and our 308000 employees worldwide will ensure the execution of the long-term strategic direction of the Company set by the Board of Directors. We thank you for your continued trust.

I look forward to seeing you in Lausanne on April 11, 2019.

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 2018

### 1.1 Annual Review, financial statements of Nestlé S.A. and consolidated financial statements of the Nestlé Group for 2018; 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 2018

### 1.2 Advisory vote on the Compensation Report 2018

#### *Proposal*

Acceptance of the Compensation Report 2018 (advisory vote)

#### *Explanation*

As per Nestlé S.A.'s Articles of Association, the Board of Directors submits the Compensation Report 2018 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](http://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 2018

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

#### *Proposal*

#### **Retained earnings**

Balance brought forward from 2017	CHF	6 479 867 098
Profit for the year 2018	CHF	12 267 820 563
	CHF	<u>18 747 687 661</u>

#### **Proposed appropriation**

Dividend for 2018, CHF 2.45 per share on 2 984 258 341 shares <sup>1</sup>	CHF	<u>7 311 432 935</u>
Balance to be carried forward	CHF	<u>11 436 254 726</u>

1 Depending on the number of shares issued as of the last trading day with entitlement to receive the dividend (April 12, 2019). No dividend is paid on own shares held by the Nestlé Group; the respective amount will be attributed to the special reserve.

Provided that the proposal of the Board of Directors is approved, the gross dividend will amount to CHF 2.45 per share, representing a net amount of CHF 1.5925 per share after payment of the Swiss withholding tax of 35%. The last trading day with entitlement to receive the dividend is April 12, 2019. The shares will be traded ex-dividend as of April 15, 2019. The net dividend will be payable as from April 17, 2019.

## **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, Beat W. Hess, Renato Fassbind, Ms Ann M. Veneman, Ms Eva Cheng, Mr Patrick Aebischer, Ms Ursula M. Burns, Messrs Kasper Rorsted and Pablo Isla, as well as Ms Kimberly A. Ross, 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 2018 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 11, 2019.

Mr Jean-Pierre Roth and Ms Ruth K. Oniang'o will not stand for further re-election having reached the age limit for Nestlé Board tenure. Having joined the Board of Directors in 2010, Mr Roth served the Company as a member of the Compensation Committee since 2012. Ms Oniang'o served on the Board of Directors since 2015.

The Board of Directors wishes to extend its sincere gratitude to Mr Roth and Ms Oniang'o for their highly appreciated 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 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 September 2016. He serves as a Board member of HSBC Holdings plc, United Kingdom.
- 4.1.4 Mr Beat W. Hess, Swiss, born 1949, Chairman of the Compensation Committee and member of the Chairman's and Corporate Governance Committee. Mr Hess serves as Chairman of LafargeHolcim Ltd and as Vice Chairman of Sonova Holding AG, both in Switzerland.
- 4.1.5 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.
- 4.1.6 Ms 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 and the Clinton Health Access Initiative, both in the USA.
- 4.1.7 Ms Eva Cheng, Chinese, born 1952, member of the Nomination and Sustainability Committee and of the Audit Committee. Ms Cheng is a Board member of Trinity Limited and of Haier Electronics Group Co. Ltd., both in Hong Kong, China, as well as a Board member of Amcor Ltd., Australia.
- 4.1.8 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 serves as a member of the Board of Directors of Logitech International S.A. and of Lonza Group Ltd, and is Chairman of Novartis Bioventures AG, all in Switzerland.
- 4.1.9 Ms 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 and CEO of VEON Ltd, headquartered in the Netherlands, and is a member of the Board

of Directors of Exxon Mobil Corporation and Uber Technologies Inc., both in the USA. Ms Burns also provides leadership counsel to various community, educational and non-profit organisations.

- 4.1.10 Mr Kasper Rorsted, Danish, born 1962, is the CEO of adidas, Germany, and was the CEO of Henkel 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. He serves as a member of the Supervisory Board of Bertelsmann, Germany.
- 4.1.11 Mr Pablo Isla, Spanish, born 1964, is the CEO and Chairman of Inditex, 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, Spain.
- 4.1.12 Ms Kimberly A. Ross, American, born 1965, member of the Audit Committee. She is the former Chief Financial Officer of Baker Hughes, a global industrial services company based in the USA. She served as the Chief Financial Officer of Avon Products from 2011 to 2014, and of Royal Ahold from 2007 to 2011. Before joining Royal Ahold in 2001, Ms Ross held various senior management roles at Ernst & Young Global Limited, USA, and Joseph E. Seagram & Sons Inc. after having started her finance career at Anchor Glass Container Corporation. She serves as a non-executive member of Chubb Limited and of PQ Corporation, both in the USA.

For further details on the nominees as well as their qualifications, see biographies in the Corporate Governance Report 2018 or on the internet ([www.nestle.com/investors/corporate-governance/management/boardofdirectors](http://www.nestle.com/investors/corporate-governance/management/boardofdirectors)).

