

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6057(b) and 6058(a) of the Internal Revenue Code (the Code). <p style="text-align: center;">▶ Complete all entries in accordance with the instructions to the Form 5500.</p>	OMB Nos. 1210-0110 1210-0089 <div style="text-align: center; font-size: 1.2em; font-weight: bold;">2020</div> This Form is Open to Public Inspection
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Part I	Annual Report Identification Information
For calendar plan year 2020 or fiscal plan year beginning <u>01/01/2020</u> and ending <u>12/31/2020</u>	
A This return/report is for:	☐ a multiemployer plan ☐ a multiple-employer plan (Filers checking this box must attach a list of participating employer information in accordance with the form instructions.) ☒ a single-employer plan ☐ a DFE (specify) _____
B This return/report is:	☐ the first return/report ☐ the final return/report ☐ an amended return/report ☐ a short plan year return/report (less than 12 months)
C If the plan is a collectively-bargained plan, check here.	☒
D Check box if filing under:	☒ Form 5558 ☐ automatic extension ☐ the DFVC program ☐ special extension (enter description)

Part II	Basic Plan Information —enter all requested information				
1a Name of plan <u>NESTLE HOURLY RETIREMENT PLAN</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">1b Three-digit plan number (PN) ▶</td> <td style="width: 20%; text-align: center;"><u>006</u></td> </tr> <tr> <td colspan="2">1c Effective date of plan <u>05/14/1955</u></td> </tr> </table>	1b Three-digit plan number (PN) ▶	<u>006</u>	1c Effective date of plan <u>05/14/1955</u>	
1b Three-digit plan number (PN) ▶	<u>006</u>				
1c Effective date of plan <u>05/14/1955</u>					
2a Plan sponsor's name (employer, if for a single-employer plan) Mailing address (include room, apt., suite no. and street, or P.O. Box) City or town, state or province, country, and ZIP or foreign postal code (if foreign, see instructions) <u>NESTLE USA, INC.</u> <u>30500 BAINBRIDGE RD</u> <u>OLON, OH 44139-2205</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td>2b Employer Identification Number (EIN) <u>95-1572209</u></td> </tr> <tr> <td>2c Plan Sponsor's telephone number <u>440-349-5757</u></td> </tr> <tr> <td>2d Business code (see instructions) <u>311900</u></td> </tr> </table>	2b Employer Identification Number (EIN) <u>95-1572209</u>	2c Plan Sponsor's telephone number <u>440-349-5757</u>	2d Business code (see instructions) <u>311900</u>	
2b Employer Identification Number (EIN) <u>95-1572209</u>					
2c Plan Sponsor's telephone number <u>440-349-5757</u>					
2d Business code (see instructions) <u>311900</u>					

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	10/13/2021	ROBERTA FAZIO
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE	Filed with authorized/valid electronic signature.	10/13/2021	KRISTEN MCBRIDE
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

For Paperwork Reduction Act Notice, see the Instructions for Form 5500.

Form 5500 (2020)
v. 200204

3a Plan administrator's name and address ☒ Same as Plan Sponsor		3b Administrator's EIN	
		3c Administrator's telephone number	
4 If the name and/or EIN of the plan sponsor or the plan name has changed since the last return/report filed for this plan, enter the plan sponsor's name, EIN, the plan name and the plan number from the last return/report: a Sponsor's name c Plan Name		4b EIN 4d PN	
5 Total number of participants at the beginning of the plan year		5	10564
6 Number of participants as of the end of the plan year unless otherwise stated (welfare plans complete only lines 6a(1) , 6a(2) , 6b , 6c , and 6d).			
a(1) Total number of active participants at the beginning of the plan year.....		6a(1)	3965
a(2) Total number of active participants at the end of the plan year		6a(2)	3445
b Retired or separated participants receiving benefits.....		6b	4171
c Other retired or separated participants entitled to future benefits		6c	1542
d Subtotal. Add lines 6a(2) , 6b , and 6c		6d	9158
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.		6e	861
f Total. Add lines 6d and 6e		6f	10019
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)		6g	
h Number of participants who terminated employment during the plan year with accrued benefits that were less than 100% vested		6h	111
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item).....		7	
8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions: 1B 1C 3H			
b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:			
9a Plan funding arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor		9b Plan benefit arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	
10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)			
a Pension Schedules (1) ☒ R (Retirement Plan Information) (2) ☐ MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary (3) ☒ SB (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary		b General Schedules (1) ☒ H (Financial Information) (2) ☐ I (Financial Information – Small Plan) (3) ☐ <u>0</u> A (Insurance Information) (4) ☒ C (Service Provider Information) (5) ☒ D (DFE/Participating Plan Information) (6) ☐ G (Financial Transaction Schedules)	

Part III Form M-1 Compliance Information (to be completed by welfare benefit plans)

11a If the plan provides welfare benefits, was the plan subject to the Form M-1 filing requirements during the plan year? (See instructions and 29 CFR 2520.101-2.) ☐ Yes ☐ No

If "Yes" is checked, complete lines 11b and 11c.

11b Is the plan currently in compliance with the Form M-1 filing requirements? (See instructions and 29 CFR 2520.101-2.) ☐ Yes ☐ No

11c Enter the Receipt Confirmation Code for the 2020 Form M-1 annual report. If the plan was not required to file the 2020 Form M-1 annual report, enter the Receipt Confirmation Code for the most recent Form M-1 that was required to be filed under the Form M-1 filing requirements. (Failure to enter a valid Receipt Confirmation Code will subject the Form 5500 filing to rejection as incomplete.)

Receipt Confirmation Code _____

<div>SCHEDULE SB (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation</div>	<div>Single-Employer Defined Benefit Plan Actuarial Information</div> <div>This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code).</div> <div>▶ File as an attachment to Form 5500 or 5500-SF.</div>	<div>OMB No. 1210-0110</div> <div>2020</div> <div>This Form is Open to Public Inspection</div>
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For calendar plan year 2020 or fiscal plan year beginning 01/01/2020 and ending 12/31/2020	
▶ Round off amounts to nearest dollar.	
▶ Caution: A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.	
A Name of plan NESTLE HOURLY RETIREMENT PLAN	B Three-digit plan number (PN) ▶ 006
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF NESTLE USA, INC.	D Employer Identification Number (EIN) 95-1572209
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B	F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500

Part I	Basic Information			
1	Enter the valuation date: Month 01 Day 01 Year 2020			
2	Assets:			
a	Market value	2a	615161019	
b	Actuarial value	2b	615161019	
3	Funding target/participant count breakdown	(1) Number of participants	(2) Vested Funding Target	(3) Total Funding Target
a	For retired participants and beneficiaries receiving payment.....	5135	212120690	212120690
b	For terminated vested participants.....	1475	54962911	54962911
c	For active participants	4113	151585134	159443184
d	Total.....	10723	418668735	426526785
4	If the plan is in at-risk status, check the box and complete lines (a) and (b)..... ☐			
a	Funding target disregarding prescribed at-risk assumptions		4a	
b	Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been in at-risk status for fewer than five consecutive years and disregarding loading factor.....		4b	
5	Effective interest rate	5	5.41 %	
6	Target normal cost.....	6	9908167	

Statement by Enrolled Actuary

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

<div>SIGN HERE</div>	<div>Signature of actuary</div> <div>MICHAEL ALTILIO</div> <div>Type or print name of actuary</div> <div>WILLIS TOWERS WATSON US LLC</div> <div>Firm name</div> <div>8 CAMPUS DRIVE 4TH FLOOR PARSIPPANY, NJ 07054</div> <div>Address of the firm</div>	<div>10/11/2021</div> <div>Date</div> <div>20-07062</div> <div>Most recent enrollment number</div> <div>973-290-2500</div> <div>Telephone number (including area code)</div>
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Part II Beginning of Year Carryover and Prefunding Balances

	(a) Carryover balance	(b) Prefunding balance
7 Balance at beginning of prior year after applicable adjustments (line 13 from prior year)	132947098	0
8 Portion elected for use to offset prior year's funding requirement (line 35 from prior year)	9960129	0
9 Amount remaining (line 7 minus line 8)	122986969	0
10 Interest on line 9 using prior year's actual return of <u>21.08</u> %	25925653	0
11 Prior year's excess contributions to be added to prefunding balance:		
a Present value of excess contributions (line 38a from prior year)		0
b(1) Interest on the excess, if any, of line 38a over line 38b from prior year Schedule SB, using prior year's effective interest rate of <u>5.57</u> %		0
b(2) Interest on line 38b from prior year Schedule SB, using prior year's actual return		0
c Total available at beginning of current plan year to add to prefunding balance		0
d Portion of (c) to be added to prefunding balance		0
12 Other reductions in balances due to elections or deemed elections	0	0
13 Balance at beginning of current year (line 9 + line 10 + line 11d – line 12)	148912622	0

Part III Funding Percentages

14 Funding target attainment percentage	14	109.31 %
15 Adjusted funding target attainment percentage	15	144.22 %
16 Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement	16	129.88 %
17 If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage	17	%

Part IV Contributions and Liquidity Shortfalls**18** Contributions made to the plan for the plan year by employer(s) and employees:

(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
Totals ▶			18(b)	0	18(c) 0

19 Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:

a Contributions allocated toward unpaid minimum required contributions from prior years	19a	0
b Contributions made to avoid restrictions adjusted to valuation date	19b	0
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date	19c	0

20 Quarterly contributions and liquidity shortfalls:

- a** Did the plan have a "funding shortfall" for the prior year? ☒ Yes ☐ No
- b** If line 20a is "Yes," were required quarterly installments for the current year made in a timely manner? ☒ Yes ☐ No
- c** If line 20a is "Yes," see instructions and complete the following table as applicable:

Liquidity shortfall as of end of quarter of this plan year			
(1) 1st	(2) 2nd	(3) 3rd	(4) 4th
0	0	0	0

Part V Assumptions Used to Determine Funding Target and Target Normal Cost**21** Discount rate:**a** Segment rates:1st segment:
3.64 %2nd segment:
5.21 %3rd segment:
5.94 %☐ N/A, full yield curve used**b** Applicable month (enter code)**21b**

4

22 Weighted average retirement age**22**

62

23 Mortality table(s) (see instructions) ☐ Prescribed - combined☒ Prescribed - separate☐ Substitute**Part VI Miscellaneous Items****24** Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment. ☒ Yes ☐ No**25** Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment. ☐ Yes ☒ No**26** Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment. ☒ Yes ☐ No**27** If the plan is subject to alternative funding rules, enter applicable code and see instructions regarding attachment.**27****Part VII Reconciliation of Unpaid Minimum Required Contributions For Prior Years****28** Unpaid minimum required contributions for all prior years **28** 0**29** Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (line 19a) **29** 0**30** Remaining amount of unpaid minimum required contributions (line 28 minus line 29) **30** 0**Part VIII Minimum Required Contribution For Current Year****31** Target normal cost and excess assets (see instructions):**a** Target normal cost (line 6) **31a** 9908167**b** Excess assets, if applicable, but not greater than line 31a **31b** 9908167**32** Amortization installments:**a** Net shortfall amortization installment Outstanding Balance 0 Installment 0**b** Waiver amortization installment 0 0**33** If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount **33****34** Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33) **34** 0**35** Balances elected for use to offset funding requirement Carryover balance 0 Prefunding balance 0 Total balance 0**36** Additional cash requirement (line 34 minus line 35) **36** 0**37** Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c) **37** 0**38** Present value of excess contributions for current year (see instructions)**a** Total (excess, if any, of line 37 over line 36) **38a** 0**b** Portion included in line 38a attributable to use of prefunding and funding standard carryover balances **38b** 0**39** Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37) **39** 0**40** Unpaid minimum required contributions for all years **40** 0**Part IX Pension Funding Relief Under Pension Relief Act of 2010 (See Instructions)****41** If an election was made to use PRA 2010 funding relief for this plan:**a** Schedule elected ☐ 2 plus 7 years ☐ 15 years**b** Eligible plan year(s) for which the election in line 41a was made ☐ 2008 ☐ 2009 ☐ 2010 ☐ 2011

SCHEDULE C (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Service Provider Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110
		2020
		This Form is Open to Public Inspection.

For calendar plan year 2020 or fiscal plan year beginning 01/01/2020 and ending 12/31/2020		
A Name of plan NESTLE HOURLY RETIREMENT PLAN	B Three-digit plan number (PN) ▶	006
C Plan sponsor's name as shown on line 2a of Form 5500 NESTLE USA, INC.	D Employer Identification Number (EIN) 95-1572209	

Part I	Service Provider Information (see instructions)
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You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

- a** Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions).. ☐ Yes ☒ No
- b** If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation
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2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3. If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

Part III Termination Information on Accountants and Enrolled Actuaries (see instructions)
(complete as many entries as needed)

a Name:	KPMG, LLP	b EIN:	13-5565207
c Position:	AUDITOR		
d Address:	ONE CLEVELAND CENTER SUITE 2600 1375 EAST NINTH STREET CLEVELAND, OH 44114-1796	e Telephone:	216-696-9100

Explanation: ABLE TO COMBINE REQUIRED PLAN SERVICES UNDER NEW ACCOUNTING FIRM.

a Name:	JEREMY L. SEVCIK	b EIN:	53-0181291
c Position:	ACTUARY		
d Address:	2010 MAIN STREET SUITE 1050 IRVINE, CA 92614-7206	e Telephone:	949-224-6536

Explanation: REASSIGNMENT OF WORK WITHIN WILLIS TOWERS WATSON

a Name:		b EIN:	
c Position:			
d Address:		e Telephone:	

Explanation:

a Name:		b EIN:	
c Position:			
d Address:		e Telephone:	

Explanation:

a Name:		b EIN:	
c Position:			
d Address:		e Telephone:	

Explanation:

a Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)

Part II Information on Participating Plans (to be completed by DFEs)

(Complete as many entries as needed to report all participating plans)

a Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
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plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN

SCHEDULE H (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small> <small>Pension Benefit Guaranty Corporation</small>	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	<small>OMB No. 1210-0110</small> 2020 This Form is Open to Public Inspection
For calendar plan year 2020 or fiscal plan year beginning <u>01/01/2020</u> and ending <u>12/31/2020</u>		
A Name of plan <u>NESTLE HOURLY RETIREMENT PLAN</u>	B Three-digit plan number (PN) ►	<u>006</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>NESTLE USA, INC.</u>	D Employer Identification Number (EIN) <u>95-1572209</u>	

Part I Asset and Liability Statement			
1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.			
Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash.....	1a	0	0
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)	0	0
(2) Participant contributions.....	1b(2)	0	0
(3) Other	1b(3)	0	0
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)	0	0
(2) U.S. Government securities	1c(2)	0	0
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)	0	0
(B) All other	1c(3)(B)	0	0
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)	0	0
(B) Common	1c(4)(B)	0	0
(5) Partnership/joint venture interests	1c(5)	0	0
(6) Real estate (other than employer real property)	1c(6)	0	0
(7) Loans (other than to participants)	1c(7)	0	0
(8) Participant loans	1c(8)	0	0
(9) Value of interest in common/collective trusts	1c(9)	0	0
(10) Value of interest in pooled separate accounts	1c(10)	0	0
(11) Value of interest in master trust investment accounts	1c(11)	615161019	631638622
(12) Value of interest in 103-12 investment entities	1c(12)	0	0
(13) Value of interest in registered investment companies (e.g., mutual funds)	1c(13)	0	0
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)	0	0
(15) Other.....	1c(15)	0	0

1d Employer-related investments:		(a) Beginning of Year	(b) End of Year
(1) Employer securities.....	1d(1)	0	0
(2) Employer real property.....	1d(2)	0	0
e Buildings and other property used in plan operation	1e	0	0
f Total assets (add all amounts in lines 1a through 1e)	1f	615161019	631638622

Liabilities

g Benefit claims payable	1g	0	0
h Operating payables	1h	0	0
i Acquisition indebtedness.....	1i	0	0
j Other liabilities.....	1j	0	0
k Total liabilities (add all amounts in lines 1g through 1j)	1k	0	0

Net Assets

l Net assets (subtract line 1k from line 1f).....	1l	615161019	631638622
--	-----------	-----------	-----------

Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income

		(a) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	0	
(B) Participants	2a(1)(B)	0	
(C) Others (including rollovers).....	2a(1)(C)	0	
(2) Noncash contributions	2a(2)	0	0
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit).....	2b(1)(A)	0	
(B) U.S. Government securities	2b(1)(B)	0	
(C) Corporate debt instruments	2b(1)(C)	0	
(D) Loans (other than to participants)	2b(1)(D)	0	
(E) Participant loans.....	2b(1)(E)	0	
(F) Other	2b(1)(F)	0	
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		0
(2) Dividends: (A) Preferred stock.....	2b(2)(A)	0	
(B) Common stock	2b(2)(B)	0	
(C) Registered investment company shares (e.g. mutual funds).....	2b(2)(C)	0	
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		0
(3) Rents	2b(3)		0
(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)	0	
(B) Aggregate carrying amount (see instructions).....	2b(4)(B)	0	
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		0
(5) Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)	0	
(B) Other	2b(5)(B)	0	
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		0

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts.....	2b(6)		0
(7) Net investment gain (loss) from pooled separate accounts.....	2b(7)		0
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		71673697
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		0
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds)	2b(10)		0
c Other income	2c		0
d Total income. Add all income amounts in column (b) and enter total.....	2d		71673697

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers.....	2e(1)	55196094	
(2) To insurance carriers for the provision of benefits	2e(2)	0	
(3) Other.....	2e(3)	0	
(4) Total benefit payments. Add lines 2e(1) through (3)	2e(4)		55196094
f Corrective distributions (see instructions)	2f		0
g Certain deemed distributions of participant loans (see instructions).....	2g		0
h Interest expense.....	2h		0
i Administrative expenses: (1) Professional fees	2i(1)	0	
(2) Contract administrator fees	2i(2)	0	
(3) Investment advisory and management fees	2i(3)	0	
(4) Other.....	2i(4)	0	
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		0
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		55196094

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		16477603
l Transfers of assets:			
(1) To this plan.....	2l(1)		0
(2) From this plan	2l(2)		0

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☐ Unmodified (2) ☐ Qualified (3) ☒ Disclaimer (4) ☐ Adverse

b Check the appropriate box(es) to indicate whether the IQPA performed an ERISA section 103(a)(3)(C) audit. Check both boxes (1) and (2) if the audit was performed pursuant to both 29 CFR 2520.103-8 and 29 CFR 2520.103-12(d). Check box (3) if pursuant to neither.

(1) ☒ DOL Regulation 2520.103-8 (2) ☐ DOL Regulation 2520.103-12(d) (3) ☐ neither DOL Regulation 2520.103-8 nor DOL Regulation 2520.103-12(d).

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: **ERNST & YOUNG U.S. LLP**

(2) EIN: **34-6565596**

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l.

During the plan year:

a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.)

	Yes	No	Amount
4a		X	

	Yes	No	Amount
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.)			
4b		X	
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)			
4c		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)			
4d		X	
e Was this plan covered by a fidelity bond?	X		20000000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
4f		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
4g		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
4h		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)		X	
4i		X	
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked and see instructions for format requirements.)		X	
4j		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?		X	
4k		X	
l Has the plan failed to provide any benefit when due under the plan?		X	
4l		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)			
4m			
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.			
4n			

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year? ☐ Yes ☒ No
If "Yes," enter the amount of any plan assets that reverted to the employer this year _____.

5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	5b(2) EIN(s)	5b(3) PN(s)

5c Was the plan a defined benefit plan covered under the PBGC insurance program at any time during this plan year? (See ERISA section 4021 and instructions.) ☒ Yes ☐ No ☐ Not determined
If "Yes" is checked, enter the My PAA confirmation number from the PBGC premium filing for this plan year 4314714.

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110 2020 This Form is Open to Public Inspection.
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For calendar plan year 2020 or fiscal plan year beginning 01/01/2020 and ending 12/31/2020

A Name of plan <u>NESTLE HOURLY RETIREMENT PLAN</u>	B Three-digit plan number (PN) ▶ <u>006</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>NESTLE USA, INC.</u>	D Employer Identification Number (EIN) <u>95-1572209</u>

Part I	Distributions
---------------	----------------------

All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....	1	<u>0</u>
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): <u>36-3046063</u>		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year	3	<u>564</u>

Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part.)
----------------	---

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?	☐ Yes	☐ No	☒ N/A
If the plan is a defined benefit plan, go to line 8.			
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____ If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.			
6 a Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived)	6a		
b Enter the amount contributed by the employer to the plan for this plan year	6b		
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount).....	6c		
If you completed line 6c, skip lines 8 and 9.			
7 Will the minimum funding amount reported on line 6c be met by the funding deadline?	☐ Yes	☐ No	☐ N/A
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?	☐ Yes	☐ No	☒ N/A

Part III	Amendments
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9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box.....	☒ Increase	☐ Decrease	☐ Both	☐ No
--	--	-----------------------------------	-------------------------------	-----------------------------

Part IV	ESOPs (see instructions). If this is not a plan described under section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.
----------------	---

10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?	☐ Yes	☐ No
11 a Does the ESOP hold any preferred stock?	☐ Yes	☐ No
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.)	☐ Yes	☐ No
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?	☐ Yes	☐ No

For Paperwork Reduction Act Notice, see the Instructions for Form 5500.

Schedule R (Form 5500) 2020
v. 200204

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

- 14** Enter the number of deferred vested and retired participants (inactive participants), as of the beginning of the plan year, whose contributing employer is no longer making contributions to the plan for:

a The current plan year. Check the box to indicate the counting method used to determine the number of inactive participants: ☐ last contributing employer ☐ alternative ☐ reasonable approximation (see instructions for required attachment).....

b The plan year immediately preceding the current plan year. ☐ Check the box if the number reported is a change from what was previously reported (see instructions for required attachment).....

c The second preceding plan year. ☐ Check the box if the number reported is a change from what was previously reported (see instructions for required attachment).....

14a**14b****14c**

- 15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year.....

15a

b The corresponding number for the second preceding plan year.....

15b

- 16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year.....

16a

b If line 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers.....

16b

- 17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

- 18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment..... ☐

- 19** If the total number of participants is 1,000 or more, complete lines (a) through (c)

a Enter the percentage of plan assets held as:

Stock: 24.0 % Investment-Grade Debt: 60.0 % High-Yield Debt: 3.0 % Real Estate: 7.0 % Other: 6.0 %

b Provide the average duration of the combined investment-grade and high-yield debt:

☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☒ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

c What duration measure was used to calculate line 19(b)?

☒ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify):

- 20 PBGC missed contribution reporting requirements.** If this is a multiemployer plan or a single-employer plan that is not covered by PBGC, skip line 20.

a Is the amount of unpaid minimum required contributions for all years from Schedule SB (Form 5500) line 40 greater than zero? ☐ Yes ☒ No

b If line 20a is "Yes," has PBGC been notified as required by ERISA sections 4043(c)(5) and/or 303(k)(4)? Check the applicable box:

☐ Yes.

☐ No. Reporting was waived under 29 CFR 4043.25(c)(2) because contributions equal to or exceeding the unpaid minimum required contribution were made by the 30th day after the due date.

☐ No. The 30-day period referenced in 29 CFR 4043.25(c)(2) has not yet ended, and the sponsor intends to make a contribution equal to or exceeding the unpaid minimum required contribution by the 30th day after the due date.

☐ No. Other. Provide explanation _____

NESTLÉ HOURLY RETIREMENT PLAN

Financial Statements

December 31, 2020 and 2019

(With Report of Independent Auditors)

NESTLÉ HOURLY RETIREMENT PLAN

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Report of Independent Auditors

To the Plan Administrator of Nestlé Hourly Retirement Plan:

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of Nestlé Hourly Retirement Plan, which comprise the statements of net assets available for benefits and accumulated plan benefits as of December 31, 2020, and the related statements of changes in net assets available for benefits and changes in accumulated benefits for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the certified investment information described in Note 5, except for comparing such information with the related information included in the financial statements. We have been informed by the plan administrator that the entity that certified the investment information meets the requirements of 29 CFR 2520.103-8. The plan administrator has obtained a certification as of December 31, 2020, and for the year then ended, stating that the investment information provided to the plan administrator is complete and accurate.

Disclaimer of Opinion on Financial Statements

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Disclaimer of Opinion of Other Auditors on 2019 Financial Statements

Other auditors disclaimed an opinion on the 2019 financial statements of Nestlé Hourly Retirement Plan on October 14, 2020, as permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. Their report indicated



that (a) because of the significance of the information that they did not audit, they were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion and, accordingly, they did not express an opinion on the financial statements and (b) the form and content of the information included in the 2019 financial statements other than that derived from the certified investment information were presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Report on Compliance of Form and Content with Department of Labor's Rules and Regulations

The form and content of the information included in the 2020 financial statements, other than that derived from the certified investment information, have been audited by us in accordance with auditing standards generally accepted in the United States and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Ernst + Young LLP

October 12, 2021

NESTLÉ HOURLY RETIREMENT PLAN
Statements of Net Assets Available for Benefits
December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Investments, at fair value (notes 5, 7, and 8):		
Plan interest in Nestlé in the USA Pension Trust	\$ 631,638,622	615,161,019
Net assets available for benefits	<u>\$ 631,638,622</u>	<u>615,161,019</u>

See accompanying notes to financial statements.

