



Nestlé

Good Food, Good Life



ANNUAL REVIEW 2017



Good Food, Good Life

Key Highlights

Awards & Achievements

			
	<p>The Edge Billion Ringgit Club Awards 2017</p>	<p>Malaysia's 100 Leading Graduate Employers Award 2017</p>	<p>Putra Brand Awards 2017</p>
	<p>Highest Return on Equity Over the Past Three Years (Consumer Category)</p>	<p>Most Popular Graduate Employer (FMCG)</p>	<p>Six Nestlé Malaysia brands recognised</p>

Financial Performance



Sustainability Performance

 <p>41 Recipes certified with Healthier Choice Logo</p>	 <p>KIT KAT bars manufactured at Nestlé Malaysia factory in Chembong are made with 100% sustainable cocoa</p>	 <p>We reduced CO₂ emissions by 1,705 tonnes through Project Double</p>
--	--	---

Our Purpose

Enhancing quality of life and contributing to a healthier future

This is our purpose. This is why we exist. This is what inspires and drives us as individuals and as a company. This is how we contribute to society while ensuring the long-term success of our Company.



FOR INDIVIDUALS AND FAMILIES

Enabling healthier and happier lives



FOR OUR COMMUNITIES

Helping develop thriving, resilient communities



FOR THE PLANET

Stewarding resources for future generations

Inside This Report

p.4

About This Report

p.5

Our Reporting Suite

p.6

Our Business

- Our Presence
- Organisation Structure
- Fast Facts

p.12

Creating Shared Value



To access more information,
log on to www.nestle.com.my
or scan the QR code.

“ ”

We proactively implemented a comprehensive range of internal and external efficiency and cost management initiatives which enabled us to continue to deliver value to our consumers.



p.14

Message to Shareholders

p.22

Our Strategy

p.23

**Management Discussion
& Analysis**

p.28

Our Product Portfolio

p.29

Business Review

p.50

Our Leadership

- Board of Directors
- Profile of Directors and Company Secretary
- Executive Leadership Team
- Profile of Executive Leadership Team
- Nestlé Leadership Team

p.68

Corporate Information

p.70

Corporate Directory

p.72

**Notice of
Annual General Meeting**

• **Proxy Form**

About This Report

Welcome to the **Nestlé Annual Review 2017**

The success of Nestlé (Malaysia) Berhad over the last 105 years has been driven by the strong fundamentals in Malaysia and our commitment to continue nourishing generations of Malaysians.

This success could not have been realised without the support of our diverse stakeholders. We recognise and value the contributions of these stakeholders and feel a deep sense of duty to live up to our purpose of enhancing quality of life and contributing to a healthier future in order to deliver our promise of 'GOOD FOOD, GOOD LIFE'. We seek also to communicate openly and transparently with them so that they understand the processes that go into our manufacturing; the strategies that drive our business; and the values that bind our business with our social and environmental obligations.

We produce three reports at the end of every financial year to provide clarity on our economic, social and environmental objectives; the initiatives we embarked on to achieve our goals; and how well we are doing in each domain. Our Annual Review focuses primarily on our economic performance. Through this Report, stakeholders are informed about the Company's overall business strategy, our targets and how we achieved them through operational, marketing and sales initiatives.

Our Chairman and Chief Executive Officer (CEO) provide an overview of our performance for the year, while the Management Discussion & Analysis talks about the progress made via our FIT Strategy. In our Business Review, we indicate changes in our product portfolio and highlight key campaigns undertaken to maintain our leadership in the various food and beverage categories.




This year, we also adopt some of the International Integrated Reporting Council (IIRC) guidelines on linking the financial and non-financial aspects of our business to provide a more coherent picture of how we operate.

We have also familiarised ourselves with the Securities Commission's Malaysian Code on Corporate Governance 2017 and we adhere to the spirit of the new requirements.

The entire Report has been approved by the Board of Directors.

Our Reporting Suite

We produce a range of reports at the end of every financial year to cater to our broad stakeholder base. Each annual report focuses on a specific aspect of our operations and performance. These annual reports are complemented by various other documents – such as our quarterly financial results, announcements to Bursa Malaysia Securities Berhad and press releases – that are available on our corporate website at www.nestle.com.my.

