



Minutes of the 37th Annual General Meeting of Nestlé (Malaysia) Berhad (“the Company”) held on Wednesday, 28 April 2021 at 10.00 a.m. at the broadcast venue at the Auditorium, Level 3A, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

Members of the Board of Directors present:

1. Y.A.M. Tan Sri Dato' Seri Syed Anwar Jamalullail) Chairman
(*Non-Independent, Non-Executive Director*)
Present at broadcast venue
2. Dato' Mohd. Rafik Bin Shah Mohamad) Member
(*Independent, Non-Executive Director*)
Joined via video-conferencing
3. Dato' Dr. Nirmala Menon) Member
(*Independent, Non-Executive Director*)
Joined via video-conferencing
4. Dato' Hamidah Naziadin) Member
(*Independent, Non-Executive Director*)
Joined via video-conferencing
5. Datin Sri Azlin Arshad) Member
(*Independent, Non-Executive Director*)
Joined via video-conferencing
6. Juan Jose Aranols) Member
(*Non-Independent, Executive Director*)
Present at broadcast venue
7. Craig Grant Connolly) Member
(*Non-Independent, Executive Director*)
Present at broadcast venue

In attendance:

Tengku Ida Adura Tengku Ismail
(*Company Secretary*)
Present at broadcast venue



Attendance of Shareholders (As per the Attendance Lists):

1. The number of shareholders who participated in the virtual meeting at its commencement of meeting was 275, and the total number of Shareholders who had at any point of time participated in the virtual meeting 520.
2. The number of proxies received appointing the Chairman was 476, representing 17,454,687 shares.
3. There were corporate representatives present, amongst others from:-
 - Sociétés des Produits Nestlé S.A. represented by Mr. Juan Aranols;
 - Minority Shareholder Watch Group (“MSWG”) represented by Mr. Ranjit Singh.
 - Employees Provident Fund Board (“EPF”) represented by Mr. Chung Yue Han.

As the Annual General Meeting was a fully virtual meeting, the Company Secretary shared that the Company has taken all efforts and tried its best to ensure a smooth live streaming, however the quality of the broadcast for the recipients may be affected by the participants’ own internet bandwidth connection and stability.

1. Chairman of Meeting

Tan Sri Dato' Seri Syed Anwar Jamalullail (“Tan Sri Chairman”), being the Chairman of Nestlé (Malaysia) Berhad, was in the chair and commenced the proceedings of the 37th Annual General Meeting (“AGM”) of the Company.

Tan Sri Chairman thanked the shareholders, the proxies, the Board of Directors and the members of the management team of the Company for participating remotely from various locations through live streaming. Tan Sri Chairman informed that the AGM was conducted in a virtual manner in adherence to the guidelines issued by the Securities Commission and the advice of the health authorities with regards to the practice of preventive measures to stem the spread of the COVID-19 virus. Thereafter, Tan Sri Chairman proceeded to introduce the members of the Board of Directors and the Company Secretary who were seated with him and those who were attending the meeting via video conferencing, which included the External Auditors for the financial year ended 31 December 2020, Messrs. Ernst & Young PLT as represented by its partner, Mr. Ng Kim Ling.

2. Quorum

The Company Secretary confirmed that the quorum was present, i.e. at least two (2) members inclusive of those who have logged in at the start of the meeting, by proxy or representatives (for corporations), representing not less than one-third of the issued shares of the Company.



Mr. Juan Aranols was appointed the proxy for Sociétés des Produits Nestlé S.A. which represented 170,276,563 ordinary shares equivalent to 72.61% of the equity of the Company and the shareholders holding 211,013,417 shares have lodged their proxies within the stipulated time. The holders of 17,454,687 shares have appointed the Chairman to be their proxy. The proxies for these ordinary shares were equivalent to 89.98% of the equity of the Company.

As the requisite quorum was present, the meeting was called to order.

3. Presentation of the Annual Report 2020

Tan Sri Chairman presented to the shareholders the Annual Report 2020 and read out the Chairman's Message, annexed hereto and marked as "Annexure A".

4. Presentation on the Company's Performance

Before Tan Sri Chairman proceeded with the business of the meeting, he invited Mr. Juan Aranols, the Chief Executive Officer of the Company, to present to the shareholders the Company's performance for the financial year ended 2020.