NESTLÉ HOURLY RETIREMENT PLAN

Statement of Changes in Net Assets Available for Benefits

Year ended December 31, 2020

Investment income:

Plan interest in Nestlé in the USA Pension Trust investment income	\$ <u>72,749,137</u>
Total investment income	<u>72,749,137</u>

Deductions:

Benefits paid to participants	55,196,094
Investment and administrative expenses	<u>1,075,440</u>
Total deductions	<u>56,271,534</u>
Net increase	16,477,603

Net assets available for benefits:

Beginning of year	<u>615,161,019</u>
End of year	\$ <u><u>631,638,622</u></u>

See accompanying notes to financial statements.

NESTLÉ HOURLY RETIREMENT PLAN

Statements of Accumulated Plan Benefits

December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Actuarial present value of accumulated plan benefits (note 2(c)):		
Vested benefits:		
Participants currently receiving payments	\$ 217,811,483	253,085,589
Other participants	<u>258,355,287</u>	<u>325,718,291</u>
	476,166,770	578,803,880
Nonvested benefits	<u>13,257,059</u>	<u>12,953,350</u>
Total actuarial present value of accumulated plan benefits	<u>\$ 489,423,829</u>	<u>591,757,230</u>

See accompanying notes to financial statements.

NESTLÉ HOURLY RETIREMENT PLAN

Statement of Changes in Accumulated Plan Benefits

Year ended December 31, 2020

Actuarial present value of accumulated plan benefits at beginning of year	\$ 591,757,230
Increase (decrease) during the year attributable to:	
Benefits accumulated and actuarial gains	6,954,840
Decrease in discount the period	16,862,182
Benefits paid	(55,196,094)
Other assumption changes (note 2(c))	(74,576,280)
Plan amendments	3,621,951
Actuarial present value of accumulated plan benefits, end of year	<u>\$ 489,423,829</u>

See accompanying notes to financial statements.

NESTLÉ HOURLY RETIREMENT PLAN

Notes to Financial Statements

December 31, 2020 and 2019

(1) Description of the Plan

The following brief description of the Nestlé Hourly Retirement Plan (the Plan) is provided for general information purposes only. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

(a) General

The Plan is a defined benefit pension plan covering certain hourly employees of Nestlé USA, Inc. and certain affiliated companies (Company or Plan Sponsor). The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

The Plan is administered by Nestlé USA, Inc. The Plan Administrator is responsible for the general administration of the Plan. The Plan trustee is The Northern Trust Company.

(b) Pension Benefits

Participating employees at each Company location covered under the Plan receive benefits under a separate schedule of benefits (Schedule) that sets out specific eligibility provisions and benefit amounts for each location. The Plan provides defined benefits to retired participants based on their years of service. In general, the pension benefits are set to begin at age 65 in the form of a life annuity. Effective April 1, 2015, the Plan was amended to universally offer commencement of benefits and a lump-sum option at any age once employment ends. Other forms of payment and early commencement are available based on provisions specific to the various collective bargaining agreements and locations covered under the Plan. For the majority of participants, benefits become fully vested after they have completed three years of vesting service. Periodically, for eligible participants at certain Company locations, changes to the Plan's provisions are negotiated to increase the base rates used to calculate pension benefits (including benefit level increases to take effect in future periods). The base rates within the Schedule for certain locations were updated in both the years ended December 31, 2020 and 2019.

(c) Death and Disability Benefits

If an active participant dies after completing the applicable vesting requirements, a death benefit may be paid to the participant's qualified surviving spouse. Based on the applicable Schedule, the amount of the benefits paid to the surviving spouse is computed with reference to the applicable early retirement factors of the Plan for participants who meet the applicable early retirement provisions, or with reference to the applicable vested deferred retirement factors for participants who meet the applicable deferred vested retirement provisions. In general, disability benefits are also available and vary by covered location.

(2) Summary of Significant Accounting Policies

The following are the significant accounting policies followed by the Plan:

(a) Basis of Accounting

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

NESTLÉ HOURLY RETIREMENT PLAN

Notes to Financial Statements

December 31, 2020 and 2019

(b) Investment Valuation

Plan assets are held in the Nestlé in the USA Pension Trust (Pension Trust), which was established by the Company for the pooled investment of assets for various qualified pension plans sponsored by the Company. The Pension Trust is maintained by The Northern Trust Company, as trustee.

The Pension Trust investments are stated at fair value, in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurement*.

Purchases and sales of securities are recorded on a trade-date basis. Interest and other income are recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation includes the Pension Trust's gains and losses on investments bought and sold as well as held during the year.

(c) Actuarial Present Value of Accumulated Plan Benefits

Accumulated plan benefits are those future periodic payments, including lump-sum distributions, which are attributable under the Plan's provisions to the service employees have rendered. Accumulated plan benefits include benefits expected to be paid to (a) retired or terminated employees or their beneficiaries, (b) beneficiaries of employees who have died, and (c) present employees or their beneficiaries.

The accumulated plan benefits for active employees are based on their years of credited service multiplied by benefit factors defined in the Plan document. Benefits payable under all circumstances – retirement, death, disability, and termination of employment – are included to the extent they are deemed attributable to employee credited service rendered to the valuation date.

The actuarial present value of accumulated plan benefits is determined by an independent actuary, Willis Towers Watson, and is the amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements due to death, disability, termination, or retirement) between the valuation date and the expected date of payment. The significant actuarial assumptions used in the valuations were as follows:

	<u>2020</u>	<u>2019</u>
Life expectancy of participants	Pri-2012, including separate assumptions for contingent survivors with Modified MP-2019 projection	Pri-2012, including separate assumption for contingent survivors with Modified MP-2019 projection
Retirement age	Varying by age	Varying by age
ASC 960 discount rate and expected return on plan assets	4.30 %	2.90 %

For the year ended December 31, 2020, the methodology for calculating the ASC 960 discount rate and expected return on plan assets was updated from a market conditional 10-year with 50% net of fee alpha forecast to a strategic planning 20-year with 50% net of fee alpha forecast.

NESTLÉ HOURLY RETIREMENT PLAN

Notes to Financial Statements

December 31, 2020 and 2019

The foregoing actuarial assumptions are based on the presumption that the Plan will continue. Were the Plan to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated plan benefits.

(d) Administrative Expenses

Expenses of administering the Plan are paid by the Company or from Plan assets, subject to limitations under ERISA. The Plan allows for administrative expenses such as trustee fees, investment management fees, actuarial valuation fees, and accounting fees.

(e) Payment of Benefits

Benefit payments to participants are recorded upon distribution.

(f) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein, disclosure of contingent assets and liabilities, and the actuarial present value of accumulated plan benefits at the date of the financial statements, and changes therein. Actual results could differ from those estimates.

(g) Risks and Uncertainties

The Pension Trust invests in various investment securities. Investment securities are exposed to various risks, such as interest rate risk, market risk, and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and those changes could materially affect the amounts reported in the statements of net assets available for benefits.

Plan contributions are made and the actuarial present value of accumulated plan benefits are reported based on certain assumptions pertaining to interest rates, inflation rates, and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimation and assumption process, it is at least reasonably possible that changes in these estimates and assumptions in the near term could be material to the financial statements.

(h) Derivative Financial Instruments

The Pension Trust accounts for derivatives and hedging activities in accordance with ASC 815, *Derivatives and Hedging*, which requires that all derivative instruments not qualifying for hedge accounting be recorded on the statements of net assets available for benefits at their respective fair values.

The Pension Trust uses derivatives for the benefit of the plans in the Pension Trust as a tool to reduce risk and as an investment strategy. The Pension Trust will enter into the following types of derivative instruments: interest rate swaps, credit default swaps (CDSs), equity swaps, commodity swaps, financial futures, commodities futures, foreign exchange forward contracts and options, and swaptions and options. The derivative instruments outstanding as of period-end and the amounts of realized and unrealized gains and losses, as well as other income on derivative instruments during the period (as disclosed in the derivatives tables in note 7), serve as indicators of the volume of derivative activity for

NESTLÉ HOURLY RETIREMENT PLAN

Notes to Financial Statements

December 31, 2020 and 2019

the Pension Trust. Derivative strategies involve risk and, like other investments, can lose value. The impact on Pension Trust performance can be positive or negative, and will vary depending on market movements.

The Pension Trust manages interest rate risk using interest rate swaps and/or US Treasury futures (interest rate hedge). The objective of the interest rate hedge is to manage the effective duration of the Pension Trust's assets to better match its defined benefit obligations, thereby protecting the funded ratio of the Pension Trust as interest rates fluctuate. Interest rate swaps and futures used in this manner adjust interest rate and yield curve exposures and substitute for physical securities.

The Pension Trust also uses derivatives as a substitute for physical securities in order to gain exposure to certain asset classes. Using derivatives instead of physical securities may be a more efficient means to gain exposure to an index or a market sector due to its characteristics of increased liquidity and reduced transaction costs. Using derivatives may also reduce the need to sell assets when there is a difficult trading environment. These derivatives are used to create credit, equity, and foreign exchange exposures.

The Pension Trust manages credit risk through use of CDSs. These derivatives are used to manage credit exposure without buying or selling securities outright. Written CDSs increase credit exposure (selling protection), obligating the Pension Trust to buy bonds from counterparties in the event of a default. Purchased CDSs decrease exposure (buying protection) providing the right to "put" (sell) bonds to the counterparty in the event of a default.

Counterparty risk for swaps and forwards that are not cleared through a central exchange is mitigated through the use of International Swaps and Derivatives Association (ISDA) standardized agreements that require gains and losses owed to and from the counterparty to be agreed daily, and gains or losses to be collateralized with cash. For futures, the gain (loss) is calculated and funds are transferred to and from the Pension Trust on a daily basis, based on the prior day's market valuation. The types of counterparties are large banks and brokers, and the investment managers each have netting arrangements within their accounts to reduce the exposure to any single counterparty.

Holding derivatives has a significant impact on cash flow. Daily mark to markets and accumulated gains and losses can be large, depending on the volatility of the markets. The Pension Trust has maintained the liquidity necessary to settle any losses under a variety of market conditions, including the most severe.

(i) Foreign Currency

The Pension Trust's investment securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollar amounts at the date of valuation. Purchases and sales of investment securities and income and expense items denominated in foreign currencies are translated into U.S. dollar amounts on the respective dates of such transactions.

The Pension Trust does not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in market prices of securities held. Such fluctuations are included with the net appreciation and depreciation from investments.

NESTLÉ HOURLY RETIREMENT PLAN

Notes to Financial Statements

December 31, 2020 and 2019

(j) Recently Issued Accounting Standards

In August 2018, the FASB issued Accounting Standards Update (ASU) 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*. ASU 2018-13 improves the disclosure requirements for fair value measurements. The guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. The Plan adopted the guidance beginning with the year ended December 31, 2020, and has retrospectively updated the applicable financial statements and related disclosures to reflect the adoption.

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. ASU 2020-04 provides optional guidance for a limited period of time to ease the potential burden in accounting for (or recognizing the effects of) reference rate reform on financial reporting. The guidance is effective for all entities as of March 12, 2020 through December 31, 2022. The Plan is currently evaluating this accounting standard and has not yet determined the impact to the financial statements.

(3) Funding Policy

The funding policy of the Plan Sponsor is to make contributions for each plan year in an amount not less than the minimum required contribution under the law and not more than the maximum tax-deductible contribution. The Company may vary its contribution level, if appropriate to its tax and cash position and the Plan's funded status. There were no contributions made for the Plan year ended December 31, 2020, which met ERISA minimum funding requirements.

(4) Plan Termination

Although it has not expressed any intention to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions set forth in ERISA.

In the event the Plan terminates, the net assets of the Plan will be allocated as prescribed by ERISA and its related regulations. The assets allocated to each participant would be distributed through either (a) continuance of the trust fund that is attributable to the Plan or establishment of a new trust fund, and/or (b) purchase of annuity contracts. In addition, certain benefits under the Plan are insured by the Pension Benefit Guaranty Corporation (PBGC) if the Plan terminates. Generally, the PBGC guarantees most vested normal age retirement benefits, early retirement benefits, and certain disability and survivor's pensions. However, the PBGC does not guarantee all types of benefits under the Plan, and the amount of benefit protection is subject to certain limitations. Vested benefits under the Plan are guaranteed at the level in effect on the date of the Plan's termination. However, there is a statutory ceiling on the amount of an individual's monthly benefit that the PBGC guarantees, which is adjusted periodically.

Whether all participants receive their benefits should the Plan terminate at some future time will depend on the sufficiency, at that time, of the Plan's net assets to provide those benefits and may also depend on the level of benefits guaranteed by the PBGC.

NESTLÉ HOURLY RETIREMENT PLAN

Notes to Financial Statements

December 31, 2020 and 2019

(5) Trustee Certifications

The plan administrator has elected the method of compliance permitted by 29 CFR 2520.103-5 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Accordingly, as permitted under such election, the plan administrator has obtained certifications from The Northern Trust Company, the trustee of the Pension Trust in which the Plan participates, as of December 31, 2020 and 2019, and for the year ended December 31, 2020, that all of the information related to Plan interest in Nestlé in the USA Pension Trust and Plan interest in Nestlé in the USA Pension Trust investment income is complete and accurate. Information included in the accompanying financial statements and notes thereto, as to investments and investment income (loss), is presented in reliance upon those certifications.

(6) Parties in Interest

During the years ended December 31, 2020 and 2019, Nestlé in the USA Pension Trust had parties in interest that included Plan Sponsor, trustee, investment advisory, legal, actuarial, and administrative service providers. The fees paid by the Pension Trust to these parties in interest were \$7,778,282 for the year ended December 31, 2020. The Plan's share of these expenses was \$1,075,440 for the Plan year ended December 31, 2020. These transactions qualify as party-in-interest transactions; however, they are exempt from prohibited transaction rules under ERISA.

(7) Interest in Nestlé in the USA Pension Trust

The assets of the Plan are invested in the Pension Trust, in which the assets of the Plan are combined with the assets of other affiliated Company plans for investment purposes.

Pursuant to the trustee's method of allocating the investment holdings between the plans, contributions into the Pension Trust are treated as additions in the Pension Trust, withdrawals are treated as deductions in the Pension Trust, and investment income (loss) is allocated proportionately. Accordingly, the value of the Plan's investment in the Pension Trust is equal to the Plan's interest in each applicable investment increased or decreased by the Plan's allocated share in income, gains, and losses attributable to each applicable investment, which share is generally based upon the Plan's respective share of the Pension Trust's combined net assets available for benefits each month before investment income (loss) and net appreciation (depreciation) in the fair value of investments. Those investment expenses of the Pension Trust, which can be specifically identified as being applicable to the Plan, are charged to the Plan. The remaining investment expenses are allocated to the Plan based on the Plan's respective share of the Pension Trust's combined net assets available for benefits on a monthly basis.

NESTLÉ HOURLY RETIREMENT PLAN

Notes to Financial Statements

December 31, 2020 and 2019

The Plan's investments consist of an undivided interest in investments held by the Pension Trust. The Plan's equitable share of the Pension Trust's net assets was approximately 13.7% for the years ended December 31, 2020 and 2019. The net assets of the Master Trust and the Plan's interest in the Master Trust balances as of December 31, 2020 and 2019, are as follows:

	<u>2020</u>		<u>2019</u>	
	<u>Master Trust</u>	<u>Plan's Interest in</u>	<u>Master Trust</u>	<u>Plan's Interest in</u>
	<u>Balances</u>	<u>Master Trust</u>	<u>Balances</u>	<u>Master Trust</u>
		<u>Balances</u>		<u>Balances</u>
Investments, at fair value:				
Unencumbered investments:				
The Northern Trust Company Core Qualified				
Collateral Section**	\$	—		14,046,184
Equities		1,110,864,322		1,031,040,290
Fixed income		3,037,487,985		2,879,840,026
Real estate		297,111,897		324,697,145
Other investments		472,588		701,132
Hedge funds		265,863,422		246,851,168
Cash and cash equivalents*		194,210,862		263,094,422
Total unencumbered investments		<u>4,906,011,076</u>		<u>4,848,737,694</u>
Securities pledged to creditors**:				
Equities		—		2,214,459
Fixed income		—		100,299,052
Total securities pledged to creditors		<u>—</u>		<u>102,513,511</u>
Total assets		<u>4,906,011,076</u>		<u>4,951,251,205</u>
Payable under securities loan agreements**		—		(102,513,511)
Liabilities		<u>(301,375,551)</u>		<u>(359,097,104)</u>
Net Pension Trust assets	\$	<u>4,604,635,525</u>		<u>4,489,640,590</u>
		<u>631,638,622</u>		<u>615,161,019</u>

* Includes pending trade sales and purchases as of year-end.

** The Pension Trust terminated its securities lending arrangement with the trustee during the second quarter of 2020.

The Pension Trust participated in a securities lending arrangement through the trustee during the year ended December 31, 2019.

The Pension Trust obtained cash and noncash collateral from the borrowers of the Plan's securities as a result of this arrangement.

The collateral received from borrowers was invested in The Northern Trust Company Core Qualified Collateral Section.

The noncash collateral received consisted primarily of fixed income securities and domestic equity securities.

NESTLÉ HOURLY RETIREMENT PLAN

Notes to Financial Statements

December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash collateral	\$ —	90,501,670
Noncash collateral	—	14,489,624
Total	\$ —	<u>104,991,294</u>

During the year ended December 31, 2020, investment income for the Pension Trust consisted of the following:

	<u>2020</u>
Net appreciation in fair value of investments	\$ 415,495,315
Interest	97,904,122
Dividends	614,293
Other income	<u>13,155,458</u>
	\$ <u>527,169,188</u>
Pension Trust investment income attributable to the Plan	\$ 72,749,137

As discussed in note 2(h), the Pension Trust uses derivative financial instruments as part of its investment strategy. Refer to note 8 for a description of valuation methodologies. Gains and losses on derivative financial instruments are included in investment income (loss). As of December 31, 2020 and 2019, the Pension Trust held the following derivatives:

	<u>2020</u>		<u>2019</u>	
	<u>Asset derivatives fair value</u>	<u>Liability derivatives fair value</u>	<u>Asset derivatives fair value</u>	<u>Liability derivatives fair value</u>
Derivatives not accounted for as hedging instruments:				
Interest rate	\$ 1,924,616	(20,892,848)	9,646,371	(15,051,363)
Foreign exchange	452,996	(448,902)	692,648	(554,662)
Credit	1,512,563	(456,791)	1,601,152	(1,049,612)
Equity	—	—	236,853	(2,864)
	<u>\$ 3,890,175</u>	<u>(21,798,541)</u>	<u>12,177,024</u>	<u>(16,658,501)</u>

The fair values of the derivatives are located within Unencumbered Investments held by the Pension Trust in other investments in assets and liabilities, cash and cash equivalents, fixed income, and equities. There is no concentration of derivatives in any of the categories. Swap valuations are also represented in the Pension Trust Receivables and Liabilities.

NESTLÉ HOURLY RETIREMENT PLAN

Notes to Financial Statements

December 31, 2020 and 2019

For the year ended December 31, 2020, the Pension Trust recognized in investment gain (loss) and other income the following:

	<u>2020</u>
	<u>Amount of</u>
	<u>gain (loss)</u>
Derivatives not accounted for as hedging instruments:	
Interest rate	\$ 70,892,989
Foreign exchange	(613,993)
Credit	133,252
Equity	<u>(14,784,271)</u>
	<u>\$ 55,627,977</u>

The gain related to the derivatives is located in the net appreciation in fair value of investments and the other income for the Pension Trust. There is no concentration of derivatives in any of the categories.

The following table summarizes the gross notional value of derivative contracts outstanding as of December 31, 2020. The gross notional amounts give an indication of the volume of the Pension Trust's derivative activity and significantly exceed the fair value of the derivative investments, which is more representative of the economic exposure associated with derivatives in the Pension Trust.

December 31, 2020	<u>Interest</u>		<u>Foreign</u>		<u>Total</u>
	<u>Rate</u>	<u>Credit</u>	<u>Currency</u>	<u>Equity</u>	
Forwards	\$ —	—	53,746,333	—	53,746,333
Futures	1,907,548,171	—	—	—	1,907,548,171
Options	38,989,792	73,158,558	2,397,600	—	114,545,950
Swaps	363,012,410	70,250,087	—	—	433,262,497
	<u>\$ 2,309,550,373</u>	<u>143,408,645</u>	<u>56,143,933</u>	<u>—</u>	<u>2,509,102,951</u>

NESTLÉ HOURLY RETIREMENT PLAN

Notes to Financial Statements

December 31, 2020 and 2019

The Pension Trust has in place legally enforceable master netting arrangements or similar agreements with all counterparties with which it enters into derivative financial instruments. Master netting arrangements or similar agreements permit the closeout and netting of transactions with the same counterparty upon the occurrence of certain events. The Pension Trust has chosen not to offset the fair values of derivative contracts and related cash collateral with the same counterparty under its master netting arrangements or similar agreements. All of the Pension Trust's derivative and cash collateral positions are reflected at the gross values in the statements of net assets available for plan benefits. The table below shows the impact of netting financial instruments and collateral if the Plan had elected to offset the derivatives.

Offsetting of Assets and Liabilities – Pension Trust at December 31, 2020:

Asset description	Gross recognized assets	Gross amounts offset	Net amounts presented	Amounts not offset		Net exposure
				Financial instruments	Net collateral received	
OTC Equities	\$ –	–	–	–	–	–
OTC Foreign exchange	452,996	–	452,996	103,982	219,357	129,657
OTC Interest rate/credit	760,848	–	760,848	277,855	129,848	353,145
Total derivatives subject to a Master Netting Agreement (MNA)	1,213,844	–	1,213,844	381,837	349,205	482,802
Exchange cleared interest rate/credit	1,174,989	–	1,174,989	–	–	1,174,989
Exchange traded equities	–	–	–	–	–	–
Exchange traded interest rate/credit	1,501,342	–	1,501,342	–	–	1,501,342
Total derivatives not subject to a MNA	2,676,331	–	2,676,331	–	–	2,676,331
Total derivatives	\$ 3,890,175	–	3,890,175	381,837	349,205	3,159,133
Securities lending pledged	\$ –	–	–	–	–	–

NESTLÉ HOURLY RETIREMENT PLAN

Notes to Financial Statements

December 31, 2020 and 2019

Liability description	Gross recognized liabilities	Gross amounts offset	Net amounts presented	Amounts not offset		Net exposure
				Financial instruments	Net collateral pledged	
OTC Equities	\$ –	–	–	–	–	–
OTC Foreign exchange	448,902	–	448,902	103,982	97,204	247,716
OTC Interest rate/credit	14,159,092	–	14,159,092	277,855	13,874,826	6,411
Total derivatives subject to a MNA	14,607,994	–	14,607,994	381,837	13,972,030	254,127
Exchange cleared interest rate/credit	6,798,626	–	6,798,626	–	6,693,069	105,557
Exchange traded equities	–	–	–	–	–	–
Exchange traded interest rate /credit	391,921	–	391,921	–	367,999	23,922
Total derivatives not subject to a MNA	7,190,547	–	7,190,547	–	7,061,068	129,479
Total derivatives	\$ 21,798,541	–	21,798,541	381,837	21,033,098	383,606

Offsetting of Assets and Liabilities – Pension Trust at December 31, 2019:

Asset description	Gross recognized assets	Gross amounts offset	Net amounts presented	Amounts not offset		Net exposure
				Financial instruments	Net collateral received	
OTC Equities	\$ 58,378	–	58,378	–	–	58,378
OTC Foreign exchange	692,648	–	692,648	138,133	101,045	453,470
OTC Interest rate/credit	8,974,063	–	8,974,063	366,473	7,872,985	734,605
Total derivatives subject to a Master Netting Agreement (MNA)	9,725,089	–	9,725,089	504,606	7,974,030	1,246,453
Exchange cleared interest rate/credit	1,986,598	–	1,986,598	–	–	1,986,598
Exchange traded equities	178,475	–	178,475	–	–	178,475
Exchange traded interest rate/credit	286,862	–	286,862	–	–	286,862
Total derivatives not subject to a MNA	2,451,935	–	2,451,935	–	–	2,451,935
Total derivatives	\$ 12,177,024	–	12,177,024	504,606	7,974,030	3,698,388
Securities lending pledged	\$ 102,513,511	–	102,513,511	–	102,513,511	–

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Liability description	Gross recognized liabilities	Gross amounts offset	Net amounts presented	Amounts not offset		Net exposure
				Financial instruments	Net collateral pledged	
OTC Equities	\$ –	–	–	–	–	–
OTC Foreign exchange	554,662	–	554,662	138,133	170,000	246,529
OTC Interest rate/credit	9,743,561	–	9,743,561	366,473	7,740,000	1,637,088
Total derivatives subject to a MNA	10,298,223	–	10,298,223	504,606	7,910,000	1,883,617
Exchange cleared interest rate/credit	4,431,516	–	4,431,516	–	–	4,431,516
Exchange traded equities	2,864	–	2,864	–	–	2,864
Exchange traded interest rate /credit	1,925,898	–	1,925,898	–	–	1,925,898
Total derivatives not subject to a MNA	6,360,278	–	6,360,278	–	–	6,360,278
Total derivatives	\$ 16,658,501	–	16,658,501	504,606	7,910,000	8,243,895

(8) Fair Value Measurements

The Plan has adopted the guidance in ASC 820, which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. The fair value framework requires the categorization of assets and liabilities into three levels based upon the assumptions (inputs) used to price the assets or liabilities. Level 1 provides the most reliable measure of fair value, whereas Level 3 generally requires significant judgment. The three levels are defined as follows:

- Level 1: Assets or liabilities that are valued based on unadjusted quoted prices in active markets that are accessible at measurement date.
- Level 2: Assets or liabilities that are valued based on observable inputs, other than those included in Level 1, based on quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in inactive markets, or financial instruments for which all significant inputs are observable, either directly or indirectly.
- Level 3: Assets or liabilities that are valued based on unobservable inputs, including the reporting entity's own analysis of the underlying economic data that market participants would factor into the pricing of the asset or liability.

