

DEFINED CONTRIBUTION PLAN – Nestlé Middle East

1. GENERAL

- 1.1. The purpose of the Nestlé Middle East Defined Contribution Plan (hereafter "DCP") is to encourage Nestlé Middle East employees to save part of their income for retirement. Through the DCP both the Employer (defined below) and the Member (defined below) deposit amounts into a savings fund for the benefit of the Member, to be paid in the event of retirement, separation, total disability or death.
- 1.2. The Nestlé companies in the Middle East covered by the DCP (hereafter "the Employer") are listed in Appendix I.
- 1.3. The DCP is provided in addition to any other benefits (e.g. Severance Payment, End of Service Indemnity Payment, statutory benefits according to the local laws, etc.) in compliance with local employment laws and regulations.
- 1.4. The DCP currency is USD.

2. AFFILIATION & MEMBERSHIP

- 2.1. Every permanent local Employee of the Employer, provided that the Employee is not already covered by a Nestlé Pension Plan or any other occupational scheme with employer contributions, can apply to be affiliated to the DCP and become a Member at any time from hiring date.
- 2.2. To become a Member the Employee must complete the relevant application forms to the DCP and submit them to the Employer.
- 2.3. New employees joining the DCP are enrolled during the month following their application date.
- 2.4. Home Based Expatriates ("HBEs") from the Employer remain affiliated to the DCP while in assignment abroad with other Nestlé Companies.
- 2.5. Centre Based Expatriates from other Nestlé Companies are not affiliated to the DCP.
- 2.6. Affiliation to the DCP is voluntary.
- 2.7. The Member remains affiliated to the DCP as long as the Member is bound by an employment contract to the Employer as defined in 1.2.
- 2.8. The affiliation to the DCP ends with the cancellation of the employment contract, except in these cases:
 - a. In case of transfer as described in article 10.2.3.b, the affiliation is maintained and the member becomes a Deferred Member.
 - b. In case of opting-out, the affiliation ends as described in article 12.

3. ANNUAL INSURED SALARY

- 3.1. The Annual Insured Salary corresponds to the annual salary calculated on a yearly basis stored in the HR system and advised to the DCP administrator on a monthly basis (paid over 12). This amount excludes any incentive payments paid to employees (e.g. short-term bonus, sales incentive, etc).

4. CONTRIBUTIONS

4.1. *Member's regular contributions*

- 4.1.1. Each Member shall contribute to the DCP throughout their service for the employer at the rate of 3% of Annual Insured Salary.
- 4.1.2. Each Member's regular contribution shall be deducted by the Employer from the Employee's salary and paid into the DCP.

4.2. *Employer's regular contributions*

- 4.2.1. The Employer's regular contribution matches the Member's contribution of 3%.
- 4.2.2. The Employer's regular contribution starts from the affiliation date to the DCP (article 2.3) and finishes with the end of the affiliation (article 2.8).

4.3. *Payment of regular contributions to the DCP*

- 4.3.1. The Employer's regular contributions as well as the Members' regular contributions must be paid together into the DCP at the latest in the following month during which the contributions were due, under the responsibility of the Employer. If contributions are not paid into the DCP on time, the Employer shall be required to pay a late payment penalty in form of an additional employer contribution. The opportunity and amount of such payment would be discussed and agreed upon with the Pension Council (article 13).

4.4. *Additional Voluntary Contributions (AVC) made by the Member*

- 4.4.1. Additional voluntary contributions are payments made by a Member that are supplementary to regular contributions (article 4.1.).

- 4.4.2. Only end-of-Service Indemnity or any similar benefit (e.g. final settlement, etc.) received by the Member during their membership can be transferred to the DCP as an Additional Voluntary Contributions without any limit.
- 4.4.3. Deferred Members (article 10.2.3.b) cannot make any additional voluntary contributions.
- 4.4.4. No matching Employer contribution is due in case of any Additional Voluntary Contributions made by the Member.

4.5. Additional Voluntary Contributions made by the Employer

- 4.5.1. In exceptional cases, the Employer may pay supplementary voluntary contributions in addition to its regular contributions.

4.6. Unpaid leave

- 4.6.1. During unpaid leave, Member and Employer's contributions can be maintained or suspended depending on the particular agreement between the Member and the Employer.

5. SAVINGS ACCOUNTS

- 5.1. The DCP manages two different sets Savings Accounts for each Member:

- a. Saving Accounts A and B made up of respectively Saving Accounts A and B accrued as of 30.04.2019. No regular or additional contributions (article 4) can be made to Accounts A and B by the Employer or the Member after 30.04.2019.
- b. Saving Accounts C and D for accrued benefits related to contributions from 01.05.2019.