Mr. Juan Aranols presented the Company's performance for the financial year ended 2020, which amongst others covered the following areas:

1. Covid-19 initiatives;
2. Company's growth;
3. Strengthening the Company's foundations and commitments to Malaysia;
4. Key activities of the Company;
5. Employee acknowledgement in facing challenging COVID-19 situations;
6. Challenges faced due to the Movement Control Order ("MCO");
7. Innovation and new product launches;
8. Financial Highlights of the Company; and
9. Sustainability.

5. Notice of Annual General Meeting

The Notice of AGM dated 29 March 2021, together with the Annual Report for the financial year ended 31 December 2020 having been circulated within the statutory period, was taken as read.

Tan Sri Chairman informed that the AGM was the principal forum for dialogue with shareholders and invited all shareholders to enquire about the Company's operations and raise any questions regarding the agenda and the resolutions to be tabled at the AGM. The Company Secretary thereafter explained how questions may be raised during the meeting.



The Company Secretary informed that pursuant to the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad, any resolution contained in the notice of any general meeting shall be voted on by poll which would be conducted electronically via the Remote Participation and Electronic Voting (“RPEV”) facility provided by Boardroom Share Registrars Sdn. Bhd., the appointed poll administrators and would be verified by Coopers Professional Scrutineers Sdn. Bhd. who had been appointed as the independent scrutineers.

Shareholders were informed that voting on the resolutions could be done at any time throughout the meeting until the closure of the voting session. The process of how voting could be done using the RPEV facility and the hotline number for support was shared.

The Chairman then presented the agenda of the AGM as follows:

AS ORDINARY BUSINESS

1. **To receive the statutory financial statements for the financial year ended 31 December 2020 and the Directors’ and Auditors’ reports thereon.**

Tan Sri Chairman declared that the Audited Financial Statements of the Company for the financial year ended 31 December 2020 and the Directors’ and Auditors’ reports were tabled pursuant to Section 340(1) of the Companies Act 2016. It was for discussion only and not required to be put to vote. The Directors’ and Auditors’ reports thereon were properly laid before the AGM.

2. **Resolution 1:
To re-elect Mr. Juan Aranols as a Director of the Company in accordance with Article 97.1 of the Constitution of the Company:**

Tan Sri Chairman tabled the resolution for the re-election of Mr. Juan Aranols who was retiring in accordance with Article 97.1 of the Constitution of the Company. Tan Sri Chairman shared that Mr. Juan Aranols had confirmed his willingness to be re-elected.

Tan Sri Chairman then informed that Dato’ Dr. Nirmala Menon (“Dato’ Dr. Nirmala”) who was also due for re-election in accordance with Article 97.1 of the Constitution of the Company, had informed the Company that she would not be seeking for re-election. Dato’ Dr. Nirmala would therefore retain office until the conclusion of the 37th AGM and would retire in accordance with Article 97.1 of the Constitution of the Company.



3. **Resolution 2:**
To re-elect Dato' Hamidah Naziadin as a Director of the Company in accordance with Article 106 of the Constitution of the Company:

Tan Sri Chairman tabled the resolution for the re-election of Dato' Hamidah Naziadin who was retiring in accordance with Article 106 of the Constitution of the Company. Tan Sri Chairman shared that Dato' Hamidah Naziadin had confirmed her willingness to be re-elected.

4. **Resolution 3:**
To re-elect Datin Sri Azlin Arshad as a Director of the Company in accordance with Article 106 of the Constitution of the Company:

Tan Sri Chairman tabled the resolution for the re-election of Datin Sri Azlin Arshad who was retiring in accordance with Article 106 of the Constitution of the Company. Tan Sri Chairman shared that Datin Sri Azlin Arshad had confirmed her willingness to be re-elected.

5. **Resolution 4:**
To re-appoint Ernst & Young PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.

Tan Sri Chairman tabled the resolution for the re-appointment of Ernst & Young PLT as auditors of the Company and to authorise the Directors to fix their remuneration.

