



Nestlé® Good food, Good life



ANNUAL REVIEW 2020



Inside this Report



UNLOCKING THE POWER OF FOOD TO ENHANCE QUALITY OF LIFE FOR EVERYONE, TODAY AND FOR GENERATIONS TO COME

As a company that is constantly evolving, our purpose creates a strong foundation that forms the way we impact and interact with the world. This encapsulates how we nourish Malaysians with meaningful solutions, make a positive difference in society and protect our planet's precious resources, driving the sustainable growth of the business and enabling us to forge ahead as a force for good.

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Our Annual Reporting Suite

Growing from strength to strength, Nestlé (Malaysia) Berhad (“Company”) has expanded significantly since our inception in 1912. Today, as the Good Food, Good Life company and the leading food and beverage (F&B) manufacturer in the nation, we remain steadfast in our dedication to nourish Malaysians, in line with our purpose of unlocking the power of food to enhance the quality of life for everyone, today and for generations to come.

Our success over these past 108 years would not have been possible without the strong support of our shareholders and stakeholders alike. We continue to ensure robust engagement with our stakeholders as part of our commitment to transparency and good corporate governance, communicating consistently on our sustainable growth journey, underpinned by our economic, societal and environmental responsibilities.

To facilitate a thorough understanding of our growth strategy, business operations, financial performance and sustainability approach, we present our Annual Reporting Suite, comprising three dedicated publications:

<p>Book 1</p>  <p>ANNUAL REVIEW Offers an in-depth perspective of our strategy, key financial indicators, brands and business performance, and other notable initiatives throughout the year.</p>	<p>Book 2</p>  <p>CORPORATE GOVERNANCE & FINANCIAL REPORT Presents the Group's financial performance for the year and outlines our efforts to uphold best practices in transparency and corporate governance.</p>	<p>Book 3</p>  <p>NESTLÉ IN SOCIETY REPORT Provides insights into our sustainability commitments and the progress we have achieved towards creating shared value and effecting positive change in society and for our planet.</p>	<p>Online Annual Reporting Suite</p> <p>To easily access our 2020 Annual Reporting Suite online, simply scan the QR code below:</p>  <p>nes.tl/AnnualReportMY</p>
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Further supporting this are our quarterly reporting on financial results, as well as any material announcements to Bursa Malaysia Securities Berhad and press releases, all of which are readily available on our corporate website: www.nestle.com.my

REPORTING FRAMEWORK

- Main Market Listing Requirements of Bursa Malaysia Securities Berhad
- Corporate Governance Guide by Bursa Malaysia Berhad
- Companies Act 2016
- Malaysian Code on Corporate Governance
- International/Malaysian Financial Reporting Standards
- International Integrated Reporting Framework
- Global Reporting Initiative (GRI Standards)
- International Integrated Reporting Council guidelines

ASSURANCE

- Internal controls and management assurance
- Compliance and internal audit reviews
- External audit by Ernst & Young PLT on financial information
- External audit by PricewaterhouseCoopers on the Nestlé in Society Report

REPORTING PERIOD, SCOPE AND BOUNDARIES

This Annual Report covers the reporting period between 1 January and 31 December 2020. The report presents detailed information on the operations and activities of Nestlé (Malaysia) Berhad and its subsidiaries (“Group”), focusing on our performance during the year under review.

FORWARD-LOOKING STATEMENTS

This Annual Report may contain forward-looking statements with respect to current views, plans and objectives in relation to the operations and business of the Company. By their nature, these forward-looking statements are subject to potential risks and uncertainties that may emerge in the future, which could cause actual results and performance to differ materially from what is expressed or implied by these forward-looking statements. The Group undertakes no obligation to update or revise these forward-looking statements, whether due to new developments, future events or otherwise.

About this Report

WELCOME TO THE NESTLÉ ANNUAL REVIEW 2020



As our primary report, our Annual Review communicates our strategic priorities and objectives set for the year, as well as a discussion on the core strategies driving the Company's performance. This includes operational, marketing and sales initiatives undertaken during the year.

The Message from our Chairman and Chief Executive Officer (CEO) section presents an overview of our performance for 2020, providing context for the socioeconomic backdrop and highlighting our progress against short and long-term strategic goals. This is followed by the CEO's Management Discussion & Analysis section, elaborating in detail about our financial results and operational highlights, as well as strategic growth areas for the year. This dovetails then into our Business Review section, which provides insights on our brand strategies and main activities.

The Annual Review was approved by the Board of Directors of Nestlé (Malaysia) Berhad ("Board") on 18 March 2021.

Icons in this report

AR

Annual Review 2020

CGFR

*Corporate Governance
& Financial Report 2020*

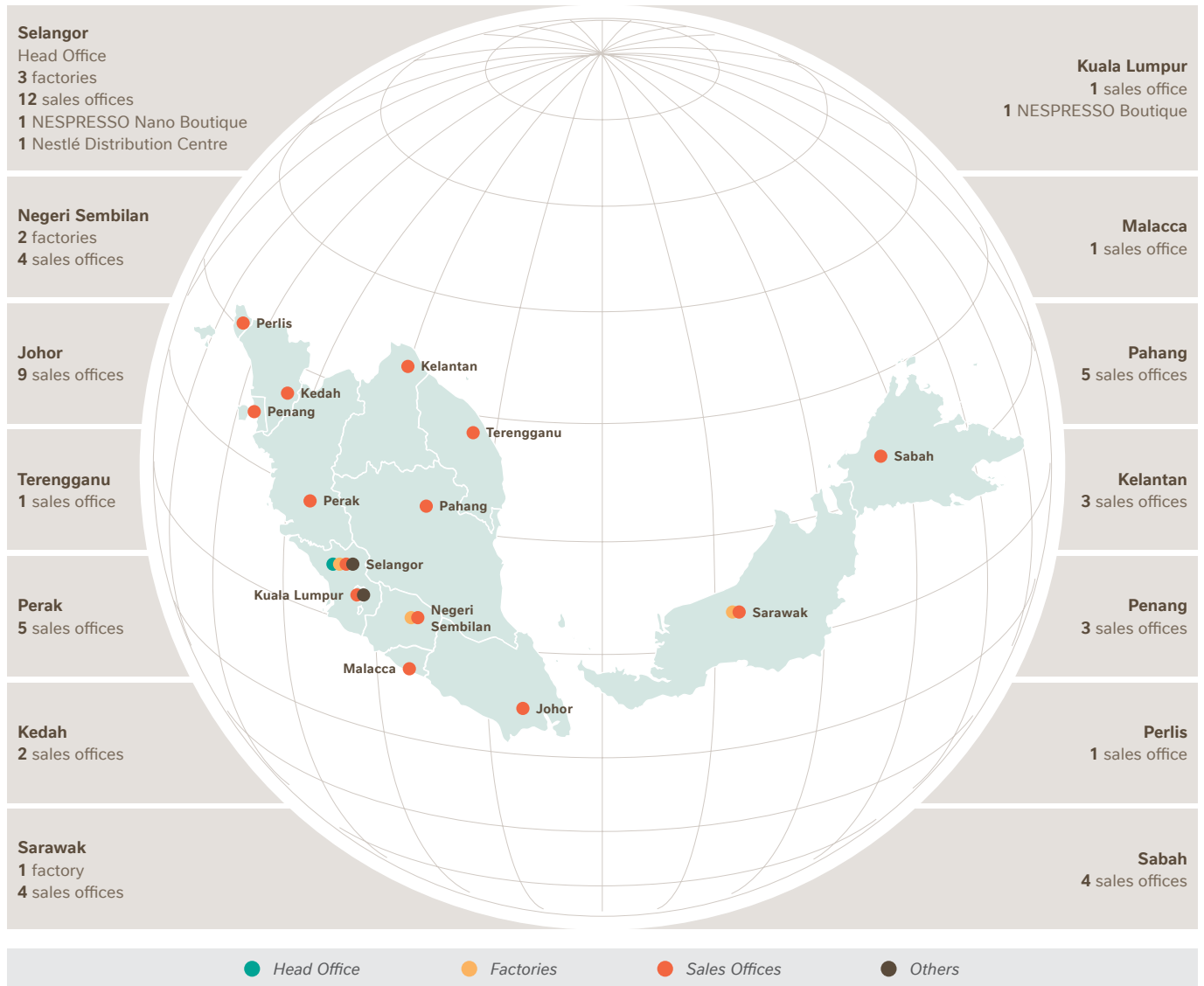
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Nestlé in Society Report 2020

Our Business

OUR PRESENCE

With a firmly entrenched presence in Malaysia, Nestlé’s operations stem from our head office in the heart of Selangor, to six manufacturing plants across the country. Supporting these are our strong nationwide sales force, comprising 55 sales offices throughout Malaysia and Borneo. This strategic network allows us to effectively reach every corner of Malaysia, to serve our distributors and customers across all states.













ORGANISATION STRUCTURE



Our Business

FAST FACTS

Our categories	
	DAIRY
	COFFEE
	FOODS
	READY-TO-DRINK
	ICE CREAM
	CONFECTIONERY
	HEALTHCARE NUTRITION
	MATERNAL & CHILD NUTRITION
	BREAKFAST CEREALS
	OUT-OF-HOME

Head office located in

MUTIARA DAMANSARA, SELANGOR

Nestlé has been operating commercially

IN MALAYSIA

Employs

5,018 PEOPLE

as at 31 December 2020



Public listed on Bursa Malaysia since

Operates

6 FACTORIES
and one national distribution centre



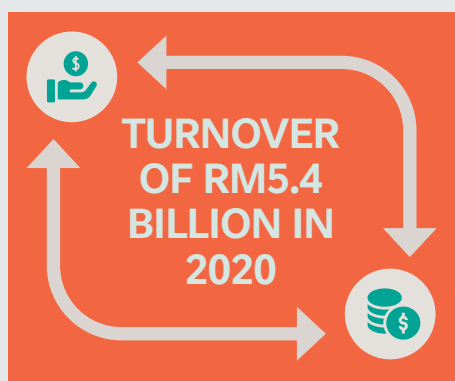
ALL
500 PRODUCTS ARE
 HALAL-CERTIFIED,
 including Malaysian favourite, locally-made household
 brands such as MILO, MAGGI and NESCAFÉ



A SINCE 1912



THE BIGGEST
 HALAL-
 PRODUCING
 NESTLÉ
 MARKET IN
 THE WORLD



Employs
100%
 Malaysian manufacturing
 workforce



Spent in 2020

RM60 MILLION on total COVID-19
 operational expenditure
 (including on workforce protection efforts)

RM15 MILLION on COVID-19
 relief efforts

Our Business

BUSINESS VALUE CREATION MODEL

Protecting trust

OUR STRATEGY

Driving sustainable and profitable growth
 Continue nurturing love and trust in our brands
 Enhancing capabilities for the future
 Leading the industry's way into a greener future

INPUT

- 

Financial Capital
 Channelling capital and funding through the pandemic to ensure continuous supply to consumers, protect safety of all employees and support Malaysians in need.

 - Market capitalisation: RM32.6 billion
 - Shareholder equity: RM557.1 million
 - Share capital: RM267.5 million
 - Total assets: RM2.86 billion

- 

Human Capital
 Leveraging expertise, experience and insights from our diverse and engaged talent pool to create shared value.

 - 5,018 employees across the organisation
 - 35% female employee representation
 - 100% local manufacturing workforce
 - Comprehensive suite of offline and online training and development initiatives

- 

Operational Capital
 Continuously investing into avenues for future growth and producing safe, high-quality products for consumers.

 - Six factories across Malaysia
 - Highest capital expenditure in six years: RM295 million
 - Adhere to the highest food safety and quality standards (i.e. ISO 9001:2015, FSSC 22000, GLOBE Quality Monitoring Scheme, Quality Compliance Verification)
 - Nestlé's Global Halal Centre of Excellence
 - Largest Nestlé Distribution Centre in Asia located in Selangor, with state-of-the-art digital technology at our Transportation Hubs

- 

Sales & Marketing Capital
 Agility and flexibility in executing our robust marketing strategies and driving excellence in sales execution for growth.

 - Expanding product distribution across geographies and channels
 - Nurturing brand love by leveraging new innovative approaches to engage consumers
 - Executing marketing campaigns that closely resonate with all Malaysians

- 

Social & Relationship Capital
 Pledging commitments to address issues material to the business to continue upholding trust of our valued stakeholders.

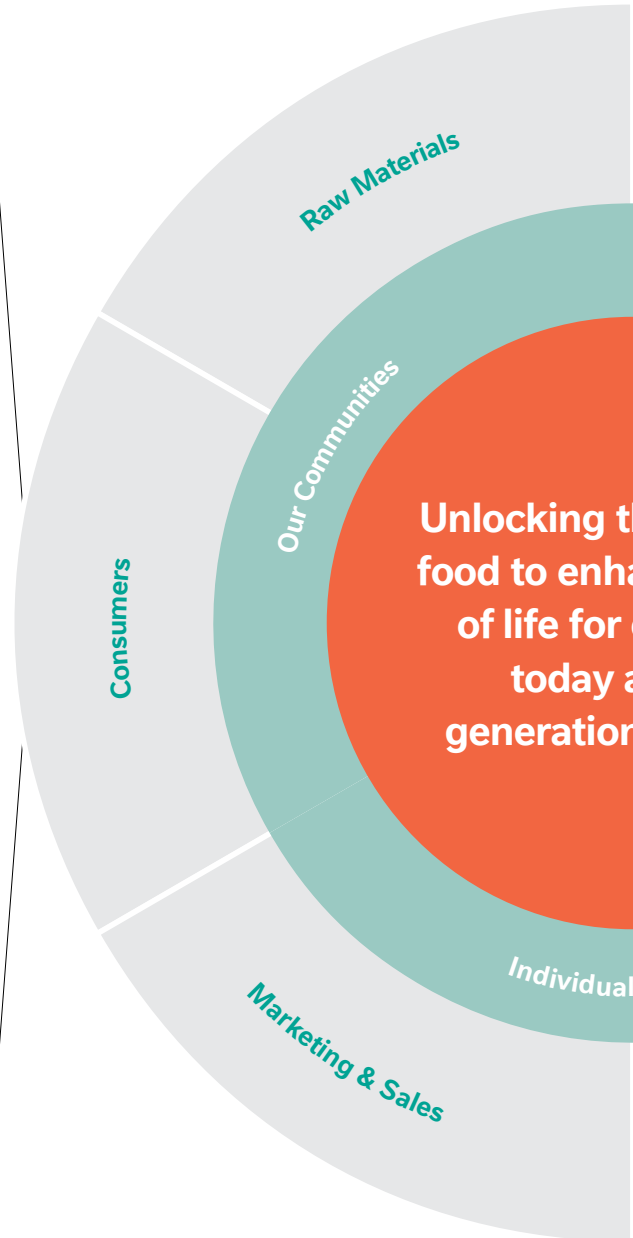
 - Robust product innovation pipeline to deliver sustainable, healthier and more affordable nutrition
 - Nestlé Nutritional Profiling System to assess the nutritional value of our products
 - Expanding Farmer Connect programmes to improve farmers' livelihoods

- 

Natural Capital
 Channelling resources towards shaping a greener and more sustainable future for all.

 - Leading efforts to reduce, remove and replace the non-recyclable materials used in packaging
 - Directing resources to tackle climate change across our value chain

OUR VALUE CHAIN





OUTPUT

Financial Capital

Delivering resilient business performance in a challenging environment.

- Net profit: RM552.7 million
- Revenue: RM5.4 billion
- Total proposed dividend payout: RM2.32 per share
- Basic earnings per share: RM2.36
- Total dividends paid: RM544 million

Human Capital

Strengthening the business, bringing innovation and driving positive change to create a thriving business.

- One of the top three Most Attractive Employers in Malaysia by Randstad for the fourth consecutive year
- Over 50% leadership positions held by women
- Increasing female representation in Sales, Supply Chain and Technical & Production
- Achieved cumulative attendance of 45,424 in training to upskill our employees

Operational Capital

Scaling up manufacturing capabilities and agility in producing new innovations and adhering to the most stringent hygiene and safety standards.

- Established first Nestlé Plant-Based Meal Solutions manufacturing facility in Southeast Asia
- Portfolio of more than 500 high-quality, Halal-certified products
- Export to more than 50 countries worldwide
- Implementation of Transportation Hubs to reduce carbon dioxide emissions by 10-12% per annum

Sales & Marketing Capital

Nurturing strong brand loyalty amongst consumers and delivering growth for the long term.