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Assets and liabilities of the Pension Trust measured at fair value on a recurring basis are categorized as follows:

		December 31, 2020			
		Level 1	Level 2	Level 3	Total
Nestlé in the USA Pension Trust					
assets:					
Northern Trust Core Qualified collateral section	\$	—	—	—	—
Equities:					
Preferred stock		4,695,067 (a)	—	—	4,695,067
Common stock		—	—	—	—
Commingled funds		1,106,169,180 (e)	—	—	1,106,169,180
Equity futures		—	—	—	—
Equity options and swaps		—	—	—	—
Rights/Warrants		75 (a)	—	—	75
Total equities		1,110,864,322	—	—	1,110,864,322
Fixed income:					
Mutual funds		2,306,882	—	—	2,306,882
Collateralized obligations		—	3,042,233 (c)	595,031	3,637,264
Corporate bonds		—	1,848,895,599 (b)	—	1,848,895,599
Government and municipal		—	1,074,624,086 (f)	853,432	1,075,477,518
Bank loans		—	14,163,428 (b)	—	14,163,428
Futures		1,375,362	—	—	1,375,362
Options and swaps		—	2,061,817 (g)	—	2,061,817
Total fixed income		3,682,244 (a)	2,942,787,163	1,448,463 (h)	2,947,917,870
Other assets:					
Foreign exchange forwards and options		452,996	—	—	452,996
Other misc. assets		19,588	—	4	19,592
Total other assets		472,584 (a)	—	4 (g)	472,588
Cash and cash equivalents:					
Cash (held at broker)		22,045,166 (a)	—	—	22,045,166
Cash		137,941,850 (a)	—	—	137,941,850
Short term		34,223,846 (d)	—	—	34,223,846
Total cash and cash equivalents		194,210,862	—	—	194,210,862
Total assets by fair value level		1,309,230,012	2,942,787,163	1,448,467	4,253,465,642

NESTLÉ HOURLY RETIREMENT PLAN

Notes to Financial Statements

December 31, 2020 and 2019

	December 31, 2020			
	Level 1	Level 2	Level 3	Total
Liabilities:				
Payables	\$ (278,159,809)	–	–	(278,159,809)
Collateral held	(1,417,201)	–	–	(1,417,201)
Total current liabilities	(279,577,010) (a)	–	–	(279,577,010)
Equity futures	–	–	–	–
Fixed income futures	(381,734)	–	–	(381,734)
Fixed income options and swaps	(10,188)	(20,955,842)	(1,875)	(20,967,905)
Foreign exchange forwards and options	(440,361)	(8,541)	–	(448,902)
Total other investments	(832,283) (a)	(20,964,383) (g)	(1,875) (h)	(21,798,541)
Payables under securities lending agreement	–	–	–	–
Total liabilities by fair value level	(280,409,293)	(20,964,383)	(1,875)	(301,375,551)
Net pension trust assets by fair value level	\$ 1,028,820,719	2,921,822,780	1,446,592	3,952,090,091
Investments measured at net asset value				652,545,434 (j)
Net pension trust assets			\$	4,604,635,525

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December 31, 2020 and 2019

December 31, 2019				
	Level 1	Level 2	Level 3	Total
Nestlé in the USA Pension Trust assets:				
Northern Trust Core Qualified collateral section	\$ 102,513,511 (i)	–	–	102,513,511
Equities:				
Preferred stock	5,260,110 (a)	537,750 (b)	–	5,797,860
Common stock	311,503 (a)	–	–	311,503
Commingled funds	1,026,908,533 (e)	–	–	1,026,908,533
Equity futures	178,475 (a)	–	–	178,475
Equity options and swaps	–	58,378 (g)	–	58,378
Total equities	1,032,658,621	596,128	–	1,033,254,749
Fixed income:				
Mutual funds	8,894,017	–	–	8,894,017
Collateralized obligations	–	3,956,613 (c)	299,467	4,256,080
Corporate bonds	–	1,785,110,566 (b)	–	1,785,110,566
Government and municipal	–	1,051,609,869 (f)	315,793	1,051,925,662
Bank loans	–	10,513,964 (b)	–	10,513,964
Futures	286,862	–	–	286,862
Options and swaps	–	10,960,661 (g)	–	10,960,661
Total fixed income	9,180,879 (a)	2,862,151,673	615,260 (h)	2,871,947,812
Other assets:				
Foreign exchange forwards and options	692,648	–	–	692,648
Other misc. assets	8,480	–	4	8,484
Total other assets	701,128 (a)	– (g)	4 (g)	701,132
Cash and cash equivalents:				
Cash (held at broker)	15,791,325 (a)	–	–	15,791,325
Cash	144,714,067 (a)	–	–	144,714,067
Short term	99,698,581 (d)	2,890,449	–	102,589,030
Total cash and cash equivalents	260,203,973	2,890,449	–	263,094,422
Total assets by fair value level	1,405,258,112	2,865,638,250	615,264	4,271,511,626

NESTLÉ HOURLY RETIREMENT PLAN

Notes to Financial Statements

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December 31, 2019				
	Level 1	Level 2	Level 3	Total
Liabilities:				
Payables	\$ (331,557,170)	–	–	(331,557,170)
Collateral held	(10,881,433)	–	–	(10,881,433)
Total current liabilities	(342,438,603) (a)	–	–	(342,438,603)
Equity futures	(2,864)	–	–	(2,864)
Fixed income futures	(1,908,945)	–	–	(1,908,945)
Fixed income options and swaps	(16,953)	(14,175,077)	–	(14,192,030)
Foreign exchange forwards and options	(554,662)	–	–	(554,662)
Total other investments	(2,483,424) (a)	(14,175,077) (g)	–	(16,658,501)
Payables under securities lending agreement	(102,513,511) (i)	–	–	(102,513,511)
Total liabilities by fair value level	(447,435,538)	(14,175,077)	–	(461,610,615)
Net pension trust assets by fair value level	\$ 957,822,574	2,851,463,173	615,264	3,809,901,011
Investments measured at net asset value				679,739,579
Net pension trust assets				\$ 4,489,640,590

Due to the Company's policy to diversify the holdings of the Pension Trust portfolio, there is no significant concentration of investments within any particular class of investments included above. The valuation methodologies utilized by the Plan and Pension Trust for the above investments as of December 31, 2020 and 2019, are as follows:

- (a) Based on quoted market prices in active markets.
- (b) Based on investment manager or industry pricing services of investments. Certain fixed income pricing is on a bid-evaluation basis. Institutional bid evaluations are estimated prices. Pricing vendors use models, which are generally proprietary, to arrive at the estimated prices. These prices represent the price a dealer would pay for a security. Model inputs vary depending on the type of security, but typically include trade data, institutional bids, comparable trades, dealer quotes, and news media. Market data is provided by multiple independent sources, including primary and secondary dealers, portfolio managers, and research analysts.
- (c) Collateralized mortgage valuations are based on trade and quote activity of bonds with similar features, including issuer, vintage, prepayment speeds, and purpose of the underlying loan (first or second lien).

NESTLÉ HOURLY RETIREMENT PLAN

Notes to Financial Statements

December 31, 2020 and 2019

- (d) Cash equivalents include short term fixed income instruments whose valuations are determined based upon maturity date, issue date, and credit ratings.
- (e) Commingled funds are valued based on the daily pricing of the underlying assets to estimate the fair value of the fund as determined by the investment manager. The liquidity of these investments is determined by the redemption period and settlement period for each fund. The Pension Trust considered these and other characteristics and concluded these commingled funds have a readily determinable fair value.
- (f) Government and municipal bonds are priced by obtaining feeds from various live data sources, including market makers and interdealer brokers.
- (g) Currency forwards use quoted foreign exchange rates in an active market or exchange. Over-the-counter options are valued using bid, ask/offer quotes that are binding and corroborated. Swaps are valued using the discounted cash flow method. The two legs (fixed and floating) are priced independently as the present value of their expected cash flows.
- (h) Certain fixed income securities (primarily certain collateralized obligations) are valued based upon evaluated prices using unobservable inputs (i.e., extrapolated data, proprietary models, and indicative quotes).
- (i) Fair value is based on the net asset value of the Core Collateral Fund as determined daily, by the trustee, using market prices of underlying investments and evaluations supplied by industry pricing vendors.
- (j) Investments measured at net asset value include alternative fixed income investments, real estate funds, hedge funds, and private equity funds. The net asset values are reported to the Company and trustee by the fund managers or the general partners of the fund. These net asset values are based on the fair value of the underlying portfolio investments held by the investment fund.

These fair values are determined by a variety of methods: real estate investments are valued at appraised values plus undistributed rental and interest income; hedge funds are valued by the investment manager using quoted market prices of underlying investments and evaluations supplied by industry pricing vendors.

A summary of the nature and risks of the investments and unfunded commitments that are valued using a net asset value (NAV) for the years ended December 31, 2020 and 2019, is as follows:

	2020		2019		Redemption frequency	Redemption notice period
	Net asset value	Unfunded commitments	Net asset value	Unfunded commitments		
Hedge funds	\$ 265,863,422	–	246,851,168	–	Monthly, quarterly	70 days
Fixed income – redeemable	70,302,031	19,185,362	73,282,477	18,055,656	Annually	90 days
Fixed income – not redeemable	19,268,084	–	34,908,789	–	Not redeemable	N/A
Real estate funds – open end	233,875,304	–	245,100,005	–	Quarterly	45–90 days
Real estate funds – closed end	63,236,593	63,355,512	79,597,140	32,976,491	Not redeemable	N/A
	<u>\$ 652,545,434</u>	<u>82,540,874</u>	<u>679,739,579</u>	<u>51,032,147</u>		

NESTLÉ HOURLY RETIREMENT PLAN

Notes to Financial Statements

December 31, 2020 and 2019

The Pension Trust's investments measured at net asset value are in real estate, hedge funds, and fixed income partnerships for the years ended December 31, 2020 and 2019. These investments are primarily limited partnership investments and the fair value is determined using an audited net asset value (NAV). The fair value of investments is estimated using techniques that may rely heavily on the investment managers' assumptions and qualitative observations. The Pension Trust uses the fair valuations from the investment managers and reviews and validates their valuation methods and processes throughout the year. The Pension Trust establishes and follows valuation policies and procedures. The Pension Trust employs specialized investment consultants who perform due diligence on the valuation policies and procedures of the general partners before making the investments and periodically thereafter. Using their own procedures and systems, they evaluate the reasonableness of the partnerships' NAVs on a monthly and quarterly basis using industry comparisons, operating performance metrics and they conduct frequent reviews with the general partners. The Pension Trust periodically evaluates the fair valuation policies and procedures of these specialized investment consultants and requests and reviews the valuation policies of the investment managers and general partners annually. The Pension Trust retains discretion to sell any of these investments at an amount other than the net asset value, should there be an investment case to sell these investments in the secondary market.

A summary of changes in the fair value of Level 3 assets and liabilities for the year ended December 31, 2020, is as follows:

		<u>Purchases</u>	<u>Issuances</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Fixed income	\$	—	—	1,429,111	(527,575)
	\$	—	—	1,429,111	(527,575)

The significance of transfers between levels is evaluated based upon the nature of the financial instrument and size of the transfer relative to the total net assets available for benefits. There were no significant transfers between levels for the year ended December 31, 2020.

(9) Tax Status

The Plan has received a determination letter from the Internal Revenue Service (IRS) dated March 15, 2021, stating that the Plan is qualified under Section 401(a) of the Internal Revenue Code (Code) and, therefore, the related trust is exempt from taxation. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualified status. The Plan Administrator has indicated that it will take the necessary steps, if any, to bring the Plan's operation into compliance with the Code.

Accounting principles generally accepted in the United States require plan management to evaluate tax positions taken by the Plan and recognize a tax liability if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. Plan management has analyzed the tax positions taken by the Plan, and has concluded that there are no uncertain positions taken or expected to be taken. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Plan Administrator believes the Plan is no longer subject to income tax examinations for years prior to 2017.

NESTLÉ HOURLY RETIREMENT PLAN

Notes to Financial Statements

December 31, 2020 and 2019

(10) Subsequent Events

The Plan has evaluated subsequent events through October 12, 2021, the date these financial statements were available for issuance.

SCHEDULE SB ATTACHMENTS

Schedule SB, Line 26
Schedule of Active Participant Data as of January 1, 2020
Active Participants with Pay-Based Benefits

Years of Credited Service											
Attained Age		Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & Over
<25	Number Avg. Earnings		1	1							
25 to 29	Number Avg. Earnings		3	8							
30 to 34	Number Avg. Earnings		7	29 61,573	10						
35 to 39	Number Avg. Earnings		2	25 61,513	19	6					
40 to 44	Number Avg. Earnings		3	22 62,259	16	10	8				
45 to 49	Number Avg. Earnings		5	7	15	8	8	1			
50 to 54	Number Avg. Earnings		2	21 63,400	11	6	12	3			
55 to 59	Number Avg. Earnings		3	12	21 62,547	15	9	11	1	1	
60 to 64	Number Avg. Earnings		1	11	13	16	3	6	4		
65 to 69	Number Avg. Earnings		1	2	4	3	1	1		1	
70 & up	Number Avg. Earnings										

Average Age = 48.32

Average Service = 12.86

Plan Name: Nestlé Hourly Retirement Plan
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 Plan Sponsor: Nestlé USA Inc
 Valuation Date: January 1, 2020

SCHEDULE SB ATTACHMENTS

Schedule SB, Line 26
Schedule of Active Participant Data as of January 1, 2020
Number distributed by attained age and attained years of credited service

Attained Age	Attained Years of Credited Service ¹									
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & Over
Under 25	58	83	2	0	0	0	0	0	0	0
25 to 29	59	165	64	6	0	0	0	0	0	0
30 to 34	37	144	138	60	1	0	0	0	0	0
35 to 39	43	136	139	104	46	5	0	0	0	0
40 to 44	27	91	105	96	55	50	2	0	0	0
45 to 49	19	86	119	103	64	80	38	3	0	0
50 to 54	16	53	115	113	79	89	81	86	1	0
55 to 59	7	47	98	108	89	86	107	92	100	8
60 to 64	0	24	69	64	46	41	92	50	29	30
65 to 69	1	3	5	13	4	5	14	8	3	3
70 & over	0	0	0	1	0	2	2	1	0	0

¹ Age and service for purposes of determining category are based on exact (not rounded) values.

Plan Name:	Nestlé Hourly Retirement Plan
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Plan Sponsor:	Nestlé USA Inc
Valuation Date	January 1, 2020

SCHEDULE SB ATTACHMENTS

Schedule SB, Part V Statement of Actuarial Assumptions/Methods

Economic Assumptions

Interest rate basis:

■ Applicable month	September
■ Yield curve basis	Segment rates
■ HATFA interest corridors applied for funding and benefit restrictions	Yes

Interest rates:

	For Minimum	For Maximum
■ First segment rate	3.64%	2.79%
■ Second segment rate	5.21%	3.92%
■ Third segment rate	5.94%	4.38%
■ Effective Interest Rate (EIR) - NHRP	5.41%	4.08%

Annual rates of increase:

■ Compensation	3.50%
■ Social Security wage base	2.50%
■ Statutory limits on compensation and benefits	2.00%
■ Lump sum rates	3.64%/5.21%/5.94%

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Demographic Assumptions

Inclusion date The valuation date coincident with or next following the date on which the employee becomes a participant.

Mortality (Funding Valuation)

- Healthy** Separate rates for non-annuitants (based on RP-2014 “Employees” table without collar or amount adjustments, adjusted backward to 2006 with MP-2014, and then projected forward with a static projection as specified in the regulations under §1.430(h)(3)-1 using Scale MP-2018) and annuitants (based on RP-2014 “Healthy Annuitants” table without collar or amount adjustments, adjusted backward to 2006 with MP-2014, and then projected forward with a static projection as specified in the regulations under §1.430(h)(3)-1 using Scale MP-2018).
- Disabled** Same as healthy mortality
- Lump sum conversion** IRC 417(e) table

Termination Rates varying by age, service and plan

Percentage leaving during the year							
■ Nestlé Hourly Retirement	Sub Plan	NUSA		NPPC		Nutrition	
	Years of Service	<3	>3	<3	>3	All	All
	Attained Age					Males	Females
	25	20.0%	18.0%	17.3%	16.3%	14.1%	18.0%
	30	20.0%	18.0%	17.3%	13.7%	12.3%	15.0%
	35	20.0%	13.6%	16.0%	7.8%	9.6%	12.0%
	40	18.0%	11.7%	14.7%	5.3%	7.4%	10.2%
	45	18.0%	7.5%	14.7%	3.3%	6.4%	7.1%
	50	18.0%	7.5%	14.5%	3.3%	4.3%	5.1%
	55	18.0%	6.1%	14.5%	3.3%	9.0%	10.0%

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 Valuation Date: January 1, 2020

SCHEDULE SB ATTACHMENTS

Disability

Rates varying by age, sex, and plan

Representative Disability Rates

■ Nestlé Hourly Retirement Plan

Percentage becoming disabled during the year							
Sub Plan	NUSA		NPPC		Nutrition		
Age	Males	Females	Males	Females	Males	Females	
30	0.06%	0.11%	0.06%	0.11%	0.26%	0.40%	
40	0.16%	0.38%	0.14%	0.39%	0.31%	0.47%	
50	0.47%	0.59%	0.41%	0.61%	0.55%	0.83%	

Retirement

Rates varying by age and plan.

■ Nestlé Hourly Retirement

Percentage leaving during the year					
Sub Plan	NUSA	Sub Plan	NUSA	Sub Plan	NUSA
Attained Age		Attained Age		Attained Age	
55	5.0%	60	10.0%	65	40.0%
56	5.0%	61	10.0%	66	40.0%
57	5.0%	62	15.0%	67	40.0%
58	5.0%	63	15.0%	68	40.0%
59	5.0%	64	15.0%	69	40.0%
				70+	100%

Plan Name:
EIN / PN:
Plan Sponsor:
Valuation Date

Nestlé Hourly Retirement Plan
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Percentage leaving during the year					
Sub Plan Attained Age	NPPC	Sub Plan Attained Age	NPPC	Sub Plan Attained Age	NPPC
50	5.0%	57	5.0%	64	15.0%
51	5.0%	58	5.0%	65	30.0%
52	5.0%	59	5.0%	66	30.0%
53	5.0%	60	5.0%	67	30.0%
54	5.0%	61	5.0%	68	50.0%
55	5.0%	62	15.0%	69	50.0%
56	5.0%	63	15.0%	70+	100%

Percentage leaving during the year					
Sub Plan Attained Age	Nutrition	Sub Plan Attained Age	Nutrition	Sub Plan Attained Age	Nutrition
55	5.0%	60	15.0%	65	30.0%
56	5.0%	61	15.0%	66	40.0%
57	5.0%	62	30.0%	67	40.0%
58	5.0%	63	30.0%	68	40.0%
59	5.0%	64	30.0%	69	40.0%
				70+	100%

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 Valuation Date: January 1, 2020

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Benefit commencement date:

Nestlé Hourly Retirement (Excludes Gerber Hourly Plans)

- Preretirement death benefit The later of the death of the active participant or the date the participant would have attained age 65
- Termination benefit 25% of the PCAP and 50% of the non-PCAP/PEP deferred vested participants who terminated within 2 years of valuation are assumed to take a lump sum payment immediately; remaining deferred vested participants commence their benefit at age 62 and 63 for PEP/PCAP and traditional non-PCAP respectively.
- Disability benefit Age 65
- Retirement benefit Upon termination of employment

Nestlé Hourly Retirement (Gerber Hourly Plans)

- Preretirement death benefit Upon death, vesting and eligibility for dependent spouse and estate. Upon participant's early retirement date for surviving spouse
- Termination benefit 45% of the deferred vested participants who terminated within 2 years of valuation are assumed to take a lump sum payment immediately and the remaining deferred vested participants with commence their benefit at age 63.
- Disability benefit Upon disability and eligibility for benefit
- Retirement benefit Upon termination of employment and eligibility for benefit

Plan Name:	Nestlé Hourly Retirement Plan
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Plan Sponsor:	Nestlé USA Inc
Valuation Date	January 1, 2020

SCHEDULE SB ATTACHMENTS

Nestlé Hourly Retirement

Participant Group	Termination Benefit			Retirement Benefit		
	Life	J&S	Lump Sum	Life	J&S	Lump Sum
All Participants	5%	5%	90%	7.5%	7.5%	85%

Percent Married	80% in Nestlé Hourly Retirement Plan.
Spouse age	Wife three years younger than husband.
Covered pay	Weighted average of prior three years' pensionable earnings (each adjusted with salary increase assumption), with the most recent pay receiving the highest weight e.g. 50%/35%/15%.
Timing of benefit payments	Annuity payments are payable monthly at the beginning of the month and lump sum payments are payable on date of decrement.
Administrative expenses	Nestlé no longer pays administrative expenses from the pension trust.
At-risk assumptions	For at-risk calculations, all participants eligible to elect benefits during the current and subsequent ten plan years are assumed to commence benefits at the earliest possible date under the plan, but not before the end of the current plan year. In addition, these participants (not just those eligible to begin benefits within the next 11 years) are assumed to elect the most valuable form of benefit.

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Plan Sponsor:	Nestlé USA Inc
Valuation Date	January 1, 2020

SCHEDULE SB ATTACHMENTS

Methods

Valuation date	First day of plan year
Funding target and PVAB	Present value of accrued benefits
Target normal cost	Present value of benefits expected to accrue during plan year plus plan-related expenses expected to be paid from plan assets during the year
Decrement timing	The approach used is called rounded middle of year (rounded MOY) decrement timing. Most events are assumed to occur at the middle of year during which the eligibility condition will be met or the start/end date will occur. For death and disability decrements, the rate applied is based on the participant's rounded age (nearest integer age) at the beginning of the year, to align with the methodology generally used to create those rate tables. For retirement and withdrawal decrements: the age is generally the participant's rounded age at the middle of the year.
Actuarial value of assets	Market value of assets, including contributions receivable
Funding policy	Nestlé USA's general funding policy is to make contributions for each plan year in an amount not less than the minimum required contribution under ERISA and to target 100% funded status on a Pension Protection Act (PPA) basis. This will not exceed the maximum tax-deductible contribution. Nestlé may vary its contribution level, if appropriate to its tax and cash position and the funded status.
Benefits not valued	<p>All benefits described in the Plan Provisions section of this report were valued. Willis Towers Watson has reviewed the plan provisions with Nestlé and is not aware of any significant benefits required to be valued that were not.</p> <p>Small benefits with present values up to \$5,000 may be paid in a single lump sum payment. Such lump sums are not explicitly valued as such; rather, such participants' benefits are valued using the benefit choice assumptions described above.</p>

Sources of Data and Other Information

The plan sponsor through its administrator, Willis Towers Watson, furnished participant data and claims data as of January 1, 2020. Information on assets, contributions and plan provisions was supplied by the plan sponsor. Data and other information were reviewed for reasonableness and consistency, but no audit was performed. Based on discussions with the plan sponsor, assumptions or estimates were made when data were not available, and the data was adjusted to reflect any significant events that occurred between the date the data was collected and the measurement date.

We are not aware of any errors or omissions in the data that would have a significant effect on the results of our calculations.

Plan Name:	Nestlé Hourly Retirement Plan
EIN / PN:	95-1572209/006
Plan Sponsor:	Nestlé USA Inc
Valuation Date	January 1, 2020

SCHEDULE SB ATTACHMENTS

Assumptions Rationale – Significant Economic Assumptions

Rates of increase in compensation and statutory limits Assumed increases were chosen by the plan sponsor and represent an estimate of future experience.

Administrative and investment expenses Administrative and investment expenses are determined by Nestlé at year end.

Assumptions Rationale – Significant Demographic Assumptions

Termination Termination rates were based on an experience study conducted in 2020 for the period 2016-2019, with annual consideration of whether any conditions have changed that would be expected to produce different results in the future.

Assumed termination rates differ by age, service and plan because of observed differences in termination rates by age, service and plan.