He shared that the Board of Directors had approved the recommendation by the Audit Committee for the re-appointment of Ernst & Young PLT as auditors of the Company. Both the Board of Directors and Audit Committee have agreed that the re-appointment of Ernst & Young PLT as auditors of the Company fulfilled the criteria as laid out in Paragraph 15.21 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

AS SPECIAL BUSINESS

6. **Resolution 5:**
To approve the following payments to Directors

- (i) **Director's fees of RM1,240,000.00 for the financial year ended 31 December 2020.**

The resolution for the payment of Director's fees of RM1,240,000.00 for the financial year ended 31 December 2020 was next tabled to the shareholders.

The Company Secretary informed that Tan Sri Chairman as an interested person in relation to the resolution would abstain from voting on this resolution. However, he



would vote in his capacity as a proxy in accordance with the instructions received from non-interested shareholders who had appointed him as their proxy.

7. **Resolution 6:
To approve the following payments to Directors**

(ii) **Director's benefits of RM200,000.00 for the financial period from 1 July 2021 to 30 June 2022.**

Next the resolution for the payment of Director's benefits of RM200,000.00 for the financial period from 1 July 2021 to 30 June 2022 was tabled.

The Company Secretary informed the shareholders that Tan Sri Chairman as an interested person in relation to this resolution would abstain from voting on this resolution. However, he would vote in his capacity as a proxy in accordance with the instructions received from non-interested shareholders who had appointed him as their proxy.

8. **Resolution 7:
Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue of Trading Nature as set out under Section 2.3(a) of the Circular to Shareholders dated 29 March 2021.**

The resolution for the proposed renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue of Trading Nature as set out under Section 2.3(a) of the Circular to Shareholders dated 29 March 2021 accompanying the Company's Annual Report for the financial year ended 31 December 2020 was tabled.

9. **Special Resolution:
Proposed Amendments to the Company's Constitution as set out in Part B of the Circular to Shareholders dated 29 March 2021.**

The resolution for the proposed amendments to the Company's Constitution as set out in Part B of the Circular to Shareholders dated 29 March 2021 accompanying the Company's Annual Report for the financial year ended 31 December 2020 was tabled.

10. **Agenda 8:
To transact any other business of which due notice shall have been given.**

It was noted that there was no notice received for any other business to be transacted at the AGM.



16. Questions & Answers

Tan Sri Chairman informed that the Company had received questions from MSWG and EPF. The questions posted by MSWG and EPF together the Company's responses to the questions were read out by the Company Secretary for shareholders' information and shared to the meeting on screen.

The Company had also received questions from shareholders/proxies prior to the AGM which were submitted via the RPEV platform, and during the AGM. The questions received would not be answered in any particular sequence according to the agenda. The questions received were moderated to avoid repetition and summarised for reasons of brevity.

Tan Sri Chairman then invited Mr. Juan Aranols to address the questions received from the shareholders/proxies.

A summary of questions by MSWG, EPF, and the shareholders/proxies together with the summarised responses by the Company is annexed hereto and marked as Annexure-B.

The meeting then proceeded to vote and was adjourned at 11.15 a.m. for the counting of votes.

17. Announcement of Poll Results

At 11.50 a.m., Tan Sri Chairman reconvened the meeting for the declaration of poll results which have been verified by the independent scrutineers, as follows:-

Resolution	Vote For		Vote Against		Total Votes	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
1	210,313,681	99.6094	824,698	0.3906	211,138,379	100.000
2	211,047,486	99.9577	89,382	0.0423	211,136,868	100.000
3	211,031,704	99.9498	106,062	0.0502	211,137,766	100.000
4	210,647,278	99.7675	490,990	0.2325	211,138,268	100.000
5	211,098,603	99.9823	37,462	0.0177	211,136,065	100.000
6	211,085,222	99.9781	46,246	0.0219	211,131,468	100.000
7	40,856,533	99.9898	4,172	0.0102	40,860,705	100.000
Special Resolution	211,132,605	99.9980	4,163	0.0020	211,136,768	100.000

Based on the poll results, Tan Sri Chairman declared that all resolutions tabled at the AGM were carried.



It was RESOLVED as follows:-

Resolution 1

THAT Mr. Juan Aranols, the Director retiring in accordance with Article 97.1 of the Constitution of the Company, be hereby re-elected as Director of the Company.