- Won Putra Brand Awards for MILO, MAGGI, NESCAFÉ, NESTUM, NESTLÉ OMEGA PLUS and KIT KAT
- Biggest nationwide campaign, *Peraduan Nestlé Gaji Seumur Hidup*
- Best-in-class sales execution and product variants across nine food and beverage categories

Social & Relationship Capital

Accelerating actions to promote better nutrition, health and wellness, support our farmers and uplift communities in need.

- Educated over 67,000 students on good nutrition and active living through NESTLÉ FOR HEALTHIER KIDS since 2010
- Inspire six million Malaysians per year to live active lifestyles through the MILO *Aktif Negeraku* movement
- 100% of our products sold benchmarked against the Nestlé Nutritional Profiling System
- Enhanced the livelihoods of almost 600 farmers through our Farmer Connect initiatives

Natural Capital

Delivering on our commitments on environmental sustainability.

- Planted one million trees through the Kinabatangan RiLeaf Project and embarked on Project RELeaf to plant three million trees by 2023
- Two-thirds of our total plastic packaging is designed ready-for-recycling
- 62,128m³ water saved, equivalent to the annual water consumption of approximately 1,134 people

HOW WE SHARE THE VALUE WE CREATE

Shareholders & Investors

Offer competitive shareholder returns and stable investment propositions.

Employees

Provide decent employment opportunities and diversity.

Communities

Uplift rural livelihoods by increasing income-generation.

Customers & Retailers

Offer a diverse product portfolio to meet the needs of their shoppers.

Consumers & General Public

Provide healthier and tastier product options to inspire people to live healthier lives, supported via education on nutrition and sustainability-related topics.

Government, Regulatory Bodies & NGOs

Operate responsibly to contribute to socioeconomic growth through job creation and continuous investment.

Creating Shared Value



Good Food, Good Life. This simple yet powerful philosophy succinctly articulates what we stand for: to be a force for good. More so today, as consumer expectations for good food are constantly evolving, we are firmly dedicated to being responsive to their needs in sustainable, responsible and attainable ways.

As we strive to deliver on this promise, our Creating Shared Value (CSV) approach embodies the way we do business. Creating long-term value for our shareholders and for society has been instrumental to our sustainable growth for the past 108 years, and will continue to propel us moving forward.

CSV plays an integral role in our value chain. Our vast and intricate network enables us to touch millions of lives every day through our business and brand activities, from the farmers we work with to our passionate employees and consumers across Malaysia, in addition to allowing us to make a positive difference for the environment.

To effect meaningful change, we focus on three key pillars:

 <p>For Individuals and Families</p>	 <p>For Our Communities</p>	 <p>For The Planet</p>
<p>Enabling people to lead happier and healthier lives by innovating to create better products that meet the varying needs of consumers and provide high-quality, accessible, affordable nutrition.</p>	<p>Building strong communities and supply chains by improving livelihoods in areas directly connected to our business activities, including rural development programmes to benefit local farmers, as well as advocating for human rights and best practices in compliance across our value chain.</p>	<p>Stewarding resources for future generations by minimising the environmental impact of our operations and addressing the global concerns of climate change and plastic pollution through innovative and meaningful solutions.</p>

We have set specific commitments and targets for transparent tracking and reporting of our progress year-on-year. Conscious that we are stronger together, these commitments are aligned with the United Nations’ 17 Sustainable Development Goals (SDGs), to contribute towards shared global objectives for the common good.

Through CSV, we rally our 5,018 employees and more than 30 brands in Nestlé Malaysia to unlock the power of food to enhance the quality of life for everyone, today and for generations to come.

Our Purpose

Unlocking the power of food to enhance quality of life for everyone, today and for generations to come

Our 2030 Global Ambitions



For Individuals and Families

Enabling healthier and happier lives

To help 50 million children lead healthier lives



For Our Communities

Helping develop thriving, resilient communities

To help improve 30 million livelihoods in communities directly connected to our business activities



For The Planet

Stewarding resources for future generations

To strive for zero environmental impact in our operations

Our Impact Areas

- Offering tastier and healthier choices
- Inspiring people to lead healthier lives
- Building, sharing and applying nutrition knowledge

- Enhancing rural livelihoods
- Respecting and promoting human rights
- Promoting decent employment and diversity

- Caring for water
- Acting on climate change
- Safeguarding the environment

Our CSV Pillars

Nutrition, Health and Wellness

Rural Development, Our People

Water, Environment and Climate

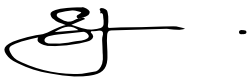
Through our ambitions, we are supporting the SDGs



Message from Our Chairman and CEO

Dear shareholders,

Without a doubt, the COVID-19 pandemic has been a highly disruptive force, throwing the world into turmoil in 2020. In this context, Nestlé Malaysia reassessed and redefined our priorities, to weather the business through the storm, whilst making a difference for many by responding as a caring pillar of society.



**Y.A.M. Tan Sri Dato' Seri Syed
Anwar Jamalullail**
Chairman (left)



Juan Aranols
Chief Executive Officer (right)



Through this time of crisis, the Company adopted three non-negotiable priorities: To keep our people and business partners safe; to ensure stable supply of nutritious foods and beverages for Malaysians; as well as to actively support the community through an extensive relief programme. While we have not been immune to the challenging environment, our ability to pivot and remain responsive to the needs of Malaysians has enabled us to stand firm, maintain our momentum and deliver on our promise to be a force for good, while delivering a resilient performance.



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Chairman (left)



Juan Aranols
Chief Executive Officer (right)

NAVIGATING AN UNPRECEDENTED LANDSCAPE

The upheaval caused by COVID-19 was indeed extensive, as countries around the world instituted lockdowns to contain the pandemic. These containment measures had a significant impact on global markets and economies, particularly in the first half of the year as many sectors and industries essentially ground to a halt.

In Malaysia, stringent restrictions were enforced under the Movement Control Order (MCO) implemented by the Government to curtail the spread of the pandemic. While F&B manufacturers were considered essential businesses and were allowed to operate under a strict set of safety protocols, consumer demand was disrupted.

Out-of-home F&B channels had to stop operations and suffer a dramatic decline in activity. On the other hand, some categories experienced a boom in in-home consumption which caused tensions on the supply side. The impact to livelihoods was considerable, especially for B40 households and vulnerable communities, with loss of employment and some sectors forced to impose salary reductions to stay afloat.

Given the bleak backdrop, it was crucial for individuals, communities and corporations in Malaysia to unite in a collective effort to ease the burden on those most impacted by the pandemic.



▶ Out-of-home F&B channels among the most affected by the COVID-19 pandemic.

REDEFINING PRIORITIES

In order to protect the Company in an increasingly tough operating environment, while safeguarding the workforce and supporting the community, we rapidly realigned our business strategies in 2020 around three key priorities.

We invested over RM60 million to safeguard our employees and business partners and ensure operational continuity. This comprised provision of personal protective equipment, temporary attendance allowances for employees working onsite during the most critical phase of the first MCO, implementing additional safety protocols and undertaking a proactive COVID-19 antigen testing programme recognised as a best-in-class approach to protect employees even if it came at a high cost.

In our role as an essential supplier of foods and beverages, we put measures in place to ensure our operations remained uninterrupted, in line with the strict guidelines of the Government. This allowed us to continue supplying our consumers with the brands and products that have always been a part of Malaysians' daily lives.

To help alleviate the socioeconomic burden on Malaysians, we pledged to contribute RM15 million in COVID-19 relief efforts. This included partnering with the Malaysian Red Crescent Society and other organisations to donate food and other necessities to frontliners and people in need, in addition to spearheading a wide range of programmes to uplift the B40 and lower income communities, as well as local F&B operators. These initiatives are elaborated further in this report, and in more detail in our Nestlé in Society Report 2020.

NIS For more information, please refer to page 49 of the Nestlé in Society Report.



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Y.A.M. Tan Sri Dato' Seri Syed Anwar Jamalullail
Chairman (left)

Juan Aranols
Chief Executive Officer (right)

ADAPTING TO THE NEW NORMAL

As we faced evolving market dynamics and shifting consumer needs during the pandemic, our ability to quickly pivot was crucial to maintaining business resilience. This allowed us to respond in meaningful ways and capture new growth opportunities.

Adapting to the new normal, we strengthened our engagement with consumers by amplifying our presence leveraging digital communication and engagement for our brand campaigns. Our strong online presence allowed us to capture the shift of consumers into e-commerce, and our brands found multiple creative ways to uplift the spirits of many Malaysians while they stayed home. In addition, we continued to introduce new innovations catering to the preferences of increasingly health-conscious consumers.

ACCELERATING OUR SUSTAINABILITY JOURNEY

We accelerated also our journey towards a greener and more sustainable future while addressing the pandemic's socio-economic repercussions. This includes partnering with like-minded public and private stakeholders to achieve transformational changes, innovating new packaging solutions and engaging with communities to promote positive behavioural changes, encouraging collective actions to make a meaningful impact.

NIS For more information on our sustainability commitments and progress, please refer to the Nestlé in Society Report.



[From left] YBhg. Dato' Mohd Sayuthi bin Bakar, Mayor of Petaling Jaya and Juan Aranols, CEO, at the MoU signing ceremony between Nestlé Malaysia and Petaling Jaya City Council for a pioneering kerbside recycling initiative launched in August 2020.

EXPANDING OUR PRESENCE

Through 108 years in Malaysia, we take pride in having grown together with the nation. Malaysia also contributes significantly to the Nestlé group and today, we continue to build for the future having invested nearly RM1 billion over the past five years and in 2020, recorded a capital expenditure of RM295 million, marking a six-year high. On top of expanding our manufacturing capacity, we are investing into new categories that are well in tune with consumer trends and will further contribute to a more sustainable future, such as the establishment of a Plant-Based Meal Solutions facility in Malaysia.

FINANCIAL PERFORMANCE

2020 constantly tested the mettle and adaptability of companies through a global crisis. Nestlé Malaysia was not immune and our results reflected the crisis in the very important out-of-home sectors, as well as the cost impacts derived from SOPs and other COVID-19 protection measures. We take pride in having protected jobs and income for all our workforce. While financial results were impacted compared to previous years, they remained remarkable on absolute levels, with sales reaching RM5.4 billion as well as solid bottom-line and cash flow performance.

DIVIDEND

Our commitment to delivering shareholder value remained steadfast and we confirmed in 2020 again a healthy dividend payout. The Board of Directors proposed a third interim dividend of RM0.92 per share for the financial year ended 31 December 2020, bringing total dividends for the year to RM2.32 per share, a solid dividend payout despite the volatile climate of 2020.

CORPORATE GOVERNANCE

As we strive to uphold best practices in corporate governance, we welcomed two new Independent Non-Executive Directors to the Board during the year. The appointment of Dato' Hamidah Naziadin and Datin Sri Azlin Arshad broadened the depth of expertise and brought further diversity to the Board.

In light of the MCO situation and the directive by regulatory authorities, we conducted our first virtual Annual General Meeting (AGM) in 2020. This enabled us to fulfil our fiduciary responsibilities while providing an effective digital platform for our shareholders to participate in the AGM from the safety of their homes.



Message from Our Chairman a

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Y.A.M. Tan Sri Dato' Seri Syed Anwar Jamalullail
Chairman (left)

Juan Aranols
Chief Executive Officer (right)

As we made progress towards a greener and more sustainable future, the Group achieved important milestones that both contributed to our environmental commitments as well as made a positive impact on society.

KEY ACHIEVEMENTS

Supporting Malaysians in the wake of COVID-19, we fulfilled our pledge to contribute RM15 million towards pandemic relief efforts undertaken by the Company, including from our brands who adopted a number of community programmes, reaching directly or through charity organisations, over 200,000 Malaysians and their families.



▶ The Malaysian Red Crescent Society was among our key partners engaged to distribute our product donations to families and communities in need throughout the year.

Our largest nationwide campaign to date, *Peraduan Nestlé Gaji Seumur Hidup* (Nestlé Salary for Life Contest), offered Malaysians amazing prizes to lift spirits in challenging times. We also extended this to vulnerable communities affected by the pandemic, with 17 charitable organisations receiving total cash contributions of RM684,000 from Nestlé Malaysia.

We are pleased to make tangible progress in our sustainability journey, specifically in our mission to reduce our plastic footprint, successfully implementing 100% paper straws across our entire UHT range. This breakthrough achievement can eliminate more

than 200 million plastic straws per year. We also reduced the empty space in the packaging of many products in our portfolio, and made progress in the education of the public through a number of pioneering initiatives.

We continued to invest in Malaysia, venturing into an exciting new frontier in the F&B industry by setting up our pioneering manufacturing facility for Plant-Based Meal Solutions. Malaysia will be the host for one of only two Nestlé facilities of this kind in Asia, catering to both domestic and export markets.

The Company was also honoured to be the recipient of several prestigious awards, namely the Graduates' Choice Award (Employer of Choice for the FMCG category), the M100 Leading Graduate Employers Awards (Employer of Choice for the FMCG category) as well as the National Annual Corporate Report Awards (Platinum Award for Best Sustainability Report).

NIS For more information on accolades received in the year, please refer to page 111 of the Nestlé in Society Report.

OUTLOOK

The year 2021 began on an encouraging note, with COVID-19 vaccines progressively being rolled out. While this will certainly have a positive bearing on the solution to the pandemic, we also expect that COVID-19 will weigh significantly throughout the first half of 2021. We also foresee a significant rebound in the prices of many key commodities that anticipates margin tensions which we will continue to do our best to manage.

In the above context, we will continue to focus on ensuring the safety of our people, the continued supply of our products to our customers and will again support vulnerable communities through different programmes and reach new heights in our sustainability journey. We remain focused on driving our business with long term goals and always delivering safe, high-quality nutritional products meeting the taste and other expectations of all Malaysians.

We are truly thankful for the unwavering support of our employees, customers, suppliers, business partners and shareholders. In a turbulent year, the fact that our bond with Malaysians has remained strong is reflective of the trust they continue to place in the Company and our brands, for which we are grateful.

Our gratitude as well goes to the members of the Board, the Management Team and our entire Nestlé family for their dedication to our purpose and values, and for remaining resilient and united through a watershed year.



Management Discussion & Analysis

Nestlé Malaysia continued to demonstrate resilience throughout the year, weathering through a global pandemic to turn in another stable performance for 2020.

Juan Aranols
Chief Executive Officer

FINANCIAL REVIEW

At the very onset of the pandemic, we quickly realigned our priorities significantly to ramp up safety, health and preventive measures for our people and to preserve operational continuity. We focused increasingly on the pressing needs of communities, whether it be through providing nourishment with our high-quality products, or via outreach and support programmes.

As a result of our efforts to sustain business growth while meeting the needs of Malaysians, we recorded a turnover of RM5.4 billion for the financial year. This result balanced the severe impact to out-of-home channels, with an acceleration of in-home consumption. The Group's core F&B businesses grew by 2.3% on the back of solid sales execution and effective marketing and communication campaigns. The Group registered a resilient profit after tax of RM552.7 million and a profit before tax of RM724.8 million, with strong cash flow results preserving the solid financial position of the Company in a difficult year.

OPERATIONAL & BUSINESS REVIEW

Every challenge also brings new opportunities, and our teams remained focused, proactive and entrepreneurial to tap into each potential opportunity.



Our business focus continued to build on the pillars of previous years, namely:

1. Driving sustainable and profitable growth momentum;
2. Continue nurturing the love and trust in our brands;
3. Enhancing core fundamentals and capabilities for the future; and
4. Leading the industry's way into a greener future.

1. Driving sustainable and profitable growth momentum

As more people stayed at home due to movement restrictions, we found new ways to engage consumers via digital tools and explored innovative approaches to help deliver our products to consumers. Underpinning this was our manufacturing and supply chain resilience which allowed us to maintain operational continuity, coupled with excellence in sales execution supported by our best-in-class sales force to ensure on-shelf availability.

Driving digital engagement and e-commerce

Throughout the year, we continued to engage our consumers digitally and further ramped up our online activations. We explored new models such as live streaming and shifted from traditional product launches to online events, offering consumers an interactive online shopping experience and successfully increasing our reach. Through this, we saw the launches of several new offerings such as NESCAFÉ Latte Milk Tea coffee mixes and MAGGI FUSIAN Sarang Kimchi and Karai Miso bowl noodles. We also leveraged on the Dalgona coffee craze, with a live stream event featuring how Dalgona coffee can be prepared using NESCAFÉ products.