	Report	Reporting Framework	Assurance
	<p>Annual Review</p> <p>Our primary report for communicating to our Shareholders and other stakeholders, providing an overview of our overall strategy as well as financial and non-financial milestones</p>		
	<p>Corporate Governance & Financial Report</p> <p>Catering specifically to investors, this report provides key information on our financial performance and the governance structures we have in place to protect Shareholders' interests</p>	<ul style="list-style-type: none"> • Main Market Listing Requirements of Bursa Malaysia Securities Berhad • Companies Act 2016 • Malaysian Code on Corporate Governance • International Integrated Reporting Framework • Financial Reporting Standards (FRS) • Our Nestlé in Society (NiS) report adheres to the Global Reporting Initiative (GRI) guidelines. • IIRC Guidelines 	<ul style="list-style-type: none"> • Internal controls and management assurance • Compliance and internal audit reviews • Board approval assisted by the Board Committees • External audit by KPMG PLT on financial information • External audit by PricewaterhouseCoopers on our NiS Report
	<p>Nestlé in Society</p> <p>Our main disclosure on efforts to create value for Individuals and Families, our Communities and the Planet, based on our Company's Purpose and Values</p>		

Our Business

Our Presence

Nestlé Malaysia has an **extensive and growing** presence across the country.

With a head office located in Selangor, we operate seven manufacturing plants nationwide. We have a network of 56 sales representative stations throughout Peninsular Malaysia and Borneo to facilitate our reach to Malaysians across the country.





Selangor

Head Office
4 Factories
1 National Distribution Centre
9 Sales RS

Kuala Lumpur

1 KIT KAT CHOCOLATORY
1 Sales RS

Negeri Sembilan

2 Factories
5 Sales RS

Pahang

4 Sales RS

Kelantan

4 Sales RS

Terengganu

1 Sales RS

Perak

7 Sales RS

Penang

2 Sales RS

Perlis

1 Sales RS

Kedah

1 Sales RS

Malacca

2 Sales RS

Johor

9 Sales RS

Sarawak

1 Factory
5 Sales RS

Sabah

3 Sales RS

Our Business

Organisation Structure



CHIEF EXECUTIVE OFFICER, NESTLÉ (MALAYSIA) BERHAD

Shared Services

Chief Financial Officer

Executive Director, Technical & Production

Executive Director, Human Resources

Executive Director, Supply Chain

Executive Director, Sales

Executive Director, Legal & Secretarial

Executive Director, Communications

Executive Director, Corporate Affairs

Head of Innovation

Head of Nestlé Business Excellence & Continuous Excellence

Locally Managed Businesses

Business Executive Officer

Ice Cream

Business Executive Officer

Milks

Business Executive Officer

Confectionery

Business Executive Officer

Ready-to-Drink (RTD)

Business Executive Officer

Beverages

Business Executive Officer

Foods

Business Executive Officer

MILO

Business Executive Officer

Chilled Dairy

Globally and Regionally Managed Businesses

Business Executive Officer

NESTLÉ PROFESSIONAL

Business Executive Officer

Nestlé Health Science

Business Executive Officer

Maternal & Infant Nutrition

Business Development Manager

NESPRESSO

Business Executive Officer

** Cereal Partners (Malaysia) Sdn Bhd*

** Cereal Partners (Malaysia) Sdn Bhd is a joint venture between Nestlé and General Mills. The company specialises in the production and distribution of breakfast cereal products. Its sales do not contribute to Nestlé Malaysia's financial results.*

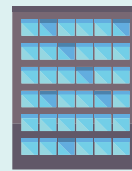
Our Business

Fast Facts

Nestlé Malaysia

Offers
11 categories
of products

Dairy
+
Beverages
+
Foods
+
Ready-to-Drink
+
Infant and Maternal Nutrition
+
Healthcare Nutrition
+
Breakfast Cereals
+
Chilled Dairy
+
Ice Cream
+
Confectionery
+
Out-of-Home



Head office located in
Mutiara Damansara,
Selangor



Commercial operations

in Malaysia
since 1912



Employs more than
5,300 people



Turnover of
RM5.3 billion
in 2017



Market capitalisation of
RM29 billion
as of 31 December 2017



7 Factories
and a National
Distribution Centre

100%
of our manufacturing workforce are
Malaysian



The biggest Halal producer
in the Nestlé world

Produces over
500 halal products,
with locally made leading household brand names,
such as **MILO, MAGGI** and **NESCAFÉ**