Resolution 2

THAT Dato' Hamidah Naziadin, the Director retiring in accordance with Article 106 of the Constitution of the Company, be hereby re-elected as Director of the Company.

Resolution 3

THAT Datin Sri Azlin Arshad, the Director retiring in accordance with Article 106 of the Constitution of the Company, be hereby re-elected as Director of the Company.

Resolution 4

THAT Ernst & Young PLT be hereby re-appointed as the Auditors of the Company and to hold office until the conclusion of the next AGM of the Company, and for the Directors to fix their remuneration.

Resolution 5

THAT the payment of Directors' fees amounting to RM1,240,000.00 for the financial year ended 31 December 2020 be hereby approved.

Resolution 6

THAT the payment of Directors' benefits amounting to RM200,000.00 for the financial period from 1 July 2021 to 30 June 2022 be hereby approved.

Resolution 7

THAT approval be hereby given for the renewal of the mandate granted by the shareholders of the Company on Thursday, 30 April 2020 pursuant to paragraph 10.09 of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad, authorising the Company and/or its subsidiaries to enter into the recurrent related party transactions of a revenue or trading nature as set out in Section 2.3(a) of the Circular to Shareholders dated 29 March 2021 with the related parties mentioned therein which are necessary, for the Company and/or its subsidiaries' day-to-day operations and which are carried out in the ordinary course of business on terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of minority shareholders.

THAT the authority conferred by such mandate shall commence upon the passing of this resolution and continue to be in force until:-

- (i) the conclusion of the next Annual General Meeting ("AGM") of the Company following the forthcoming AGM at which such mandate is approved, at which time it will lapse, unless by a resolution passed at the next AGM, the mandate is renewed;



- (ii) the expiration of the period within which the next AGM of the Company after the forthcoming AGM is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or
- (iii) revoked or varied by resolution passed by the shareholders in a general meeting;

whichever is earlier;

THAT the Directors be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this resolution.

Special Resolution

THAT the alterations, modifications, additions or deletions to the Company's Constitution as set out in Part B of the Circular to Shareholders dated 29 March 2021 accompanying the Company's Annual Report for the financial year ended 31 December 2020 be and are hereby approved.

18. Closure of Meeting

At the end of the AGM, Tan Sri Chairman and Mr. Juan Aranols took the opportunity to record their appreciation to YBhg. Dato' Mohd. Rafik Shah Mohamad and YBhg. Dato Dr. Nirmala Menon who would be retiring as Directors after the AGM.

On behalf of the Company, Tan Sri Chairman also welcomed Mr. Chin Kwai Fatt as the new Director who would be joining the Board on 29 April 2021.

There being no other business to be discussed, the meeting was duly concluded at 11.55 a.m. with a vote of thanks to Tan Sri Chairman.

Signed as a correct record of the proceedings:

- SIGNED -

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



Annexure – A

Chairman's Message

Ladies and gentlemen, I present to you the Annual Report 2020 comprising:

- The Annual Review;
- The Corporate Governance and Financial Report; and
- Nestlé in Society Report.

Despite the current circumstances, it is encouraging that many of our shareholders are participating remotely via the facilities provided. We thank you all for taking the effort to join us today, while staying safe as the fight against the Covid-19 pandemic continues.

The pandemic was a highly disruptive force in 2020 and continues to impact the world. To weather through this volatile backdrop, the Company continued to safeguard our employees and ensure operational continuity, while also driving important efforts to support the community.

Although 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 maintain our momentum and deliver on our promise to be a force for good.

As a result of our dedicated efforts, we are pleased to note that Nestlé Malaysia has once again recorded a resilient performance, recording remarkable financial results, supported by solid bottom-line and cash flow performance.

This enabled us to deliver a healthy dividend payout for the year. In February, the company declared 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.

Ladies and gentlemen,

We strive to uphold best practices in corporate governance and last year was no exception. We are honoured to have Dato' Hamidah Naziadin and Datin Sri Azlin Arshad on board as our new Independent Non-Executive Directors, lending their expertise and bringing further diversity to the Board.

We are also extremely proud of the hard work and commitment demonstrated by our teams. Amid the challenging year, the Company received several prestigious awards, including the Graduates' Choice Award, the M100 Leading Graduate Employers Awards and the National Annual Corporate Report Awards, to name a few.