Campaigns such as the Nestlé Super Brand Day and 11.11 drove significant traffic to our products across key e-commerce platforms and helped accelerate our online penetration, leading to record-breaking achievements during the big online sales days. All these allowed us to drive strong growth in e-commerce, further reinforcing our position as the biggest e-commerce business among the Nestlé markets in Southeast Asia.

Exploring new business models to reach out to consumers

Responding to the shift in consumer behaviour towards higher in-home consumption, categories like Ice Cream took on the challenge to continue delighting Malaysians at home. The new NESTLÉ Ice Cream Home Delivery business model proved to be a resounding success when it was first piloted and was subsequently rolled out nationwide within a week of launching.

Our Ready-to-Drink (RTD) business also further expanded their presence online – making a wider range of Nestlé products available for online purchase, as well as rolling out a new home delivery option for RTD products such as MILO and NESCAFÉ Original cans.

Supporting out-of-home operators

Conscious of the profound impact to out-of-home channels, the NESTLÉ PROFESSIONAL team focused on supporting local F&B operators impacted by COVID-19. Through the *Bangkit Bersama* Nestlé campaign, we rolled out trade assistance programmes and provided cash contributions to help support coffee shops, *mamak* shops and other eateries and restaurants. This saw us channelling a total of RM5 million to more than 15,000 local F&B operators to help keep their businesses afloat.

In addition, we reached out to professional chefs nationwide via an online cooking competition, *MAGGI Wok Bersamamu*, with cash prizes up for grabs. Chefs were able to take part by uploading videos of themselves cooking creative dishes utilising MAGGI professional products and demonstrating their culinary skills.

Manufacturing and supply chain excellence

Throughout the pandemic, we upheld our commitment to ensure continued production and delivery of our foods and beverages to consumers. Our manufacturing, supply chain and distribution operations demonstrated remarkable resilience and agility, allowing us to provide Malaysians with a stable supply of essential products across our brands such as MILO, MAGGI and NESCAFÉ, whilst strictly adhering to the safety requirements set by the Government.

Best-in-class sales execution

Serving a wide spectrum of customers and consumers throughout the nation with diverse preferences and requirements, our extensive sales network continued to play a core role in driving performance and ensuring continuous availability of products for all Malaysians during the pandemic.

Our sales force plays a decisive contribution to revenue growth. Working as a cohesive unit together with other functions, brands and geographies in Malaysia, this enables our sales team to keep a pulse on evolving needs of the retail ecosystem. Throughout 2020, our sales force frontliners tirelessly worked to ensure the continued relevance and strong presence of our market-leading brands across all channels.

Management Discussion & Analysis

2. Continue nurturing the love and trust in our brands

Embracing our Company’s purpose to enhance quality of life, we undertook numerous initiatives to support Malaysians facing tough times over the year, channelling an investment of RM15 million for pandemic relief efforts as well as various programmes to ease the burden on communities. In addition to this, all our brands played a role in engaging with consumers and finding ways to be close and relevant to them.

Brands supporting communities in need with campaigns that matter

We are always committed to extend a helping hand in whatever way we can. Through meaningful campaigns together with our brands, we did our utmost to make a positive difference.

The *Peraduan Nestlé Gaji Seumur Hidup*, our biggest nationwide contest to-date, offered Malaysians the chance to fulfil their dreams with the grand prize of a salary for life. Recognising the increasingly challenging times, we extended the contest period with additional cash prizes and donated RM684,000 in cash contributions to charitable organisations.

AR More information on the *Peraduan Nestlé Gaji Seumur Hidup* can be found on page 22 of this report.

We distributed more than 120,000 bowls of MAGGI bubur lambuk to B40 families, charity homes and frontliners. On top of this, the MAGGI *Sah Malaysia* campaign donated a total of 50,000 meal kits to B40 communities nationwide.

Through *Program Mentor Wanita Cukup Berani* MAGGI, more than 900 women benefitted from a three-day *Wanita Cukup Berani* MAGGI online workshop. The session was aimed at empowering the participants to be more confident as well as cultivating their digital, entrepreneurial and culinary skills.

MILO rallied Malaysians to donate through #SkuadKebaikan MILO food parcels via Shopee. Seven charity organisations received a ‘Box of Hope’ comprising MILO bundle packs and other Nestlé products.



Our Sampling team distributing MAGGI Bubur Lambuk to B40 communities during the month of Ramadan.



Our KIT KAT Break Bus dropping off KIT KAT products for our frontliners at Hospital Sungai Buloh, Selangor.

The KIT KAT team also donated products to benefit over 12,000 healthcare workers in six hospitals in the Klang Valley, encouraging frontliners to take a short break for themselves during their efforts to combat the pandemic.

A donation drive was spearheaded by EVERYDAY Milk, sponsoring over RM4.5 million worth of nutritious EVERYDAY products to more than 85,000 Malaysians from vulnerable communities.

NIS More information on our response to the COVID-19 outbreak can be found on page 49 onwards of the Nestlé in Society Report.

Providing better nutrition and encouraging healthier lives through a pandemic

We continuously innovate and transform our product portfolio to improve the nutritional profile of our offerings and also meet evolving and rising consumer expectations. This has allowed us to fulfil the more stringent requirements of the Malaysian Ministry of Health’s (MOH) Healthier Choice Logo (HCL) introduced in 2020. As at end-2020, a total of 22 Nestlé products have attained the more stringent HCL certification.

We expanded our range of healthier options in 2020. This included MILO ACTIV-GO Plus Fibre containing 2.5 times more fibre than regular MILO powder and even lower added sugar (sucrose); MILO Nutri Breakfast providing the goodness of MILO in an instant oatmeal form; and Nestlé OMEGA PLUS UHT Dark Choc, containing ACTICOL and plant sterols to support heart health.



With containment measures temporarily halting most outdoor activities including sports, we leveraged digital platforms to encourage Malaysians to continue maintaining healthy and active lifestyles during the pandemic.

Under the MILO *Aktif Negeraku* movement, we stepped up our online engagement to motivate Malaysians to stay active at home. Through the MILO *Rentak Aktif* programme, we offered fun and easy virtual workouts for children and adults. To help children practice sports, we adapted our annual MILO Champions Clinic through virtual means, conducting our first-ever MILO Champions Clinic E-Coaching.

In conjunction with World Heart Month, we launched our NESTLÉ OMEGA PLUS Walk A Million Miles campaign, encouraging Malaysians to clock in their walking miles and stay healthy despite the pandemic. We exceeded our target, recording a total of 1,165,879 miles with over 16,000 Malaysians participating throughout an entire month. Following the success of this event, a total of RM100,000 was donated to Yayasan Jantung Malaysia and Institut Jantung Negara Foundation.



Employees joining in on a live recording session rallying Malaysians to take part in the NESTLÉ OMEGA PLUS Walk A Million Miles virtual event and walk for their heart health.

3. Enhancing core fundamentals and capabilities for the future

To future-proof the business, it is vital to reinforce our foundation and build the necessary capabilities to keep us competitive and ahead of the game.

Harnessing digital technology to enhance operations

We constantly seek out opportunities to increase efficiency in our operations and to tap on to digital transformation to facilitate continuous improvement.

During the year, we were one of the first Nestlé markets to adopt a new technology to enhance the efficiency of land transportation of products from our distribution centre. Optimising logistical routes by utilising data analytics and digital tools, this allows us to reduce our carbon footprint and logistics costs, proving that environmental and cost efficiencies can be achieved together.

Diversity and gender balance

As part of our commitment to cultivate a fair and equitable organisational culture, we continued to promote diversity and gender balance across the Group.

Empowering strong female representation, we progressively worked to increase the number of female heads of department in our Sales, Supply Chain and Technical & Production teams, as well as prioritising hiring of new female talent in these functions.

We have created a supportive working culture for all our people. This includes providing a Flexible Working Arrangement for both new mothers and fathers who take on the role of primary caregivers. Due to the pandemic this year, we also introduced a Remote Working Arrangement, enabling employees to effectively manage the transition of working from home.

To help close the gender pay gap, we have adopted a global approach of practicing pay transparency. This conveys information on our compensation practices in a transparent manner to our employees, institutionalising a competitive remuneration framework and preventing potential structural inequalities.

Management Discussion & Analysis

Employee safety and well-being

The health and well-being of our people is a non-negotiable priority, more so in the context of the pandemic. Consistent with this, we poured significant resources towards safeguarding the welfare of all our employees.

From the start of the pandemic, we implemented a holistic approach to protect all employees across our offices, manufacturing facilities and warehouses. On top of additional safety facilities and measures implemented across Nestlé work sites including proactive COVID-19 antigen screenings, we also stepped up education and communication to employees on staying safe from COVID-19, at work and at home.

Going beyond employee safety, we took steps to care for the overall well-being of our people especially during the pandemic. These initiatives included introducing the 24/7 toll-free Nestlé MY Careline for employees to seek professional counselling and support. We continued promoting better employee well-being through our LUNCH N LEARN informative sessions, as well as the #HealthyLives training module under the Nestlé Framework for Employee Health, which were conducted online. In addition, to protect our people from seasonal influenza, we offered free flu vaccination to all our employees, including third-party workers. We kept up strong communication within the organisation, through digital town halls and other tools and opportunities to maintain the strong bond between teams working remotely.

4. Leading the industry's way into a greener future

Paving the way to a greener, waste-free future, we continue to strive for zero environmental impact in our operations. Reflecting this commitment, we scaled up our efforts in 2020.

Accelerating efforts through sustainable packaging

As part of our pledge to make our packaging 100% recyclable or reusable by 2025, we are dedicated to reducing plastic waste. One of the key ways we achieve this is through innovative packaging solutions.

Following our introduction of paper straws for MILO UHT 125ml drink packs in 2019, we expanded even further this year, with all Ready-To-Drink UHT products transitioning to paper straws, making us the first large scale F&B company in ASEAN to do so. To date, through our environmentally-friendly solutions, we have removed more than 2,710 tonnes of packaging since 2008 with two-thirds of our plastic packaging designed ready-for-recycling.

We also introduced new packaging communications with recycling education on-pack, to convey to consumers on how to correctly separate Nestlé product packaging for recycling purposes. This is currently featured on 80% of all our packaging which are designed ready-for-recycling. All our brand teams worked to reduce the plastic footprint, eliminating redundancy and empty spaces in our packaging and fostering consumer education.



Our new on-pack recycling guide box label now enables consumers to responsibly dispose of their Nestlé packaging correctly and confidently.

Broadening our reach by collaborating with stakeholders

By practicing good recycling habits, communities can contribute to making a tangible impact. With this in mind, together with our partners we kicked off community programmes aimed at instilling a stronger recycling culture among Malaysians.

Working with the Petaling Jaya City Council, we launched a kerbside collection recycling programme for two townships in Petaling Jaya. This enabled us to scale up new and existing kerbside collection for recycling in Bandar Sri Damansara and Ara Damansara.

Through CAREton Project in partnership with Tetra Pak, we have collected more than 95 million used beverage cartons since 2012.



[From left] Juan Aranols, CEO, and Chew Soi Ping, Executive Director of Sales, demonstrating how to FLIP, FLAP and FLATTEN an empty beverage carton to be recycled through CAREton Project during the launch of our inaugural collaboration with 99 Speedmart.

Collaborating with stakeholders directly connected to our value chain, we joined forces with minimarket chain 99 Speedmart to set up CAREton bins at 100 outlets aimed at encouraging recycling among the local communities.

Implementing nature-based solutions to fight climate change

Contributing to our global objective to achieve net zero greenhouse gas emissions by 2050, we embarked on Project RELeaf. This initiative builds on our pioneering Kinabatangan RiLeaf Project which concluded in 2020, having successfully fulfilled our extended target of planting one million trees along Sabah's Kinabatangan River.

Through Project RELeaf, we have set out a definitive roadmap to plant three million trees by 2023, across Sabah's Kinabatangan Wetlands and Merisuli Forest Restoration areas and in Bintulu, Sarawak as well as forest reserves along the Central Forest Spine in Peninsular Malaysia. Moreover, the initiative will uplift livelihoods in the local community via forest seedling purchasing, planting and maintenance activities.



[From right] Juan Aranols, CEO, and YB Dato' Dr. Shamsul Anuar Bin Hj Nasarah, Minister of Energy and Natural Resources officiating the launch of our latest reforestation initiative, Project RELeaf in September 2020.

Sustainability is of utmost importance for the Group and we are accelerating our efforts progressively, with clear targets in place.

NIS Find out more about our sustainability initiatives for the planet on page 82 of the Nestlé in Society Report.

CONCLUSION

Weathering through a year of unprecedented adversity, we kept the course during the pandemic by remaining focused on what mattered: ensuring safety and protecting jobs and income for all our people, ensuring supply continuity to our customers and fulfilling our pledge to contribute RM15 million to the community through different relief programmes. Looking ahead as economic volatility is expected to persist through the first half of 2021, we will continue to focus on the long term, delivering safe, high-quality and nutritious products for all Malaysians, while exploring new avenues for future growth. Last but not least, we will continue accelerating our efforts in 2021 and beyond to shape a greener and more sustainable future for all.

Our Product Portfolio





We remain steadfast in our purpose of unlocking the power of food to enhance the quality of life for everyone, today and for generations to come.

This is reflected in our extensive portfolio of healthier and tastier Halal-certified products, with market-leading household brands that are part of the everyday lives of Malaysians.

As we strive to offer meaningful solutions to nourish consumers and support them in their journey to live healthier, happier lives, we are equally committed to our environmental objectives, ensuring that we deliver our products in a sustainable manner.



Business Review

Peraduan Nestlé Gaji Seumur Hidup reflects our appreciation to Malaysians for their support for over 100 years. With many struggling because of the COVID-19 impact, we felt that our commitment to make a positive difference in society was more needed now than ever. We hope that this initiative will inspire many more to give back to society and help at a time where many families are in great need.

Juan Aranols
Chief Executive Officer



PERADUAN NESTLÉ GAJI SEUMUR HIDUP brings joy to hundreds of Malaysians in tough times

Inspired by Malaysians' natural spirit of giving and sharing joy in challenging times, Nestlé Malaysia launched our biggest nationwide contest ever – the *Peraduan Nestlé Gaji Seumur Hidup* (Nestlé Salary for Life Contest) which began in February 2020.

The idea for the campaign was sparked to create shopper pull in the market during a particularly quiet shopper period from February to April 2020. This was due to a reduced occasion for shopper spending in the first half of 2020 following an early Chinese New Year in January.

By just purchasing RM15 worth of Nestlé products in a single receipt, the contest offered two lucky Grand Prize winners the opportunity to fulfil their dreams and earn a 'Salary for Life' of RM3,000 every month.

In spite of the COVID-19 restrictions, the campaign received an overwhelming response and was extended to provide more opportunities for Malaysians to win. More than 850 Malaysians won over RM4 million in cash prizes through this contest. These included weekly prizes of RM500 each to 100 winners of a 'Salary for a Month', 15 winners of a 'Salary for a Year', and the two final winners of a 'Salary for Life'.

To further support vulnerable communities affected by the COVID-19 pandemic, Nestlé Malaysia also contributed a total of RM684,000 to 17 charitable organisations nominated by each of the contest finalists.



The 16 finalists took part in a variety of fun-filled games during the Peraduan Nestlé Gaji Seumur Hidup Grand Finale game show.

These organisations are:

- Development of Human Resources of Rural Areas Malaysia (DHRRRA Malaysia)
- Dignity for Children Foundation
- Food Aid Foundation
- Global Peace Foundation
- Global Peace Mission Malaysia
- IDEAS Autism Centre
- Kasih Hospice Care Society
- Kechara Soup Kitchen
- Malaysian Foundation for the Blind
- Orphan Care
- Persatuan Kebajikan Da Ai Malaysia
- PERTIWI
- Rumah Kita
- Shelter Home for Children
- Tzu-Chi Foundation Malaysia
- Yayasan Amal Malaysia
- Yayasan Chow Kit

Over the 15-week contest duration, which culminated on 31 May 2020, Nestlé Malaysia's contest received over 1.3 million entries – the highest ever by the Company. The *Peraduan Nestlé Gaji Seumur Hidup* Grand Finale also became the number one show across all TV channels from 10.00 p.m. to 11.00 p.m., with over 1.9 million viewers tuning in. The contest also garnered RM7 million in media exposure value across 96 news outlets.