We export our products to
50 countries
worldwide



Public listed
on Bursa Malaysia since 1989

Creating Shared Value

Meeting Our Commitments

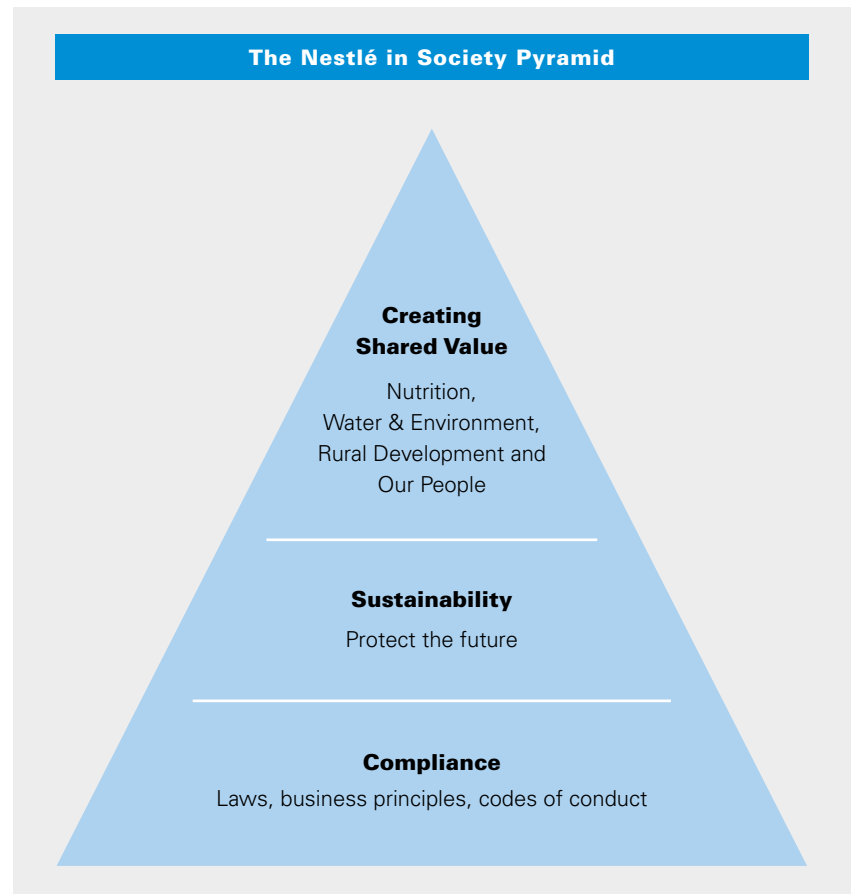
Looking to the future, **Creating Shared Value (CSV)** remains a fundamental guiding principle for how we do business. The health of our Company is intrinsically linked to the health and resilience of the society we operate in; this is why our purpose is to enhance quality of life and contribute to a healthier future.

For further information on our CSV initiatives, please refer to our Nestlé in Society 2017: Creating Shared Value and Meeting Our Commitments report, which can be downloaded from our corporate website: www.nestle.com.my. Other CSV-related information can also be obtained from www.nestle.com.my

Each day we touch billions of lives worldwide, from the individuals and families who enjoy our products, to the communities where we live and work, and the natural environment upon which we all depend. Our focus areas are firmly embedded in our purpose. **Individuals and Families**, our **Communities** and the **Planet** as a whole are interconnected.

Our purpose allows us to take Creating Shared Value a step further, while adhering to our fundamental belief that our business will be successful in the long term by creating value for both our Shareholders and for society as a whole. Our positive impact on society focuses on enabling healthier and happier lives for individuals and families, on helping the development of thriving and resilient communities and, finally, on stewarding the planet's natural resources for future generations, with particular care for water.

As we move along, we will continue to evolve and strengthen our approach to Creating Shared Value as the way we do business, ensuring that its thinking continues to inform all our behaviours, policies and actions.



Our Contribution to the Global Agenda

We have aligned our Creating Shared Value agenda closely with the United Nations 2030 Agenda for Sustainable Development. Having had the opportunity to participate in shaping the 17 Sustainable Development Goals (SDGs), the private sector has also assumed responsibility towards delivering those goals.