While the year has begun on an encouraging note with COVID-19 vaccines progressively being rolled out, economic volatility is expected to persist.



Nevertheless, we remain focused on the long-term, continuing to ensure the safety of our people, nourish Malaysians with high-quality products and playing our part in supporting the nation and extending a helping hand to communities in need. We will also continue accelerating our efforts in 2021 to shape a greener and more sustainable future for all.

Ladies and gentlemen,

On behalf of the Board, I would like to take this opportunity to thank our employees, customers, suppliers, business partners and shareholders for their continued trust and commitment in the Company.

Not forgetting, the Management Team and our entire Nestlé family who have been the backbone of the Company, and for remaining resilient and united through a watershed year.

During this critical time for the world, we encourage all to continue to stay safe and protect yourselves and your loved ones.

Sekian, terima kasih.



Annexure – B

Questions Received from MSWG and the Company's Responses

Operational & Financial Matters

1. Nestlé continued to invest in Malaysia, venturing into an exciting new frontier in the F&B industry by setting up its 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. (page 13 of Annual Review (AR) 2020).

(a) The Plant-Based Meal Solutions manufacturing facility is fully operational now. What is the Company's sales target for Plant-Based Meal Solutions? When will it provide meaningful contribution to the Group's profits?

The Company's response to Question 1 (a):

- We are confident that this facility will contribute positively to the Group's growth over the long term.
- Through the launch of this facility, we will be catering to the growing demand for locally produced, high-quality, great-tasting plant-based alternatives in the ASEAN region, which holds immense potential with its 650 million population.
- These are very early days and we look at this opportunity to grow rapidly from a low base. However, over the next 5 years, it will have a limited but growing weight in our total portfolio.

(b) What are the Company's plan for export markets for Plant-Based Meal Solutions? What are the opportunities and challenges in these markets?

The Company's response to Question 1 (b):

- Plant-based meals are currently at an early stage, but we see positive prospects in the region.
- As consumers increasingly turn towards healthier, more sustainable choices, we are well-positioned to meet this growing demand while our halal and local manufacturing allows us to be highly competitive in the market.

(c) What is the annual production capacity of the manufacturing facility? When does the Company expect the manufacturing facility to achieve breakeven point for capacity utilisation?



The Company's response to Question 1 (c):

- The annual production capacity of the manufacturing facility is 8,000 MT.
- Our factory plays an important role in developing the local market in Malaysia as well as exports to many other countries in the ASEAN region.
- As such, it is an investment for the long run.

- 2. To stay competitive and ahead of the game, Nestlé harnessed digital technology to increase efficiency in its operations. During the year, the Company was one of the first Nestle markets to adopt a new technology to enhance the efficiency of land transportation of products from its distribution centre. Optimising logistical routes by utilising data analytics and digital tools allows the Company to reduce its carbon footprint and logistics cost, proving that environmental and cost efficiencies can be achieved together. (page 17 of AR 2020)**

How much logistics cost savings does Nestlé expect to achieve by using the new digital technology in 2021?

The Company's response to Question 2:

We hope to enhance logistics efficiency and saving as follows:

- on-time delivery between 73.8% to 94.9%
- vehicle utilization: 82% to 94%
- 10% - 12% reduction in carbon footprint
- approximately 7% reduction in Variable Distribution Expenses per year.

- 3. Nestlé foresees a significant rebound in the prices of many key commodities that anticipates margin tensions which the Group will continue to do its best to manage. (page 13 of AR 2020)**

(a) What is the Company's plan and initiatives to mitigate the impact from the increased input costs to protect its operating margin in the coming year?

The Company's response to Question 3(a):

We do 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.

(b) What percentage of raw material purchase are denominated in USD? What is the current hedging policy of the Group?



The Company's response to Question 3(b):

- We are unable to disclose the percentage.
- We have a good hedging strategy in place, but we are unable to disclose details for competitive reasons.

4. "Other expenses" have increased by 220% from RM16.4 million in FY2019 to RM52.4 million in FY2020. (page 56 of Corporate Governance and Financial Report (CGFR) 2020)

(a) What were the reasons for the significant increase in other expenses?