More importantly, the campaign captured the hearts of all Malaysians, strengthening Nestlé's position as one of Malaysia's most loved brands.

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MILO

With a history in Malaysia spanning seven decades, MILO is today the leading nutritious chocolate malt beverage in the country. Providing the natural goodness of malt from barley, milk and cocoa, and enriched with vitamins and minerals, MILO continues to fuel Malaysians to unlock their potential, particularly given the brand's vital role in grassroots sports development in the nation.

We marked a significant milestone in 2020, celebrating the 70th anniversary of MILO in Malaysia. Despite the impact of the pandemic on out-of-home channels, in-home consumption of MILO saw a substantial increase as people spent more time at home, and we also continued encouraging Malaysians to lead active lifestyles even when confined at home.

With this in mind, we redoubled our efforts on building brand love and enhancing key brand imagery among Malaysian adults throughout the year, and across all the demographic consumer groups.

AMPLIFYING BRAND APPEAL AMONG MOTHERS AND ADULTS

In 2020, we placed significant emphasis on strengthening the nutrition credentials of MILO amongst Malaysians. Aimed at reinforcing brand relevance and heightening appeal to assure existing loyal users and recruit new adult consumers, the MILO Goodness campaign was launched. Along with highlighting the nutritious product ingredients, a core objective was positioning MILO as the brand of choice, particularly within the breakfast mealtime. This was geared towards mothers and adults in general, on top of leveraging occasions such as the month of Ramadan and school exam periods, demonstrating how MILO provides Malaysians with the energy to go further.

We utilised omnichannel touchpoints for the campaign, tapping on the power of word of mouth, leveraging key opinion leaders and influencers. While traditional channels such as print publications, TV and radio along with digital platforms provided optimum reach and frequency, engaging digital influencers allowed us to unlock a deeper connection between the brand and consumers.

The impactful communication of the campaign effectively conveyed the nutritional properties of MILO, successfully improving consumer perception that MILO does not have high added sugar content. This enabled us to protect brand equity and uphold our strong bonds of trust with consumers.



Scan here to learn more about the goodness of MILO.

PROMOTING ACTIVE LIFESTYLES

Leveraging our proven track record of cultivating national champions, we continued to inspire Malaysians to keep fit amid the pandemic. While public sports activities were not permitted during the movement restrictions, we made it possible for people to stay active at home through our MILO *Aktif Negeraku* virtual programmes.

Tapping into the virtual workout trend, we organised online Zumba sessions, with fun and engaging exercises relevant for parents and children alike. Allowing us to showcase our brand purpose and positively engage with Malaysians, the programme saw more than 250,000 participants and resulted in good media exposure, with over RM1.7 million in PR value.

FURTHER BUILDING ON OUR GOOD NUTRITION PROFILE THROUGH OUR INNOVATIONS

MILO ACTIV-GO Plus Fibre

Conscious that consumers are increasingly seeking healthier options, we launched a new variant to our MILO powder product range, MILO ACTIV-GO Plus Fibre. Containing twice as much fibre and 50% less added sugar (sucrose) compared to regular MILO powder, this latest addition reinforces the brand's nutritional properties while maintaining the signature MILO taste that Malaysians love.

We utilised both mainstream media and digital engagements, coupled with in-store activation and value-adding promotions to drive brand awareness and product sampling. Rolled out in August 2020, consumers responded well to the taste of the new product, recording 80% distribution within the first three months of launching to market.



MILO Nutri Breakfast

Catering to growing consumer demand for convenient yet wholesome breakfast options, we introduced the first-ever MILO instant oatmeal, the MILO Nutri Breakfast. Combining the great taste of MILO with the goodness of oats with real banana pieces and seeds, the product was accorded with MOH's Healthier Choice Logo.

Through this launch, we were able to extend product visibility and availability beyond home shelves, penetrating new shelf categories. Supported by other communication initiatives, the launch of our new MILO format successfully created positive buzz and built excitement amongst consumers. Testament to this, MILO Nutri Breakfast elicited a highly positive response in a sample test conducted by the Home Testers Club involving 1,000 participants, whereby 99% recommended this new offering.

Business Review

NURTURING BRAND LOVE THROUGH THE MILO 70TH ANNIVERSARY



Our extended MILO team raising a cup of cold MILO from the centre of the Pekan MILO setup in Sunway Pyramid to pay tribute to 70 years of MILO goodness in Malaysia.



Among other exciting features, visitors enjoyed learning the rich Malaysian history of MILO at the Pekan MILO concourse event.



Malaysians young and old joined us throughout the nationwide tour of our Konvoi Kebaikan MILO, showcasing replicas of MILO trucks from across the decades.

Celebrating 70 years of goodness, we rallied the nation through various engagements with the aim of reigniting Malaysians' love for MILO. With the theme '70 Years of Passing on the Goodness', we showcased the positive values MILO has embodied over the past seven decades. This included championing the 'Never Give Up' attitude, which was certainly apt given the challenges of the pandemic, resonating strongly with Malaysians.

Key activations in 2020 included:

- ▶ **Konvoi Kebaikan MILO**
Spreading joy, this convoy featuring MILO's iconic vans throughout the decades, travelled across the nation to distribute cold, refreshing cups of MILO to Malaysians.
- ▶ **MILO 70 Tahun Kebaikan Dalam 70 Hari Contest**
Aimed at supporting Malaysians in this time of need, this nationwide contest offered attractive cash prizes, garnering over 260,000 entries.
- ▶ **Pekan MILO Concourse Event**
We created experiential MILO Towns at Sunway Pyramid, Selangor and AEON Tebrau City, Johor, showcasing the history of the brand and insights into the exciting future of MILO.
- ▶ **My MILO Stories**
Closing the celebrations on a heartwarming note, we partnered with local radio stations to invite Malaysians to share their favourite MILO memories on-air, obtaining over 700 entries.

These initiatives generated positive media exposure, achieving over RM2.8 million in PR value, subsequently inspiring our neighbouring markets, Indonesia and Singapore, to follow suit.



Scan to catch our MILO 70 Tahun Kebaikan video.

In a difficult year, all our efforts were premised on forging strong connections to continue winning the hearts of Malaysians. As a result, 2020 saw our highest in-home penetration since 2017, as well as recording increased share-of-throat among both children and adults.



FOODS

From humble beginnings in the 1880s, MAGGI is today known the world-over for its top-quality products that are ideal for easy preparation of tasty and balanced meals. With more than 50 years in Malaysia, MAGGI is a household name that resonates strongly with consumers as the brand constantly ensures to meet their evolving needs.

Amid the pandemic in 2020, the brand continued to play a role in providing Malaysians with relevant offerings and recipe ideas to create delightful homemade meals with the goodness of added proteins and vegetables. In tandem, we continued to strengthen our bond with consumers in many meaningful ways.

MAGGI SAH MALAYSIA CAMPAIGN

Having grown alongside generations of Malaysians, we celebrated the rich history and cultural diversity of this nation in conjunction with *Hari Merdeka* and Malaysia Day through the inaugural MAGGI *Sah Malaysia* campaign. We partnered MAGGI brand ambassadors, Datin Paduka Eina Azman and Sheila Rusly, along with local celebrities such as Stacy Anam, Zizan Razak, Bala Ganapathi William and social media sensation, Jenn Chia, to launch a series of videos featuring their favourite MAGGI memories throughout the years.



[From left] Geetha Balakrishna, Business Executive Officer, Foods and Juan Aranols, CEO, officiating the MAGGI Sah Malaysia campaign.

The videos showcased personal testimonials by each of the personalities on how the brand has touched their lives. Leveraging the hashtag *#MemoriMAGGIku*, Malaysians from all walks of life were invited to share their fondest MAGGI moments.



Scan here to view the *#MemoriMAGGIku* videos by our brand ambassadors and celebrities.

Business Review

Inspired by the spirit of unity among Malaysians even during these challenging times, the campaign also rallied support for those in need through a shop and reward contest. With the purchase of any MAGGI product, consumers stood a chance to win whilst we pledged to donate meal kits to those in need with the entries received. With an overwhelming response of over 800,000 entries, we were able to distribute more than 50,000 MAGGI meal kits to B40 families.



Local celebrities and influencers [from left] Daphne Iking, Sheila Rusty, Datin Paduka Eina Azman, Stacy Anam, Jenn Chia and Bala Ganapathi William sharing their very own MAGGI memories during the media launch of the MAGGI Sah Malaysia campaign.



Joining in the celebration, attendees during the MAGGI Sah Malaysia campaign media launch waving the Jalur Gemilang.

BROADENING OUR CONSUMER BASE WITH EXCITING PORTFOLIO ADDITIONS

MAGGI Mi Goreng Sambal Tumis Bilis and Cili ala Kampung

We expanded our bag dry noodles segment with two truly Malaysian flavours, MAGGI Mi Goreng Sambal Tumis Bilis and Cili ala Kampung. Catering to Malaysians' love of spice, the new offerings contain fresh ingredients such as chilli, onion, garlic and anchovies that are cooked to perfection.

The new additions contributed to our strong market share for the segment, with more than 3.5 million packs sold in just under 11 months.



MAGGI Sambal Tumis

As people spent more time cooking at home, we leveraged this opportunity with the timely introduction of MAGGI Sambal Tumis, making home cooking simpler, faster and more convenient, whilst delivering a delicious *sambal* dish.

Given that *sambal* is a staple among Malaysian cuisine, the product resonated very well among consumers and allowed us to penetrate the recipe solutions' paste segment. We complemented the launch and engaged consumers through live cooking demonstrations via famous e-commerce platforms, featuring social media influencers known for their love of cooking such as Eina Azman, Sheila Rusly and Stacy Anam, showcasing how the product can be used as a base to easily make a variety of *sambal* dishes at home whilst highlighting the fresh ingredients it is made of.



MAGGI FUSIAN Bowls

We also continued to entice consumers by tapping into their love for international fare through new unique portable bowl offerings. Although travelling outside the country was not possible in 2020, our all-new MAGGI FUSIAN Bowls Sarang Kimchi and Karai Miso catered to Malaysians' growing appreciation for Korean and Japanese cuisine, bringing consumers on a culinary journey while staying safe at home.

Leveraging our recipe expertise and technical know-how, we were able to replicate signature tastes utilising authentic ingredients such as *miso* paste from Japan and Korean Chili Paste crafted with an authentic Korean *gochujang* recipe, paired with a thicker and springier noodle cake for a more chewy texture and satisfying mouthfeel.

The launch of our new MAGGI FUSIAN Bowls added greater value to our portable bowl segment, offering a premium selection of the bowl franchise.

PROGRAM MENTOR WANITA CUKUP BERANI MAGGI

Following the success of the MAGGI CUKUPRASA *Tak Kenal Tak Cinta* campaign last year, we launched *Program Mentor Wanita Cukup Berani* MAGGI with the objective of empowering and inspiring women to improve their self-confidence by trying things out of their comfort zone, whether in cooking, business or life in general. There were two components, namely a series of digital workshops as well as a personal mentorship programme with well-known entrepreneurs.

Partnering with Women Will by Google, the digital workshops cultivated entrepreneurial and culinary skills among women, particularly those from the B40 community. More than 900 participants benefitted from the workshops, helping them to improve their communication skills and equipping them with the knowledge to start and manage a business using Google platforms and tools, as well as gaining new cooking skills from our in-house chef, Chef Muluk.



Scan here to watch this inspiring
MAGGI CUKUPRASA Wanita
Cukup Berani campaign video.

Business Review



COFFEE

Globally, the coffee category represents one of Nestlé's most strategic businesses, especially as coffee consumption continues to grow each year. We have strengthened our leadership position by consistently delivering offerings that meet the varying tastes and preferences of coffee drinkers, providing superior quality and premium coffee experiences.

Reflecting our drive to continuously expand our coffee business with diverse, relevant choices for coffee lovers to enjoy, our portfolio includes three iconic brands: NESCAFÉ, NESPRESSO and STARBUCKS AT HOME.

NESCAFÉ

Since 1938, NESCAFÉ has remained true to its commitment to constantly innovate and deliver a great cup of coffee to consumers. Bringing quality coffee moments to Malaysians, NESCAFÉ is a quintessential part of the country's coffee culture and a staple in every household.

In 2020, although the movement restrictions resulted in greater in-home coffee consumption, the low footfall in stores nationwide impacted consumer engagement activities. To remain relevant against this backdrop and ensure strong top-of-mind awareness, we ramped up communication campaigns to relate to Malaysians in the current climate, introduced exciting innovations and an enhanced recipe for our core product range, allowing us to reinforce our market leading position.

PROVIDING A REASSURING PRESENCE AND UPLIFTING MALAYSIANS IN TOUGH TIMES

Commemorating the resilience of Malaysians amid the challenges of the pandemic, we launched the NESCAFÉ Good Morning campaign. Instilling optimism among Malaysians to look forward to better days ahead and fostering a sense of unity, we developed a video entitled *Bangkitkan Semangat Baru dengan NESCAFÉ* which garnered more than three million views. Additionally, we increased in-store promotions for various products to offer greater value to our consumers, supporting them in these difficult times.



Scan here to view the *Bangkitkan Semangat Baru dengan NESCAFÉ* video.

Strengthening digital engagement, we tapped on the Dalgona coffee sensation which took the internet by storm during the MCO. Showcasing via social media how the trendy beverage could be easily made at home with NESCAFÉ, Malaysians were encouraged to share their own Dalgona creations, driving amazing user-generated content which further amplified consumer excitement.



We leveraged the Dalgona coffee trend to repost and recognise the creativity of our consumers.

IMPROVING PRODUCT OFFERINGS THROUGH RECIPE ENHANCEMENT OF NESCAFÉ CLASSIC

Conscious that consumer preferences are constantly evolving, we continuously work to enhance our product recipes to ensure that we maintain our consumer preference across the NESCAFÉ portfolio. This year, we focused on reformulating the recipe for our NESCAFÉ Classic range of pure soluble coffee.

Leveraging on a proprietary new roasting technology, we successfully elevated the flavour of NESCAFÉ Classic while maintaining its signature taste and aroma. Testament to this new winning formula, a 60/40 taste test comparison against competitor brands saw our recipe emerging as the preferred choice.

NESCAFÉ

RENEWED

The true coffee aroma and taste that Malaysians love.
Live Your Moment.

Robusta Arabica

NESCAFÉ

Nestlé
Good Food, Good Life

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Launched in October 2020, this new recipe for NESCAFÉ Classic was highlighted on our product packaging and communications, complemented by a TV commercial which was recognised by Nestlé globally for best-in-class execution. The product gained good traction with a record-high penetration rate and significant sales growth of 4%, strengthening our market leadership within the pure soluble coffee segment.

Business Review

EXCITING CONSUMERS WITH NEW INNOVATIONS

NESCAFÉ Classic Kopi Kedah

We marked a milestone this year with the launch of our first 100% home-grown coffee, NESCAFÉ Classic Kopi Kedah. Made entirely with locally grown coffee beans from the NESCAFÉ Grown Respectfully programme, our sustainable coffee farming initiative in Kedah, the limited-edition product deepened our connection with Malaysians through a truly authentic local coffee experience, instilling a sense of national pride. The traditional *batik* design of the collectible tin product packaging paid further tribute to its local origins.



Building awareness through engaging communications and TV commercials, we highlighted the local farmers involved in NESCAFÉ Grown Respectfully and how this initiative has helped to improve their quality of life. Their inspiring stories resonated strongly with Malaysians, driving encouraging response with many looking forward to more exciting innovations to come.

NIS Find out more about NESCAFÉ Grown Respectfully on page 55 of the Nestlé in Society Report.



NESCAFÉ Latte Milk Tea

Embarking on a new journey with a synthesis of coffee and tea, we brought together the best of both worlds with the all-new NESCAFÉ Latte Milk Tea.



This allowed us to widen our consumer base by appealing to non-coffee drinkers as well as those who prefer tea, the second largest hot beverage consumed among coffee drinkers in Malaysia.

With a timely launch when in-home consumption was heightening, the product was featured across media channels and digital platforms, along with live streaming sessions on e-commerce platform, Shopee. We also participated in trial collaborations with prominent delivery services, convenience stores and supermarkets such as Dahmakan and Tesco.

NESCAFÉ Latte Milk Tea received an encouraging response, quickly becoming the second-most popular flavour in the NESCAFÉ Latte range.