We have integrated the SDGs into our CSV approach, allowing us to identify those goals in which we can add most value. We have mapped our material issues globally against the SDGs to help us achieve this. We have defined three overarching global ambitions to guide our work and have formulated a set of 2030 commitments. These will support the achievement of the SDGs. These ambitions are:



For Individuals and Families
Help 50 million children to lead healthier lives



For Our Communities
Help to improve 30 million livelihoods in communities directly connected to our business activities



For The Planet
Strive for zero environmental impact in our operations

Our Company's Purpose

Enhancing quality of life and contributing to a healthier future

Our Ambitions

 For Individuals and Families Enabling healthier and happier lives	 For Our Communities Helping develop thriving, resilient communities	 For The Planet Stewarding resources for future generations
--	--	---

Our CSV Impact Areas

Nutrition, Health and Wellness	Rural Development Human Rights and Compliance Our People	Water Environmental Sustainability
---------------------------------------	---	---

How We Make Impact

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
--	---	--

Through our ambitions, we are supporting the Sustainable Development Goals



Message to Shareholders

“ ”

Dear Shareholders,

2017 was another challenging year for us as we faced hurdles in both the domestic and global economic arena.

To an extent, we had largely anticipated these market conditions and had clear plans in place to mitigate their impact on our business. As a result, the Group delivered a sustained growth trajectory throughout the year and we enter 2018 confident that we are in a position to continue to build on our success.



On behalf of the Board of Directors, it therefore gives us great pleasure to present the Company's Annual Report for the financial year ended 31 December 2017.

Economic Landscape

Throughout 2017, economic uncertainty prevailed both at home and abroad. The weakening ringgit increased the costs of our imported raw and packaging materials and the overall rise in commodity prices negatively impacted our business. In addressing these challenges, we proactively implemented a comprehensive range of internal and external efficiency and cost management initiatives which enabled us to continue to deliver value to our consumers. On top of this, Nestlé is an innovation powerhouse. Our drive to innovate in order to steer growth enabled us to continue delivering exciting new products that are of high quality, offering greater value to our consumers.

Delivering Growth through FIT

Our ongoing FIT operational strategy remains at the heart of our success. FIT represents the three key pillars which power our growth – 'Fuel to Grow', 'Innovate to Grow' and 'Transform to Grow'. Our FIT strategy has been pivotal in steering us through the challenges throughout the year to deliver sustainable growth.

Our Purpose and Values

In 2017, we have been inspired by the launch of the Nestlé Group's newly articulated Purpose, driving us towards 'Enhancing quality of life and contributing to a healthier future' and guiding us by our Values, which are rooted in Respect: Respect for ourselves, others, diversity and for the future.

As we progress, it is important that we all continue to embrace the same purpose and stand guided by the same values that define how we will move forward as an organisation.

The fundamental principles behind our purpose and values have led us to achieve 105 years of success in Malaysia and they will continue to guide us in the future. We at Nestlé are all responsible, both individually and collectively, for incorporating Nestlé's purpose and values into everything we do, enabling us to bring greater value and impact to society.

“ / ”

We accelerated our growth to 3.9%, lifted our market share to 15.5% and increased our profit before tax by 6.2%

**Financial
Performance**

Despite the strong headwinds coming from higher commodity prices and a weakened ringgit, we accelerated our growth to 3.9%, lifted our market share to 15.5% and increased our profit before tax by 6.2%.

Our emphasis on investments in marketing and trade activities to sustain value for money for our consumers and our focus on innovation and continuous efficiency increases were key determinants of our success which will continue to sustain our turnover and profit growth in the future.

Dividends

Whilst we do not have an official dividend policy, we are committed towards delivering the best value to our Shareholders via consistent dividend payments. The Board of Directors declared a final dividend of RM1.35 per share for the financial year ended 31 December 2017, bringing total dividends for the year to RM2.75 per share.



Corporate Governance

We place a high value on corporate governance and our corporate culture adopts the strictest standards of compliance, accountability and transparency in everything we do. We understand that sustaining good governance ensures the trust of all our stakeholders and is key to our future success.

In 2017, we welcomed the introduction of the Securities Commission's new Malaysian Code on Corporate Governance. We take this opportunity to further enhance our corporate governance provisions in line with this.

Awards & Recognitions

Throughout the year, we were again the proud recipient of numerous prestigious awards.

In recognition of our strong sustained performance, we received the Gold accolade for the Highest Return on Equity over the Past Three Years for the Consumer Products category at The Edge Billion Ringgit Club Awards. We were also recognised at the Minority Shareholder Watchdog Group (MSWG) ASEAN Corporate Governance Award with the Industry Excellence Award under the Consumer Product category for our exemplary standards of corporate governance; and received the Special Mention award at the PwC Building Trust Awards 2017, topping the charts in the Trust in Business Public Poll.