The Company's response to Question 4 (a):

- The increase in Other Expenses is mainly due to COVID-19 related expenses.
- These expenses include:
 - Personal Protective Equipment
 - Testing, screening and medical expenses
 - COVID-19 relief for vulnerable communities through aid provided to the Malaysian Red Crescent Society, food donations to front liners and communities in need.

(b) What are the purposes of these expenses?

The Company's response to Question 4 (b):

- These additional expenses are necessary to protect the safety of all employees at work and to ensure operational continuity and they have created great value for the company, helping to protect lives and avoid disruptions.

(c) Are these one-off or recurring expenses? If recurring expenses, how will the additional expenses impact the Group's operating margin in FY2021?

The Company's response to Question 4 (c):

- Some of these expenses would recur this year as long as the pandemic conditions remain as we will not compromise on people's safety and supply continuity.
- We are optimistic that the vaccine roll-out that is expected to commence soon will help to reduce the amount required for these expenses.
- We are also encouraged by the signs of slow but firm recovery of Out-Of-Home channels in the months ahead, while will help mitigate the impact of these expenses.



5. The Group's has written off trade receivables of RM1.13 million in FY2020 (FY2019: RM683,000) (Note 19, page 107 of CGFR 2020)

(a) What was the nature of these trade receivables that have been written off?

The Company's response to Question 5 (a):

- These trade receivables were customer claims and disputes which have been outstanding for some time.

(b) What actions have been taken to recover the said amount prior to writing off?

The Company's response to Question 5 (b):

- We have exercised due diligence in reconciling and checking through all available documentation, which was the reason that they have been outstanding.
- However, we were not able to substantiate our case with the relevant documentation, therefore we took the decision to proceed with write-off.

6. **Corporate Governance Matter**

As Nestlé falls under the category of Large Companies as defined under the Malaysia Code on Corporate Governance (MCCG2017), is Step-up Practice 8.4 applicable to the Company?

Step Up 8.4 – The Audit Committee should comprise solely of independent directors.

Nestlé's response: Not adopted

The Audit Committee of Nestlé comprises of 3 Non-Executive Directors, 2 of whom including the Chairman of the Audit Committee are Independent Directors.

MSWG's comment: The Company's current board composition comprises of 4 Independent Non-Executive Directors (INED) and 1 Non-Independent Non-Executive Director and 2 Executive Directors. Majority of the Board members – 57% (i.e. 4 out of 7) are INED. Nestlé is in position to adopt this Step-up practice to constitute an Audit Committee which is comprised entirely of Independent Directors.

Does the Company plan to have its Audit Committee comprised solely of independent members?



The Company's response to Question 6:

The current Audit Committee consists of all Non-Executive Directors who have the required financial expertise and experience.

We note that MSWG is referring to Tan Sri Dato' Seri Syed Anwar being the non-independent member of our Audit Committee. Tan Sri Dato' Seri Syed Anwar was an Independent Director until in 20 February 2018 when we announced the redesignation of Tan Sri Dato' Seri Syed Anwar from an Independent Director to a Non-Independent Director, in adhering to the best practice of MCCG once an independent director has served more than nine years.

Tan Sri Dato' Seri Syed Anwar, being a Chartered Accountant, a member of Certified Practising Accountant, Australia and the Malaysian Institute of Accountant, brings with him many years of financial experience and the Company is highly appreciative of the service that Tan Sri Dato' Seri Syed Anwar has rendered to the Company. The Board has considered during the annual board assessment exercise that Tan Sri Dato' Seri Syed Anwar is an exemplary Chair and his valuable wisdom and input provided, not just during Board Meetings but also in the Audit Committee meetings, had greatly benefited the Company and the Board as well as our major shareholder had unanimously voted that he be retained both on the Board and Audit Committee.

Questions Received from EPF and the Company's Responses

- 1. Under the disclosure of RRPT, can we understand the reasoning behind the spike to RM32.7m from RM14.7m for the payment of information technology, agency services and other shared services?**

The Company's response to Question 1:

- There is no change in terms of the transactions.
- It is merely a realignment and simplification of the disclosure.
- Total RRPT is still within the mandate.