Disability Disability rates are reviewed with annual consideration of whether any conditions have changed that would be expected to produce different results in the future.

Assumed disability rates differ by gender and plan because of observed differences in disability rates by gender and plan.

Retirement Retirement rates were based on an experience study conducted in 2020 for the period 2016-2019, with annual consideration of whether any conditions have changed that would be expected to produce different results in the future.

Assumed retirement rates differ by plan because of observed differences in retirement rates by plan.

Plan Name:	Nestlé Hourly Retirement Plan
EIN / PN:	95-1572209/006
Plan Sponsor:	Nestlé USA Inc
Valuation Date	January 1, 2020

SCHEDULE SB ATTACHMENTS

Benefit commencement date:

- Pre-retirement death benefit
Surviving spouses are assumed to begin benefits at the earliest permitted commencement date because ERISA requires benefits to start then unless the spouse elects to defer. If the spouse elects to defer, actuarial increases from the earliest commencement date must be given, so that a later commencement date is expected to be of approximately equal value, and experience indicates that most spouses do take the benefit as soon as it is available.
- Deferred vested benefit
Commencement ages were based on an experience study conducted in 2020 for the period 2016-2019. Deferred vested early commencement factors are generally not subsidized so that the difference between this approach and using assumed commencement rates at different ages is not expected to be significant.

Form of payment

The optional form of payment assumptions are based on an experience study performed in 2020 for the period 2016-2019.

Prescribed Methods

Funding methods

The methods used for funding purposes as described in Appendix A, including the method of determining plan assets, are “prescribed methods set by law”, as defined in the actuarial standards of practice (ASOPs). These methods are required by IRC §430, or were selected by the plan sponsor from a range of methods permitted by IRC §430.

Change in assumptions and methods since prior valuation

The segment interest rates used to calculate the funding target was updated to the current valuation date as required by IRC §430.

The mortality table used to calculate the funding target and target normal cost was updated to include one additional year of projected mortality improvement, as required by IRC §430.

The retirement rates, withdrawal rates and form of payment assumptions were updated to reflect the 2020 experience study.

Plan Name:	Nestlé Hourly Retirement Plan
EIN / PN:	95-1572209/006
Plan Sponsor:	Nestlé USA Inc
Valuation Date	January 1, 2020

SCHEDULE SB ATTACHMENTS

The benefit commencement date for terminated vesteds was updated to reflect the following:

- The deferred vested participants who terminated within 2 years of the valuation are assumed to take a lump sum payment immediately based on the following schedule:
 - NHRP – 45%
- The remaining deferred vested participants will commence their benefit at the following ages:
 - NHRP – Age 63

Plan Name:	Nestlé Hourly Retirement Plan
EIN / PN:	95-1572209/006
Plan Sponsor:	Nestlé USA Inc
Valuation Date	January 1, 2020

**SCHEDULE SB
(Form 5500)**Department of the Treasury
Internal Revenue ServiceDepartment of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

**Single-Employer Defined Benefit Plan
Actuarial Information**

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code).

File as an attachment to Form 5500 or 5500-SF.

OMB No. 1210-0110

2020**This Form is Open to Public
Inspection**

For calendar plan year 2020 or fiscal plan year beginning 01/01/2020 and ending 12/31/2020

Round off amounts to nearest dollar.

Caution: A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan NESTLE HOURLY RETIREMENT PLAN		B Three-digit plan number (PN) 006
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF NESTLE USA, INC.		D Employer Identification Number (EIN) 95-1572209
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B		F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500

Part I Basic Information

1 Enter the valuation date: Month 01 Day 01 Year 2020			
2 Assets:			
a Market value		2a	615,161,019
b Actuarial value		2b	615,161,019
3 Funding target/participant count breakdown			
	(1) Number of participants	(2) Vested Funding Target	(3) Total Funding Target
a For retired participants and beneficiaries receiving payment	5,135	212,120,690	212,120,690
b For terminated vested participants	1,475	54,962,911	54,962,911
c For active participants	4,113	151,585,134	159,443,184
d Total	10,723	418,668,735	426,526,785
4 If the plan is in at-risk status, check the box and complete lines (a) and (b) ☐			
a Funding target disregarding prescribed at-risk assumptions		4a	
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been in at-risk status for fewer than five consecutive years and disregarding loading factor		4b	
5 Effective interest rate		5	5.41%
6 Target normal cost		6	9,908,167

Statement by Enrolled Actuary

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE	Michael Altilio		10/11/2021
	Michael Altilio	Signature of actuary	Date
	Willis Towers Watson US LLC	Type or print name of actuary	2007062
	8 Campus Drive 4th Floor Parsippany NJ 07054	Firm name	Most recent enrollment number
			973-290-2500
			Telephone number (including area code)

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions ☐

For Paperwork Reduction Act Notice, see the Instructions for Form 5500 or 5500-SF.

Schedule SB (Form 5500) 2020
v. 200204

Part II Beginning of Year Carryover and Prefunding Balances

Part II Beginning of Year Carryover and Prefunding Balances		(a) Carryover balance	(b) Prefunding balance
7	Balance at beginning of prior year after applicable adjustments (line 13 from prior year)	132,947,098	0
8	Portion elected for use to offset prior year's funding requirement (line 35 from prior year)	9,960,129	0
9	Amount remaining (line 7 minus line 8)	122,986,969	0
10	Interest on line 9 using prior year's actual return of <u>21.08%</u>	25,925,653	0
11	Prior year's excess contributions to be added to prefunding balance:		
	a Present value of excess contributions (line 38a from prior year)		0
	b(1) Interest on the excess, if any, of line 38a over line 38b from prior year Schedule SB, using prior year's effective interest rate of <u>5.57%</u>		0
	b(2) Interest on line 38b from prior year Schedule SB, using prior year's actual return		0
	c Total available at beginning of current plan year to add to prefunding balance		0
	d Portion of (c) to be added to prefunding balance		0
12	Other reductions in balances due to elections or deemed elections	0	0
13	Balance at beginning of current year (line 9 + line 10 + line 11d – line 12)	148,912,622	0

Part III	Funding Percentages
-----------------	----------------------------

14	Funding target attainment percentage.....	14	109.31%
15	Adjusted funding target attainment percentage.....	15	144.22%
16	Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement.....	16	129.88%
17	If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage.....	17	%

Part IV Contributions and Liquidity Shortfalls

18 Contributions made to the plan for the plan year by employer(s) and employees:

(a) Contributions made to the plan for the plan year by employer(s) and employee(s)					
(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
			Totals ▶	18(b)	0 18(c)
					0

19 Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year.

a Contributions allocated toward unpaid minimum required contributions from prior years.....	19a	0
b Contributions made to avoid restrictions adjusted to valuation date.....	19b	0
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date.....	19c	0

20 Quarterly contributions and liquidity shortfalls:

- a** Did the plan have a "funding shortfall" for the prior year? ☒ Yes ☐ No
- b** If line 20a is "Yes," were required quarterly installments for the current year made in a timely manner? ☒ Yes ☐ No
- c** If line 20a is "Yes," see instructions and complete the following table as applicable:

Liquidity shortfall as of end of quarter of this plan year			
(1) 1st	(2) 2nd	(3) 3rd	(4) 4th
0	0	0	0

Part V Assumptions Used to Determine Funding Target and Target Normal Cost

21 Discount rate:			
a Segment rates:	1st segment: 3.64 %	2nd segment: 5.21 %	3rd segment: 5.94 %
			☐ N/A, full yield curve used
b Applicable month (enter code).....			21b 4
22 Weighted average retirement age			22 62
23 Mortality table(s) (see instructions) ☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute			

Part VI Miscellaneous Items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment.....		☒ Yes ☐ No
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment.....		☐ Yes ☒ No
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment.....		☒ Yes ☐ No
27 If the plan is subject to alternative funding rules, enter applicable code and see instructions regarding attachment.....	27	

Part VII Reconciliation of Unpaid Minimum Required Contributions For Prior Years

28 Unpaid minimum required contributions for all prior years	28	0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (line 19a).....	29	0
30 Remaining amount of unpaid minimum required contributions (line 28 minus line 29).....	30	0

Part VIII Minimum Required Contribution For Current Year

31 Target normal cost and excess assets (see instructions):			
a Target normal cost (line 6)	31a	9,908,167	
b Excess assets, if applicable, but not greater than line 31a	31b	9,908,167	
32 Amortization installments:		Outstanding Balance	Installment
a Net shortfall amortization installment		0	0
b Waiver amortization installment		0	0
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount		33	
34 Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33)....		34	0
	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement	0	0	0
36 Additional cash requirement (line 34 minus line 35).....	36	0	
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c).....	37	0	
38 Present value of excess contributions for current year (see instructions)			
a Total (excess, if any, of line 37 over line 36)		38a	0
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances		38b	0
39 Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37).....		39	0
40 Unpaid minimum required contributions for all years		40	0

Part IX Pension Funding Relief Under Pension Relief Act of 2010 (See Instructions)

41 If an election was made to use PRA 2010 funding relief for this plan:	
a Schedule elected	☐ 2 plus 7 years ☐ 15 years
b Eligible plan year(s) for which the election in line 41a was made	☐ 2008 ☐ 2009 ☐ 2010 ☐ 2011

SCHEDULE SB ATTACHMENTS

Schedule SB – Statement by Enrolled Actuary

Plan Sponsor	Nestlé USA Inc
EIN/PN	95-1572209/006
Plan Name	Nestlé Hourly Retirement Plan
Valuation Date	January 1, 2020
Enrolled Actuary	Michael Altilio
Enrollment Number	20-07062

The actuarial assumptions that are not mandated by IRC § 430 and regulations, represent the enrolled actuary's best estimate of anticipated experience under the plan, subject to the following conditions:

The actuarial valuation, on which the information in this Schedule SB is based, has been prepared in reliance upon the employee and financial data furnished by the plan administrator and the trustee. The enrolled actuary has not made a rigorous check of the accuracy of this information but has accepted it after reviewing it and concluding it is reasonable in relation to similar information furnished in previous years. The amounts of contributions and dates paid shown in Item 18 of Schedule SB were listed in reliance on information provided by the plan administrator and/or trustee.

SCHEDULE SB ATTACHMENTS

Schedule SB, Line 22
Description of Weighted Average Retirement Age
as of January 1, 2020

Group	Count of Actives	Weight	Average Age	Weight*Age
NPPC	1,154	28.06%	61	17.12
NUSA	1,760	42.79%	63	26.96
Nutrition	1,199	29.15%	61	17.78
	4,113	100%		62

Plan Name: Nestlé Hourly Retirement Plan
EIN / PN: 95-1572209/006
Plan Sponsor: Nestlé USA Inc
Valuation Date: January 1, 2020

SCHEDULE SB ATTACHMENTS

Participant group: NPPC

Description of Weighted Average Retirement Age

Age	Retirement Rate	1.00 - Retirement Rate	Probability of Remaining Active	Percentage Retiring at Age	Age Times Percentage Retiring
49	0.00%	100.00%	100.00%	0.00%	0.00
50	5.00%	95.00%	95.00%	5.00%	2.50
51	5.00%	95.00%	90.25%	4.75%	2.42
52	5.00%	95.00%	85.74%	4.51%	2.35
53	5.00%	95.00%	81.45%	4.29%	2.27
54	5.00%	95.00%	77.38%	4.07%	2.20
55	5.00%	95.00%	73.51%	3.87%	2.13
56	5.00%	95.00%	69.83%	3.68%	2.06
57	5.00%	95.00%	66.34%	3.49%	1.99
58	5.00%	95.00%	63.02%	3.32%	1.92
59	5.00%	95.00%	59.87%	3.15%	1.86
60	5.00%	95.00%	56.88%	2.99%	1.80
61	5.00%	95.00%	54.04%	2.84%	1.73
62	15.00%	85.00%	45.93%	8.11%	5.03
63	15.00%	85.00%	39.04%	6.89%	4.34
64	15.00%	85.00%	33.18%	5.86%	3.75
65	30.00%	70.00%	23.23%	9.96%	6.47
66	30.00%	70.00%	16.26%	6.97%	4.60
67	30.00%	70.00%	11.38%	4.88%	3.27
68	50.00%	50.00%	5.69%	5.69%	3.87
69	50.00%	50.00%	2.85%	2.85%	1.96
70	100.00%	0.00%	0.00%	2.85%	1.99
				100.00%	

Average Retirement Age: 61

Plan Name: Nestlé Hourly Retirement Plan
 EIN / PN: 95-1572209/006
 Plan Sponsor: Nestlé USA Inc
 Valuation Date: January 1, 2020

SCHEDULE SB ATTACHMENTS

Participant group: NUSA

Description of Weighted Average Retirement Age

Age	Retirement Rate	1.00 - Retirement Rate	Probability of Remaining Active	Percentage Retiring at Age	Age Times Percentage Retiring
54	0.00%	100.00%	100.00%	0.00%	0.00
55	5.00%	95.00%	95.00%	5.00%	2.75
56	5.00%	95.00%	90.25%	4.75%	2.66
57	5.00%	95.00%	85.74%	4.51%	2.57
58	5.00%	95.00%	81.45%	4.29%	2.49
59	5.00%	95.00%	77.38%	4.07%	2.40
60	10.00%	90.00%	69.64%	7.74%	4.64
61	10.00%	90.00%	62.68%	6.96%	4.25
62	15.00%	85.00%	53.27%	9.40%	5.83
63	15.00%	85.00%	45.28%	7.99%	5.03
64	15.00%	85.00%	38.49%	6.79%	4.35
65	40.00%	60.00%	23.09%	15.40%	10.01
66	40.00%	60.00%	13.86%	9.24%	6.10
67	40.00%	60.00%	8.31%	5.54%	3.71
68	40.00%	60.00%	4.99%	3.33%	2.26
69	40.00%	60.00%	2.99%	2.00%	1.38
70	100.00%	0.00%	0.00%	2.99%	2.10
				100.00%	

Average Retirement Age: 63

Plan Name: Nestlé Hourly Retirement Plan
 EIN / PN: 95-1572209/006
 Plan Sponsor: Nestlé USA Inc
 Valuation Date: January 1, 2020

SCHEDULE SB ATTACHMENTS

Participant group: Nutrition

Description of Weighted Average Retirement Age

Age	Retirement Rate	1.00 - Retirement Rate	Probability of Remaining Active	Percentage Retiring at Age	Age Times Percentage Retiring
54	0.00%	100.00%	100.00%	0.00%	0.00
55	0.00%	100.00%	100.00%	0.00%	0.00
56	5.00%	95.00%	95.00%	5.00%	2.80
57	5.00%	95.00%	90.25%	4.75%	2.71
58	5.00%	95.00%	85.74%	4.51%	2.62
59	5.00%	95.00%	81.45%	4.29%	2.53
60	5.00%	95.00%	77.38%	4.07%	2.44
61	15.00%	85.00%	65.77%	11.61%	7.08
62	15.00%	85.00%	55.91%	9.87%	6.12
63	30.00%	70.00%	39.13%	16.77%	10.57
64	30.00%	70.00%	27.39%	11.74%	7.51
65	30.00%	70.00%	19.18%	8.22%	5.34
66	30.00%	70.00%	13.42%	5.75%	3.80
67	40.00%	60.00%	8.05%	5.37%	3.60
68	40.00%	60.00%	4.83%	3.22%	2.19
69	40.00%	60.00%	2.90%	1.93%	1.33
70	40.00%	60.00%	1.74%	1.16%	0.81
				100.00%	

Average Retirement Age: 61

Plan Name: Nestlé Hourly Retirement Plan
 EIN / PN: 95-1572209/006
 Plan Sponsor: Nestlé USA Inc
 Valuation Date: January 1, 2020

SCHEDULE SB ATTACHMENTS

Schedule SB, Part V
Statement of Actuarial Assumptions/Methods

Economic Assumptions			
Interest rate basis:			
■ Applicable month			September
■ Yield curve basis			Segment rates
■ HATFA interest corridors applied for funding and benefit restrictions			Yes
Interest rates:			
■ First segment rate	For Minimum	For Maximum	
■ Second segment rate	3.64%	2.79%	
■ Third segment rate	5.21%	3.92%	
	5.94%	4.38%	
■ Effective Interest Rate (EIR) - NHRP	5.41%	4.08%	
Annual rates of increase:			
■ Compensation			3.50%
■ Social Security wage base			2.50%
■ Statutory limits on compensation and benefits			2.00%
■ Lump sum rates			3.64%/5.21%/5.94%

Plan Name:	Nestlé Hourly Retirement Plan
EIN / PN:	95-1572209/006
Plan Sponsor:	Nestlé USA Inc
Valuation Date	January 1, 2020

SCHEDULE SB ATTACHMENTS

Demographic Assumptions

Inclusion date

The valuation date coincident with or next following the date on which the employee becomes a participant.

Mortality (Funding Valuation)

■ Healthy

Separate rates for non-annuitants (based on RP-2014 "Employees" table without collar or amount adjustments, adjusted backward to 2006 with MP-2014, and then projected forward with a static projection as specified in the regulations under §1.430(h)(3)-1 using Scale MP-2018) and annuitants (based on RP-2014 "Healthy Annuitants" table without collar or amount adjustments, adjusted backward to 2006 with MP-2014, and then projected forward with a static projection as specified in the regulations under §1.430(h)(3)-1 using Scale MP-2018).

■ Disabled

Same as healthy mortality

■ Lump sum conversion

IRC 417(e) table

Termination

Rates varying by age, service and plan

		Percentage leaving during the year					
■ Nestlé Hourly Retirement	Sub Plan	NUSA		NPPC		Nutrition	
	Years of Service Attained Age	<3	>3	<3	>3	All Males	All Females
	25	20.0%	18.0%	17.3%	16.3%	14.1%	18.0%
	30	20.0%	18.0%	17.3%	13.7%	12.3%	15.0%
	35	20.0%	13.6%	16.0%	7.8%	9.6%	12.0%
	40	18.0%	11.7%	14.7%	5.3%	7.4%	10.2%
	45	18.0%	7.5%	14.7%	3.3%	6.4%	7.1%
	50	18.0%	7.5%	14.5%	3.3%	4.3%	5.1%
	55	18.0%	6.1%	14.5%	3.3%	9.0%	10.0%

Plan Name:

Nestlé Hourly Retirement Plan

EIN / PN:

95-1572209/006

Plan Sponsor:

Nestlé USA Inc

Valuation Date

January 1, 2020

SCHEDULE SB ATTACHMENTS

Disability

Rates varying by age, sex, and plan

Representative Disability Rates

■ Nestlé Hourly Retirement Plan	Percentage becoming disabled during the year							
	Sub Plan	NUSA		NPPC		Nutrition		
		Age	Males	Females	Males	Females	Males	Females
	30	0.06%	0.11%	0.06%	0.11%	0.26%	0.40%	
	40	0.16%	0.38%	0.14%	0.39%	0.31%	0.47%	
	50	0.47%	0.59%	0.41%	0.61%	0.55%	0.83%	

Retirement

Rates varying by age and plan.

■ Nestlé Hourly Retirement	Percentage leaving during the year					
	Sub Plan	NUSA	Sub Plan	NUSA	Sub Plan	NUSA
	Attained Age		Attained Age		Attained Age	
	55	5.0%	60	10.0%	65	40.0%
	56	5.0%	61	10.0%	66	40.0%
	57	5.0%	62	15.0%	67	40.0%
	58	5.0%	63	15.0%	68	40.0%
	59	5.0%	64	15.0%	69	40.0%
					70+	100%

Plan Name:
EIN / PN:
Plan Sponsor:
Valuation Date

Nestlé Hourly Retirement Plan
95-1572209/006
Nestlé USA Inc
January 1, 2020

SCHEDULE SB ATTACHMENTS

Percentage leaving during the year					
Sub Plan Attained Age	NPPC	Sub Plan Attained Age	NPPC	Sub Plan Attained Age	NPPC
50	5.0%	57	5.0%	64	15.0%
51	5.0%	58	5.0%	65	30.0%
52	5.0%	59	5.0%	66	30.0%
53	5.0%	60	5.0%	67	30.0%
54	5.0%	61	5.0%	68	50.0%
55	5.0%	62	15.0%	69	50.0%
56	5.0%	63	15.0%	70+	100%

Percentage leaving during the year					
Sub Plan Attained Age	Nutrition	Sub Plan Attained Age	Nutrition	Sub Plan Attained Age	Nutrition
55	5.0%	60	15.0%	65	30.0%
56	5.0%	61	15.0%	66	40.0%
57	5.0%	62	30.0%	67	40.0%
58	5.0%	63	30.0%	68	40.0%
59	5.0%	64	30.0%	69	40.0%
				70+	100%

Plan Name:
EIN / PN:
Plan Sponsor:
Valuation Date

Nestlé Hourly Retirement Plan
95-1572209/006
Nestlé USA Inc
January 1, 2020

SCHEDULE SB ATTACHMENTS

Benefit commencement date:

Nestlé Hourly Retirement (Excludes Gerber Hourly Plans)

- Preretirement death benefit The later of the death of the active participant or the date the participant would have attained age 65
- Termination benefit 25% of the PCAP and 50% of the non-PCAP/PEP deferred vested participants who terminated within 2 years of valuation are assumed to take a lump sum payment immediately; remaining deferred vested participants commence their benefit at age 62 and 63 for PEP/PCAP and traditional non-PCAP respectively.
- Disability benefit Age 65
- Retirement benefit Upon termination of employment

Nestlé Hourly Retirement (Gerber Hourly Plans)

- Preretirement death benefit Upon death, vesting and eligibility for dependent spouse and estate. Upon participant's early retirement date for surviving spouse
- Termination benefit 45% of the deferred vested participants who terminated within 2 years of valuation are assumed to take a lump sum payment immediately and the remaining deferred vested participants with commence their benefit at age 63.
- Disability benefit Upon disability and eligibility for benefit
- Retirement benefit Upon termination of employment and eligibility for benefit

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Nestlé Hourly Retirement

Participant Group	Termination Benefit		Retirement Benefit	
	Life	J&S	Life	J&S
All Participants	5%	5%	7.5%	7.5%
			Lump Sum	Lump Sum
			90%	85%

Percent Married

80% in Nestlé Hourly Retirement Plan.

Spouse age

Wife three years younger than husband.

Covered pay

Weighted average of prior three years' pensionable earnings (each adjusted with salary increase assumption), with the most recent pay receiving the highest weight e.g. 50%/35%/15%.

Timing of benefit payments

Annuity payments are payable monthly at the beginning of the month and lump sum payments are payable on date of decrement.

Administrative expenses

Nestlé no longer pays administrative expenses from the pension trust.

At-risk assumptions

For at-risk calculations, all participants eligible to elect benefits during the current and subsequent ten plan years are assumed to commence benefits at the earliest possible date under the plan, but not before the end of the current plan year. In addition, these participants (not just those eligible to begin benefits within the next 11 years) are assumed to elect the most valuable form of benefit.

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Methods

Valuation date

First day of plan year

Funding target and PVAB

Present value of accrued benefits

Target normal cost

Present value of benefits expected to accrue during plan year plus plan-related expenses expected to be paid from plan assets during the year

Decrement timing

The approach used is called rounded middle of year (rounded MOY) decrement timing. Most events are assumed to occur at the middle of year during which the eligibility condition will be met or the start/end date will occur. For death and disability decrements, the rate applied is based on the participant's rounded age (nearest integer age) at the beginning of the year, to align with the methodology generally used to create those rate tables. For retirement and withdrawal decrements: the age is generally the participant's rounded age at the middle of the year.

Actuarial value of assets

Market value of assets, including contributions receivable

Funding policy

Nestlé USA's general funding policy is to make contributions for each plan year in an amount not less than the minimum required contribution under ERISA and to target 100% funded status on a Pension Protection Act (PPA) basis. This will not exceed the maximum tax-deductible contribution. Nestlé may vary its contribution level, if appropriate to its tax and cash position and the funded status.

Benefits not valued

All benefits described in the Plan Provisions section of this report were valued. Willis Towers Watson has reviewed the plan provisions with Nestlé and is not aware of any significant benefits required to be valued that were not.

Small benefits with present values up to \$5,000 may be paid in a single lump sum payment. Such lump sums are not explicitly valued as such; rather, such participants' benefits are valued using the benefit choice assumptions described above.

Sources of Data and Other Information

The plan sponsor through its administrator, Willis Towers Watson, furnished participant data and claims data as of January 1, 2020. Information on assets, contributions and plan provisions was supplied by the plan sponsor. Data and other information were reviewed for reasonableness and consistency, but no audit was performed. Based on discussions with the plan sponsor, assumptions or estimates were made when data were not available, and the data was adjusted to reflect any significant events that occurred between the date the data was collected and the measurement date.

We are not aware of any errors or omissions in the data that would have a significant effect on the results of our calculations.

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Assumptions Rationale – Significant Economic Assumptions

Rates of increase in compensation and statutory limits Assumed increases were chosen by the plan sponsor and represent an estimate of future experience.

Administrative and investment expenses Administrative and investment expenses are determined by Nestlé at year end.

Assumptions Rationale – Significant Demographic Assumptions

Termination Termination rates were based on an experience study conducted in 2020 for the period 2016-2019, with annual consideration of whether any conditions have changed that would be expected to produce different results in the future.