For our commitment to employee engagement, we were named 'The Most Popular Graduate Employer' in the FMCG category for the fifth consecutive year by Grad Malaysia; one of the top three Most Attractive Employers for the second year running at the Randstad Award 2017; and for the second consecutive year as one of the top 10 companies Malaysians want to work for by JobStreet.com. We were also recognised as the 'Healthiest Employer 2017' under the Large Organisation category of the inaugural Malaysia's Healthiest Workplace survey organised by AIA Vitality.

Our products also took home top accolades. Six of our brands received trophies at the 2017 Putra Brand Awards. Two of our key brands, MILO and MAGGI, won Gold awards; NESCAFÉ and KIT KAT took home Silver Awards and NESTLÉ OMEGA PLUS as well as Nestlé Breakfast Cereals were honoured in the Bronze category. The Putra Brand Awards is the only brand awards in the country



Outlook

We have a robust plan for sustainable growth in place and we are confident that our FIT strategy will enable us to meet the challenges ahead. We will continue to lift efficiency across our entire value chain and reinvest our realised improvements into growing our business sustainably. Moving forward, we will remain guided by our purpose of enhancing quality of life and contributing to a healthier future and continue to focus on delivering high quality products at greater value to all Malaysians.

endorsed by the Malaysian External Trade Development Corporation (MATRADE) and supported by the Branding Association of Malaysia, the Malaysian Advertisers Association and the Media Specialists Association. At the Product Innovation Award 2017, hosted by the Malaysian Institute of Food Technology, Nestlé CERELAC NUTRIPUFFS and Nestlé BLISS PLUS received the Gold and Silver awards respectively.

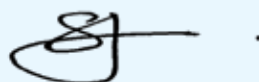
We are also delighted to announce that our reporting was honoured this year. At the National Annual Corporate Report Awards (NACRA) 2017, we were privileged to take home the highest honour of Platinum for our 2016 Nestlé in Society sustainability report. We had also won the Gold accolade for the Food & Consumer Packaged Goods category at the Annual Report Competition (ARC) International Awards, which is one of the world's premier annual report competitions hosted in New York.

Appreciation

The strong performance of our Company throughout this year could not have been achieved without the dedication of our Management Team and we thank them for their strong leadership. We are extremely grateful to our valued employees and we would like to extend our appreciation to them for their support and loyalty; and we express our gratitude to our consumers and all Malaysians who continue to place their trust in Nestlé.

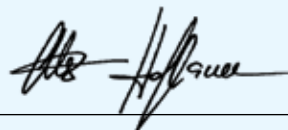
Working in partnership with all our customers, suppliers, business partners and Shareholders, we look forward to the coming year with confidence.