More Innovations



NESCAFÉ GOLD Origins Cap Columbia

Made from single-origins Arabica coffee beans from Colombia, this latest addition to the NESCAFÉ GOLD range delivers a smooth and naturally fruity medium-bodied coffee taste coupled with a delicate aroma.



NESCAFÉ GOLD Origins Alta Rica

Another addition to the NESCAFÉ GOLD range, the Alta Rica is crafted with the finest Arabica coffee beans from high-altitude regions of Latin America, creating a delicious dark roast with a bold and intense flavour.



STARBUCKS AT HOME

As part of our drive to grow our coffee portfolio and recognising the increasing affinity for premium coffee experiences, in 2018 we embarked on a global alliance with Starbucks. Along with extending our consumer reach, this allowed us to tap into opportunities for both in-home and out-of-home segments through exciting innovations and solutions, with the STARBUCKS AT HOME range launched in Malaysia in 2019.

CATERING TO GROWING PREFERENCES FOR PREMIUM EXPERIENCES

Building on this momentum, we expanded our premium offerings by introducing STARBUCKS AT HOME Premium Instant (Soluble) coffee in April 2020. This consists of Medium Roast and Dark Roast coffees as well other flavours inspired by signature Starbucks café beverages which consumers can now conveniently prepare at home.

To heighten market penetration for the brand, we scaled up our communications and engagement activities to further enhance visibility.

SCALING UP COMMUNICATIONS AND CONSUMER ENGAGEMENT

Increasing brand awareness on-ground in 2020, we deployed 350 displays in key stores. In addition, prior to the MCO, we participated in activated concourse events at two prime locations which saw us engaging with close to 10,000 people, achieving an average conversion rate of 60%.

Later in the year, we shifted heavily towards digital activations namely via e-commerce campaigns for International Coffee Month and Lazada Singles Day. The latter drove significant sales with an increase of nearly 500% from 2019.

LIMITED-EDITION HOLIDAY FAVOURITES

To build excitement during the festive season, we launched the STARBUCKS AT HOME Holiday Favourites range. This limited-edition range allowed consumers to enjoy their favourite festive flavours from the comfort and safety of their homes, as well as positioning the brand as an ideal Christmas gift for coffee drinkers.

The seasonal range included Starbucks Holiday Blend ground coffee, the Starbucks Toffee Nut Latte, a Malaysian favourite during the holidays available in a premium instant mix format, along with NESCAFÉ DOLCE GUSTO capsules.



Business Review



NESPRESSO

Transforming the coffee category in 1986 with its ground-breaking capsule format, NESPRESSO today continues to bring innovative, high-quality offerings to coffee lovers across the globe. Through its world-renowned NESPRESSO machines, coffee connoisseurs can enjoy a wide range of premium curated coffee capsules, providing distinctive, sophisticated coffee experiences.

Since its debut in Malaysia in 2016, NESPRESSO has contributed to strengthening the Company's position in the super premium coffee segment. Adapting in 2020, we focused our efforts towards inspiring Malaysian coffee drinkers to be creative at home with NESPRESSO.



A NESPRESSO Boutique worker ready to greet visitors in the new normal.

CREATING EXCITEMENT AND BROADENING CONSUMER APPEAL THROUGH NEW PRODUCT LAUNCHES

Inviting consumers to experience a taste of Italy's rich coffee culture, we introduced our NESPRESSO Ispirazione Italiana coffee range, along with unveiling two new intense blends in the collection. We also expanded our NESPRESSO Barista Creations range with the new Milk and Flavoured editions, comprising Vanilla Éclair, Caramel Crème Brûlée and Cocoa Truffle.

Further inspired by signature Italian tastes, we launched the new limited edition, NESPRESSO Festive Italy range leading up to the year-end holiday season. Reinforcing our position as a premium gifting brand for coffee lovers at home during the festive season, the range featured three unique flavours, Il Caffè, Torta di Nocciole and Amaretti.

ADAPTING OUR MARKETING AND ENGAGEMENT INITIATIVES TO REMAIN RELEVANT

Following the pandemic, we worked quickly to adapt our marketing and communications strategy to remain relevant by reinforcing our proposition to 'be a barista at home' with NESPRESSO. We focused on sharing coffee recipes and food pairing ideas via both print and digital media channels as well as social media platforms, inspiring consumers to forge stronger connections with their loved ones by creating and enjoying café-quality coffee at home.

Partnering social media influencers also allowed us to amplify digital communications and strengthen engagement for our new products. Driving awareness for NESPRESSO Festive Italy, we created a coffee and food pairing video featuring well-known chef, Chef Nathalie Arbefeuille and local celebrity Carey Ng, showcasing the various ways to enjoy a cup of NESPRESSO accompanied by delectable desserts at home. This and more helped contribute to a 39% sales growth for this range and 30% growth in capsule sales compared with our 2019 festive campaign.



Scan here to watch the NESPRESSO Variations Italia Coffee Pairing video on Instagram.



HEALTH SCIENCE

At Nestlé, we are committed to supporting the diverse nutritional requirements of our consumers, achieved via the science-based innovations developed through our Nestlé Health Science (NHS) portfolio.

During the year, the COVID-19 pandemic took a toll on many industries, including the healthcare sector, which saw reduced patient footfall in hospitals and delayed elective surgeries and medical procedures. The decline in medical tourism and professional healthcare consultation services had a direct bearing on the NHS business.

To mitigate this, we focused on strengthening direct-to-consumer communications and diversified our sales channels beyond hospitals and pharmacies.

#OPTIMUMSTRENGTHOPTIMUMDEFENCE CAMPAIGN

In order to raise awareness on the benefits of NUTREN Optimum, a nutritionally complete formula that helps to build muscle strength and immunity, we launched the #OptimumStrengthOptimumDefence campaign. Directly reaching out to the target consumer segment of adults aged 50 years and above, we highlighted the benefits of the product in supporting good health via a TV commercial coupled with online activations.

NATIONAL DIABETES-RAMADAN VIRTUAL CONFERENCE

Addressing the increasing prevalence of diabetes in the country, we organised one of Malaysia's largest virtual Continuous Medical Education events. The National Diabetes-Ramadan Virtual Conference brought together over 800 participants attending virtually.

The conference featured faculty speakers and top endocrinologists, including the lead investigator of our NUTREN Untuk Diabetik Ramadan study. This also provided a platform to share the findings of our study with healthcare professionals along with members of the media and target consumers.



Scan here to learn more about the Ramadan Nutrition Plan.

WORLD DIABETES DAY

In 2020, we took our annual World Diabetes Day event online by hosting an interactive virtual webinar, in partnership with The Star Media Group. Themed 'Living with Diabetes in A Changing World', this was aimed at building awareness on good diabetes management as well as to provide support and positivity to patients. The interactive live engagement sessions saw an encouraging response, with a total of close to 700 virtual attendees participating.

Innovations



OPTIFAST Coffee & Vanilla

A clinically-proven and nutritionally-complete weight loss management solution, OPTIFAST is available in two new flavours, Coffee and Vanilla. The low-calorie, high-protein shake is suitable for total or partial meal replacement.

Business Review



READY-TO-DRINK

In 2020, while the Ready-to-Drink business was impacted by the decline in on-the-go consumption due to lower traffic in key convenience channels, we were able to leverage growing in-home consumption to strengthen top of mind awareness and market share.

Our RTD products are available in multiple formats, from beverage cartons and cans to PET bottles and cups, catering for diverse lifestyle choices and present across all channels, while leading the way into a world without plastic straws. We take great pride in the results of our sustainability projects, through CAREton Project and the industry-leading transition across all UHT products into sustainably-sourced paper straws.

NIS For more information on the CAREton Project, please refer to page 98 of the Nestlé in Society Report.



LAUNCH OF NEW PRODUCTS

NESCAFÉ Iced Cappuccino

Widening our product portfolio with exciting innovations, we introduced NESCAFÉ Iced Cappuccino in our very first 500ml PET bottle format. Having started off as a pilot project, the product quickly gained strong market acceptance for its great taste and larger convenient pack size, contributing to both in-home and on-the-go consumption, allowing us to improve our market leadership within the RTD bottled coffee segment.

NESCAFÉ Iced Cappuccino is now available as a permanent offering and will be produced locally to further optimise our PET manufacturing line in Shah Alam, Selangor.



NESTLÉ OMEGA PLUS UHT Dark Choc

Conscious that consumers are placing greater emphasis on health, we expanded our NESTLÉ OMEGA PLUS UHT range with a new dark chocolate variant. Similar to the popular original variant, the beverage contains ACTICOL, a plant sterol proven to effectively lower cholesterol by consuming just two packs a day, supported by a healthy lifestyle.



CONNECTING WITH MALAYSIANS THROUGH A COMMEMORATIVE MILO VINTAGE CANS CAMPAIGN

Celebrating the 70th anniversary of MILO in Malaysia, we unveiled a range of limited-edition vintage MILO cans, paying tribute to iconic designs over the decades.

Supporting this, we kicked off a consumer contest partnering popular local streetwear brand, Pestle & Mortar, offering consumers iconic limited-edition MILO-designed apparel to create hype and excitement especially among the younger segments. This saw an overwhelming response of contest submissions, helping to encourage sales despite the challenging backdrop and ultimately maintaining our market leadership.

NESCAFÉ CANS PENETRATES THE E-SPORTS SCENE

Tapping into the fast-growing e-sports scene which is vastly popular among young adult consumers, with over 20.1 million gamers in Malaysia alone, we became the official beverage partner of Team SMG Mobile Legends, a mobile multiplayer online game with a massive pool of active gamers. Besides this, we also partnered with Facebook's e-sports influencers to create content, inspiring gamers to enjoy NESCAFÉ Cans as they play. This subsequently increased in-home consumption, allowing us to reach 5.1 million users in less than two months.

We look forward to building on this further, especially as the Ministry of Youth and Sports is set to cultivate a vibrant e-sports ecosystem in Malaysia with the launch of the E-sports Integrated initiative.

More Innovations



NESCAFÉ Cold Brew Hazelnut

Expanding our NESCAFÉ Cold Brew range which provides a richer and naturally smooth coffee taste, this new variant has a creamy hazelnut finish, offering consumers a light and flavourful experience.



NESCAFÉ Cups Smooth Cappuccino and Caramel Macchiato

Offering café-style coffee in specially-designed cups, NESCAFÉ Cups comes in two variants, Smooth Cappuccino and Caramel Macchiato, made with single origin Brazilian coffee beans and balanced with creamy milk for an indulgent experience.

Business Review



ICE CREAM

Bringing delectable and refreshing flavours in innovative formats for Malaysians to consume both in-home and on-the-go, our ice cream portfolio includes much-loved brands such as KIT KAT, LA CREMERIA, OREO, DRUMSTICK and MAT KOOL.

Disrupted by the movement restrictions since March, our Ice Cream business acted swiftly to adapt our strategies and operations to overcome the challenges faced in these difficult times. Our approaches included bringing Malaysians new, indulgent product innovations, staying relevant through our communications and introducing an all-new business model, enabling us to continue achieving strong growth and market shares by the year end, in spite of the challenges.

LAUNCH OF EXCITING NEW PRODUCTS

We introduced a number of high-quality innovative products by leveraging our strong brands and appealing to Malaysian taste buds. To drive awareness and amplify excitement for our new offerings, we engaged with local celebrities and social media influencers, and leveraged nationwide digital out-of-home activations as well as TV commercials to broaden our reach.

KIT KAT Stick Ice Cream

Building on consumers' love for the classic KIT KAT chocolate wafer, we unveiled our latest KIT KAT innovation in the form of an indulgent ice cream stick. The KIT KAT Stick Ice Cream is coated in rich chocolate and crispy KIT KAT wafer. Heightened buzz on digital platforms drove consumer excitement for the great taste of this new innovation, which became our best-selling ice cream product in the impulse category during the MCO. Contributing significantly to our total sales, our made-in-Malaysia KIT KAT Stick Ice Cream was subsequently exported to regional markets, including Singapore, Indonesia, Thailand and Hong Kong.



Photo by Mira Filzah (@mirafilzah)

► We collaborated with over 100 celebrities and social media influencers for the launch of the KIT KAT Stick Ice Cream.

NESTLÉ Musang King Ice Cream

Catering to Malaysians' passion for durian, we paid tribute to the king of fruits with the new NESTLÉ Musang King Ice Cream. Produced locally and containing real Musang King durian, the premium ice cream delivers the authentic flavour of durian at an affordable price point. Overcoming challenges such as ingredient sourcing during the movement restrictions, the product was successfully launched, and with strong social media hype generating over 350 digital contents, it quickly became a viral sensation, selling out within a month.

NESTLÉ Musang King Ice Cream today ranks as the top-selling ice cream on e-commerce channels Lazada and Shopee Malaysia, earning us the number one spot within the premium pint segment.



The NESTLÉ Musang King Ice Cream, a finely crafted premium ice cream with real Musang King durian.

LA CREMERIA Peanut Butter

With the aim of delivering a unique and indulgent experience to consumers, we expanded our LA CREMERIA range with the introduction of LA CREMERIA Peanut Butter, featuring a rich and soft peanut butter coating, going beyond the conventional chocolate-coated ice cream. Available in both stick and pint formats, this latest addition elevated our market leadership in the premium impulse adult category.



LEVERAGING OPPORTUNITIES WITH A NEW BUSINESS MODEL

As people stayed at home during the MCO, demand for home delivery services surged. We tapped into this opportunity by introducing the NESTLÉ Ice Cream Home Delivery service, a new business model to enable consumers to enjoy our ice cream while staying safe at home.



A happy consumer receiving her NESTLÉ Ice Cream products delivered by our iconic blue truck right to her doorstep.

Delighted with this direct-to-doorstep home delivery for our ice cream, consumers organically shared their experiences which led to this trending on social media. Testament to the efficacy of this model, we recorded significant growth through our NESTLÉ Ice Cream trucks e-commerce business.

STAYING RELEVANT AMID THE PANDEMIC

In order to spread joy and lift spirits during the pandemic, we embarked on the LA CREMERIA 'Bersama You' Raya campaign. This initiative helped to foster positivity and a sense of community among Malaysians despite being apart from families and loved ones during the *Hari Raya* celebration. Building on this encouraging response, we rolled out our LA CREMERIA Share A Pint year-end campaign, rallying Malaysians to close the year on a positive note over LA CREMERIA pints.

More Innovations



NESTLÉ Mickey Ice Cream

Exciting Disney fans across the nation, we brought the iconic NESTLÉ Mickey Ice Cream to Malaysia. The Mickey Mouse-shaped treat is made with vanilla ice cream coated in rich milk chocolate, with a salted caramel centre.

Business Review



CONFECTIONERY

The confectionery category represents more than just snacks, it is an important part of balanced lifestyles. Through our iconic global brands such as KIT KAT and NESTLÉ CRUNCH, we create opportunities for consumers to enjoy high-quality products and indulge in special moments, creating little smiles throughout their day. Since its introduction to the Malaysian market in 1988, KIT KAT today still stands as one of the country's favourite chocolate brands.

GOING BACK TO BASICS AND STRENGTHENING OUR CORE BUSINESS

The COVID-19 containment measures during the MCO impacted mobility channels like convenience stores and petrolmarts, as well as the sales of confectionery products during this period. Despite the unique circumstances, we were able to drive the business by focusing on the basics and adapting our brand communications to remain relevant and speak to the hearts of consumers amidst the global outbreak, building opportunities out of challenges.

With the goal of restoring our fundamentals and ensuring only the best quality products continue to be delivered to consumers, we focused on implementing best-in-class execution in critical areas, namely availability, visibility, accessibility and freshness. This was applied at all levels, from portfolio management to in-store execution.

Throughout the rest of the year, in order to reinforce the key value proposition of KIT KAT as well as to continue keeping our brand top-of-mind, we dialled up communications with the launch of our KIT KAT appetite appeal ads which ran on selected billboard sites and digital spaces. Communicating the perfect balance of smooth chocolate and crispy wafers was instrumental to re-instate brand love in this phase of strengthening our core business.

CONNECTING WITH MALAYSIANS THROUGH FESTIVE CELEBRATIONS

Festive breaks have always played a key role in the confectionery category. Understanding that *Hari Raya* would be very unique this year under the unprecedented circumstances, we took the opportunity to foster a stronger connection with Malaysians by partnering with local celebrities to develop a catchy yet emotional video that resonated very well with consumers. By capturing the reality of the *Hari Raya* celebrations while separated from families and loved ones during the pandemic, the video generated more than four million views, allowing KIT KAT to remain top-of-mind during this key festive period.