## 4.2 Elections to the Board of Directors

### *Proposal*

Individual elections of 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*

The Board proposes to elect the following candidates as members of the Board of Directors:

- 4.2.1 Mr Dick Boer, Dutch, born 1957, was President and CEO of Ahold Delhaize N.V., one of the world's largest food retail groups and a leader in both supermarkets and e-commerce, until his retirement in 2018. Prior to the merger of Ahold

and Delhaize in 2016, he served as President and CEO of Ahold. Previously, he was the Chief Operating Officer of Ahold Europe since 2006, after having been appointed President and CEO of Albert Heijn in 2000 and CEO of Ahold Czech Republic in 1998. Prior to his career in Ahold, he spent more than 17 years in various retail positions for SHV Holding N.V. and Unigro N.V. He was also a member and Co-Chairman of the Consumer Goods Forum. Mr Boer holds a degree in Business Economics and an executive postgraduate degree of IBO Business School. Furthermore, he serves as Chairman of the Advisory Board of G-Star RAW, a fashion retail company, and is Chairman of the Rijksmuseum Fonds and a member of the Supervisory Board of the Royal Concertgebouw in the Netherlands. The Board believes that as a former President and CEO with extensive retail and digital experience, he will contribute significantly to the Board's Fast Moving Consumer Goods expertise.

4.2.2 Mr Dinesh Paliwal, American/Indian Overseas Citizenship, born 1957, is President and CEO of Harman International Industries Inc., an independent subsidiary of Samsung Electronics Co., Ltd. He served Harman International, a public company, as Chairman and CEO from 2007 until 2017, when Samsung acquired the company. Prior to joining Harman International in 2007, he was President Global Markets and Technology of ABB Ltd. During his 22 years with ABB he held various management positions in several countries. He holds a Master's degree in Engineering from the Indian Institute of Technology (IIT) in Roorkee, as well as a Master's degree in Applied Sciences and Engineering and an MBA of Miami University in Oxford (Ohio). Furthermore, Mr Paliwal serves as a non-executive Board member of Bristol-Myers Squibb, USA, and is a Director 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). The Board believes that as an entrepreneurial professional with extensive global experience in digital products and solutions for automotive, consumer and professional electronics markets, he will enrich the Board's knowledge in emerging technology areas, including artificial intelligence, digital business models and cloud computing.

For further details on the nominees as well as their qualifications and current mandates, see biographies on the internet ([www.nestle.com/investors/corporate-governance/annualgeneralmeeting](http://www.nestle.com/investors/corporate-governance/annualgeneralmeeting)).

### **4.3 Election of the members of the Compensation Committee**

#### *Proposal*

Individual elections of Messrs Beat W. Hess, Patrick Aebischer, Ms Ursula M. Burns and Mr Pablo Isla 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 Beat W. Hess will be appointed Chairman of the Compensation Committee.

4.3.1 Mr Beat W. Hess

4.3.2 Mr Patrick Aebischer

4.3.3 Ms Ursula M. Burns

4.3.4 Mr Pablo Isla

#### **4.4 Election of the statutory auditors**

(Financial statements of Nestlé S.A. and consolidated financial statements of the Nestlé Group 2019)

##### *Proposal*

Re-election of KPMG SA, Geneva branch, as statutory auditors (for a term of office until the end of the next Annual General Meeting)

#### **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)

##### *Explanation*

In line with Nestlé's Articles of Association, the Board proposes the re-election of the law firm Hartmann Dreyer to serve as Independent Representative.

## **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 2019 to the Annual General Meeting 2020, 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 (discounted by 16% to account for the blocking period of 3 years) 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, 2020 to December 31, 2020, 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, discounted in the case of the CEO by 16% for the 50% paid in blocked Nestlé S.A. shares), CHF 14 million for long-term incentive plans (based on fair 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 306 300 000 by CHF 8 700 000 to CHF 297 600 000 by cancellation of 87 000 000 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 297 600 000 (two hundred and ninety-seven million six-hundred thousand Swiss francs) divided into 2 976 000 000 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 87 000 000 own shares repurchased until February 5, 2019 under Nestlé S.A.’s ongoing share buyback program of up to CHF 20 billion, which was launched on July 4, 2017 on a second trading line on the SIX Swiss Exchange. The share capital in Article 3 of the Articles of Association is to be reduced reflecting the cancellation of the above 87 000 000 shares.

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 2019 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 4, 2019 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 21, 2019 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 4, 2019.

Shareholders whose registration in the share register with voting rights is made as from March 22, 2019 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 Share Transfer Office or directly to the Independent Representative by using the enclosed envelope, by April 4, 2019. 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](http://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 2018 with an overview of the financial results of Nestlé S.A. and of the Nestlé Group for the business year 2018. 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 2018 (which includes the Corporate Governance and Compensation Reports 2018) by ticking the corresponding box on the Reply Form. Using the same document, you can also pre-order the Half-Yearly Report January–June 2019, which will be published in July 2019. These documents will also be available on our website ([www.nestle.com/investors/publications](http://www.nestle.com/investors/publications)). Furthermore, the Annual Report 2018 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](mailto:shareregister@nestle.com).

## Information

All shareholder information is available at [www.nestle.com/investors](http://www.nestle.com/investors).

Nestlé S.A.  
Board of Directors  
Cham and Vevey (Switzerland), March 12, 2019