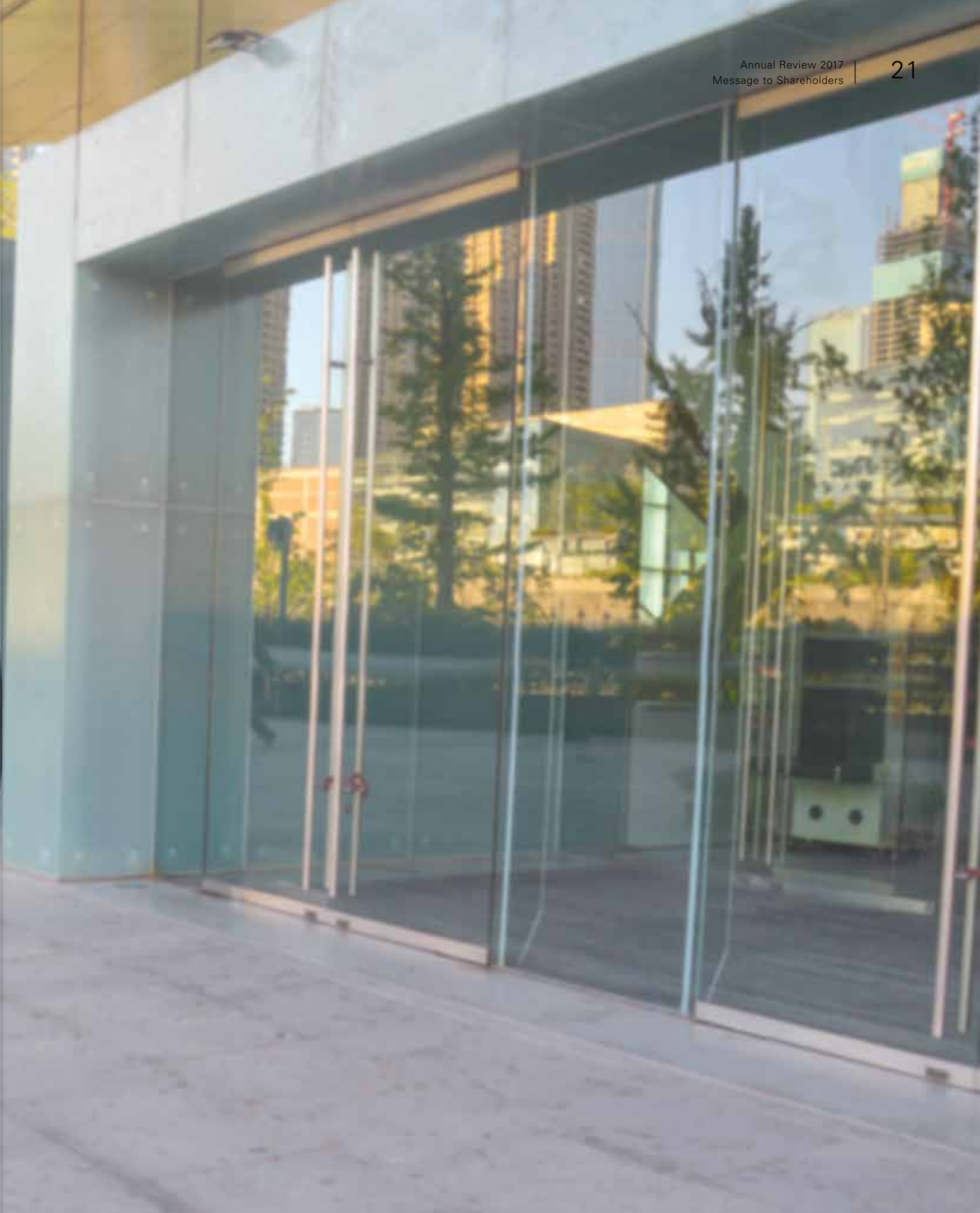
Chairman

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



Chief Executive Officer

Alois Hofbauer



Our Strategy

Amidst the global and domestic economic headwinds throughout 2017, Nestlé increased its share of the FMCG market in Malaysia to 15.5%.

Nestlé's strong presence in Malaysia for over a century is attributed to its steadfast focus on long-term goals whilst delivering short-term gains. This strategy has enabled the Company to deliver on its commitment of nourishing Malaysians with high quality products at great value through the years.

The FIT strategy is the essence of Nestlé's long-term plan for sustainable growth and value creation for all stakeholders. 'Fuel to Grow', 'Innovate to Grow' and 'Transform to Grow' will remain the key pillars across all levels of our operations. We are confident that these pillars will enable us to address any challenges and maintain our leading position in the Malaysian market.

Looking ahead, Nestlé will continue to strive for sustainable and capital efficient growth and will take the necessary steps to ensure that progress remains on track. We will endeavour to continuously challenge our processes and seek opportunities for improvements to become more agile and efficient in a rapidly changing business environment. There will be continued emphasis on improving and upgrading products to better suit consumers' wants and needs, especially for more tasty and healthier options. At the heart of our business, we will nurture high performing teams, who are fundamental to our success.



▲ At the heart of our business, we will nurture high performing teams, who are fundamental to our success.

Management Discussion & Analysis

“ ”

We are proud to bring our Company purpose to life through our **FIT operational strategy**. Without a doubt, we have made incredible strides with FIT, and propelled by this strong strategy and focus, we once again overcame a challenging business climate to hold our leading market position and deliver strong growth for the year ended 31 December 2017.