- 5.2. Savings Account A is made up of Member's regular contributions and any Additional Voluntary Contributions made by the Member until 30.04.2019 and is equal to the net value of invested assets less investment fees borne. From 01.05.2019, this net value might be less than the amount of the Account Balance A as of 30.04.2019 (negative performance).
- 5.3. Savings Account B is made up of Employer's regular contributions and any Additional Voluntary Contributions made by the Employer until 30.04.2019 and is equal to the net value of invested assets less investment fees borne. From 01.05.2019, this net value might be less than the amount of the Account Balance B as of 30.04.2019 (negative performance).
- 5.4. Member's regular contributions (article 4.1.) and any Additional Voluntary Contributions made by the Member (article 4.4.) are cumulated in Saving Account C and invested according to the latest selected strategy (article 6.2). Savings Account C is equal to the net value of invested assets less investment fees borne. This net value might be less than the sum of Member's contributions (negative performance).
- 5.5. Employer's regular contributions (article 4.2.) and any Additional Voluntary Contributions made by the Employer (article 4.5.) are cumulated in Saving Account D and invested according to the latest selected strategy (article 6.2). Savings Account D is equal to the net value of invested assets less investment fees. This net value might be less than the sum of Employer's contributions (negative performance).
- 5.6. An individual benefits statement is provided to the Member once a year.

6. INVESTMENTS OPTIONS

- 6.1. DCP offers several investment strategies to its Members. Investments strategies for the set of Saving Accounts A and B and the set of Saving Accounts C and D are defined by the Pension Council (Appendix II).
- 6.2. The Member must select two investment strategies under the DCP, one for the set of Saving Accounts A and B and one for the set of Saving Accounts C and D.
- 6.3. The selected investment strategies can be changed only once a year upon request of the Member for both sets of accounts (A and B and C and D)
- 6.4. If the Member does not elect any strategy, the selected investment strategies are the default option. The default options for the set of Saving Accounts A and B and the set of Saving Accounts C and D are defined by the Pension Council and set out in Appendix II.

7. INVESTMENTS FEES AND ADMINISTRATION COSTS

- 7.1. Investment fees are borne by the Members. When relevant, a flat fee will be automatically deducted from Savings accounts A, B, C and D (article 5) on a regular basis. The amount will be calculated as a percentage applied to the level of the Savings accounts A, B, C and D at the time of the calculation. This percentage is periodically reviewed by the Pension Council.
- 7.2. Administration costs including all costs and fees others than investment fees (article 7.1) are borne by the Employer.

8. TYPE OF BENEFITS

8.1. The DCP pays benefits under the following conditions :

- a. Retirement (article 9).
- b. Termination of employment (article 10).
- c. Total Disability or Death (article 11).
- d. Opt-out option (article 12).

9. RETIREMENT

9.1. *Retirement age*

- 9.1.1. Normal retirement age is set according to the local social security and/or employment laws. If there is no statutory retirement age for Employees in the local jurisdiction, for the purposes of the DCP, retirement age shall be 60.
- 9.1.2. The Member or the Employer may request early retirement from the age of 58 at the earliest if allowed by the local social security and/or employment laws.
- 9.1.3. The Member or the Employer may request a deferment of retirement until 70 at the latest if allowed by the local social security and/or employment laws.

9.2. *Retirement benefit*

- 9.2.1. At retirement age, the Member qualifies for a retirement lump sum equal to the total accrued amount of Savings Accounts A, B, C and D (article 5) regardless of number of years of membership (the vesting scale does not apply).

10. TERMINATION OF EMPLOYMENT

10.1. *Vested benefit*

- 10.1.1. In the event of separation for any reason, and apart from causes as defined in the local employment laws (i.e. circumstances under which the Employee may be dismissed summarily, without notice and without Severance Payment or End of Service Indemnity Payment) and transfer as per article 10.2., the Member will be entitled to the total amount accrued at separation date in Savings Accounts A and C and part of Savings Accounts B and D, based on the following vesting scale:

Complete Years of Membership	Vesting
Less than one year	0%
1	20%
2	40%
3	60%
4	80%
5	100%

- 10.1.2. In the event of termination for causes as defined by local employment laws and regulations, the vesting of Savings Accounts B and D are set to 0%.

- 10.1.3. The sponsoring undertaking may decide to waive on the vesting scale as an exception to rule 10.1.1 and grant full or partial vesting of employer contribution.

10.2. *Transfer to «another company within the Nestlé Group»*

- 10.2.1. «Another company within the Nestlé Group» means a company that is not covered by the DCP as defined in Appendix I.
- 10.2.2. The vesting scale does not apply in the event of a transfer to «another company within the Nestlé Group».
- 10.2.3. If the Member is transferred to «another company within the Nestlé Group», as per the Member request the vested benefit can either
 - a. be transferred into a Nestlé pension plan of the «another company within the Nestlé Group and the Member is no longer affiliated to the DCP»; or
 - b. remain invested within the DCP until retirement, separation, total disability or death by «another company within the Nestlé Group». In this case, the Member becomes a Deferred Member. Except article 4, plan rules apply; or
 - c. be paid in cash to the Member. A payment in cash cancels the years of membership accrued previously.