- 2. For the statutory audit fees, could we understand why was there an increase in fees at the group-level, but a decrease in fees at the company level?**

The Company's response to Question 2:

- We have changed our external auditors in 2020 from KPMG PLT to EY PLT and therefore the fee structure is different.
- Audit fees are negotiated at our Nestlé S.A. group level for the group and subsidiaries. As reporting is done at subsidiary level for our Group reporting,



the audit fees have now been reallocated accordingly from the Nestlé (Malaysia) Berhad company level to its main subsidiary (Nestlé Products Sdn. Bhd.).

Summary of Questions received from shareholders/proxies before and during AGM, and the Company's Summarised Responses

1. From Ms. Veiven Goon, a shareholder as follows:

- i. What is the breakdown of the RM295 million of capital expenditure incurred in 2020? What is the expected capital expenditure to be incurred in 2021?**
- ii. How much revenue was generated from e-commerce channel in 2020? Please provide details on the e-commerce strategy moving forward.**
- iii. What is the market share of Nestlé in Malaysia in 2020 compared to 2019?**

The Company's response:

- i. Mr. Juan Aranols explained that the biggest contribution of capital expenditure incurred in 2020 was for the Plant Based Meal Solution manufacturing facility in Shah Alam, amounting to RM150 million. The remaining capital expenditure was incurred in the expansion of the Batu Tiga facility and commercial investments on machineries in order to ensure the efficiency of the manufacturing facilities were improved. The Company was expecting to incur more capital expenditure in 2021 as compared to 2020, which would be the highest since 2015. Rather than focusing on huge expansion, the Company would be focusing on improving capacity expansion and technologies upgrade for all factories.**
- ii. Mr. Juan Aranols informed that e-commerce represented 3% of total revenue in 2019. In 2020, the revenue generated from e-commerce had increased to 4% due to the implementation of the MCO. He said that the business strategy of the Company remains building opportunities, building partnerships via online platforms, leveraging the potential of e-commerce, introduce new products and new concepts.**
- iii. The market share of the Company remains stable in 2020, representing a healthy market share in the food and beverage industry. The differences of market share between the second and third player in the industry remained significant, which showed that the Company remained as the key player in the food and beverage industry.**



2. From Mr. Chong Kim Fat, a shareholder as follows:

What is the progress of the Plant-Based Meal manufacturing facilities? What are the strategies of meeting the goals of the Plant-Based Meal products?

The Company's response:

Mr. Juan Aranols explained that the introduction of Plant Based Meal Solutions was a long-term project which would contribute positively to the Group's growth over the long term. The Company would take the necessary steps to introduce its HARVEST GOURMET Plant Based Meal Solutions which are Halal certified, to promote new ways of Plant Based Meal Solution consumption and change the lifestyles of consumers in the local market and ASEAN export market, given the huge opportunity to leverage this growing domestic and export market.

3. From Mr. Walter Khaw Yee Hui, a shareholder as follows:

- i. Will the Company set up a new factory to produce vegetarian products? What is the business plan?**
- ii. What is the revenue ratio of Nestlé Malaysia compared to the overseas market of Nestlé Malaysia?**
- iii. Are there any plans to increase the revenue of the overseas market contribution?**

The Company's response:

- i.** Mr. Juan Aranols informed that the factory had started to produce vegetarian products in small batches since January 2021. The plant-based food segment was aimed to cater consumers who were health and environmental conscious by providing an alternative in terms of meat consumption. He said that the Company was of the opinion that the plant-based food plays a significant role in maintaining the balance of healthy diet and environmental sustainability as it had no cholesterol and low-fat content.
- ii.** He informed that exports represent approximately 20% of the Company's total business.
- iii.** He said the Company was constantly exploring opportunities in exports. However, the efforts in export were affected by the MCO in 2020, which shifted the focus to catering the demand of local market instead. The Company was of the opinion that exports would improve in 2021 and would continue to work with Nestlé's affiliates globally to discover new export opportunities.



4. From Ms. Tan Hui Shim, a proxy as follows:

What are the plans to reduce plastic packaging in all forms?

The Company's response:

Mr. Juan Aranols commented that Nestlé emphasises environmental sustainability and the Company had made commitments to reduce plastic packaging of the products. As of now, the Company's packaging consists of 20% of plastic and 90% of the product packaging was recyclable. The Company was targeting to reach 100% recyclable product packaging by 2025. The transition from plastic straw to paper straw could be seen from the products and other initiatives to further reduce the usage of plastic in the products had also been taken into consideration.