ENCOURAGING HOMEBAKING WITH KIT KAT THROUGH EASYRECIPEASY

Home-cooking saw a marked increase during the movement restrictions as Malaysians had to stay at home. With this in mind, we kicked off the KIT KAT EasyRecipeasy baking challenge to inspire consumers to bake at home using KIT KAT products.

We engaged social media influencers for a five-week challenge to hype up the campaign and encourage baking with KIT KAT products, creating excitement on digital channels. Social media buzz around this campaign quickly caught on, with more and more influencers organically responding, and within two months, we received more than 200 entries, with a total reach of over 31 million. With this, EasyRecipeasy will surely continue to resonate with Malaysian consumers and evolve in the coming months.



All in all, and despite the challenging backdrop, these initiatives and more have been instrumental in further driving consumption of our confectionery products, enabling us to reach an increase in penetration in December, the highest since March 2019.

More Innovations



KIT KAT Mandarin Orange

Leveraging the tradition of giving out mandarin oranges to usher in prosperity during Chinese New Year, KIT KAT Mandarin Orange offered a unique alternative with a crispy wafer bar wrapped in orange-flavored milk chocolate.



KIT KAT Ruby

A new variant of the classic KIT KAT wafer, the KIT KAT 4 Finger Ruby Chocolate Bar is crafted with Ruby cocoa beans, creating a distinctive pink hue with a naturally fruity taste, completely without flavouring or colouring.



KIT KAT Dark

KIT KAT Crispy Wafer Bar expanded its range with KIT KAT Dark Chocolate, delivering a richer, more intense taste with its dark-chocolate coating, made with sustainably-sourced cocoa from the NESTLÉ COCOA PLAN programme.

NIS

Find out more about NESTLÉ COCOA PLAN on page 57 of the Nestlé in Society Report.

Business Review



MILKS

Nestlé's wide range of dairy products has become an integral part of Malaysians' daily lives, nourishing people of all ages. Our portfolio includes brands such as NESTLÉ OMEGA PLUS, NESTUM, NESTLÉ EVERYDAY and NESPRAY, offering high-quality products packed with calcium and important nutrients contained in the natural goodness of milk, supporting healthy development and growth.

With the containment measures in place, the category saw a robust growth in in-home penetration, largely driven by hot cereals, as consumers sought out convenient light meal solutions at home. Building on this and catering to Malaysians' growing awareness on the importance of health, we focused the year on launching our inaugural NESTLÉ OMEGA PLUS Walk A Million Miles virtual walking event in support of World Heart Month as well as introducing an all-new NESTUM Special Edition Sweet Potato and Taro.

NESTLÉ OMEGA PLUS WALK A MILLION MILES

The annual NESTLÉ OMEGA PLUS Walk A Mile event encourages Malaysians to take ownership of their heart health. In 2020, as we marked the 20th anniversary of the event, we took proactive steps to quickly adapt to the new normal, transitioning to a virtual platform. This allowed us to reinforce the positioning for NESTLÉ OMEGA PLUS as a leading heart health brand with the first-ever virtual NESTLÉ OMEGA PLUS Walk A Million Miles programme, kicking off a nationwide movement to celebrate World Heart Month with Malaysians across the country.



Over 100 employees and partners came together for a live shooting in Bandar Utama, Petaling Jaya to rally Malaysians to take part in the NESTLÉ OMEGA PLUS Walk A Million Miles virtual run.



[From left] Dato' Fazley Yaakob, celebrity chef alongside host, Fatimah Hamimah demonstrating heart-healthy recipes incorporating NESTLÉ OMEGA PLUS products in conjunction with the NESTLÉ OMEGA PLUS Walk A Million Miles programme.

Amplifying engagement to galvanise Malaysians, we leveraged multiple channels such as prime time television, digital executions and radio partnerships. This was complemented by other heart healthy initiatives, including a live home workout session by a local fitness celebrity, heart-healthy recipe videos by a celebrity Master Chef, live interviews with nutritionists and radio capsules featuring heart health experts.

On top of rallying Malaysians to walk for their own heart health and that of their loved ones, we also pledged to support underprivileged patients with heart conditions, including those in need of surgery, donating RM100,000 to established heart institutions and our long-standing partners, Yayasan Jantung Malaysia and Institut Jantung Negara Foundation.



[Centre left] Juan Aranols, CEO, and [centre right] Lam Pui Yuee, Business Executive Officer, Milks, handing over Nestlé's contribution to the honourable representatives from Institut Jantung Negara Foundation and Yayasan Jantung Malaysia.

These efforts allowed us to achieve a new milestone of over 16,000 participants, four times higher than 2019, as well as surpassing our target by clocking in more than 1.1 million miles. This saw the brand recording its highest market share since 2018.

LAUNCH OF NESTUM PURPLE SWEET POTATO AND TARO

Leveraging the growing hot cereal category and catering to consumer preferences for healthier products, we launched NESTUM Purple Sweet Potato and Taro. Certified with MOH's Healthier Choice Logo, the multigrain cereal beverage has 30% less sugar compared to the original variant and is packed with real purple sweet potato and taro that naturally contains antioxidants*.

Along with investing in television commercials and digital activations, we ramped up in-store visibility and drove strong sampling of dry sachets to promote product trials.

As a result, we attained 100% distribution within just two months and achieved over 100% of our sales target, solidifying our leadership position within the category.



* Purple sweet potatoes and taro naturally contain anthocyanin (an antioxidant), a pigment found in purple-coloured plants and tubers.

Business Review



NUTRITION

For over 100 years, Nestlé has nourished generations of healthier, happier children by providing age-appropriate nutrition. Utilising a science-based approach, our nutrition portfolio is tailored to support optimal growth and development.

During the pandemic, the shift in consumer purchasing behaviour from premium growing-up milk (GUM) to mainstream GUM provided an opportunity to position LACTOGROW as the ideal product under the GUM category. To this end, our marketing strategy was geared towards reaching out and engaging consumers to share on the functional benefits and key features of our products, despite not being able to undertake on-ground activities and face-to-face interactions.

CABARAN GROW HAPPY BERSAMA NESTLÉ LACTOGROW

To engage with Malaysian families at home, we kicked off our LACTOGROW Cabaran Grow Happy TV programme for the third consecutive year. Presenting #GrowHappy moments, the game show featured young celebrity parents such as Faezah Elai, Haziq Hussni and Siti Sarah amongst others, with their children in a friendly competition with other young families.

Through fun educational games and quizzes, the show focused on topics such as nutrition and parenting, as well as promoting active lifestyles. Aired on mainstream channel TV3, the show enabled us to forge a strong connection with consumers, ranking as the top 13th best-performing programme across all free-to-air channels amongst housewives.

Adding on to this, we also reached out to parents via digital channels with tips themed 'Grow Happy at Home', offering actionable advice to help parents working from home juggle multiple roles. All these efforts not only helped increase brand awareness, but also imparted nutrition knowledge amongst our consumers and highlighted the product benefits, subsequently contributing to sales growth.



Scan here to catch the 2020 LACTOGROW Cabaran Grow Happy episodes.

REBRANDING LACTOKID TO LACTOGROW AKTIF

Harnessing the growth potential of the GUM category, we took proactive steps to restructure our product offerings to remain relevant, rebranding our LACTOKID brand into LACTOGROW Aktif. Through this brand repositioning exercise, LACTOGROW Aktif will continue to meet the needs of parents as an affordable GUM that offers optimal growth and DHA for the growing up needs of toddlers.

The rebranding commenced with a TESCO-exclusive debut in November 2020, leveraging the TESCO Club network of parents. Expanding our reach among Malaysian parents, we also engaged with KOL mothers to publish honest reviews on social media.

The launch of LACTOGROW Aktif enabled us to lay a strong foundation to continue engaging with parents moving forward, in line with our commitment to offer affordable nutrition for optimal growth.



CERELAC WITH NO ADDED SUGAR

As part of our ongoing drive to enhance our product portfolio, we expanded our infant cereal range with the introduction of CERELAC Rice Infant Cereals with No Added Sugar. Mindful that parents are increasingly seeking for healthier options for their children, our scientific research capabilities allowed us to develop this new offering without compromising on taste.

Boosting awareness, we focused our consumer engagement on digital platforms, tapping into the trend of cooking at home by offering creative recipes incorporating our new product. Supporting this, our *Semangkuk Nutrisi, Penuh Kebaikan* campaign highlighted the wholesome ingredients of our range of CERELAC infant cereals.

These efforts proved effective, enabling us to achieve 108% of projected sales for this product in 2020.

LAUNCHING THE NEW AND IMPROVED NANKID OPTIPRO

Aimed at empowering children with a stronger immune system, which is now more important than ever, we launched NANKID OPTIPRO with an enhanced recipe, incorporating a high level of 2'-FL with the exclusive combination of probiotics to boost immunity.

In addition to a consumer launch on e-commerce platform Lazada, we also organised a medical symposium in collaboration with the Malaysian Medical Association. This was aimed at familiarising healthcare professionals with the nutritional concept of 2'-FL and Probiotic *B. lactis* in improving the body defense system among children. These initiatives successfully drove product trials by 40% in sample requests for NANKID OPTIPRO.



An exciting dialogue discussion between experts held during the medical symposium featuring [from left] Dr. Dominique JC Brassart, R&D External Innovation Expert from Nestlé Nutrition Research in Vevey, Switzerland, Dr. Azam bin Mohd. Nor, Head of Paediatric Department and Consultant Paediatric Cardiologist at Pantai Hospital KL and Assoc. Prof. Dr. José M. Saavedra, Associate Professor of Pediatrics from The Johns Hopkins University School of Medicine Baltimore, USA.



Scan here to check out our nutritious and delicious CERELAC recipes for your little ones.

Business Review



NESTLÉ PROFESSIONAL

Serving the diverse needs of out-of-home channels, NESTLÉ PROFESSIONAL provides customised and creative food and beverage solutions. With an extensive range of high-quality offerings from trusted brands such as MILO, MAGGI and NESCAFÉ, we strive to be the preferred partner for F&B businesses and operators, along with providing support through meaningful industry engagements.

In 2020, the out-of-home segment was among the hardest hit by the pandemic containment measures. The movement restrictions saw a significant decline in business activity particularly in the hotels, restaurants and cafes (HORECA) sector, which subsequently had a direct impact on the NESTLÉ PROFESSIONAL business. As such, our efforts were focused on supporting our partners and local F&B operators who were most impacted, with a view towards aiding in the industry's recovery and strengthening our trajectory for the year ahead.

BANGKIT BERSAMA NESTLÉ

To assist local F&B operators during this tough time, especially smaller businesses such as coffee shops and hawker stalls that were particularly affected, we kicked off the *Bangkit Bersama* Nestlé campaign to help local F&B operators keep their businesses afloat during this tough time.

Through this initiative, we contributed RM5 million to support over 15,000 F&B operators with various programmes. This included trade assistance programmes and cash contributions to help support coffee shops, *mamak* shops and other eateries and restaurants. A NESTLÉ PROFESSIONAL Rewards mobile application was also launched to reward our partners and equip them with a convenient sales ordering tool to facilitate business during the MCO. Additionally, we also conducted a consumer campaign with cash prizes to help boost excitement in this sector and drive consumer footfall.

As a leader in the F&B industry, we are mindful that we are in a position to extend a helping hand. The campaign is part of our aim to uplift local businesses and strengthen resilience, in order to emerge stronger together.



[Centre left to right] Yit Woon Lai, Business Executive Officer, NESTLÉ PROFESSIONAL, presenting a mock cheque to Datuk Ho Su Mong, President of Malaysia Singapore Coffee Shop Proprietors' General Association as part of our *Bangkit Bersama* Nestlé contribution to local F&B operators.

MAGGI WOK BERSAMAMU CONTEST

Conscious that the impacted HORECA sector affected the livelihoods of professional chefs, we launched the MAGGI Wok *Bersamamu* contest. Leveraging the hashtag #MAGGISapotChef, we called upon chefs to submit creative cooking videos featuring MAGGI professional products to win cash prizes worth up to RM8,000. This helped local chefs to weather through this tough time, in addition to reinforcing MAGGI's brand positioning as the preferred choice among chefs.

To build awareness on the contest, we engaged with organisations such as United Chef Malaysia, Pan Kusu and the Penang Chefs Association. This generated strong traction in the out-of-home F&B industry especially among chefs nationwide, nurturing brand affinity and further establishing NESTLÉ PROFESSIONAL as a responsible and caring brand.



► Chef Lo Tshun prepares a blend of seasoning mix using MAGGI Lime Powder and chicken stock to be used for his appetiser menu in the MAGGI Wok *Bersamamu* contest.

EXPANDING ON WE PROUDLY SERVE STARBUCKS

Following the global alliance between Nestlé and Starbucks, we debuted the exciting new introduction of our WE PROUDLY SERVE STARBUCKS brand in September 2019, offering the Starbucks premium coffee experience in both served as well as self-serve formats to Malaysian out-of-home channels.

We focused the year on accelerating our reach and securing outlet placements in relevant, high traffic locations including medical centres, offices, hotels and residences among others. In spite of the movement restrictions in 2020, we successfully secured 25 outlets in key customer locations such as MAHSA University, Common Ground coworking spaces, Sunway hotels and more.



► WE PROUDLY SERVE STARBUCKS offers Malaysians the much-loved Starbucks premium coffee experience in advanced served and self-serve formats.

Our Leadership

EXPERIENCED, EFFECTIVE AND DIVERSE LEADERSHIP

WITH A STRONG GOVERNANCE FRAMEWORK DESIGNED TO PROMOTE HIGH ETHICAL STANDARDS.

BOARD OF DIRECTORS AND COMPANY SECRETARY




Declarations by the Board:

- None of the Directors own any shares in Nestlé (Malaysia) Berhad.
- None of the Directors have any conflict of interest, any personal interest or any family relationship with any other Director and/or major shareholders of the Group.
- None of the Directors have been convicted for any offences within the past 10 years nor have been imposed with any public sanction or penalty by any relevant regulatory bodies, other than traffic offences (if any).


**CGFR**

More details can be found in the Corporate Governance and Financial Report. Scan here to access our digital Annual Report 2020.