Chief Executive Officer

Alois Hofbauer

Financial Review

Against the backdrop of an economically challenging business environment, the Group registered an improved turnover of RM5.3 billion, reflecting a 3.9% increase compared to the previous year. The strong results were largely attributed to strong export and domestic business, which grew by 3.0% and 4.1% respectively, in spite of soft consumer sentiment. The robust export performance was a result of solid growth from other Nestlé affiliated countries, particularly in the ASEAN region. Cost of sales as a percentage of the revenue increased in 2017, driven by higher commodity prices for raw materials including milk, coffee and cocoa as well as the unfavourable ringgit currency exchange. However these effects were partially offset by higher efficiency and cost improvements in our factories and the overall supply chain.

The Group posted a higher profit after tax of RM646 million, an increase of RM9 million from the last financial year. This was achieved as a result of prudent cost management and effective marketing and trade investments. Higher efficiency and cost improvements in our factories and the overall supply chain as well as proactive cost management and higher effectiveness in our trade and marketing spending helped to bolster operating profit which increased by RM49 million or 6.1% from 2016 to 2017. Profit before tax rose by a solid RM48 million or 6.2% from 2016 to 2017.



Fuel to Grow

Make our products better & less costly to boost competitiveness



Innovate to Grow

Innovate beyond products



Transform to Grow

Focus on what matters, invest in people, have a great environment at work

The Group's solid performance has been achieved on the back of strategic investments in campaigns including the MILO Malaysia Breakfast Day which inculcates good breakfast habits and active lifestyles, as well as the NESTLÉ OMEGA PLUS Stop The Count campaign that promotes better heart health awareness.



▲ MILO is a strong advocate of starting the day right with a nutritious breakfast.

Operational Review

During the year, disposable income and out-of-pocket expenses were key themes and people were generally mindful of rising food prices and household expenditure. Consequently, consumers were more discerning and sought high quality products as well as value for money.

From the Group's perspective, the competitive landscape also evolved throughout the year, with rising local, regional and global competitors contributing to the growth and complexity of the eco-system. Headwinds from rising raw material prices also persisted throughout the year.

The Group focused on its innovation drive, coupled with a strong trade and marketing strategy to maintain solid growth momentum for the year. Driven

by our purpose of enhancing quality of life and contributing to a healthier future, the Group focused on driving innovation to provide meaningful solutions for Malaysian consumers' evolving needs and demands.

We had put in proactive plans to soften the impact of increased raw material prices and the weakening ringgit. The Group also remained committed towards improving operational efficiencies to ensure that costs were kept manageable so as not to burden our consumers.

Our revenue growth was therefore driven mainly by an increase in the volume of goods we sold and continued to offer a strong value proposition, both in terms of high product quality and affordability.

Global Procurement Hub

A key highlight of this year was the Group's decision to establish a Global Procurement Hub in Malaysia. The country now hosts one of the Nestlé S.A. Group's three Global Procurement Hubs, known as Nestrade S.A., which is an entirely separate entity from the Nestlé Malaysia business. Despite many alternative options, Malaysia was chosen as the investment location of this hub for many reasons, including its strategic geographical position, good infrastructure, investor-friendliness and skilled workforce. The decision to bring the hub to Malaysia is a clear vote of confidence in Malaysia's ability to provide the structure and services conducive to the highest standards of operational excellence.

The Global Procurement Hub marks an evolution in the way Nestlé manages procurement on a global scale, adapting to a rapidly changing business environment. The hub will provide a wide range of services, including the management of global

procurement for specific raw materials such as cocoa and coffee, packaging materials, services, as well as other procurement-related support for all markets.

The Global Procurement Hub in Malaysia is part of the Procurement Vision 2020, which aims to increase value creation for the Nestlé business. The hub in Malaysia will help the Group to deliver sustainable value to the business by focusing on efficiency, quality, safety, availability and sustainability in all our procurement activities.

**Business
Review**

In 2017, Nestlé maintained its number one position with a 15.5% market share, up from 15.2% in 2016. However, we remain vigilant to competition and to this end keep a close eye on changing consumer preferences and tastes. The Company spent RM4.2 million on market research in 2017 and our strong marketing and trade support continued to generate demand and strengthen our leading market position for many product categories.

Innovation remains a key growth driver. Throughout the year, we successfully launched a range of new products including MILO NUTRI UP RTD beverage; MAT KOOL FRUITYBUG and MAT KOOL PANDA ice creams; MAGGI HOT MEALZ; and NESTUM Cereal with Milk beverage. We also relaunched NESCAFÉ Latte Hazelnut, which recorded a strong performance in 2017. These product innovations further contributed to the overall turnover.