Assumed termination rates differ by age, service and plan because of observed differences in termination rates by age, service and plan.

Disability Disability rates are reviewed with annual consideration of whether any conditions have changed that would be expected to produce different results in the future.

Assumed disability rates differ by gender and plan because of observed differences in disability rates by gender and plan.

Retirement Retirement rates were based on an experience study conducted in 2020 for the period 2016-2019, with annual consideration of whether any conditions have changed that would be expected to produce different results in the future.

Assumed retirement rates differ by plan because of observed differences in retirement rates by plan.

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Benefit commencement date:

- Pre-retirement death benefit
- Deferred vested benefit

Surviving spouses are assumed to begin benefits at the earliest permitted commencement date because ERISA requires benefits to start then unless the spouse elects to defer. If the spouse elects to defer, actuarial increases from the earliest commencement date must be given, so that a later commencement date is expected to be of approximately equal value, and experience indicates that most spouses do take the benefit as soon as it is available.

Commencement ages were based on an experience study conducted in 2020 for the period 2016-2019. Deferred vested early commencement factors are generally not subsidized so that the difference between this approach and using assumed commencement rates at different ages is not expected to be significant.

Form of payment

The optional form of payment assumptions are based on an experience study performed in 2020 for the period 2016-2019.

Prescribed Methods

Funding methods

The methods used for funding purposes as described in Appendix A, including the method of determining plan assets, are "prescribed methods set by law", as defined in the actuarial standards of practice (ASOPs). These methods are required by IRC §430, or were selected by the plan sponsor from a range of methods permitted by IRC §430.

Change in assumptions and methods since prior valuation

The segment interest rates used to calculate the funding target was updated to the current valuation date as required by IRC §430.

The mortality table used to calculate the funding target and target normal cost was updated to include one additional year of projected mortality improvement, as required by IRC §430.

The retirement rates, withdrawal rates and form of payment assumptions were updated to reflect the 2020 experience study.

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The benefit commencement date for terminated vesteds was updated to reflect the following:

- The deferred vested participants who terminated within 2 years of the valuation are assumed to take a lump sum payment immediately based on the following schedule:
 - NHRP – 45%
- The remaining deferred vested participants will commence their benefit at the following ages:
 - NHRP – Age 63

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**Schedule SB, Line 24
Change in Actuarial Assumptions**

- The retirement rates, withdrawal rates, form of payment and benefit commencement dates for terminated vested participants assumptions were updated to reflect our best estimate based on an experience study conducted in 2020 for the period 2016-2019.

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Schedule SB, Part V Summary of Plan Provisions

Nestlé Hourly Retirement Plan

Plan Provisions

The most recent amendment reflected in the following plan provisions was effective in 2019.

Covered employees

Hourly employees of Nestlé Food Company at covered locations

Participation date:

Location Age Service Entry Date

Allentown

0

0

January 1

Beich

21

0

Immediate

Burlington

21

0

Immediate

Crete

0

0

January 1

Decatur

21

1

Immediate

Franklin Park

20

0

Immediate; 1 year of service for Local 552;
3 months of service for Local 339

Freehold

21

0

January 1 or July 1

Type of plan

Dollar per month

Definitions

Vesting service

One year for each 1,000-hour year of employment after age 18. From date of hire for Crete and Allentown. Pro-rata for more than 500 hours for Freehold

Credited service

One year for each 1,000-hour year of employment. From date of hire for Crete, Allentown, and Franklin Park

Pensionable earnings

Calendar year W-2 compensation, excluding expense reimbursements, and including 401(k) and 125 deferrals

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Accumulated benefit:

Decatur*: 50% of FAE – 75% of Social Security benefit, prorated for less than 30 years of service at NRD, times the ratio of actual credited service to service at NRD

Location	Monthly Benefit** X Credited Service	Minimum Annual Benefit	Effective Date	Maximum Service
Allentown	\$47 for service from 3/1/2015 + \$43 for service from 1/1/2012 + \$40 for service from 3/15/2009 to 12/31/2011 + \$36 for service from 1/1/2009 to 3/14/2009 + \$35 for service from 3/15/2004 to 1/1/2009 + \$29 for service from 1/1/2002 to 3/15/2004 + \$28 for service from 12/1/1994 to 12/31/2001 + \$4 for service before 12/1/1994	None	03/01/2015	None
Beich	\$43.00	\$120	03/03/2019	30 years, if hired after March 10, 1991
Burlington	\$48.00	\$130	02/15/2021	35 years
Crete	\$44.25 for service after 12/1/94 + \$5.50 for service before 12/1/94	None	02/05/2018	None
Decatur*	\$27.00	None	07/01/1997	None
Franklin Park	\$39.00	None	11/13/2016	None
Freehold	\$58.50	\$100	07/28/2019	30 years, if hired after August 1, 1989

* If a person in the Decatur location becomes a participant after 7/1/1997, he receives the dollar-per month formula. If he became a participant before 7/1/1997, he receives the better of the dollar-per-month or the pay-related formula.

** Reflects ultimate benefit levels used for the IAS 19 valuation. See last page of Appendix B for more detail.

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Eligibility for Benefits

Normal retirement	Most locations Allentown	Retirement on or after both attaining age 65 and completing three years of vesting service
Early retirement	Most locations Allentown Crete Decatur	Retirement on or after both attaining age 62 and completing three years of vesting service Retirement before NRD and on or after both attaining age 55 and completing ten years of vesting service Retirement before NRD and on or after both attaining age 50 and completing ten years of vesting service Retirement before NRD and on or after both attaining age 50 and completing ten years of vesting service Retirement before NRD and on or after both attaining age 55 and completing three years of vesting service
Vested termination		Termination for reasons other than death or retirement after completing three years of vesting service
Disability	Most locations Franklin Park	Permanent and total disability after completing ten years of vesting service
Preretirement death benefit	Most locations Allentown Freehold	Permanent and total disability on or after both attaining age 50 and completing fifteen years of service Death while eligible for normal, early, postponed, or deferred vested retirement benefits, with a surviving spouse on or after completing three years of vesting service Early retirement date Death while eligible for normal, early, postponed, or deferred vested retirement benefits, with a surviving spouse on or after both attaining age 55 and completing three years of vesting service

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Benefits Paid Upon the Following Events

Normal retirement (NRD)		Accrued benefit payable immediately.
Early retirement	Most locations	Accrued benefit reduced 6% for each year of the first five years prior to age 65, and 4% for each additional year
	Allentown	Accrued benefit reduced 5% for each year prior to NRD
	Crete	Accrued benefit reduced 6% for each of the first five years, and 5% for each of the next five years and 4% for each additional year
	Decatur	Accrued benefit reduced 6.667% for each of the first five years prior to age 65, and 3.333% for each additional year
Vested termination		Accrued benefit payable at NRD, or reduced as for early retirement, or actuarially reduced to age 40
Disablement	Most locations	Accrued benefit payable immediately, with additional accrual to age 65 for Crete
	Franklin Park	Accrued benefit payable immediately
Preretirement death	Most locations	Reduced immediate pension payable for the life of the spouse
	Allentown	Reduced pension payable for life of spouse
	Freehold	If married, reduced 100% joint and survivor early retirement benefit if attained age 55 or 100% accrued benefit for all others reduced to be payable at 40.
	Crete (pre-65)	Greater of reduced pension payable for life of spouse and 45% of accrued benefit unreduced
	Crete (post-65)	100% joint and survivor benefit

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Other Plan Provisions

Form of payment:

Normal form

Life annuity for single employees; 100% joint and survivor for married employees

Option form

Lump sum

Pension increases

None

Plan participants' contributions

None

Maximum on benefits and pay

All benefits and pay for any calendar year may not exceed the maximum limitations for that year as defined in the Internal Revenue Code. The plan provides for increasing the dollar limits automatically as such changes become effective. Increases in the dollar limits are not assumed for determining contributions.

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Optional Forms of Payment

Participant Group	Actuarial Equivalence	Optional Forms
Allentown	Greater annuity benefit reflecting a. or b.	1) Single Life Annuity
Stoughton	a. 417 interest rate; 417 mortality table	2) 50%, 75% & 100% Joint Survivor Annuity
Weirton (closed)	b. 8.00%; UP-1984 (20% female, 80% male)	3) 10 year Certain and Life Annuity, 15 year Certain and Life Annuity (Allentown)
		4) 5 year Certain and Life Annuity, 10 year Certain and Life Annuity (Weirton)
		5) Lump Sum
Beechnut	Greater annuity benefit reflecting a. or b.	1) Single Life Annuity
	a. 417 interest rate; 417 mortality table	2) 50%, 75% & 100% Joint Survivor Annuity
	b. 8.50%; 1971 GAM	3) 5 year Certain and Life Annuity, 10 year Certain and Life Annuity
		4) Lump Sum
Bloomington	Greater annuity benefit reflecting a. or b.	1) Single Life Annuity
Burlington	a. 417 interest rate; 417 mortality table	2) 50% & 100% Joint Survivor Annuity
Cains (closed)	b. 6.00%; 1979 Buck (80% male set back 1 year, 20% female set back 2 year	3) Any option with 5 year Certain and Life Annuity (if 55/10, Fulton & Granite City)
Freehold (If not 60/10)		4) Lump Sum
Fulton (closed)		
Granite City (closed)		
New Milford (closed)		
Ripon (closed)		
Sunbury (closed)		

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Optional Forms of Payment (cont.)

Participant Group	Actuarial Equivalence	Optional Forms
Camation #1	Greater annuity benefit reflecting a. or b. a. 417 interest rate; 417 mortality table b. 8.00%; 1994 GAR	1) Single Life Annuity 2) 50% & 100% Joint Survivor Annuity 3) Lump Sum
Crete	Greater annuity benefit reflecting a. or b. a. 417 interest rate; 417 mortality table b. UP-1984 (20% female, 80% male) or table of factors if better	1) Single Life Annuity 2) 50% & 100% Joint Survivor Annuity 3) 10 year Certain and Life Annuity, 15 year Certain and Life Annuity
b) Married participants		4) 20% Joint & Spousal Annuity (only if married, no reduction)
c) Unmarried participants		5) Lump Sum
Decatur (closed)	Greater annuity benefit reflecting a. or b. a. 417 interest rate; 417 mortality table b. 8.00%; TSA-IV proj. to 1965 with Scale C	1) Single Life Annuity 2) 50%, 75% & 100% Joint Survivor Annuity 3) 10 year Certain and Life Annuity 4) Lump Sum

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Drumstick (married participants only) (closed)	Greater annuity benefit reflecting a. or b. a. 417 interest rate; 417 mortality table b. Table of factors	1) Single Life Annuity 2) 50% & 100% Joint Survivor Annuity 3) 3 year Certain and Life Annuity, 10 year Certain and Life Annuity 4) Lump Sum
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Optional Forms of Payment (cont.)

Participant Group	Actuarial Equivalence	Optional Forms
Franklin Park	Greater annuity benefit reflecting a. or b. a. 417 interest rate; 417 mortality table b. 10.50%; UP-1984 (20% female, 80% male)	1) Single Life Annuity 2) 50% & 100% Joint Survivor Annuity 3) Lump Sum
Freehold Participants who are at least 60/10	Greater annuity benefit reflecting a. or b. a. 417 interest rate; 417 mortality table b. 6.00%; 1979 Buck (80% male set back 1 year, 20% female set back 2 years)	1) Single Life Annuity 2) 50% & 100% Joint Survivor Annuity 3) Lump Sum
Salinas (closed)	Greater annuity benefit reflecting a. or b. a. 417 interest rate; 417 mortality table b. 6.00%; 1979 Buck (80% male set back 1 year, 20% female set back 2 years); Table for pop-up	1) Single Life Annuity 2) 50% & 100% Joint Survivor Annuity 3) 50% & 100% Joint Survivor Annuity with pop-up 4) Lump Sum
Stouffer Hourly	Greater annuity benefit reflecting a. or b. a. 417 interest rate; 417 mortality table b. 8.00%; 1971 TPF&C Forecast set back 3 years	1) Single Life Annuity 2) 50%, 75% & 100% Joint Survivor Annuity 3) 10 year Certain and Life Annuity 4) Lump Sum

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Future Plan Changes

Benefit increases negotiated on or before January 1, 2020, and effective during 2020 were recognized in determining contribution requirements.

Changes in Benefits Valued Since Prior Year

The ultimate benefit level for Crete increased from \$39.75 to \$44.25.

The actuarial equivalent factors were updated to provide the greater annuity benefit using either a. or b.:

- a. the 417(e) interest rate and mortality assumptions
- b. the participant group's actuarial equivalence interest rate and mortality table

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Nestlé Hourly Retirement Plan (Formerly Nestlé USA Hourly Pension Plan)

Plan Provisions

Effective December 31, 2012, this plan merged into the Nestlé Hourly Retirement Plan.

The most recent amendment reflected in the following plan provisions was effective in 2019.

Covered employees	Nonunion hourly employees
Participation date	Completion of one year of service
Type of plan	Dollar per month

Definitions

Vesting service One year for each 1,000-hour year of employment

Credited service One year for each 2,000-hour year of employment; partial credit for partial years

Accumulated benefit: Benefit level x credited service. See last page of Appendix B for locations and benefit levels.

For Distribution Centers and Transportation Centers participants of the Nestlé Hourly Retirement Plan:

- Current employees will receive a version of the account benefit formula. The benefit will be the better of A+B or C
 - A is the CHPP benefit as of 12/31/2015
 - B is the account formula benefit with past CHPP service for points counting towards points service in the PEP
 - C is continued accruals under the \$36/month benefit formula which will run concurrent with the “A+B” benefit and will serve as a minimum benefit
- Additionally, the current \$36/month benefit will continue to run concurrent with the “B” benefit and will serve as a minimum benefit.

Eligibility for Benefits

Normal retirement Retirement on or after attaining age 65

Early retirement Retirement before NRD and on or after both attaining age 55 and completing three years of vesting service

Postponed retirement Retirement after both attaining age 65

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Vested termination	Termination for reasons other than death or retirement after completing three years of vesting service
Disability	Permanent and total disability after completing five years of vesting service
Preretirement death benefit	Death while eligible for normal, early, postponed, or deferred vested retirement benefits, with a surviving spouse on or after completing three years of vesting service

Benefits Paid Upon the Following Events

Normal retirement (NIRD)	Accrued benefit payable immediately
Early retirement	Accrued benefit reduced 6.67% for each of the first five years prior to age 65, and 3.33% for each additional year
Postponed retirement	Accrued benefit payable immediately
Vested termination	Accrued benefit payable unreduced at age 65, reduced 6.67% for each of the first five years prior to age 65, and 3.33% for each additional year.
Disablement	Accrued benefit payable immediately
Preretirement death	If married, reduced 100% early retirement benefit if attained age 55 or 100% accrued benefit for all others reduced to be payable at age 55

Other Plan Provisions

Normal form of payment	Life annuity for single participants; 100% joint and survivor for married participants; Lump sum
Pension increases	None
Plan participants' contributions	None
Maximum on benefits and pay	All benefits and pay for any calendar year may not exceed the maximum limitations for that year as defined in the Internal Revenue Code. The plan provides for increasing the dollar limits automatically as such changes become effective. Increases in the dollar limits are not assumed for determining contributions.

Optional Forms of Payment

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Participant Group	Actuarial Equivalence	Optional Forms
All Locations	Greater annuity benefit reflecting a. or b. a. 417 interest rate; 417 mortality table b. 8.00%; 1994 GAR 1994 GAR	1) Single Life Annuity 2) 50% & 100% Joint Survivor Annuity 3) Lump Sum

Future Plan Changes

Benefit increases negotiated on or before January 1, 2020, and effective during 2020 were recognized in determining contribution requirements.

Changes in Benefits Valued Since Prior Year

The actuarial equivalent factors were updated to provide the greater annuity benefit using either a. or b.:

- a. the 417(e) interest rate and mortality assumptions
- b. the participant group's actuarial equivalence interest rate and mortality table

Plan Name:

EIN / PN:

Plan Sponsor:

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95-1572209/006

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Nestlé Hourly Retirement Plan (Formerly Nestlé USA Pension Plan)

Plan Provisions

Effective December 31, 2012, this plan merged into the Nestlé Hourly Retirement Plan.

The most recent amendment reflected in the following plan provisions was effective in 2019.

Covered employees Union employees of the covered locations

Participation date Date of hire

Type of plan Dollar per month

Definitions

Vesting service One year for each 1,000-hour calendar year of employment

Credited service

One year for each 1,600-hour calendar year of employment at, St. Joseph (Packers), and Fort Dodge; 1,800 hours at the other locations

Accumulated benefit:

Benefit level x credited service. See last page of Appendix B for locations and benefit levels.

Eligibility for Benefits

Normal retirement Retirement after attaining age 65

Early retirement Retirement before NRD and on or after both attaining age 55 and completing three years of vesting service

Postponed retirement Retirement after attaining age 65

Vested termination Termination for reasons other than death or retirement after completing three years of vesting service

Disability Permanent and total disability after completing five years of vesting service

Preretirement death benefit Death while eligible for normal, early, postponed, or deferred vested retirement benefits, with a surviving spouse on or after completing three years of vesting service

Benefits Paid Upon the Following Events

Normal retirement (NRD) Accrued benefit payable immediately

Early retirement Accrued benefit reduced 6.67% for each of the first five years prior to age 65, and 3.33% for each additional year

Postponed retirement Accrued benefit payable immediately

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Vested termination Accrued benefit payable unreduced at 65, reduced 6.67% for each of the first five years prior to age 65, and 3.33% for each additional year

Disablement Accrued benefit payable immediately

Preretirement death

If married, reduced 100% early retirement benefit if attained age 55 or 100% accrued benefit for all others reduced to be payable at age 55

Other Plan Provisions

Normal form of payment Life annuity for single participants; 100% joint and survivor for married participants; Lump sum

Pension increases None

Plan participants' contributions None

Maximum on benefits and pay All benefits and pay for any calendar year may not exceed the maximum limitations for that year as defined in the Internal Revenue Code. The plan provides for increasing the dollar limits automatically as such changes become effective. Increases in the dollar limits are not assumed for determining contributions.

Optional Forms of Payment

Participant Group Actuarial Equivalence

All Locations

Greater annuity benefit reflecting a. or b.

a. 417 interest rate; 417 mortality table

b. 8.00%; 1994 GAR 1994 GAR

Optional Forms

1) Single Life Annuity

2) 50% & 100% Joint Survivor Annuity

3) Lump sum

Future Plan Changes

No future plan changes were recognized in determining minimum and maximum contributions.

Changes in Benefits Valued Since Prior Year

The ultimate benefit level for Morton (union) increased from \$43.00 to \$46.00.

The actuarial equivalent factors were updated to provide the greater annuity benefit using either a. or b.:

a. the 417(e) interest rate and mortality assumptions

b. the participant group's actuarial equivalence interest rate and mortality table

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Nestlé Hourly Retirement Plan

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Nestlé Hourly Retirement Plan (Formerly Sacramento Can Pension Plan)

Plan Provisions

Effective December 31, 2012, this plan merged into the Nestlé Hourly Retirement Plan.

The most recent amendment reflected in the following plan provisions was effective in 2019.

Covered employees

Union employees at Sacramento Can manufacturing plant; there are currently no active employees covered

Type of plan

Dollar per month

Definitions

Credited service

From date of hire

Accumulated benefit:

Benefit level, varying by job class, times credited service

Eligibility for Benefits

Normal retirement

Retirement after both attaining age 65 and completing three years of vesting service

Early retirement

Retirement before NRD and on or after both attaining age 60 and completing ten years of vesting service

Postponed retirement

Retirement after attaining age 65

Vested termination

Termination for reasons other than death or retirement after completing three years of vesting service

Preretirement death benefit

Death while eligible for normal, early, postponed, or deferred vested retirement benefits, with a surviving spouse on or after completing three years of vesting service

Benefits Paid Upon the Following Events

Normal retirement (NRD)

Accrued benefit payable immediately

Early retirement

Accrued benefit reduced 6.0% for each year prior to age 62

Postponed retirement

Accrued benefit payable immediately

Vested termination

Accrued benefit payable unreduced at age 65, or reduced for each year prior to age 62, if attained age 60 and 10 years of service

Preretirement death

If married, reduced 100% joint and survivor early retirement benefit if attained age 60 or 100% accrued benefit for all others reduced to be payable at 60.

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Nestlé Hourly Retirement Plan

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95-1572209/006

Plan Sponsor:

Nestlé USA Inc

Valuation Date

January 1, 2020

SCHEDULE SB ATTACHMENTS

Other Plan Provisions

Normal form of payment	Life annuity
Pension Increases	None
Plan participants' contributions	None
Maximum on benefits and pay	All benefits and pay for any calendar year may not exceed the maximum limitations for that year as defined in the Internal Revenue Code. The plan provides for increasing the dollar limits automatically as such changes become effective. Increases in the dollar limits are not assumed for determining contributions.

Optional Forms of Payment

Participant Group	Actuarial Equivalence	Optional Forms
Sacramento Can	Greater annuity benefit reflecting 417(e) interest rate and mortality table or conversion factors below varying by age of the retiree and the spouse <i>Sample 1: Retiree and Spouse both at age 60</i>	a) Single Life Annuity b) 50% & 100% Joint and Survivor Annuity
	50% J&S Annuity 0.8500	c) Lump sum
	100% J&S Annuity 0.7391	
	<i>Sample 2: Retiree and spouse both at age 65</i>	
	50% J&S Annuity 0.8340	
	100% J&S Annuity 0.7153	

Future Plan Changes

No future plan changes were recognized in determining minimum and maximum contributions.

Changes in Benefits Valued Since Prior Year

Plan Name:	Nestlé Hourly Retirement Plan
EIN / PN:	95-1572209/006
Plan Sponsor:	Nestlé USA Inc
Valuation Date	January 1, 2020

SCHEDULE SB ATTACHMENTS

The actuarial equivalent factors were updated to provide the greater annuity benefit using either a. or b.:

- a. the 417(e) interest rate and mortality assumptions
- b. the participant group's actuarial equivalence interest rate and mortality table

Plan Name:
EIN / PN:
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Nestlé Hourly Retirement Plan
95-1572209/006
Nestlé USA Inc
January 1, 2020

SCHEDULE SB ATTACHMENTS

Nestlé Hourly Retirement Plan (Formerly Gerber Fort Smith Hourly Pension Plan)

Plan Provisions

Effective December 31, 2012, this plan merged into the Nestlé Hourly Retirement Plan.

The most recent amendment reflected in the following plan provisions was effective in 2016.

Covered employees

Hourly paid employees on Ft. Smith, Arkansas hourly factory payroll

Participation date

Age 20 ½ and six months of service or upon attainment of age 40, if earlier.

Type of plan

Dollar per month plan

Definitions

Vesting service

The number of completed full plan years of employment with the Company or any Affiliate in which the employee works 1,000 hours.

Credited service

One full year for each year with at least 1,000 hours of service.

Accumulated benefit:

Monthly benefit is the largest of (a) and (b) below:

(a) The sum of (1) and (2) below:

(1) The accrued benefits as of December 31, 1989, based on participation service, final average compensation, and the primary Social Security benefit as of December 31, 1989.

(2) For participation service after January 1989 (maximum 40 years less pre-1989 credited service up to 33 1/3 years), the monthly benefit accrual in a given year is the applicable Dollar Accrual based on total years of participation.

(b) For all participation service up to 40 years, the monthly benefit accrual in a given year is the applicable Dollar Accrual Factor.

Plan Name:

Nestlé Hourly Retirement Plan

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The applicable Dollar Accrual Factor under (a) and (b) depends on the years of participation as shown below:

Dollar Accrual Factor Applicable to Years of Participation

<u>Accrual Period</u>	<u>Level One</u>			<u>Level Two</u>		<u>Level Three</u>	
	<u>First 10 Years</u>			<u>Years 11-20</u>		<u>Years Beyond 20</u>	
Before 2004	\$23.50			\$27.50		\$30.50	
2004	\$25.50			\$29.50		\$32.50	
2005	\$27.50			\$31.50		\$34.50	
2006	\$29.50			\$33.50		\$36.50	
2010	\$31.50			\$35.50		\$38.50	
2013	\$35.50			\$39.50		\$42.50	
2016 and After	\$38.50			\$42.50		\$45.50	

Eligibility for Benefits

Normal retirement	Retirement on or after both attaining age 65 and completing five years of vesting service
Early retirement	Retirement before NRD and on or after both attaining age 57 and completing five years of vesting service
Postponed retirement	Retirement after both attaining age 65 and completing five years of vesting service
Vested termination	Termination for reasons other than death or retirement after completing five years of vesting service
Disability	Permanent and total disability on or after both attaining age 50 and completing fifteen years of vesting service
Preretirement death benefit	Death while eligible for normal, early, postponed, or deferred vested retirement benefits, with a surviving spouse on or after completing five years of vesting service

Benefits Paid Upon the Following Events

Normal retirement (NRD)	Accrued benefit payable immediately
Early retirement	Monthly pension benefit determined as of early retirement date, reduced ½ of 1% for each month by which the early retirement date precedes 62. Unreduced for employees retiring after attaining age 60 with 40 years of uninterrupted service
Postponed retirement	Accrued benefit payable immediately
Vested termination	Accrued benefit determined as of termination date, actuarially reduced for commencement of payments prior to NRD

Plan Name: Nestlé Hourly Retirement Plan
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Disablement	Accrued benefit determined as of disability retirement date reduced by certain other benefits by or at the expense of the company
Preretirement death	50% of the projected accrued benefit as of participant's normal retirement date is payable immediately to the dependent spouse until the death or remarriage of the dependent spouse. If not eligible for a dependent spouse benefit, a 50% surviving spouse benefit (100% if eligible for early retirement) is payable on the participant's early retirement age date. If neither a dependent nor surviving spouse benefit is payable, the lump sum balance as of the time of death is payable.