 Dato' Hamidah Naziadin




 Dato' Dr. Nirmala Menon



 Craig Connolly



 Tengku Ida Adura Tengku Ismail



Our Leadership

BOARD OF DIRECTORS AND COMPANY SECRETARY

BOARD MEETING ATTENDANCE IN THE FINANCIAL YEAR

100%

TOTAL ATTENDANCE: 5/5

ACADEMIC/PROFESSIONAL QUALIFICATIONS

- Bachelor of Arts in Accounting, Macquarie University, Sydney, Australia
- Chartered Accountant
- Member, Certified Practising Accountant (CPA), Australia
- Member, Malaysian Institute of Accountants
- Court of Emeritus Fellows, Malaysian Institute of Management

PRESENT DIRECTORSHIP(S)

- Chairman of SP Setia Berhad
- Chairman of Kenanga Investment Bank Berhad
- Chairman of Lembaga Zakat Selangor

OTHER APPOINTMENT(S)

- Chancellor of SEGi University

PAST EXPERIENCES

- Chairman, Malaysia Airport Holdings Berhad
- Chairman, Cahya Mata Sarawak Berhad
- Chairman, Malakoff Corporation Berhad
- Chairman, Media Prima Berhad
- Chairman, MRCB Berhad
- Chairman, DRB-Hicom Berhad
- Chairman, EON Bank Berhad
- Chairman, Uni Asia Life Assurance Berhad
- Chairman, Uni Asia General Insurance Berhad
- Chairman, Lembaga Tabung Haji Investment Panel
- Independent Director, Maxis Communications Berhad
- Independent Director, Bangkok Bank Berhad
- Group Managing Director, Amanah Capital Partners Berhad
- Financial Accountant, Malaysian Airlines Systems Berhad

Y.A.M. TAN SRI DATO' SERI SYED ANWAR JAMALULLAIL

Chairman, Non-Independent Non-Executive Director

Gender - Male

Age - 69

Nationality - Malaysian

- Chairman of the Governance, Nomination and Compensation Committee
- Member of the Audit Committee



DATE OF APPOINTMENT(S)

- 25 February 2002 (*Non-Independent Non-Executive Director*)
- 5 November 2004 (*Re-designated as Independent Non-Executive Director*)
- 16 April 2009 (*Chairman*)
- 20 February 2018 (*Re-designated as Non-Independent Non-Executive Director*)

DATO' MOHD. RAFIK SHAH MOHAMAD*Independent Non-Executive Director***Gender** - Male**Age** - 70**Nationality** - Malaysian

- Chairman of the Audit Committee
- Member of the Governance, Nomination and Compensation Committee

**DATE OF APPOINTMENT(S)**

- 1 June 2007 (*Non-Independent Non-Executive Director*)
- 7 August 2008 (*Re-designated as Independent Non-Executive Director*)

BOARD MEETING ATTENDANCE IN THE FINANCIAL YEAR**100%****TOTAL ATTENDANCE: 5/5****ACADEMIC/PROFESSIONAL QUALIFICATIONS**

- Chartered Accountant, Malaysian Institute of Accountants
- Fellow of the Association of Chartered Certified Accounts, United Kingdom
- Executive Development Programme, International Institute for Management Development, Lausanne, Switzerland

PRESENT DIRECTORSHIP(S)

- Nil

OTHER APPOINTMENT(S)

- Nil

PAST EXPERIENCES

- Chairman, Cold Chain Network Sdn. Bhd.
- Chairman, Malaysian AgriFood Corp. Berhad
- Chairman, Biotropics Malaysia Berhad
- Independent Non-Executive Director, Felda Global Ventures Holdings Sdn. Bhd.
- Independent Non-Executive Director, AgriFood Resources Holding Sdn. Bhd.
- Independent Non-Executive Director, Handal Resources Berhad
- Non-Independent Non-Executive Director, Sanicare Hygiene Services Sdn. Bhd.
- Various management positions in the Nestlé group of companies (worldwide)

Our Leadership

BOARD OF DIRECTORS AND COMPANY SECRETARY

BOARD MEETING ATTENDANCE IN THE FINANCIAL YEAR

100%

TOTAL ATTENDANCE: 5/5

ACADEMIC/PROFESSIONAL QUALIFICATIONS

- Degree in Medicine from the University of Mysore, India (First Class Distinction)

PRESENT DIRECTORSHIP(S)

- Independent Non-Executive Director, Sime Darby Berhad
- Independent Director, Bank Negara Malaysia

OTHER APPOINTMENT(S)

- Nil

PAST EXPERIENCES

- Independent Non-Executive Director, AXA Affin General Insurance Berhad
- Independent Non-Executive Director, Khazanah Nasional Berhad
- Executive Vice President, Head of Designated Markets & Health Asia, MetLife Asia Pacific Ltd
- Head of South Asia, ING Asia Pacific Ltd
- President and CEO, ING Malaysia Berhad
- Medical Officer, Hospital Kuala Lumpur

DATO' DR. NIRMALA MENON

Independent Non-Executive Director

Gender - Female

Age - 61

Nationality - Malaysian

- Member of the Governance, Nomination and Compensation Committee



DATE OF APPOINTMENT(S)

- 27 April 2018

DATO' HAMIDAH NAZIADIN*Independent Non-Executive Director***Gender** - Female**Age** - 57**Nationality** - Malaysian

- Member of the Governance, Nomination and Compensation Committee

**DATE OF APPOINTMENT(S)**

- 1 May 2020

BOARD MEETING ATTENDANCE IN THE FINANCIAL YEAR**100%****TOTAL ATTENDANCE: 3/3 (SINCE HER APPOINTMENT)****ACADEMIC/PROFESSIONAL QUALIFICATIONS**

- Bachelor of Laws, University of Wolverhampton, United Kingdom
- Certificate in Personnel Management, Malaysian Institute of Personnel Management
- Certified in-house Facilitator - Franklin Covey's The 7 Habits of Highly Effective People® for CIMB Group

PRESENT DIRECTORSHIP(S)

- Independent Non-Executive Director, Maxis Berhad

OTHER APPOINTMENT(S)

- Chairman, Remuneration Committee, Maxis Berhad
- Advisory Council Member, Faculty of Business and Accountancy, University of Malaya
- Board Member, Majlis Sukan Negara

PAST EXPERIENCES

- Group Chief People Officer, CIMB Group
- Chief Executive Officer, CIMB Foundation
- Member of Board of Commissioners, CIMB Niaga
- Member of Nomination and Remuneration Committee, CIMB Niaga
- President of Malaysian Commercial Banks Association (MCBA)
- Personnel Officer, The Pacific Bank Berhad

Our Leadership

BOARD OF DIRECTORS AND COMPANY SECRETARY

BOARD MEETING ATTENDANCE IN THE FINANCIAL YEAR

100%

TOTAL ATTENDANCE: 3/3 (SINCE HER APPOINTMENT)

ACADEMIC/PROFESSIONAL QUALIFICATIONS

- Honours Degree in Accounting and Finance, University of Glamorgan (now known as University of South Wales), United Kingdom
- Graduate of ICLIF's High Performers' Leadership Programme

PRESENT DIRECTORSHIP(S)

- Director, Astro AWANI

OTHER APPOINTMENT(S)

- Director and Senior Vice President of PAYTV-SVP, Astro Malaysia Holdings Berhad
- Committee Member, Tabung PPUM Care, Pusat Perubatan Universiti Malaya

PAST EXPERIENCES

- Acting Head, Astro AWANI
- Deputy Chairman, Independent Non-Executive Director, Syarikat Takaful Keluarga Malaysia Berhad
- Vice President, Industrial Development Division Johor Corporation
- Non-Independent Non-Executive Director, QSR Holdings Berhad
- Chief Operating Officer-NJOI, ASTRO's Prepaid Satellite TV
- Group CEO, ECM Libra Financial Group Berhad
- Deputy CEO, ECM Libra Investment Bank Berhad (ECMLIB)
- Head of Investment Banking and Head of Structured Finance, ECMLIB
- Director and Head of Corporate Finance, ECMLIB
- Vice President (Team Head), Maybank Investment Bank Berhad
- Assistant Vice President, Maybank Investment Bank Berhad
- Mentor for ICAEW's Women in Leadership Programme

DATIN SRI AZLIN ARSHAD

Independent Non-Executive Director

Gender - Female

Age - 47

Nationality - Malaysian

- Member of the Audit Committee



DATE OF APPOINTMENT(S)

- 1 May 2020

JUAN ARANOLS*Chief Executive Officer, Executive Director***Gender** - Male**Age** - 52**Nationality** - Spanish**DATE OF APPOINTMENT(S)**

- 1 December 2018

ALTERNATE DIRECTOR

- Alessandro Monica

AR The profile of Alessandro Monica can be found on page 60 of this report.

BOARD MEETING ATTENDANCE IN THE FINANCIAL YEAR**100%****TOTAL ATTENDANCE: 5/5****ACADEMIC/PROFESSIONAL QUALIFICATIONS**

- Bachelor of Economic Science and Business, University of Barcelona, Spain
- Executive Development Programme, International Institute for Management Development, Lausanne, Switzerland

PRESENT DIRECTORSHIP(S)

- Chairman of Malaysian Recycling Alliance Berhad (MAREA)

OTHER APPOINTMENT(S)

- Council Member, Federation of Malaysian Manufacturers (FMM)
- Chairman, FMM Sustainability Committee

PAST EXPERIENCES

- Chief Financial Officer (CFO), Zone Asia, Oceania & Sub-Saharan African (AOA), Nestlé S.A.
- Head of Group Control, Zone AOA, Nestlé S.A.
- CFO, Nestlé Iberian region
- CFO, Nestlé Caribbean region
- CFO, Nestlé Plata region
- Finance Manager, Nestlé Ice Cream and Frozen Food businesses, Nestlé Italy
- Strategic Business Controller, Nestlé S.A.
- Auditor, Nestlé Spain

Our Leadership

BOARD OF DIRECTORS AND COMPANY SECRETARY

BOARD MEETING ATTENDANCE IN THE FINANCIAL YEAR

100%

TOTAL ATTENDANCE: 5/5

ACADEMIC/PROFESSIONAL QUALIFICATIONS

- Graduated from Macquarie University, Australia
- Executive Development Programme, International Institute for Management Development, Lausanne, Switzerland
- Leadership Training, London Business School

PRESENT DIRECTORSHIP(S)

- Nil

OTHER APPOINTMENT(S)

- Committee Member, FMM Strategic Policies Committee
- Committee Member, Swiss Malaysian Business Association

PAST EXPERIENCES

- CFO, Nestlé Vietnam
- Head of Nestlé Business Services (NBS), Philippines
- Finance Shared Services Manager, Nestlé Oceania
- National Credit Manager, Nestlé Oceania
- Key Customer Service Manager, Nestlé Oceania

CRAIG CONNOLLY

Chief Financial Officer, Executive Director

Gender - Male

Age - 53

Nationality - Australian



DATE OF APPOINTMENT(S)

- 1 February 2019

ALTERNATE DIRECTOR

- Shahzad Umar

AR The profile of Shahzad Umar can be found on page 62 of this report.

TENGGU IDA ADURA TENGGU ISMAIL

Company Secretary

Gender - Female

Age - 48

Nationality - Malaysian



DATE OF APPOINTMENT(S)

- 6 August 2013

BOARD MEETING ATTENDANCE IN THE FINANCIAL YEAR

100%

TOTAL ATTENDANCE: 5/5

ACADEMIC/PROFESSIONAL QUALIFICATIONS

- Bachelor of Laws, University of Nottingham, United Kingdom
- Barrister-at-Law of the Honourable Society of Lincoln's Inn
- Diploma in Syariah Law and Legal Practice, International Islamic University of Malaysia
- Called to the Malaysian Bar

PRESENT DIRECTORSHIP(S)

- Director and Vice Chairman, ICC Malaysia Berhad

OTHER APPOINTMENT(S)

- Chairman, ICC Corporate Responsibility & Anti-Corruption Committee
- Malaysian Trustee, ASEAN CSR Network
- Vice Chairman, FMM Business Ethics & Governance Committee

PAST EXPERIENCES

- Legal Counsel, Zone AOA and the Middle East, Nestlé S.A.
- Legal Counsel, Nestlé Malaysia
- Legal Manager, Kumpulan Guthrie Berhad
- Legal Practitioner

Our Leadership

BOARD OF DIRECTORS AND COMPANY SECRETARY

The following directors have retired since the 2020 AGM:



TAN SRI DATUK (DR.) RAFIAH SALIM

*Non-Independent
Non-Executive Director*

Gender - Female

Age - 73

Nationality - Malaysian

- Member of the Audit Committee
- Member of the Governance, Nomination and Compensation Committee

DATE OF APPOINTMENT(S)

- 17 April 2009

DATE OF RETIREMENT

- 30 April 2020

BOARD MEETING ATTENDANCE IN THE FINANCIAL YEAR

100%

TOTAL ATTENDANCE: 2/2 (BEFORE RETIREMENT)

ACADEMIC/PROFESSIONAL QUALIFICATIONS

- Master of Laws, Queen's University, Belfast, United Kingdom
- Bachelor of Laws, Queen's University, Belfast, United Kingdom
- Honorary Doctorate, Queen's University, Belfast, United Kingdom
- Called to the Malaysian Bar in 1988

PRESENT DIRECTORSHIP(S)

- Chairman, Allianz Malaysia Berhad
- Chairman, Allianz General Insurance Company (Malaysia) Berhad
- Chairman, Malaysian Genomics Resources Centre Berhad
- Senior Independent Non-Executive Director, Minda Global Berhad
- Independent Non-Executive Director, Lotte Chemical Titan Holding Berhad

OTHER APPOINTMENT(S)

- President, Malay Girls' College/Tunku Kurshiah College Old Girls' Association

PAST EXPERIENCES

- Malaysia's first female Vice-Chancellor, University of Malaya
- Assistant Secretary General, United Nations Human Resource Management, New York, USA
- Assistant Governor, Central Bank of Malaysia
- Executive Director, International Centre for Leadership in Finance
- Human Resource General Manager, Malayan Banking Berhad
- Lecturer, Deputy and Dean of the Law Faculty, University of Malaya



**DATO'
FRITS VAN DIJK**

*Independent
Non-Executive Director*

Gender - Male

Age - 73

Nationality - Dutch

- Member of the Governance, Nomination and Compensation Committee

DATE OF APPOINTMENT(S)

- 26 April 2006
*(Non-Independent
Non-Executive Director)*
- 19 November 2013
*(Independent
Non-Executive Director)*

DATE OF RETIREMENT

- 30 April 2020

BOARD MEETING ATTENDANCE IN THE FINANCIAL YEAR

100%

TOTAL ATTENDANCE: 2/2 (BEFORE RETIREMENT)

ACADEMIC/PROFESSIONAL QUALIFICATIONS

- Bachelor's Degree in Economics, School of Economics, Rotterdam (HES), Netherlands
- Executive Development Programme, International Institute for Management Development, Lausanne, Switzerland

PRESENT DIRECTORSHIP(S)

- Board Member, Sika AG, Switzerland
- Member of Advisory Board, Al Muhaidib Group, Saudi Arabia

OTHER APPOINTMENT(S)

- Nil

PAST EXPERIENCES

- Executive Vice President and Head of Zone AOA and the Middle East, Nestlé S.A.
- Chairman and CEO, Nestlé Waters
- Market Head, Nestlé Japan
- Market Head, Nestlé Malaysia
- Chief Operating Officer, Nestlé Malaysia
- Various management positions in Nestlé group of companies (worldwide)
- Sales Representative, Nestlé United Kingdom

Our Leadership

EXECUTIVE LEADERSHIP TEAM



Juan Aranols
Chief Executive Officer since 1 December 2018

Career Background

Juan Aranols began his career with Nestlé Spain as an Internal Auditor in 1990. He subsequently served as Strategy Business Controller for various categories under Nestlé S.A., Switzerland, and later as Controller of the Ice Cream and Frozen Food businesses for Nestlé Italy. He then assumed the role of CFO for the Plata region (Argentina, Uruguay, Paraguay), then CFO of the Caribbean region in 2005 and the Iberian region in 2008. In 2012, he was appointed Senior Vice President, Head of Group Control at Nestlé S.A. and in 2015, became CFO for Zone AOA, where he also helmed the Confectionery and NESTLÉ PROFESSIONAL businesses.

Gender - Male

Age - 52

Nationality - Spanish

Academic/Professional Qualifications

- Bachelor of Economic Science and Business, University of Barcelona, Spain
- Executive Development Programme, International Institute for Management Development, Lausanne, Switzerland



Chew Soi Ping
Executive Director, Sales since 1 November 2015

Career Background

Chew Soi Ping joined Nestlé Malaysia as a Management Trainee in 1988, gaining valuable brand management experience through the MAGGI, Chilled Dairy, Milks and Ice Cream businesses. In 2006, he was assigned to Nestlé S.A., Switzerland as Zone AOA Regional Zone Assistant Adviser for the ASEAN, India, Sri Lanka and Bangladesh markets. Since then, he has held a number of senior positions, including Executive Director for Ice Cream as well as Nestlé Continuous Excellence, and Senior Vice President for the Ice Cream business in the Philippines.

Gender - Male

Age - 61

Nationality - Malaysian

Academic/Professional Qualifications

- Masters in Business Administration, University of Central Arkansas, USA
- Bachelor of Science in Marketing (Hons), University of Ozarks, Arkansas, USA
- Leadership Course, London Business School, United Kingdom
- Marketing Course, International Institute for Management Development, Lausanne, Switzerland



Alessandro Monica
Executive Director, Technical & Production since 1 July 2017

Career Background

Alessandro Monica started his career with Nestlé Italy in 1998, where he held various positions including Head of Engineering for Ice Cream and Frozen Food; Market Safety, Health and Environment Officer; and Factory Manager for the Ice Cream, Culinary, Chilled and Nutrition businesses. In 2011, he assumed the role of Operations Manager for the Ice Cream Strategic Business Unit in Nestlé Switzerland, where he was instrumental in the implementation of improvement strategies for competitive operations across the value chain, in addition to contributing significantly to enhancing the management of total cost competitiveness.

Gender - Male

Age - 50

Nationality - Italian

Academic/Professional Qualifications

- Degree in Mechanical Engineering, University of Parma, Italy



Craig Connolly

Chief Financial Officer since 1 February 2019

Career Background

Craig Connolly joined Nestlé Oceania in 1986, where he took on a number of senior Accounting roles, including Key Customer Service Manager, National Credit Manager and Finance Shared Services Manager. He was then appointed Head of NBS in the Philippines, where he spearheaded the establishment of NBS Centres in Manila and Cairo, providing services to the AOA markets. In 2014, he took on the role of CFO of Nestlé Vietnam.