5. From Mr. Lee Choon Meng, a proxy as follows:

i. What is the contingency plan of the Company in mitigating the risk of negative FDI perception where the business may suffer?

ii. Does the Company plan to downsize the business operation in Malaysia? Does the Company plan to expand the business operation in Vietnam?

The Company's response:

i. Mr. Juan Aranols explained that the Company would always remain focused on growing its business. It remains committed to the Company's mission, which is to provide healthy, nutritious, and tasty products that satisfy the needs of consumers in Malaysia, and to continue to play its part in supporting the nation.

ii. He commented that the Company was unable to provide an answer for the Vietnam's business operation as Nestlé Malaysia does not oversee the business operation in Vietnam. He added that the Company was not planning to downsize the operation in Malaysia as the operation remains stable despite the difficulties caused by COVID-19 pandemic. The Company would continue to invest in the business operations which will create new job opportunities.

6. From Mr. Chew Hiap Hong, a shareholder as follows:

Does the Management consider share split of bonus issue to allow retailer investors to trade given the share price of the Company remains around RM136 per unit?



The Company's response:

- i. Mr. Juan Aranols informed that currently, the Company has no plans to conduct share split or bonus issue. He said that the Company was of the opinion that the best way to maximise Shareholders' value was through consistent dividend payout.

7. From Mr. Lai Kok Sing, a shareholder as follows:

What is the reason behind Nestlé not recognised as the best employer in Malaysia?

The Company's response:

Mr. Juan Aranols commented that the Company has received several employer awards. While the Company was proud to be acknowledged as one of the top companies to work for in the Graduates Choice Award, the Company was also proud that the turnover rate was relatively low and able to retain talented employees. He added that the culture of Nestlé plays a significant role in this aspect and the efforts in maintaining sustainability were greatly appreciated by the public.

8. From Ms. Keh Yeow Hwee, a shareholder as follows:

What is the progress of 100% recyclable packaging materials? Did the Company allocate budget to promote the importance of recycling to the public?

The Company's response:

Mr. Juan Aranols explained that Nestlé has a global commitment to make 100% of its packaging reusable and recyclable by 2025. In Malaysia, 90% of packaging were already designed for recycling. From education perspective, the Company had been promoting recycling and one of its latest efforts was through the "MILO Sayang Bumi" campaign. Leveraging on the MILO brand, the Company was able to reach large audience and spread the awareness of importance of recycling to millions of Malaysians. The Company will continue to drive more initiatives to promote environmental awareness to the public and make MILO into a carbon-free and plastic-free brand of Nestlé in Malaysia, in addition to its other products.

9. From Mr. Ng Ah Lek, a shareholder as follows:

- i. **Will the Company continue to provide virtual participation option in general meeting after the COVID-19 pandemic?**



- ii. **Given the growing importance of e-commerce platform like Lazada and Shopee, will it threaten the brands in the future? How does Nestlé mitigate such risk?**

The Company's response:

- i. Mr. Juan Aranols said the Company remained focussed on providing a smooth meeting proceeding for the 2021 AGM and it was still early to plan for the 2022 AGM. The Company acknowledges the benefits of virtual participation in terms of cost and efficiency, and it would not rule out the virtual participation option in the future.
- ii. Mr. Juan Aranols commented that the Company was of the opinion that e-commerce was not a threat to the Company as more than 90% of the sales were from offline sales. He informed that the Company had solid relationship with the suppliers and retailers and would continue to meet the expectation of the retailers. E-commerce remains as the Company's strong partners as it provides the Company an added value to consumers, which would help the Company to reach consumers via online and offline.
- 10. There were also several enquiries and suggestions from shareholders received prior to and during the AGM regarding the absence of door gifts and e-vouchers for the 2021 AGM.**

The Company's response:

Mr. Juan Aranols thanked the shareholders for the questions and suggestions. He further explained that the focus of the Company rather than door gift was to continue to reward its valued shareholders with consistent good dividend payout which would be more meaningful for the shareholders. Further, in the current situation, given the challenges in the preparation of door gifts, and in consideration of those affected by the COVID-19 pandemic, the Company had focused more on product donations to the community and the people in need.