Other Plan Provisions

Forms of payment	Life annuity
Normal form	
Optional forms	100%, 75%, and 50% contingent annuitant; level income; lump sum
Pension increases	None
Plan participants' contributions	None
Maximum on benefits and pay	All benefits and pay for any calendar year may not exceed the maximum limitations for that year as defined in the Internal Revenue Code. The plan provides for increasing the dollar limits automatically as such changes become effective. Increases in the dollar limits are not assumed for determining contributions.

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Nestlé USA Inc
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Optional Form Conversion Factors

Form of Payment

Conversion Factors

Sample Rates

Greater annuity benefit reflecting 417(e) interest rate and mortality table or the descriptions below:

Level Income Options to Age 62 (life Annuity Normal form)

The conversion factors are determined using an actuarial equivalent basis using 5.0% interest and the 1971 Group Annuity Mortality table blended 80% male / 20% female. Multiply the expected PIA at age 62 by the conversion factor to get the benefit decrease after age 62. The benefit before age 62 (payable until receipt of PIA) equals this decreased benefits plus PIA (payments are at beginning of month).

Age 55: 0.4378
Age 60: 0.1602

100% Contingent Annuitant

80% of the amount otherwise payable to the Participant as a sole annuitant, provided the age of the Participant and the designated contingent annuitant are the same. If the ages of the participant and the designated contingent annuitant are not the same, the 80% factor shall be increased by 1.0% up to a maximum of 100% for each full year that the birth date of the designated contingent annuitant precedes the birth date of the participant, or decreased by 1.0% for each full year that the birth date of the Participant precedes the birth date of the designated contingent annuitant.

Participant Age 60 and Spouse Age 60: 80.00%
Participant Age 65 and Spouse Age 60: 75.00%

75% Contingent Annuitant

85% of the amount otherwise payable to the Participant as a sole annuitant, provided the age of the Participant and the designated contingent annuitant are the same. If the ages of the participant and the designated contingent annuitant are not the same, the 85% factor shall be increased by 0.85% up to a maximum of 100% for each full year that the birth date of the designated contingent annuitant precedes the birth date of the participant, or decreased by 0.85% for each full year that the birth date of the Participant precedes the birth date of the designated contingent annuitant.

Participant Age 60 and Spouse Age 60: 85.00%
Participant Age 65 and Spouse Age 60: 80.75%

50% Contingent Annuitant

90% of the amount otherwise payable to the Participant as a sole annuitant, provided the age of the Participant and the designated contingent annuitant are not the same. If the ages of the

Participant Age 60 and Spouse Age 60: 90.00%

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participant and the designated contingent annuitant are the same, the 90% factor shall be increased by 0.7% up to a maximum of 100% for each full year that the birth date of the designated contingent annuitant precedes the birth date of the participant, or decreased by 0.7% for each full year that the birth date of the Participant precedes the birth date of the designated contingent annuitant.

Participant Age 65 and Spouse Age 60:
86.50%

Future Plan Changes

No future changes were recognized in determining minimum and maximum contributions.

Changes in Benefits Valued Since Prior Year

The actuarial equivalent factors were updated to provide the greater annuity benefit using either a. or b.:

- a. the 417(e) interest rate and mortality assumptions
- b. the participant group's actuarial equivalence interest rate and mortality table

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Nestlé Hourly Retirement Plan (Formerly Gerber Fremont Hourly Pension Plan)

Plan Provisions

Effective December 31, 2012, this plan merged into the Nestlé Hourly Retirement Plan.

The most recent amendment reflected in the following plan provisions was effective in 2019.

Covered Employees	Hourly paid employees on Fremont, Michigan hourly factory payroll.
Participation Date	Age 20 ½ and six months of service or upon attainment of age 40, if earlier.
Type of plan:	Dollar per month plan

Definitions

Vesting service The number of completed full plan years of employment with the Company or any Affiliate in which the employee works 1,000 hours.

Credited service One full year for each year with at least 1,000 hours of service

Pensionable earnings Total compensation including section 125 and 401(k) contributions but excluding deferred compensation.

Accumulated benefit:

Monthly benefit is the largest of (a) and (b) below:

(a) The sum of (1), (2), (3) and (4) below:

- (1) The accrued benefits as of December 31, 1988, based on participation service, final average compensation, and the primary Social Security benefit as of December 31, 1988.
- (2) For participation service after December 31, 1988 and before April 5, 2003 (maximum 40 years less pre-1989 credit service up to 33 1/3 years), the monthly benefit accrual in a given year is the applicable Dollar Accrual based on total years of participation.
- (3) \$50 for each year of participation service after April 4, 2003 and before April 1, 2012.
- (4) \$56 for each year of participation service after April 1, 2012.
- (5) \$58 for each year of participation service after April 1, 2017.

(b) The sum of (1), (2) and (3) below:

- (1) For all participant service credited prior to April 5, 2003, up to 40 years, the monthly benefit accrual in a given year is the applicable Dollar Accrual Factor.
- (2) \$50 for each year of participation service after April 4, 2003 and before April 1, 2012.

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- (3) \$56 for each year of participation service after April 1, 2012.
- (4) \$58 for each year of participation service after April 1, 2017.

The applicable Dollar Accrual Factor under (a) and (b) depends on termination date and years of participation as shown below:

Dollar Accrual Factor Applicable to Years of Participation				
Termination of Employment	Level One		Level Two	
	On or After	First 10 Years	Years 11-20	Level Three Years Beyond 20
	1/1/89	\$21.00	\$25.00	\$28.00
	4/1/91	\$21.50	\$25.50	\$28.50
	4/1/92	\$22.00	\$26.00	\$29.00
	4/1/93	\$22.50	\$26.50	\$30.00
	5/1/94	\$23.00	\$27.00	\$30.50
	5/1/95	\$23.50	\$27.50	\$31.00
	5/1/96	\$24.00	\$28.00	\$31.50
	4/1/97	\$25.00	\$29.00	\$32.50
	4/1/98	\$25.50	\$29.50	\$33.00
	4/1/99	\$26.00	\$30.00	\$33.50

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Eligibility for Benefits

Normal retirement	Retirement after both attaining age 65 and completing five years of vesting service
Early retirement	Retirement before NRD and on or after both attaining age 57 and completing five years of vesting service
Postponed retirement	Retirement after both attaining age 65 and completing five years of vesting service
Vested termination	Termination for reasons other than death or retirement after completing five years of vesting service
Disability	Permanent and total disability on or after both attaining age 50 and completing fifteen years of vesting service
Preretirement death benefit	Death while eligible for normal, early, postponed, or deferred vested retirement benefits, with a surviving spouse on or after completing five years of vesting service

Benefits Paid Upon the Following Events

Normal retirement (NRD)	Accrued benefit payable immediately
Early retirement	Monthly pension benefit determined as of early retirement date, reduced $\frac{1}{2}$ of 1% for each month by which the early retirement date precedes age 62. Unreduced for employee retiring after attaining age 60 with 30 years of uninterrupted service
Postponed retirement	Accrued benefit payable immediately
Vested termination	Accrued benefit determined as of termination date, actuarially reduced for commencement of payments prior to NRD
Disablement	Accrued benefit determined as of disability retirement date reduced by or at the expense of the company
Preretirement death	50% of the projected accrued benefit as of participant's normal retirement date is payable immediately to the dependent spouse until the death or remarriage of the dependent spouse. If not eligible for a dependent spouse benefit, a 50% surviving spouse benefit (100% if eligible for early retirement) is payable on the participant's early retirement age date. If neither a dependent nor surviving spouse benefit is payable, the lump sum balance as of the time of death is payable.

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Other Plan Provisions

Forms of payment	Life annuity
Normal form	100%, 75%, and 50% contingent annuitant; level income option; lump sum
Optional forms	
Pension increases	None
Plan participants' contributions	None
Maximum on benefits and pay	All benefits and pay for any calendar year may not exceed the maximum limitations for that year as defined in the Internal Revenue Code. The plan provides for increasing the dollar limits automatically as such changes become effective. Increases in the dollar limits are not assumed for determining contributions.

Optional Form Conversion Factors

Form of Payment

Conversion Factors

Sample Rates

Greater annuity benefit reflecting 417(e) interest rate and mortality table or the descriptions below:

Level Income Options to
Age 62
(life Annuity Normal form)

The conversion factors are determined using an actuarial equivalent basis using 5.0% interest and the 1971 Group Annuity Mortality table blended 80% male / 20% female. Multiply the expected PIA at age 62 by the conversion factor to get the benefit decrease after age 62. The benefit before age 62 (payable until receipt of PIA) equals this decreased benefits plus PIA (payments are at beginning of month).

Age 55: 0.4378
Age 60: 0.1602

100% Contingent Annuitant

80% of the amount otherwise payable to the Participant as a sole annuitant, provided the age of the Participant and the designated contingent annuitant are the same. If the ages of the participant and the designated contingent annuitant are not the same, the 80% factor shall be increased by 1.0% up to a maximum of 100% for each full year that the birth date of the designated contingent annuitant precedes the birth date of the participant, or decreased by 1.0% for each full year that the birth date of the Participant precedes the birth date of the designated contingent annuitant.

Participant Age 60 and Spouse Age 60:
80.00%
Participant Age 65 and Spouse Age 60:
75.00%

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75% Contingent Annuitant	85% of the amount otherwise payable to the Participant as a sole annuitant, provided the age of the Participant and the designated contingent annuitant are the same. If the ages of the participant and the designated contingent annuitant are not the same, the 85% factor shall be increased by 0.85% up to a maximum of 100% for each full year that the birth date of the designated contingent annuitant precedes the birth date of the participant, or decreased by 0.85% for each full year that the birth date of the Participant precedes the birth date of the designated contingent annuitant.	Participant Age 60 and Spouse Age 60: 85.00% Participant Age 65 and Spouse Age 60: 80.75%
50% Contingent Annuitant	90% of the amount otherwise payable to the Participant as a sole annuitant, provided the age of the Participant and the designated contingent annuitant are not the same. If the ages of the participant and the designated contingent annuitant are the same, the 90% factor shall be increased by 0.7% up to a maximum of 100% for each full year that the birth date of the designated contingent annuitant precedes the birth date of the participant, or decreased by 0.7% for each full year that the birth date of the Participant precedes the birth date of the designated contingent annuitant.	Participant Age 60 and Spouse Age 60: 90.00% Participant Age 65 and Spouse Age 60: 86.50%

Future Plan Changes

No future changes were recognized in determining minimum and maximum contributions.

Changes in Benefits Valued Since Prior Year

The actuarial equivalent factors were updated to provide the greater annuity benefit using either a. or b.:

- a. the 417(e) interest rate and mortality assumptions
- b. the participant group's actuarial equivalence interest rate and mortality table

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Nestlé Hourly Retirement Plan (Formerly Gerber Reedsburg Hourly Pension Plan)

Plan Provisions

Effective December 31, 2012, this plan merged into the Nestlé Hourly Retirement Plan.

The most recent amendment reflected in the following plan provisions was effective in 2019.

Covered employees	Hourly paid employees on Reedsburg hourly payroll and Asheville, North Carolina hourly factory payroll.
Participation date	Age 21 and one-year of service or upon attainment of age 40, if earlier. Closed to new entrants effective December 31, 2006.
Type of plan	Frozen dollar per month

Definitions

Vesting service

The number of completed full plan years of employment with the Company or any Affiliate in which the employee works 1,000 hours. Automatic vesting was granted December 31, 2008.

Credited service

One full year for each year with at least 1,000 hours of service.

Pensionable earnings

Total compensation including section 125 and 401(k) contributions but excluding deferred compensation.

Accumulated benefit:

Monthly Benefit is the largest of (a) and (b) below:

(a) The sum of (1) and (2) below:

(1) The applicable benefit rate multiplied by years of participation completed after January 1, 1969 up to a maximum of 30 years.

(2) \$21.50 multiplied by years of participation completed after February 28, 2003.

(b) \$1.50 multiplied by years of participation completed prior to January 1, 1969, but not exceeding 30 years less the number of years of service after that date.

For Hanksraft Motors only, the benefit rate in (a) above is \$19.00

For Baby care participants only, the benefit rate in (a) above is \$19.50

Eligibility for Benefits

Normal retirement

Retirement after both attaining age 65 and completing five years of vesting service

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Early retirement	Retirement before NRD and on or after both attaining age 60 and completing five years of vesting service
Postponed retirement	Retirement after both attaining age 65 and completing five years of vesting service
Vested termination	Termination for reasons other than death or retirement after completing five years of vesting service
Disability	Permanent and total disability on or after attaining age 50 and completing fifteen years of vesting service
Preretirement death benefit	Death while eligible for normal, early, postponed, or deferred vested retirement benefits, with a surviving spouse on or after completing five years of vesting service

Benefits Paid Upon the Following Events

Normal retirement (NRD)	Accrued benefit payable immediately
Early retirement	Monthly pension benefit determined as of early retirement date, reduced $\frac{1}{2}$ of 1% for each month by which the early retirement date precedes age 65.
Postponed retirement	Accrued benefit payable immediately
Vested termination	Accrued benefit determined as of termination date, actuarially reduced for commencement of payments prior to NRD
Disablement	Accrued benefits determined as of disability retirement date, reduced by certain other benefits provided by or at the expense of the company
Preretirement death	Payable on the participant's early retirement age date to the surviving spouse as if the participant had elected a 50% survivorship annuity option. If neither a dependent nor surviving spouse benefit is payable, the lump sum balance as of the time of death is payable.

Other Plan Provisions

Forms of payment	Life annuity
Normal form	100%, 75%, and 50% contingent annuitant; level income; lump sum
Optional forms	None
Pension increases	None
Plan participants' contributions	None
Maximum on benefits and pay	All benefits and pay for any calendar year may not exceed the maximum limitations for that year as defined in the Internal Revenue Code. The plan provides for increasing the dollar limits automatically as such changes become effective. Increases in the dollar limits are not assumed for determining contributions.

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Optional Form Conversion Factors

Form of Payment

Level Income Options to Age 62 (life Annuity Normal form)

Conversion Factors

Greater annuity benefit reflecting 417(e) interest rate and mortality table or the descriptions below:

The conversion factors are determined using an actuarial equivalent basis using 5.0% interest and the 1971 Group Annuity Mortality table blended 80% male / 20% female. Multiply the expected PIA at age 62 by the conversion factor to get the benefit decrease after age 62. The benefit before age 62 (payable until receipt of PIA) equals this decreased benefits plus PIA (payments are at beginning of month).

100% Contingent Annuitant

75% of the amount otherwise payable to the Participant as a sole annuitant, provided the age of the Participant and the designated contingent annuitant are the same. If the ages of the participant and the designated contingent annuitant are not the same, the 75% factor shall be increased by 1.0% up to a maximum of 100% for each full year that the birth date of the designated contingent annuitant precedes the birth date of the participant, or decreased by 1.0% for each full year that the birth date of the Participant precedes the birth date of the designated contingent annuitant.

75% Contingent Annuitant

80% of the amount otherwise payable to the Participant as a sole annuitant, provided the age of the Participant and the designated contingent annuitant are the same. If the ages of the participant and the designated contingent annuitant are not the same, the 80% factor shall be increased by 1.0% up to a maximum of 100% for each full year that the birth date of the designated contingent annuitant precedes the birth date of the participant, or decreased by 1.0% for each full year that the birth date of the Participant precedes the birth date of the designated contingent annuitant.

50% Contingent Annuitant

85% of the amount otherwise payable to the Participant as a sole annuitant, provided the age of the Participant and the designated contingent annuitant are not the same. If the ages of the participant and the designated contingent annuitant are the same, the 85% factor shall be increased by 1.0% up to a maximum of 100% for each full year that

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Sample Rates

Age 55: 0.4378
Age 60: 0.1602

Participant Age 60 and Spouse
Age 60: 75.00%
Participant Age 65 and Spouse
Age 60: 70.00%

Participant Age 60 and Spouse
Age 60: 80.00%
Participant Age 65 and Spouse
Age 60: 75.00%

Participant Age 60 and Spouse
Age 60: 85.00%
Participant Age 65 and Spouse
Age 60: 80.00%

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the birth date of the designated contingent annuitant precedes the birth date of the participant, or decreased by 1.0% for each full year that the birth date of the Participant precedes the birth date of the designated contingent annuitant.

Future Plan Changes

No future plan changes were recognized in determining plan accounting liabilities, or minimum and maximum contributions.

Changes in Benefits Valued Since Prior Year

The actuarial equivalent factors were updated to provide the greater annuity benefit using either a. or b.:

- a. the 417(e) interest rate and mortality assumptions
- b. the participant group's actuarial equivalence interest rate and mortality table

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Benefit Levels for Valuations

Benefit increases negotiated on or before December 31, 2019 and effective during 2020 were recognized in determining contribution requirements.

	Benefit Level	PPA	Effective Date
Nestlé Hourly Retirement Plan			
▪ Allentown*	47.00		3/1/2015
▪ Bloomington - Beich	43.00		3/3/2019
▪ Burlington	47.50		2/15/2020
▪ Crete*	42.50		2/3/2020
▪ Decatur	27.00		7/1/1997
▪ Franklin Park	39.00		11/13/2016
▪ Freehold	58.50		7/28/2019
▪ Distribution*	36.00		1/1/2014
▪ Transportation*	36.00		1/1/2014
▪ Morton (nonunion)	30.00		1/1/2008
▪ Danville	33.00		4/9/2019
▪ Eau Claire	38.00		5/27/2018
▪ Fort Dodge	44.50		3/26/2017
▪ Gateway	37.00		11/1/2019
▪ Morton (Union)	45.00		4/1/2020
▪ St. Joseph (Packers)	14.00		12/12/2016
▪ St. Joseph (Lower Lakes)	30.50		6/1/2003

* See Plan Provisions for detail.

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Plan Sponsor:	Nestlé USA Inc
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Schedule SB, Line 26 Schedule of Active Participant Data as of January 1, 2020 Active Participants with Pay-Based Benefits

Years of Credited Service											
Attained Age		Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & Over
<25	Number		1	1							
	Avg. Earnings										
25 to 29	Number		3	8							
	Avg. Earnings										
30 to 34	Number		7	29	10						
	Avg. Earnings			61,573							
35 to 39	Number		2	25	19	6					
	Avg. Earnings			61,513							
40 to 44	Number		3	22	16	10	8				
	Avg. Earnings			62,259							
45 to 49	Number		5	7	15	8	8	1			
	Avg. Earnings										
50 to 54	Number		2	21	11	6	12	3			
	Avg. Earnings			63,400							
55 to 59	Number		3	12	21	15	9	11	1	1	
	Avg. Earnings				62,547						
60 to 64	Number		1	11	13	16	3	6	4		
	Avg. Earnings										
65 to 69	Number		1	2	4	3	1	1		1	
	Avg. Earnings										
70 & up	Number										
	Avg. Earnings										

Average Age = 48.32 Average Service = 12.86

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Schedule SB, Line 26
Schedule of Active Participant Data as of January 1, 2020
Number distributed by attained age and attained years of credited service

Attained Age	Attained Years of Credited Service ¹									
	Under 1	1 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & Over
Under 25	58	83	2	0	0	0	0	0	0	0
25 to 29	59	165	64	6	0	0	0	0	0	0
30 to 34	37	144	138	60	1	0	0	0	0	0
35 to 39	43	136	139	104	46	5	0	0	0	0
40 to 44	27	91	105	96	55	50	2	0	0	0
45 to 49	19	86	119	103	64	80	38	3	0	0
50 to 54	16	53	115	113	79	89	81	86	1	0
55 to 59	7	47	98	108	89	86	107	92	100	8
60 to 64	0	24	69	64	46	41	92	50	29	30
65 to 69	1	3	5	13	4	5	14	8	3	3
70 & over	0	0	0	1	0	2	2	1	0	0

¹ Age and service for purposes of determining category are based on exact (not rounded) values.

Plan Name:
EIN / PN:
Plan Sponsor:
Valuation Date

Nestlé Hourly Retirement Plan
95-1572209/006
Nestlé USA Inc
January 1, 2020

SCHEDULE SB ATTACHMENTS

Schedule SB – Statement by Enrolled Actuary

Plan Sponsor	Nestlé USA Inc
EIN/PN	95-1572209/006
Plan Name	Nestlé Hourly Retirement Plan
Valuation Date	January 1, 2020
Enrolled Actuary	Michael Altilio
Enrollment Number	20-07062

The actuarial assumptions that are not mandated by IRC § 430 and regulations, represent the enrolled actuary's best estimate of anticipated experience under the plan, subject to the following conditions:

The actuarial valuation, on which the information in this Schedule SB is based, has been prepared in reliance upon the employee and financial data furnished by the plan administrator and the trustee. The enrolled actuary has not made a rigorous check of the accuracy of this information but has accepted it after reviewing it and concluding it is reasonable in relation to similar information furnished in previous years. The amounts of contributions and dates paid shown in Item 18 of Schedule SB were listed in reliance on information provided by the plan administrator and/or trustee.

SCHEDULE SB ATTACHMENTS

Schedule SB, Line 22
Description of Weighted Average Retirement Age
as of January 1, 2020

Group	Count of Actives	Weight	Average Age	Weight*Age
NPPC	1,154	28.06%	61	17.12
NUSA	1,760	42.79%	63	26.96
Nutrition	1,199	29.15%	61	17.78
	4,113	100%		62

Plan Name: Nestlé Hourly Retirement Plan
EIN / PN: 95-1572209/006
Plan Sponsor: Nestlé USA Inc
Valuation Date: January 1, 2020

SCHEDULE SB ATTACHMENTS

Participant group: NPPC

Description of Weighted Average Retirement Age

Age	Retirement Rate	1.00 - Retirement Rate	Probability of Remaining Active	Percentage Retiring at Age	Age Times Percentage Retiring
49	0.00%	100.00%	100.00%	0.00%	0.00
50	5.00%	95.00%	95.00%	5.00%	2.50
51	5.00%	95.00%	90.25%	4.75%	2.42
52	5.00%	95.00%	85.74%	4.51%	2.35
53	5.00%	95.00%	81.45%	4.29%	2.27
54	5.00%	95.00%	77.38%	4.07%	2.20
55	5.00%	95.00%	73.51%	3.87%	2.13
56	5.00%	95.00%	69.83%	3.68%	2.06
57	5.00%	95.00%	66.34%	3.49%	1.99
58	5.00%	95.00%	63.02%	3.32%	1.92
59	5.00%	95.00%	59.87%	3.15%	1.86
60	5.00%	95.00%	56.88%	2.99%	1.80
61	5.00%	95.00%	54.04%	2.84%	1.73
62	15.00%	85.00%	45.93%	8.11%	5.03
63	15.00%	85.00%	39.04%	6.89%	4.34
64	15.00%	85.00%	33.18%	5.86%	3.75
65	30.00%	70.00%	23.23%	9.96%	6.47
66	30.00%	70.00%	16.26%	6.97%	4.60
67	30.00%	70.00%	11.38%	4.88%	3.27
68	50.00%	50.00%	5.69%	5.69%	3.87
69	50.00%	50.00%	2.85%	2.85%	1.96
70	100.00%	0.00%	0.00%	2.85%	1.99
				100.00%	

Average Retirement Age: 61

Plan Name: Nestlé Hourly Retirement Plan
 EIN / PN: 95-1572209/006
 Plan Sponsor: Nestlé USA Inc
 Valuation Date: January 1, 2020

SCHEDULE SB ATTACHMENTS

Participant group: NUSA

Description of Weighted Average Retirement Age

Age	Retirement Rate	1.00 - Retirement Rate	Probability of Remaining Active	Percentage Retiring at Age	Age Times Percentage Retiring
54	0.00%	100.00%	100.00%	0.00%	0.00
55	5.00%	95.00%	95.00%	5.00%	2.75
56	5.00%	95.00%	90.25%	4.75%	2.66
57	5.00%	95.00%	85.74%	4.51%	2.57
58	5.00%	95.00%	81.45%	4.29%	2.49
59	5.00%	95.00%	77.38%	4.07%	2.40
60	10.00%	90.00%	69.64%	7.74%	4.64
61	10.00%	90.00%	62.68%	6.96%	4.25
62	15.00%	85.00%	53.27%	9.40%	5.83
63	15.00%	85.00%	45.28%	7.99%	5.03
64	15.00%	85.00%	38.49%	6.79%	4.35
65	40.00%	60.00%	23.09%	15.40%	10.01
66	40.00%	60.00%	13.86%	9.24%	6.10
67	40.00%	60.00%	8.31%	5.54%	3.71
68	40.00%	60.00%	4.99%	3.33%	2.26
69	40.00%	60.00%	2.99%	2.00%	1.38
70	100.00%	0.00%	0.00%	2.99%	2.10
				100.00%	
Average Retirement Age:					63

Plan Name: Nestlé Hourly Retirement Plan
 EIN / PN: 95-1572209/006
 Plan Sponsor: Nestlé USA Inc
 Valuation Date: January 1, 2020

SCHEDULE SB ATTACHMENTS

Participant group: Nutrition

Description of Weighted Average Retirement Age

Age	Retirement Rate	1.00 - Retirement Rate	Probability of Remaining Active	Percentage Retiring at Age	Age Times Percentage Retiring
54	0.00%	100.00%	100.00%	0.00%	0.00
55	0.00%	100.00%	100.00%	0.00%	0.00
56	5.00%	95.00%	95.00%	5.00%	2.80
57	5.00%	95.00%	90.25%	4.75%	2.71
58	5.00%	95.00%	85.74%	4.51%	2.62
59	5.00%	95.00%	81.45%	4.29%	2.53
60	5.00%	95.00%	77.38%	4.07%	2.44
61	15.00%	85.00%	65.77%	11.61%	7.08
62	15.00%	85.00%	55.91%	9.87%	6.12
63	30.00%	70.00%	39.13%	16.77%	10.57
64	30.00%	70.00%	27.39%	11.74%	7.51
65	30.00%	70.00%	19.18%	8.22%	5.34
66	30.00%	70.00%	13.42%	5.75%	3.80
67	40.00%	60.00%	8.05%	5.37%	3.60
68	40.00%	60.00%	4.83%	3.22%	2.19
69	40.00%	60.00%	2.90%	1.93%	1.33
70	40.00%	60.00%	1.74%	1.16%	0.81
				100.00%	

Average Retirement Age: 61

Plan Name: Nestlé Hourly Retirement Plan
 EIN / PN: 95-1572209/006
 Plan Sponsor: Nestlé USA Inc
 Valuation Date: January 1, 2020

SCHEDULE SB ATTACHMENTS

Schedule SB, Part V Summary of Plan Provisions

Nestlé Hourly Retirement Plan

Plan Provisions

The most recent amendment reflected in the following plan provisions was effective in 2019.