Academic/Professional Qualifications

- Graduated from Macquarie University, Sydney, Australia
- Executive Development Programme, International Institute for Management Development, Lausanne, Switzerland
- Leadership Course, London Business School, United Kingdom

Gender - Male

Age - 53

Nationality - Australian



Dato' Adnan Pawanteh

Executive Director, Corporate Affairs since 1 April 2020

Career Background

Dato' Adnan joined Nestlé Malaysia in 1984 as a Trainee Engineer and took on several positions in the Technical area. He subsequently served as Industrial Performance and Production Manager for Nestlé Australia. He later returned to Malaysia to assume the role of Factory Manager at the Shah Alam Complex, before moving to Nestlé Turkey as Technical Director. Following this, he returned to Malaysia as Executive Director for Technical & Production. In 2017, he was appointed Technical Director of Nestlé Philippines. In addition to his present role as Executive Director for Corporate Affairs at Nestlé Malaysia, he oversees the Sustainability, Corporate Nutrition, Consumer Services and Halal Affairs profiles for the Company.

Academic/Professional Qualifications

- Masters of Business Administration in Management, Ohio University, USA
- Bachelor's Degree in Engineering, Loughborough University, United Kingdom

Gender - Male

Age - 59

Nationality - Malaysian



Tengku Ida Adura Tengku Ismail

Executive Director, Legal & Secretarial since 6 August 2013

Career Background

Tengku Ida began her career with Nestlé Malaysia as a Legal Counsel in 2005. In 2010, she was appointed as Legal Counsel for Zone AOA and the Middle East in Nestlé S.A., Switzerland. Upon her return to Malaysia in 2013, she has been heading the legal, secretarial and compliance functions for Nestlé Malaysia and Singapore.

Academic/Professional Qualifications

- Bachelor of Laws (Hons), University of Nottingham, United Kingdom
- Barrister-at-Law of the Honourable Society of Lincoln's Inn, United Kingdom
- Called to the Malaysian Bar
- Diploma in Syariah Law & Legal Practice, International Islamic University of Malaysia
- Leadership Course, London Business School, United Kingdom

Gender - Female

Age - 48

Nationality - Malaysian

Our Leadership

EXECUTIVE LEADERSHIP TEAM



Ng Su Yen

Business Executive Officer, MILO since 1 March 2020

Career Background

Ng Su Yen started her career as part of the New Talent Management programme for Nestlé, where her first role was in the Sales Division as a Field Sales Executive for the Central region in 2004. She later joined the MILO business as a Brand Executive. She was later assigned to the MILO Strategic Business Unit in Vevey, Switzerland, after which she returned to Malaysia as Consumer Marketing Manager for MILO. Following this, she assumed the position of Business Executive Officer of the Milks business. In 2018, she was appointed Business Executive Officer for the Ready-to-Drink business.

Gender - Female

Age - 42

Nationality - Malaysian

Academic/Professional Qualifications

- Masters of Business, University of New South Wales, Australia
- Bachelor of Business, University of Technology, Sydney, Australia



Salman Nazir

Executive Director, Supply Chain since 1 February 2018

Career Background

Salman Nazir started his career at Nestlé Pakistan as a Management Trainee in 1993, after which he took on various roles in the areas of Factory Controlling, Project Management, IT, Procurement and Supply Chain Management. He was then appointed Procurement Specialist at Nestec S.A., Switzerland. Following this, he returned to Pakistan as Corporate Procurement Manager before being appointed as Head of Supply Chain. In 2015, he took on the role of Supply Chain Director at Nestlé South Africa.

Gender - Male

Age - 57

Nationality - Pakistani

Academic/Professional Qualifications

- Bachelor of Science Degree, Punjab University, Lahore, Pakistan
- Certified Management Accountant
- Executive Development Course, International Institute for Management Development, Lausanne, Switzerland
- Organisational Leadership Course, London Business School, United Kingdom



Shahzad Umar

Executive Director, Human Resources since 1 March 2016

Career Background

Shahzad Umar joined Nestlé Pakistan as a Management Trainee in 2001, where he held key managerial roles in Human Resources. He was then assigned to Thailand to oversee Compensation & Benefits for Nestlé Indo-China, after which he was appointed Human Resources Manager for Organisational Development for Nestlé Malaysia. Subsequently, he returned to Pakistan in 2012 to head the Human Resources Division. Presently, along with his role as Executive Director of Human Resources for Nestlé Malaysia, he also helms the Nestlé Business Excellence portfolio for both Nestlé Malaysia and Singapore.

Gender - Male

Age - 43

Nationality - Pakistani

Academic/Professional Qualifications

- Degree in Mechanical Engineering, University of Engineering and Technology, Lahore, Pakistan
- Leadership Course, London Business School, United Kingdom
- Executive Development Course, International Institute for Management Development, Lausanne, Switzerland
- Masters of Business Administration, University of Nottingham (Malaysian Campus)



Geetha Balakrishna

Business Executive Officer, Foods since 1 August 2017

Career Background

Geetha Balakrishna started her career at Nestlé with MAGGI in 1988. She later left the Company and joined Mattel Inc, where she held various commercial positions, with her last position as Commercial Director for Southeast Asia. She then joined Cerebos Pacific Ltd in Singapore as General Manager for the food supplements business across Singapore, Indonesia, Brunei and Philippines. She subsequently returned to the Nestlé family, joining Nestlé Singapore as Marketing Director for Food and Dairy. In 2014, she was appointed Business Executive Manager for the MAGGI Food business in Nestlé Philippines.

Academic/Professional Qualifications

- Bachelor of Management Degree (Hons), Universiti Sains Malaysia

Gender - Female

Age - 56

Nationality - Malaysian



Yit Woon Lai

Business Executive Officer, NESTLÉ PROFESSIONAL since 1 July 2017

Career Background

Yit Woon Lai began her career in 1995 as a Brand Executive for Nestlé Cold Storage, a NESTLÉ Ice Cream joint venture. Throughout her years in the Company, she has held various positions including the role of Senior Brand Manager for the MILO business and subsequently the position of Group Brand Manager of Chilled Dairy. In 2007, she was appointed to head the Chilled Dairy business followed by the Ice Cream business in 2012 before assuming her current position as Business Executive Officer for NESTLÉ PROFESSIONAL Malaysia and Singapore.

Academic/Professional Qualifications

- Bachelor's Degree in Economics majoring in Business, University of Malaya
- Executive Development Programme, International Institute for Management Development, Lausanne, Switzerland

Gender - Female

Age - 50

Nationality - Malaysian



Our Leadership

NESTLÉ LEADERSHIP TEAM

The members of our Nestlé Leadership Team continued to be actively involved in numerous activities, events and engagements throughout the year, ranging from corporate and brand-related initiatives to environmental programmes and more.





1

[Right] Juan Aranols sharing a light moment with the Minister of Energy and Natural Resources, Y.B Dato' Dr. Shamsul Anuar bin Hj Nasarah, over a cup of NESCAFÉ at the launch of Project RELeaf.

2

[Left] Juan Aranols and Y.Bhg Dato' Mohd Sayuthi bin Bakar, Mayor of Petaling Jaya, commemorating the launch of a pioneering kerbside recycling programme in two Petaling Jaya townships.

3

[Front row from right] Juan Aranols and Lee Thiam Wah, 99 Speedmart Founder and Managing Director, together with [back row, second from left] Chew Soi Ping and April Wong, kick starting our CAREton Project collaboration with 99 Speedmart to encourage Malaysians to adopt greener habits.

4

[From left] Geetha Balakrishna and Juan Aranols officiating the launch of the MAGGI *Sah Malaysia* campaign.

5

[From left] Chew Soi Ping, Juan Aranols and Ng Su Yen launching MILO ACTIV-GO Plus Fibre.

6

[Left] Alessandro Monica, [right] Salman Nazir and team ensuring that the best crop quality is produced from our NESTLÉ CHILLI CLUB contract farming programme.

7

[Right] Yit Woon Lai cooking up a storm using MAGGI professional products together with the chefs of Dorsett Hotel.

8

[Centre] Juan Aranols and our 16 finalists of the *Peraduan Nestlé Gaji Seumur Hidup* during the Grand Finale closing.

9

[From left] Craig Connolly, Juan Aranols, Chairman Y.A.M. Tan Sri Dato' Seri Syed Anwar Jamalullail and Tengku Ida Adura Tengku Ismail preparing for our very first virtual AGM.

10

The Nestlé Leadership Team coming together in February to launch the *Peraduan Nestlé Gaji Seumur Hidup* before the MCO.



11

[From left] Juan Aranols and April Wong showcasing the Company's latest packaging innovation, transitioning to 100% paper straws for our entire UHT range.

12

[Far left] Maria Rica Mier joined the NESTLÉ Health Science team for a get-together session prior to the MCO.

13

[Right] Juan Aranols handing over a donation of essential school supplies to a representative of Sekolah Kebangsaan Putrajaya Presint 9 (1) for their selected B40 students as part of our NESTLÉ CARES Back-to-School programme.

14

A determined LA CREMERIA ice cream promoter recommending LA CREMERIA products to [left] Teo Heng Keat and [right] Juan Aranols during a market visit.

15

[From left] Alessandro Monica and Juan Aranols inspecting the all-new Plant-Based Meal Solutions manufacturing line in Shah Alam.

16

Ng Su Yen officiating the launch of Pekan MILO to celebrate 70 years of MILO goodness in Malaysia.

17

[Left] Frédéric Porchet and team paying a market visit to review the improved on-shelf visibility of KIT KAT products, aimed at enhancing consumers' experience.

18

Florianne Novello announcing the winning teams that collected the highest amount of trash during the NESTLÉ CARES Nationwide Beach Clean-up at Pantai Cunang, Selangor.

19

[From right] Lam Pui Yuae, Adnan Pawanteh and Shahzad Umar celebrating World Heart Month during a workout session in conjunction with the NESTLÉ OMEGA PLUS Walk A Million Miles.

20

[Centre] Wong Eu Khean kicking off the launch of NANKID OPTIPRO with a new and improved recipe, in collaboration with e-commerce platform Lazada in January.

21

[Front] Othman Chraibi and members of our passionate Sales team in front of a roving NESCAFÉ sampling truck celebrating International Coffee Month.

Corporate Information

Board of Directors

- ▶ **Y.A.M. Tan Sri Dato' Seri Syed Anwar Jamalullail**
Non-Independent Non-Executive Director
Chairman of the Board of Directors
- ▶ **Dato' Mohd. Rafik Shah Mohamad**
Independent Non-Executive Director
- ▶ **Tan Sri Datuk (Dr.) Rafiah Salim**
Independent Non-Executive Director
(retired on 30 April 2020)
- ▶ **Dato' Frits van Dijk**
Independent Non-Executive Director
(retired on 30 April 2020)
- ▶ **Dato' Dr. Nirmala Menon**
Independent Non-Executive Director
- ▶ **Dato' Hamidah Naziadin**
Independent Non-Executive Director
(appointed on 1 May 2020)
- ▶ **Datin Sri Azlin Arshad**
Independent Non-Executive Director
(appointed on 1 May 2020)
- ▶ **Juan Aranols**
Executive Director
Chief Executive Officer
- ▶ **Craig Connolly**
Executive Director
Chief Financial Officer

Board Committees

- ▶ **Audit Committee**
Chairman
Dato' Mohd. Rafik Shah Mohamad

Members
Y.A.M. Tan Sri Dato' Seri Syed Anwar Jamalullail
Tan Sri Datuk (Dr.) Rafiah Salim (retired on 30 April 2020)
Datin Sri Azlin Arshad (appointed on 1 May 2020)
- ▶ **Governance, Nomination and Compensation Committee**
(Formerly known as Nomination and Compensation Committee)
Chairman
Y.A.M. Tan Sri Dato' Seri Syed Anwar Jamalullail

Members
Dato' Mohd. Rafik Shah Mohamad
Tan Sri Datuk (Dr.) Rafiah Salim (retired on 30 April 2020)
Dato' Frits van Dijk (retired on 30 April 2020)
Dato' Dr. Nirmala Menon
Dato' Hamidah Naziadin (appointed on 1 May 2020)

Company Secretary

- ▶ **Tengku Ida Adura Tengku Ismail**
(MACS 01686) (SSM PC No.: 201908001581)

Tel : +603 7965 6000
Fax : +603 7962 7213
E-mail: CompanySecretary.Nestle@my.nestle.com

Registered Office

- ▶ **Nestlé (Malaysia) Berhad**
Registration No.: 198301015532 (110925-W)

22-1, 22nd Floor, Menara Surian
No. 1, Jalan PJU 7/3
Mutiara Damansara
47810 Petaling Jaya
Selangor Darul Ehsan

Tel : +603 7965 6000
Fax : +603 7965 6767

Company Website

▶ www.nestle.com.my

Share Registrar

▶ **Tricor Investor & Issuing House Services Sdn. Bhd.**

Registration No.: 197101000970 (11324-H)
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South, No. 8, Jalan Kerinchi
59200 Kuala Lumpur

Tel : +603 2783 9299

Fax : +603 2783 9222

E-mail: is.enquiry@my.tricorglobal.com

Auditors

▶ **Ernst & Young PLT**

(Firm No. LLP022760-LCA & AF 0039)
Chartered Accountants
Level 23A, Menara Milenium
Jalan Damanlela, Pusat Bandar Damansara
50490 Kuala Lumpur

Tel : +603 7495 8000

Fax : +603 2095 5332

Principal Bankers

▶ **HSBC Bank Malaysia Berhad**

Registration No.: 198401015221 (127776-V)

▶ **Malayan Banking Berhad**

Registration No.: 196001000142 (3813-K)

Stock Exchange Listing

▶ Main Market

Bursa Malaysia Securities Berhad

Registration No.: 200301033577 (635998-W)

Stock Code : 4707

Stock Name : NESTLÉ

Corporate Directory

Head Office

▶ Nestlé (Malaysia) Berhad

Registration No.: 198301015532 (110925-W)
22-1, 22nd Floor, Menara Surian
No. 1, Jalan PJU 7/3
Mutiara Damansara
47810 Petaling Jaya
Selangor Darul Ehsan

Tel : +603 7965 6000
Fax : +603 7965 6767

Consumer Services

1 800 88 3433

Website

www.nestle.com.my

Facebook

www.facebook.com/Nestle.Malaysia

▶ Investor Relations

Craig Connolly, Chief Financial Officer

Tel

+603 7965 6000

Email

InvestorRelations.Malaysia@my.nestle.com

Factories

▶ Shah Alam Complex

Nestlé Manufacturing (Malaysia) Sdn. Bhd.
Registration No.: 199401029400 (315081-K)
PT 927, Jalan Playar 15/1
Seksyen 15, 40200 Shah Alam
Selangor Darul Ehsan

Tel : +603 5522 5600
Fax : +603 5522 5999

▶ Batu Tiga

Nestlé Manufacturing (Malaysia) Sdn. Bhd.
Registration No.: 199401029400 (315081-K)
PT 927, Jalan Playar 15/1
Seksyen 15, 40200 Shah Alam
Selangor Darul Ehsan

Tel : +603 5522 5600
Fax : +603 5510 6263

▶ Sri Muda

Nestlé Manufacturing (Malaysia) Sdn. Bhd.
Registration No.: 199401029400 (315081-K)
PT 927, Jalan Playar 15/1
Seksyen 15, 40200 Shah Alam
Selangor Darul Ehsan

Tel : +603 5520 6400
Fax : +603 5520 6500

Distribution Centre**▶ Chembong**

Nestlé Manufacturing (Malaysia) Sdn. Bhd.
Registration No.: 199401029400 (315081-K)
Lot 691, Jalan Perusahaan Utama
Kawasan Perindustrian Chembong
71300 Rembau
Negeri Sembilan Darul Khusus

Tel : +606 686 3900
Fax : +606 686 4080

▶ Chembong (Ice Cream)

Nestlé Manufacturing (Malaysia) Sdn. Bhd.
Registration No.: 199401029400 (315081-K)
Lot 3857 – 3862
Jalan Perusahaan 4
Kawasan Perindustrian Chembong
71300 Rembau
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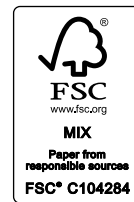
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