10.2.4. If the Member, when transferred to «another company within the Nestlé Group», receives an End-of-Service Indemnity Payment or any similar benefit from the Employer, it can be transferred to the DCP as an Additional Voluntary Contributions (article 4.4.).

10.3. *Transfer from Other Nestlé Companies*

10.3.1. When an employee transfers from another Nestlé company within the Group generally the entry date into the DCP will be considered for the application of the vesting scale. Exceptions may occur if the employee transfers any vested benefit from another Nestlé entity into the DCP. This will be reviewed on a case by case basis.

11. TOTAL DISABILITY OR DEATH

11.1. *Total Disability*

11.1.1. The decision to grant a total disability benefit is taken by the Pension Council on the basis of a medical report established by a Doctor approved by the Pension Council. Disability is considered as total when it leads to the cancellation of the employment contract.

11.1.2. The date of disability is defined as the employment termination date.

11.1.3. If total disability occurs the Member will be entitled to the total accrued balance of Savings Accounts A, B, C and D at the date of disability, regardless of number of years of membership (the vesting scale does not apply).

11.2. *Death*

11.2.1. In the event of a Member's death during service, the total accrued balance of Savings Accounts A, B, C and D at the date of death, regardless of number of years of membership (the vesting scale does not apply), will be shared between the Member's designated beneficiaries or according to the local applicable laws.

12. OPT-OUT OPTION

12.1. Members present at 30.04.2019 who do not accept the plan rules entering into force on 01.05.2019 have the option to leave the DCP definitively by the deadline issued by the Employer.

12.2. The Member who decides to opt-out of the DCP is entitled to his termination benefit according to article 10 above.

12.3. The Member who decides to opt-out of the DCP cannot re-enter the DCP within 5 years following the opt-out.

12.4. Without notice by the deadline issued by the Employer, the Member is automatically enrolled under the present plan rules.

12.5. The opt-out is only available to Members as a result of the change in plan as of 01.05.2019 and cannot be offered under any other scenario.

13. PENSION COUNCIL OF DCP

13.1. The Employer nominates the members of the Pension Council.

14. AMENDMENT OR TERMINATION OF DCP

14.1. The Pension Council may amend or terminate the DCP at any time. The Members shall be informed accordingly.

14.2. In case of DCP termination, the balance of Savings Accounts A, B, C and D will be transferred to the Member's bank account.

15. ENTRY IN FORCE

15.1. This document enters in force and is applicable as from 01.05.2019.

15.2. It cancels, replaces and supersedes any prior all prior agreements, commitments, documents relating to the DCP.

15.3. These DCP Plan Rules shall be governed by and interpreted according to the laws of the United Arab Emirates. The Employee undertakes and agrees that any and all dispute, arising in connection with these DCP Plan Rules shall be submitted by either Party to the exclusive jurisdiction of the competent Courts of Dubai.

15.4. In case of discrepancy or differences in interpretation, the English version of this document takes precedence over any translation in other languages.

Appendix I: List of Nestlé Middle East companies covered by the DCP

Legal entity	Country
Nestlé Middle East FZE	UAE
Nestlé Middle East FZE Branch	UAE
Nestlé Middle East Marketing FZE	UAE
CP Middle East FZCO	UAE
CPW AMA DWC LLC	UAE
Nestlé Treasury Centre MEA	UAE
Nestlé UAE LLC	UAE
Nestlé Dubai Manufacturing LLC	UAE
Nestlé Middle East Manufacturing LLC	UAE
Nestlé Saudi Arabia LLC	KSA
Nestlé Product Export Company - Jeddah Branch	KSA
Nestlé Kuwait General Trading Company WLL	KUWAIT
Nestlé Bahrain Trading WLL	BAHRAIN
Nestlé Qatar Trading LLC	QATAR
Nestlé Oman Trading LLC	OMAN
Nestlé Middle East Marketing FZE - Yemen Rep. Office	YEMEN
Société pour L'Exportation des Produits Nestlé S.A. - Branch	LEBANON
Nestlé Jordan Trading Company Ltd.	JORDAN
Nestlé Trading Private Limited Company	PALESTINE

Appendix II

- A. The pension council decides that the investments strategies available to Members are :
- a. "Defensive strategy (money market)"
 - b. "Conservative strategy (mixed portfolio)"
 - c. "Life cycle strategy"
- B. The Pension Council decides that the default options are "Defensive strategy (money market)" for Saving Accounts A and B and "Life Cycle strategy" for Saving Accounts C and D.