Covered employees	Hourly employees of Nestlé Food Company at covered locations			
Participation date:	<i>Location</i>	<i>Age</i>	<i>Service</i>	<i>Entry Date</i>
	Allentown	0	0	January 1
	Beich	21	0	Immediate
	Burlington	21	0	Immediate
	Crete	0	0	January 1
	Decatur	21	1	Immediate
	Franklin Park	20	0	Immediate; 1 year of service for Local 552; 3 months of service for Local 339
	Freehold	21	0	January 1 or July 1
Type of plan	Dollar per month			

Definitions

Vesting service	One year for each 1,000-hour year of employment after age 18. From date of hire for Crete and Allentown. Pro-rata for more than 500 hours for Freehold
Credited service	One year for each 1,000-hour year of employment. From date of hire for Crete, Allentown, and Franklin Park
Pensionable earnings	Calendar year W-2 compensation, excluding expense reimbursements, and including 401(k) and 125 deferrals

Plan Name:	Nestlé Hourly Retirement Plan
EIN / PN:	95-1572209/006
Plan Sponsor:	Nestlé USA Inc
Valuation Date	January 1, 2020

SCHEDULE SB ATTACHMENTS

Accumulated benefit:

Decatur*: 50% of FAE – 75% of Social Security benefit, prorated for less than 30 years of service at NRD, times the ratio of actual credited service to service at NRD

<i>Location</i>	<i>Monthly Benefit** X Credited Service</i>	<i>Minimum Annual Benefit</i>	<i>Effective Date</i>	<i>Maximum Service</i>
Allentown	\$47 for service from 3/1/2015 + \$43 for service from 1/1/2012 + \$40 for service from 3/15/2009 to 12/31/2011 + \$36 for service from 1/1/2009 to 3/14/2009 + \$35 for service from 3/15/2004 to 1/1/2009 + \$29 for service from 1/1/2002 to 3/15/2004 + \$28 for service from 12/1/1994 to 12/31/2001 + \$4 for service before 12/1/1994	None	03/01/2015	None
Beich	\$43.00	\$120	03/03/2019	30 years, if hired after March 10, 1991
Burlington	\$48.00	\$130	02/15/2021	35 years
Crete	\$44.25 for service after 12/1/94 + \$5.50 for service before 12/1/94	None	02/05/2018	None
Decatur*	\$27.00	None	07/01/1997	None
Franklin Park	\$39.00	None	11/13/2016	None
Freehold	\$58.50	\$100	07/28/2019	30 years, if hired after August 1, 1989

* If a person in the Decatur location becomes a participant after 7/1/1997, he receives the dollar-per month formula. If he became a participant before 7/1/1997, he receives the better of the dollar-per-month or the pay-related formula.

** Reflects ultimate benefit levels used for the IAS 19 valuation. See last page of Appendix B for more detail.

Plan Name: Nestlé Hourly Retirement Plan
 EIN / PN: 95-1572209/006
 Plan Sponsor: Nestlé USA Inc
 Valuation Date: January 1, 2020

SCHEDULE SB ATTACHMENTS

Eligibility for Benefits

Normal retirement	Most locations	Retirement on or after both attaining age 65 and completing three years of vesting service
	Allentown	Retirement on or after both attaining age 62 and completing three years of vesting service
Early retirement	Most locations	Retirement before NRD and on or after both attaining age 55 and completing ten years of vesting service
	Allentown	Retirement before NRD and on or after both attaining age 50 and completing ten years of vesting service
	Crete	Retirement before NRD and on or after both attaining age 50 and completing ten years of vesting service
	Decatur	Retirement before NRD and on or after both attaining age 55 and completing three years of vesting service
Vested termination		Termination for reasons other than death or retirement after completing three years of vesting service
Disability	Most locations	Permanent and total disability after completing ten years of vesting service
	Franklin Park	Permanent and total disability on or after both attaining age 50 and completing fifteen years of service
Preretirement death benefit	Most locations	Death while eligible for normal, early, postponed, or deferred vested retirement benefits, with a surviving spouse on or after completing three years of vesting service
	Allentown	Early retirement date
	Freehold	Death while eligible for normal, early, postponed, or deferred vested retirement benefits, with a surviving spouse on or after both attaining age 55 and completing three years of vesting service

Plan Name:	Nestlé Hourly Retirement Plan
EIN / PN:	95-1572209/006
Plan Sponsor:	Nestlé USA Inc
Valuation Date	January 1, 2020

SCHEDULE SB ATTACHMENTS

Benefits Paid Upon the Following Events

Normal retirement (NRD)		Accrued benefit payable immediately.
Early retirement	Most locations	Accrued benefit reduced 6% for each year of the first five years prior to age 65, and 4% for each additional year
	Allentown	Accrued benefit reduced 5% for each year prior to NRD
	Crete	Accrued benefit reduced 6% for each of the first five years, and 5% for each of the next five years and 4% for each additional year
	Decatur	Accrued benefit reduced 6.667% for each of the first five years prior to age 65, and 3.333% for each additional year
Vested termination		Accrued benefit payable at NRD, or reduced as for early retirement, or actuarially reduced to age 40
Disablement	Most locations	Accrued benefit payable immediately, with additional accrual to age 65 for Crete
	Franklin Park	Accrued benefit payable immediately
Preretirement death	Most locations	Reduced immediate pension payable for the life of the spouse
	Allentown	Reduced pension payable for life of spouse
	Freehold	If married, reduced 100% joint and survivor early retirement benefit if attained age 55 or 100% accrued benefit for all others reduced to be payable at 40.
	Crete (pre-65)	Greater of reduced pension payable for life of spouse and 45% of accrued benefit unreduced
	Crete (post-65)	100% joint and survivor benefit

Plan Name:	Nestlé Hourly Retirement Plan
EIN / PN:	95-1572209/006
Plan Sponsor:	Nestlé USA Inc
Valuation Date	January 1, 2020

SCHEDULE SB ATTACHMENTS

Other Plan Provisions

Form of payment:

Normal form Life annuity for single employees; 100% joint and survivor for married employees

Option form Lump sum

Pension increases None

Plan participants' contributions None

Maximum on benefits and pay All benefits and pay for any calendar year may not exceed the maximum limitations for that year as defined in the Internal Revenue Code. The plan provides for increasing the dollar limits automatically as such changes become effective. Increases in the dollar limits are not assumed for determining contributions.

Plan Name: Nestlé Hourly Retirement Plan
EIN / PN: 95-1572209/006
Plan Sponsor: Nestlé USA Inc
Valuation Date January 1, 2020

SCHEDULE SB ATTACHMENTS

Optional Forms of Payment

Participant Group	Actuarial Equivalence	Optional Forms
Allentown	Greater annuity benefit reflecting a. or b.	1) Single Life Annuity
Stoughton	a. 417 interest rate; 417 mortality table	2) 50%, 75% & 100% Joint Survivor Annuity
Weirton (closed)	b. 8.00%; UP-1984 (20% female, 80% male)	3) 10 year Certain and Life Annuity, 15 year Certain and Life Annuity (Allentown)
		4) 5 year Certain and Life Annuity, 10 year Certain and Life Annuity (Weirton)
		5) Lump Sum
Beechnut	Greater annuity benefit reflecting a. or b.	1) Single Life Annuity
	a. 417 interest rate; 417 mortality table	2) 50%, 75% & 100% Joint Survivor Annuity
	b. 8.50%; 1971 GAM	3) 5 year Certain and Life Annuity, 10 year Certain and Life Annuity
		4) Lump Sum
Bloomington	Greater annuity benefit reflecting a. or b.	1) Single Life Annuity
Burlington	a. 417 interest rate; 417 mortality table	2) 50% & 100% Joint Survivor Annuity
Cains (closed)	b. 6.00%; 1979 Buck (80% male set back 1 year, 20% female set back 2 year)	3) Any option with 5 year Certain and Life Annuity (if 55/10, Fulton & Granite City)
Freehold (If not 60/10)		4) Lump Sum
Fulton (closed)		
Granite City (closed)		
New Milford (closed)		
Ripon (closed)		
Sunbury (closed)		

Plan Name: Nestlé Hourly Retirement Plan
 EIN / PN: 95-1572209/006
 Plan Sponsor: Nestlé USA Inc
 Valuation Date: January 1, 2020

SCHEDULE SB ATTACHMENTS

Optional Forms of Payment (cont.)

Participant Group	Actuarial Equivalence	Optional Forms
Carnation #1	Greater annuity benefit reflecting a. or b. a. 417 interest rate; 417 mortality table b. 8.00%; 1994 GAR	1) Single Life Annuity 2) 50% & 100% Joint Survivor Annuity 3) Lump Sum
Crete	Greater annuity benefit reflecting a. or b.	1) Single Life Annuity
b) Married participants	a. 417 interest rate; 417 mortality table	2) 50% & 100% Joint Survivor Annuity
c) Unmarried participants	b. UP-1984 (20% female, 80% male) or table of factors if better	3) 10 year Certain and Life Annuity, 15 year Certain and Life Annuity 4) 20% Joint & Spousal Annuity (only if married, no reduction) 5) Lump Sum
Decatur (closed)	Greater annuity benefit reflecting a. or b. a. 417 interest rate; 417 mortality table b. 8.00%; TSA-IV proj. to 1965 with Scale C	1) Single Life Annuity 2) 50%, 75% & 100% Joint Survivor Annuity 3) 10 year Certain and Life Annuity 4) Lump Sum

Plan Name: Nestlé Hourly Retirement Plan
 EIN / PN: 95-1572209/006
 Plan Sponsor: Nestlé USA Inc
 Valuation Date: January 1, 2020

SCHEDULE SB ATTACHMENTS

Drumstick (married participants only) (closed)

Greater annuity benefit reflecting a. or b.

a. 417 interest rate; 417 mortality table

b. Table of factors

- 1) Single Life Annuity
- 2) 50% & 100% Joint Survivor Annuity
- 3) 3 year Certain and Life Annuity, 10 year
Certain and Life Annuity
- 4) Lump Sum

Plan Name:	Nestlé Hourly Retirement Plan
EIN / PN:	95-1572209/006
Plan Sponsor:	Nestlé USA Inc
Valuation Date	January 1, 2020

SCHEDULE SB ATTACHMENTS

Optional Forms of Payment (cont.)

Participant Group	Actuarial Equivalence	Optional Forms
Franklin Park	Greater annuity benefit reflecting a. or b. a. 417 interest rate; 417 mortality table b. 10.50%; UP-1984 (20% female, 80% male)	1) Single Life Annuity 2) 50% & 100% Joint Survivor Annuity 3) Lump Sum
Freehold Participants who are at least 60/10	Greater annuity benefit reflecting a. or b. a. 417 interest rate; 417 mortality table b. 6.00%; 1979 Buck (80% male set back 1 year, 20% female set back 2 years)	1) Single Life Annuity 2) 50% & 100% Joint Survivor Annuity 3) Lump Sum
Salinas (closed)	Greater annuity benefit reflecting a. or b. a. 417 interest rate; 417 mortality table b. 6.00%; 1979 Buck (80% male set back 1 year, 20% female set back 2 years); Table for pop-up	1) Single Life Annuity 2) 50% & 100% Joint Survivor Annuity 3) 50% & 100% Joint Survivor Annuity with pop-up 4) Lump Sum
Stouffer Hourly	Greater annuity benefit reflecting a. or b. a. 417 interest rate; 417 mortality table b. 8.00%; 1971 TPF&C Forecast set back 3 years	1) Single Life Annuity 2) 50%, 75% & 100% Joint Survivor Annuity 3) 10 year Certain and Life Annuity 4) Lump Sum

Plan Name: Nestlé Hourly Retirement Plan
 EIN / PN: 95-1572209/006
 Plan Sponsor: Nestlé USA Inc
 Valuation Date: January 1, 2020

SCHEDULE SB ATTACHMENTS

Future Plan Changes

Benefit increases negotiated on or before January 1, 2020, and effective during 2020 were recognized in determining contribution requirements.

Changes in Benefits Valued Since Prior Year

The ultimate benefit level for Crete increased from \$39.75 to \$44.25.

The actuarial equivalent factors were updated to provide the greater annuity benefit using either a. or b.:

- a. the 417(e) interest rate and mortality assumptions
- b. the participant group's actuarial equivalence interest rate and mortality table

Plan Name:	Nestlé Hourly Retirement Plan
EIN / PN:	95-1572209/006
Plan Sponsor:	Nestlé USA Inc
Valuation Date	January 1, 2020

SCHEDULE SB ATTACHMENTS

Nestlé Hourly Retirement Plan (Formerly Nestlé USA Hourly Pension Plan)

Plan Provisions

Effective December 31, 2012, this plan merged into the Nestlé Hourly Retirement Plan.

The most recent amendment reflected in the following plan provisions was effective in 2019.

Covered employees	Nonunion hourly employees
Participation date	Completion of one year of service
Type of plan	Dollar per month

Definitions

Vesting service	One year for each 1,000-hour year of employment
Credited service	One year for each 2,000-hour year of employment; partial credit for partial years
Accumulated benefit:	<p>Benefit level x credited service. See last page of Appendix B for locations and benefit levels.</p> <p>For Distribution Centers and Transportation Centers participants of the Nestlé Hourly Retirement Plan:</p> <ul style="list-style-type: none">■ Current employees will receive a version of the account benefit formula. The benefit will be the better of A+B or C<ul style="list-style-type: none">○ A is the CHPP benefit as of 12/31/2015○ B is the account formula benefit with past CHPP service for points counting towards points service in the PEP○ C is continued accruals under the \$36/month benefit formula which will run concurrent with the “A+B” benefit and will serve as a minimum benefit <p>Additionally, the current \$36/month benefit will continue to run concurrent with the “B” benefit and will serve as a minimum benefit.</p>

Eligibility for Benefits

Normal retirement	Retirement on or after attaining age 65
Early retirement	Retirement before NRD and on or after both attaining age 55 and completing three years of vesting service
Postponed retirement	Retirement after both attaining age 65

Plan Name:	Nestlé Hourly Retirement Plan
EIN / PN:	95-1572209/006
Plan Sponsor:	Nestlé USA Inc
Valuation Date	January 1, 2020

SCHEDULE SB ATTACHMENTS

Vested termination	Termination for reasons other than death or retirement after completing three years of vesting service
Disability	Permanent and total disability after completing five years of vesting service
Preretirement death benefit	Death while eligible for normal, early, postponed, or deferred vested retirement benefits, with a surviving spouse on or after completing three years of vesting service

Benefits Paid Upon the Following Events

Normal retirement (NRD)	Accrued benefit payable immediately
Early retirement	Accrued benefit reduced 6.67% for each of the first five years prior to age 65, and 3.33% for each additional year
Postponed retirement	Accrued benefit payable immediately

Vested termination	Accrued benefit payable unreduced at age 65, reduced 6.67% for each of the first five years prior to age 65, and 3.33% for each additional year.
Disablement	Accrued benefit payable immediately
Preretirement death	If married, reduced 100% early retirement benefit if attained age 55 or 100% accrued benefit for all others reduced to be payable at age 55

Other Plan Provisions

Normal form of payment	Life annuity for single participants; 100% joint and survivor for married participants; Lump sum
Pension increases	None
Plan participants' contributions	None
Maximum on benefits and pay	All benefits and pay for any calendar year may not exceed the maximum limitations for that year as defined in the Internal Revenue Code. The plan provides for increasing the dollar limits automatically as such changes become effective. Increases in the dollar limits are not assumed for determining contributions.

Optional Forms of Payment

Plan Name:	Nestlé Hourly Retirement Plan
EIN / PN:	95-1572209/006
Plan Sponsor:	Nestlé USA Inc
Valuation Date	January 1, 2020

SCHEDULE SB ATTACHMENTS

Participant Group	Actuarial Equivalence	Optional Forms
All Locations	Greater annuity benefit reflecting a. or b. a. 417 interest rate; 417 mortality table b. 8.00%; 1994 GAR 1994 GAR	1) Single Life Annuity 2) 50% & 100% Joint Survivor Annuity 3) Lump Sum

Future Plan Changes

Benefit increases negotiated on or before January 1, 2020, and effective during 2020 were recognized in determining contribution requirements.

Changes in Benefits Valued Since Prior Year

The actuarial equivalent factors were updated to provide the greater annuity benefit using either a. or b.:

- a. the 417(e) interest rate and mortality assumptions
- b. the participant group's actuarial equivalence interest rate and mortality table

Plan Name:	Nestlé Hourly Retirement Plan
EIN / PN:	95-1572209/006
Plan Sponsor:	Nestlé USA Inc
Valuation Date	January 1, 2020

SCHEDULE SB ATTACHMENTS

Nestlé Hourly Retirement Plan (Formerly Nestlé USA Pension Plan)

Plan Provisions

Effective December 31, 2012, this plan merged into the Nestlé Hourly Retirement Plan.

The most recent amendment reflected in the following plan provisions was effective in 2019.

Covered employees	Union employees of the covered locations
Participation date	Date of hire
Type of plan	Dollar per month

Definitions

Vesting service	One year for each 1,000-hour calendar year of employment
Credited service	One year for each 1,600-hour calendar year of employment at, St. Joseph (Packers), and Fort Dodge; 1,800 hours at the other locations
Accumulated benefit:	Benefit level x credited service. See last page of Appendix B for locations and benefit levels.

Eligibility for Benefits

Normal retirement	Retirement after attaining age 65
Early retirement	Retirement before NRD and on or after both attaining age 55 and completing three years of vesting service
Postponed retirement	Retirement after attaining age 65
Vested termination	Termination for reasons other than death or retirement after completing three years of vesting service
Disability	Permanent and total disability after completing five years of vesting service
Preretirement death benefit	Death while eligible for normal, early, postponed, or deferred vested retirement benefits, with a surviving spouse on or after completing three years of vesting service

Benefits Paid Upon the Following Events

Normal retirement (NRD)	Accrued benefit payable immediately
Early retirement	Accrued benefit reduced 6.67% for each of the first five years prior to age 65, and 3.33% for each additional year
Postponed retirement	Accrued benefit payable immediately
Plan Name:	Nestlé Hourly Retirement Plan
EIN / PN:	95-1572209/006
Plan Sponsor:	Nestlé USA Inc
Valuation Date	January 1, 2020

SCHEDULE SB ATTACHMENTS

Vested termination	Accrued benefit payable unreduced at 65, reduced 6.67% for each of the first five years prior to age 65, and 3.33% for each additional year
Disablement	Accrued benefit payable immediately
Preretirement death	If married, reduced 100% early retirement benefit if attained age 55 or 100% accrued benefit for all others reduced to be payable at age 55

Other Plan Provisions

Normal form of payment	Life annuity for single participants; 100% joint and survivor for married participants; Lump sum
Pension increases	None
Plan participants' contributions	None
Maximum on benefits and pay	All benefits and pay for any calendar year may not exceed the maximum limitations for that year as defined in the Internal Revenue Code. The plan provides for increasing the dollar limits automatically as such changes become effective. Increases in the dollar limits are not assumed for determining contributions.

Optional Forms of Payment

Participant Group	Actuarial Equivalence	Optional Forms
All Locations	Greater annuity benefit reflecting a. or b. a. 417 interest rate; 417 mortality table b. 8.00%; 1994 GAR 1994 GAR	1) Single Life Annuity 2) 50% & 100% Joint Survivor Annuity 3) Lump sum

Future Plan Changes

No future plan changes were recognized in determining minimum and maximum contributions.

Changes in Benefits Valued Since Prior Year

The ultimate benefit level for Morton (union) increased from \$43.00 to \$46.00.

The actuarial equivalent factors were updated to provide the greater annuity benefit using either a. or b.:

- the 417(e) interest rate and mortality assumptions
- the participant group's actuarial equivalence interest rate and mortality table

Plan Name:	Nestlé Hourly Retirement Plan
EIN / PN:	95-1572209/006
Plan Sponsor:	Nestlé USA Inc
Valuation Date	January 1, 2020

SCHEDULE SB ATTACHMENTS

Nestlé Hourly Retirement Plan (Formerly Sacramento Can Pension Plan)

Plan Provisions

Effective December 31, 2012, this plan merged into the Nestlé Hourly Retirement Plan.

The most recent amendment reflected in the following plan provisions was effective in 2019.

Covered employees	Union employees at Sacramento Can manufacturing plant; there are currently no active employees covered
Type of plan	Dollar per month

Definitions

Credited service	From date of hire
Accumulated benefit:	Benefit level, varying by job class, times credited service

Eligibility for Benefits

Normal retirement	Retirement after both attaining age 65 and completing three years of vesting service
Early retirement	Retirement before NRD and on or after both attaining age 60 and completing ten years of vesting service
Postponed retirement	Retirement after attaining age 65
Vested termination	Termination for reasons other than death or retirement after completing three years of vesting service
Preretirement death benefit	Death while eligible for normal, early, postponed, or deferred vested retirement benefits, with a surviving spouse on or after completing three years of vesting service

Benefits Paid Upon the Following Events

Normal retirement (NRD)	Accrued benefit payable immediately
Early retirement	Accrued benefit reduced 6.0% for each prior to age 62
Postponed retirement	Accrued benefit payable immediately
Vested termination	Accrued benefit payable unreduced at age 65, or reduced for each year prior to age 62, if attained age 60 and 10 years of service
Preretirement death	If married, reduced 100% joint and survivor early retirement benefit if attained age 60 or 100% accrued benefit for all others reduced to be payable at 60.

Plan Name:	Nestlé Hourly Retirement Plan
EIN / PN:	95-1572209/006
Plan Sponsor:	Nestlé USA Inc
Valuation Date	January 1, 2020

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Other Plan Provisions

Normal form of payment	Life annuity
Pension Increases	None
Plan participants' contributions	None
Maximum on benefits and pay	All benefits and pay for any calendar year may not exceed the maximum limitations for that year as defined in the Internal Revenue Code. The plan provides for increasing the dollar limits automatically as such changes become effective. Increases in the dollar limits are not assumed for determining contributions.

Optional Forms of Payment

Participant Group	Actuarial Equivalence	Optional Forms
Sacramento Can	Greater annuity benefit reflecting 417(e) interest rate and mortality table or conversion factors below varying by age of the retiree and the spouse	a) Single Life Annuity
	<i>Sample 1: Retiree and Spouse both at age 60</i>	b) 50% & 100% Joint and Survivor Annuity
	50% J&S Annuity 0.8500	c) Lump sum
	100% J&S Annuity 0.7391	
	<i>Sample 2: Retiree and spouse both at age 65</i>	
	50% J&S Annuity 0.8340	
	100% J&S Annuity 0.7153	

Future Plan Changes

No future plan changes were recognized in determining minimum and maximum contributions.

Changes in Benefits Valued Since Prior Year

Plan Name:	Nestlé Hourly Retirement Plan
EIN / PN:	95-1572209/006
Plan Sponsor:	Nestlé USA Inc
Valuation Date	January 1, 2020

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The actuarial equivalent factors were updated to provide the greater annuity benefit using either a. or b.:

- a. the 417(e) interest rate and mortality assumptions
- b. the participant group's actuarial equivalence interest rate and mortality table

Plan Name:	Nestlé Hourly Retirement Plan
EIN / PN:	95-1572209/006
Plan Sponsor:	Nestlé USA Inc
Valuation Date	January 1, 2020

SCHEDULE SB ATTACHMENTS

Nestlé Hourly Retirement Plan (Formerly Gerber Fort Smith Hourly Pension Plan)

Plan Provisions

Effective December 31, 2012, this plan merged into the Nestlé Hourly Retirement Plan.

The most recent amendment reflected in the following plan provisions was effective in 2016.

Covered employees	Hourly paid employees on Ft. Smith, Arkansas hourly factory payroll
Participation date	Age 20 ½ and six months of service or upon attainment of age 40, if earlier.
Type of plan	Dollar per month plan

Definitions

Vesting service	The number of completed full plan years of employment with the Company or any Affiliate in which the employee works 1,000 hours.
Credited service	One full year for each year with at least 1,000 hours of service.
Accumulated benefit:	Monthly benefit is the largest of (a) and (b) below: (a) The sum of (1) and (2) below: (1) The accrued benefits as of December 31, 1989, based on participation service, final average compensation, and the primary Social Security benefit as of December 31, 1989. (2) For participation service after January 1989 (maximum 40 years less pre-1989 credited service up to 33 1/3 years), the monthly benefit accrual in a given year is the applicable Dollar Accrual based on total years of participation. (b) For all participation service up to 40 years, the monthly benefit accrual in a given year is the applicable Dollar Accrual Factor.

Plan Name:	Nestlé Hourly Retirement Plan
EIN / PN:	95-1572209/006
Plan Sponsor:	Nestlé USA Inc
Valuation Date	January 1, 2020

SCHEDULE SB ATTACHMENTS

The applicable Dollar Accrual Factor under (a) and (b) depends on the years of participation as shown below:

Dollar Accrual Factor Applicable to Years of Participation

	Level One	Level Two	Level Three
<u>Accrual Period</u>	<u>First 10 Years</u>	<u>Years 11-20</u>	<u>Years Beyond 20</u>
Before 2004	\$23.50	\$27.50	\$30.50
2004	\$25.50	\$29.50	\$32.50
2005	\$27.50	\$31.50	\$34.50
2006	\$29.50	\$33.50	\$36.50
2010	\$31.50	\$35.50	\$38.50
2013	\$35.50	\$39.50	\$42.50
2016 and After	\$38.50	\$42.50	\$45.50

Eligibility for Benefits

Normal retirement	Retirement on or after both attaining age 65 and completing five years of vesting service
Early retirement	Retirement before NRD and on or after both attaining age 57 and completing five years of vesting service
Postponed retirement	Retirement after both attaining age 65 and completing five years of vesting service
Vested termination	Termination for reasons other than death or retirement after completing five years of vesting service
Disability	Permanent and total disability on or after both attaining age 50 and completing fifteen years of vesting service
Preretirement death benefit	Death while eligible for normal, early, postponed, or deferred vested retirement benefits, with a surviving spouse on or after completing five years of vesting service

Benefits Paid Upon the Following Events

Normal retirement (NRD)	Accrued benefit payable immediately
Early retirement	Monthly pension benefit determined as of early retirement date, reduced $\frac{1}{2}$ of 1% for each month by which the early retirement date precedes 62. Unreduced for employees retiring after attaining age 60 with 40 years of uninterrupted service
Postponed retirement	Accrued benefit payable immediately
Vested termination	Accrued benefit determined as of termination date, actuarially reduced for commencement of payments prior to NRD

Plan Name:	Nestlé Hourly Retirement Plan
EIN / PN:	95-1572209/006
Plan Sponsor:	Nestlé USA Inc
Valuation Date	January 1, 2020

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Disablement	Accrued benefit determined as of disability retirement date reduced by certain other benefits by or at the expense of the company
Preretirement death	50% of the projected accrued benefit as of participant's normal retirement date is payable immediately to the dependent spouse until the death or remarriage of the dependent spouse. If not eligible for a dependent spouse benefit, a 50% surviving spouse benefit (100% if eligible for early retirement) is payable on the participant's early retirement age date. If neither a dependent nor surviving spouse benefit is payable, the lump sum balance as of the time of death is payable.

Other Plan Provisions

Forms of payment	
Normal form	Life annuity
Optional forms	100%, 75%, and 50% contingent annuitant; level income; lump sum
Pension increases	None
Plan participants' contributions	None
Maximum on benefits and pay	All benefits and pay for any calendar year may not exceed the maximum limitations for that year as defined in the Internal Revenue Code. The plan provides for increasing the dollar limits automatically as such changes become effective. Increases in the dollar limits are not assumed for determining contributions.

Plan Name:	Nestlé Hourly Retirement Plan
EIN / PN:	95-1572209/006
Plan Sponsor:	Nestlé USA Inc
Valuation Date	January 1, 2020

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Optional Form Conversion Factors

<u>Form of Payment</u>	<u>Conversion Factors</u>	<u>Sample Rates</u>
	Greater annuity benefit reflecting 417(e) interest rate and mortality table or the descriptions below:	
Level Income Options to Age 62 (life Annuity Normal form)	The conversion factors are determined using an actuarial equivalent basis using 5.0% interest and the 1971 Group Annuity Mortality table blended 80% male / 20% female. Multiply the expected PIA at age 62 by the conversion factor to get the benefit decrease after age 62. The benefit before age 62 (payable until receipt of PIA) equals this decreased benefits plus PIA (payments are at beginning of month).	Age 55: 0.4378 Age 60: 0.1602
100% Contingent Annuitant	80% of the amount otherwise payable to the Participant as a sole annuitant, provided the age of the Participant and the designated contingent annuitant are the same. If the ages of the participant and the designated contingent annuitant are not the same, the 80% factor shall be increased by 1.0% up to a maximum of 100% for each full year that the birth date of the designated contingent annuitant precedes the birth date of the participant, or decreased by 1.0% for each full year that the birth date of the Participant precedes the birth date of the designated contingent annuitant.	Participant Age 60 and Spouse Age 60: 80.00% Participant Age 65 and Spouse Age 60: 75.00%
75% Contingent Annuitant	85% of the amount otherwise payable to the Participant as a sole annuitant, provided the age of the Participant and the designated contingent annuitant are the same. If the ages of the participant and the designated contingent annuitant are not the same, the 85% factor shall be increased by 0.85% up to a maximum of 100% for each full year that the birth date of the designated contingent annuitant precedes the birth date of the participant, or decreased by 0.85% for each full year that the birth date of the Participant precedes the birth date of the designated contingent annuitant.	Participant Age 60 and Spouse Age 60: 85.00% Participant Age 65 and Spouse Age 60: 80.75%
50% Contingent Annuitant	90% of the amount otherwise payable to the Participant as a sole annuitant, provided the age of the Participant and the designated contingent annuitant are not the same. If the ages of the	Participant Age 60 and Spouse Age 60: 90.00%
Plan Name:	Nestlé Hourly Retirement Plan	
EIN / PN:	95-1572209/006	
Plan Sponsor:	Nestlé USA Inc	
Valuation Date	January 1, 2020	

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participant and the designated contingent annuitant are the same, the 90% factor shall be increased by 0.7% up to a maximum of 100% for each full year that the birth date of the designated contingent annuitant precedes the birth date of the participant, or decreased by 0.7% for each full year that the birth date of the Participant precedes the birth date of the designated contingent annuitant.

Participant Age 65 and Spouse Age 60:
86.50%

Future Plan Changes

No future changes were recognized in determining minimum and maximum contributions.

Changes in Benefits Valued Since Prior Year

The actuarial equivalent factors were updated to provide the greater annuity benefit using either a. or b.:

- a. the 417(e) interest rate and mortality assumptions
- b. the participant group's actuarial equivalence interest rate and mortality table

Plan Name:	Nestlé Hourly Retirement Plan
EIN / PN:	95-1572209/006
Plan Sponsor:	Nestlé USA Inc
Valuation Date	January 1, 2020

SCHEDULE SB ATTACHMENTS

Nestlé Hourly Retirement Plan (Formerly Gerber Fremont Hourly Pension Plan)

Plan Provisions

Effective December 31, 2012, this plan merged into the Nestlé Hourly Retirement Plan.

The most recent amendment reflected in the following plan provisions was effective in 2019.

Covered Employees	Hourly paid employees on Fremont, Michigan hourly factory payroll.
Participation Date	Age 20 ½ and six months of service or upon attainment of age 40, if earlier.
Type of plan:	Dollar per month plan

Definitions

Vesting service	The number of completed full plan years of employment with the Company or any Affiliate in which the employee works 1,000 hours.
Credited service	One full year for each year with at least 1,000 hours of service
Pensionable earnings	Total compensation including section 125 and 401(k) contributions but excluding deferred compensation.
Accumulated benefit:	

Monthly benefit is the largest of (a) and (b) below:

(a) The sum of (1), (2), (3) and (4) below:

- (1) The accrued benefits as of December 31, 1988, based on participation service, final average compensation, and the primary Social Security benefit as of December 31, 1988.
- (2) For participation service after December 31, 1988 and before April 5, 2003 (maximum 40 years less pre-1989 credit service up to 33 1/3 years), the monthly benefit accrual in a given year is the applicable Dollar Accrual based on total years of participation.
- (3) \$50 for each year of participation service after April 4, 2003 and before April 1, 2012.
- (4) \$56 for each year of participation service after April 1, 2012.
- (5) \$58 for each year of participation service after April 1, 2017.

(b) The sum of (1), (2) and (3) below:

- (1) For all participant service credited prior to April 5, 2003, up to 40 years, the monthly benefit accrual in a given year is the applicable Dollar Accrual Factor.
- (2) \$50 for each year of participation service after April 4, 2003 and before April 1, 2012.

Plan Name:	Nestlé Hourly Retirement Plan
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Valuation Date	January 1, 2020

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(3) \$56 for each year of participation service after April 1, 2012.

(4) \$58 for each year of participation service after April 1, 2017.

The applicable Dollar Accrual Factor under (a) and (b) depends on termination date and years of participation as shown below:

<u>Dollar Accrual Factor Applicable to Years of Participation</u>			
Termination of Employment	Level One	Level Two	Level Three
<u>On or After</u>	<u>First 10 Years</u>	<u>Years 11-20</u>	<u>Years Beyond 20</u>
1/1/89	\$21.00	\$25.00	\$28.00
4/1/91	\$21.50	\$25.50	\$28.50
4/1/92	\$22.00	\$26.00	\$29.00
4/1/93	\$22.50	\$26.50	\$30.00
5/1/94	\$23.00	\$27.00	\$30.50
5/1/95	\$23.50	\$27.50	\$31.00
5/1/96	\$24.00	\$28.00	\$31.50
4/1/97	\$25.00	\$29.00	\$32.50
4/1/98	\$25.50	\$29.50	\$33.00
4/1/99	\$26.00	\$30.00	\$33.50

Plan Name:	Nestlé Hourly Retirement Plan
EIN / PN:	95-1572209/006
Plan Sponsor:	Nestlé USA Inc
Valuation Date	January 1, 2020

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Eligibility for Benefits

Normal retirement	Retirement after both attaining age 65 and completing five years of vesting service
Early retirement	Retirement before NRD and on or after both attaining age 57 and completing five years of vesting service
Postponed retirement	Retirement after both attaining age 65 and completing five years of vesting service
Vested termination	Termination for reasons other than death or retirement after completing five years of vesting service
Disability	Permanent and total disability on or after both attaining age 50 and completing fifteen years of vesting service
Preretirement death benefit	Death while eligible for normal, early, postponed, or deferred vested retirement benefits, with a surviving spouse on or after completing five years of vesting service

Benefits Paid Upon the Following Events

Normal retirement (NRD)	Accrued benefit payable immediately
Early retirement	Monthly pension benefit determined as of early retirement date, reduced $\frac{1}{2}$ of 1% for each month by which the early retirement date precedes age 62. Unreduced for employee retiring after attaining age 60 with 30 years of uninterrupted service
Postponed retirement	Accrued benefit payable immediately
Vested termination	Accrued benefit determined as of termination date, actuarially reduced for commencement of payments prior to NRD
Disablement	Accrued benefit determined as of disability retirement date reduced by certain other benefits by or at the expense of the company
Preretirement death	50% of the projected accrued benefit as of participant's normal retirement date is payable immediately to the dependent spouse until the death or remarriage of the dependent spouse. If not eligible for a dependent spouse benefit, a 50% surviving spouse benefit (100% if eligible for early retirement) is payable on the participant's early retirement age date. If neither a dependent nor surviving spouse benefit is payable, the lump sum balance as of the time of death is payable.

Plan Name:	Nestlé Hourly Retirement Plan
EIN / PN:	95-1572209/006
Plan Sponsor:	Nestlé USA Inc
Valuation Date	January 1, 2020

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Other Plan Provisions

Forms of payment	
Normal form	Life annuity
Optional forms	100%, 75%, and 50% contingent annuitant; level income option; lump sum
Pension increases	None
Plan participants' contributions	None
Maximum on benefits and pay	All benefits and pay for any calendar year may not exceed the maximum limitations for that year as defined in the Internal Revenue Code. The plan provides for increasing the dollar limits automatically as such changes become effective. Increases in the dollar limits are not assumed for determining contributions.

Optional Form Conversion Factors

<u>Form of Payment</u>	<u>Conversion Factors</u>	<u>Sample Rates</u>
	Greater annuity benefit reflecting 417(e) interest rate and mortality table or the descriptions below:	
Level Income Options to Age 62 (life Annuity Normal form)	The conversion factors are determined using an actuarial equivalent basis using 5.0% interest and the 1971 Group Annuity Mortality table blended 80% male / 20% female. Multiply the expected PIA at age 62 by the conversion factor to get the benefit decrease after age 62. The benefit before age 62 (payable until receipt of PIA) equals this decreased benefits plus PIA (payments are at beginning of month).	Age 55: 0.4378 Age 60: 0.1602
100% Contingent Annuitant	80% of the amount otherwise payable to the Participant as a sole annuitant, provided the age of the Participant and the designated contingent annuitant are the same. If the ages of the participant and the designated contingent annuitant are not the same, the 80% factor shall be increased by 1.0% up to a maximum of 100% for each full year that the birth date of the designated contingent annuitant precedes the birth date of the participant, or decreased by 1.0% for each full year that the birth date of the Participant precedes the birth date of the designated contingent annuitant.	Participant Age 60 and Spouse Age 60: 80.00% Participant Age 65 and Spouse Age 60: 75.00%
Plan Name:	Nestlé Hourly Retirement Plan	
EIN / PN:	95-1572209/006	
Plan Sponsor:	Nestlé USA Inc	
Valuation Date	January 1, 2020	

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75% Contingent Annuitant	85% of the amount otherwise payable to the Participant as a sole annuitant, provided the age of the Participant and the designated contingent annuitant are the same. If the ages of the participant and the designated contingent annuitant are not the same, the 85% factor shall be increased by 0.85% up to a maximum of 100% for each full year that the birth date of the designated contingent annuitant precedes the birth date of the participant, or decreased by 0.85% for each full year that the birth date of the Participant precedes the birth date of the designated contingent annuitant.	Participant Age 60 and Spouse Age 60: 85.00% Participant Age 65 and Spouse Age 60: 80.75%
50% Contingent Annuitant	90% of the amount otherwise payable to the Participant as a sole annuitant, provided the age of the Participant and the designated contingent annuitant are not the same. If the ages of the participant and the designated contingent annuitant are the same, the 90% factor shall be increased by 0.7% up to a maximum of 100% for each full year that the birth date of the designated contingent annuitant precedes the birth date of the participant, or decreased by 0.7% for each full year that the birth date of the Participant precedes the birth date of the designated contingent annuitant.	Participant Age 60 and Spouse Age 60: 90.00% Participant Age 65 and Spouse Age 60: 86.50%

Future Plan Changes

No future changes were recognized in determining minimum and maximum contributions.

Changes in Benefits Valued Since Prior Year

The actuarial equivalent factors were updated to provide the greater annuity benefit using either a. or b.:

- the 417(e) interest rate and mortality assumptions
- the participant group's actuarial equivalence interest rate and mortality table

Plan Name:	Nestlé Hourly Retirement Plan
EIN / PN:	95-1572209/006
Plan Sponsor:	Nestlé USA Inc
Valuation Date	January 1, 2020

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Nestlé Hourly Retirement Plan (Formerly Gerber Reedsburg Hourly Pension Plan)

Plan Provisions

Effective December 31, 2012, this plan merged into the Nestlé Hourly Retirement Plan.

The most recent amendment reflected in the following plan provisions was effective in 2019.

Covered employees	Hourly paid employees on Reedsburg hourly payroll and Asheville, North Carolina hourly factory payroll.
Participation date	Age 21 and one-year of service or upon attainment of age 40, if earlier. Closed to new entrants effective December 31, 2006.
Type of plan	Frozen dollar per month

Definitions

Vesting service	The number of completed full plan years of employment with the Company or any Affiliate in which the employee works 1,000 hours. Automatic vesting was granted December 31, 2008.
Credited service	One full year for each year with at least 1,000 hours of service.
Pensionable earnings	Total compensation including section 125 and 401(k) contributions but excluding deferred compensation.
Accumulated benefit:	Monthly Benefit is the largest of (a) and (b) below: (a) The sum of (1) and (2) below: (1) The applicable benefit rate multiplied by years of participation completed after January 1, 1969 up to a maximum of 30 years. (2) \$21.50 multiplied by years of participation completed after February 28, 2003. (b) \$1.50 multiplied by years of participation completed prior to January 1, 1969, but not exceeding 30 years less the number of years of service after that date. For Hanksraft Motors only, the benefit rate in (a) above is \$19.00 For Baby care participants only, the benefit rate in (a) above is \$19.50

Eligibility for Benefits

Normal retirement	Retirement after both attaining age 65 and completing five years of vesting service
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Plan Name:	Nestlé Hourly Retirement Plan
EIN / PN:	95-1572209/006
Plan Sponsor:	Nestlé USA Inc
Valuation Date	January 1, 2020

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Early retirement	Retirement before NRD and on or after both attaining age 60 and completing five years of vesting service
Postponed retirement	Retirement after both attaining age 65 and completing five years of vesting service
Vested termination	Termination for reasons other than death or retirement after completing five years of vesting service
Disability	Permanent and total disability on or after attaining age 50 and completing fifteen years of vesting service
Preretirement death benefit	Death while eligible for normal, early, postponed, or deferred vested retirement benefits, with a surviving spouse on or after completing five years of vesting service

Benefits Paid Upon the Following Events

Normal retirement (NRD)	Accrued benefit payable immediately
Early retirement	Monthly pension benefit determined as of early retirement date, reduced $\frac{1}{2}$ of 1% for each month by which the early retirement date precedes age 65.
Postponed retirement	Accrued benefit payable immediately
Vested termination	Accrued benefit determined as of termination date, actuarially reduced for commencement of payments prior to NRD
Disablement	Accrued benefits determined as of disability retirement date, reduced by certain other benefits provided by or at the expense of the company
Preretirement death	Payable on the participant's early retirement age date to the surviving spouse as if the participant had elected a 50% survivorship annuity option. If neither a dependent nor surviving spouse benefit is payable, the lump sum balance as of the time of death is payable.

Other Plan Provisions

Forms of payment	
Normal form	Life annuity
Optional forms	100%, 75%, and 50% contingent annuitant; level income; lump sum
Pension increases	None
Plan participants' contributions	None
Maximum on benefits and pay	All benefits and pay for any calendar year may not exceed the maximum limitations for that year as defined in the Internal Revenue Code. The plan provides for increasing the dollar limits automatically as such changes become effective. Increases in the dollar limits are not assumed for determining contributions.

Plan Name:	Nestlé Hourly Retirement Plan
EIN / PN:	95-1572209/006
Plan Sponsor:	Nestlé USA Inc
Valuation Date	January 1, 2020

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Optional Form Conversion Factors

<u>Form of Payment</u>	<u>Conversion Factors</u>	<u>Sample Rates</u>
Level Income Options to Age 62 (life Annuity Normal form)	<p>Greater annuity benefit reflecting 417(e) interest rate and mortality table or the descriptions below:</p> <p>The conversion factors are determined using an actuarial equivalent basis using 5.0% interest and the 1971 Group Annuity Mortality table blended 80% male / 20% female. Multiply the expected PIA at age 62 by the conversion factor to get the benefit decrease after age 62. The benefit before age 62 (payable until receipt of PIA) equals this decreased benefits plus PIA (payments are at beginning of month).</p>	<p>Age 55: 0.4378</p> <p>Age 60: 0.1602</p>
100% Contingent Annuitant	<p>75% of the amount otherwise payable to the Participant as a sole annuitant, provided the age of the Participant and the designated contingent annuitant are the same. If the ages of the participant and the designated contingent annuitant are not the same, the 75% factor shall be increased by 1.0% up to a maximum of 100% for each full year that the birth date of the designated contingent annuitant precedes the birth date of the participant, or decreased by 1.0% for each full year that the birth date of the Participant precedes the birth date of the designated contingent annuitant.</p>	<p>Participant Age 60 and Spouse Age 60: 75.00%</p> <p>Participant Age 65 and Spouse Age 60: 70.00%</p>
75% Contingent Annuitant	<p>80% of the amount otherwise payable to the Participant as a sole annuitant, provided the age of the Participant and the designated contingent annuitant are the same. If the ages of the participant and the designated contingent annuitant are not the same, the 80% factor shall be increased by 1.0% up to a maximum of 100% for each full year that the birth date of the designated contingent annuitant precedes the birth date of the participant, or decreased by 1.0% for each full year that the birth date of the Participant precedes the birth date of the designated contingent annuitant.</p>	<p>Participant Age 60 and Spouse Age 60: 80.00%</p> <p>Participant Age 65 and Spouse Age 60: 75.00%</p>
50% Contingent Annuitant	<p>85% of the amount otherwise payable to the Participant as a sole annuitant, provided the age of the Participant and the designated contingent annuitant are not the same. If the ages of the participant and the designated contingent annuitant are the same, the 85% factor shall be increased by 1.0% up to a maximum of 100% for each full year that</p>	<p>Participant Age 60 and Spouse Age 60: 85.00%</p> <p>Participant Age 65 and Spouse Age 60: 80.00%</p>
Plan Name:	Nestlé Hourly Retirement Plan	
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the birth date of the designated contingent annuitant precedes the birth date of the participant, or decreased by 1.0% for each full year that the birth date of the Participant precedes the birth date of the designated contingent annuitant.

Future Plan Changes

No future plan changes were recognized in determining plan accounting liabilities, or minimum and maximum contributions.

Changes in Benefits Valued Since Prior Year

The actuarial equivalent factors were updated to provide the greater annuity benefit using either a. or b.:

- a. the 417(e) interest rate and mortality assumptions
- b. the participant group's actuarial equivalence interest rate and mortality table

Plan Name:	Nestlé Hourly Retirement Plan
EIN / PN:	95-1572209/006
Plan Sponsor:	Nestlé USA Inc
Valuation Date	January 1, 2020

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Benefit Levels for Valuations

Benefit increases negotiated on or before December 31, 2019 and effective during 2020 were recognized in determining contribution requirements.

	Benefit Level	PPA	Effective Date
Nestlé Hourly Retirement Plan			
▪ Allentown*	47.00		3/1/2015
▪ Bloomington - Beich	43.00		3/3/2019
▪ Burlington	47.50		2/15/2020
▪ Crete*	42.50		2/3/2020
▪ Decatur	27.00		7/1/1997
▪ Franklin Park	39.00		11/13/2016
▪ Freehold	58.50		7/28/2019
▪ Distribution*	36.00		1/1/2014
▪ Transportation*	36.00		1/1/2014
▪ Morton (nonunion)	30.00		1/1/2008
▪ Danville	33.00		4/9/2019
▪ Eau Claire	38.00		5/27/2018
▪ Fort Dodge	44.50		3/26/2017
▪ Gateway	37.00		11/1/2019
▪ Morton (Union)	45.00		4/1/2020
▪ St. Joseph (Packers)	14.00		12/12/2016
▪ St. Joseph (Lower Lakes)	30.50		6/1/2003

* See Plan Provisions for detail.

Plan Name: Nestlé Hourly Retirement Plan
 EIN / PN: 95-1572209/006
 Plan Sponsor: Nestlé USA Inc
 Valuation Date: January 1, 2020

SCHEDULE SB ATTACHMENTS

Schedule SB, Line 24 Change in Actuarial Assumptions

- The retirement rates, withdrawal rates, form of payment and benefit commencement dates for terminated vested participants assumptions were updated to reflect our best estimate based on an experience study conducted in 2020 for the period 2016-2019.

Plan Name:	Nestlé Hourly Retirement Plan
EIN / PN:	95-1572209/006
Plan Sponsor:	Nestlé USA Inc
Valuation Date	January 1, 2020