Besides this, we also expanded some of our product ranges, including our Nestlé Chilled Dairy portfolio of yogurt drinks which gained from the addition of the value-up BLISS PLUS.



▲ [From left] Nestlé's former Executive Director, Technical & Production, Adnan Pawanteh; Deputy Minister, Ministry of Health, Datuk Seri Dr. Hilmi Yahaya; and Executive Director, Corporate Affairs, Nirmalah Thurai - Nestlé supporting the launch of the Healthier Choice Logo in April 2017.

“ — ”

We remain vigilant to competition and keep a close eye on changing consumer preferences and tastes.

To ensure that we are bringing consumers the most relevant products, we perform various market research initiatives to track consumer tastes and preferences, including product and concept testing, campaign tracking and surveys to gauge usage and awareness.

In 2017, 40 of Nestlé's products including MILO powder, products from its Nestlé Chilled Dairy and Milks portfolio including NESTLÉ BLISS PLUS and NESTLÉ OMEGA PLUS received the Healthier Choice Logo (HCL) certification from the Ministry of Health (MoH). HCL is an initiative by the Ministry to help Malaysians make more informed product choices on healthier options.

In order to receive approval, products have to fulfill the stringent nutrient criteria stipulated by MoH, and are deemed healthier choices compared to other products in the same category.

The HCL endorsement on Nestlé products is a testament to the Group's commitment to support Malaysian individuals and families with tastier and healthier food and beverage choices.

Strategy and Performance

Delivering Power Growth is our Operational Master Plan and within this, FIT is our ongoing strategic approach to growth. It encompasses both our Company operations as a whole and the activities of our employees. 'Fuel to Grow', 'Innovate to Grow' and 'Transform to Grow' are our strategic pillars that will enable us to achieve our ambitions. FIT is the Nestlé strategy in fueling sustainable growth for the Group.

Fuel to Grow

From the start, we knew that we needed to look at making our internal systems more efficient to deliver the savings needed. In difficult economic times, it is important for us to service our consumers even better. We need to provide them with the best Nestlé quality products at the most competitive prices and invest in new products as well as value-adding consumer promotions. We work hard to reduce costs whilst upholding the superior quality of our products.

Throughout 2017, our strategy under this pillar focused on making our products better and less costly to boost our competitiveness. We did this through our productivity-improvement platform, called Nestlé Continuous Excellence (NCE), which focuses on eliminating waste and delivering continuous investment in productivity gains and incremental improvements. Through this, we focused on reducing unit costs, accelerating our savings and ensuring cost optimisation whilst maintaining our commitment towards producing high quality products. This enabled us to harvest savings of RM195 million in 2017, bringing the total savings to RM843 million since the inception of the FIT strategy in 2013. We reinvested these savings into growing our brands and improving our sales as well as our marketing and trade investments.

Innovate to Grow

Innovation is the lifeblood of Nestlé and our powerful innovations help the Company grow in spite of the tough environment. We constantly innovate and renovate our product portfolio in line with the evolving trends, habits and needs of our consumers and our commitment towards enhancing quality of life and contributing to a healthier future for Malaysians. As the world changes, so do our consumers and thus, to keep our business relevant to individuals and families, we have intensified our innovation drive.

As an innovation machine, one third of growth in the Nestlé group comes from innovation. The Group launched over 30 new products in 2017.

Embedding innovation into Nestlé's DNA, the Group also extended our innovation strategy beyond products. We innovate to grow not only through new products, but also through the way we capitalise on new business opportunities like e-Commerce, reaching out to consumers via these new digital avenues.



▲ *We capitalise on new digital avenues, including e-Commerce as part of innovating the business and extending our reach to Malaysians.*

To strengthen our position in the e-Commerce segment and meet the growing rise in digital trade, we introduced the following initiatives:

- We appointed an e-Commerce business partner, Rurutiki Sdn. Bhd., to further fuel our e-Commerce business.
- Today, we are on e-Commerce platforms such as Lazada, 11street, Shopee, Qoo10 and Lelong.

The move into e-Commerce has certainly made significant contributions to our business. In 2017, we increased our e-Commerce business by 250%, achieving sales of

RM35.4 million. In one day alone, on 11 November 2017, a day known as 'Double 11' - an international e-Commerce shopping festival that is becoming increasingly popular in Malaysia, we successfully achieved sales of RM1.1 million.

We also capitalised on new business model opportunities, such as the establishment of the first KIT KAT CHOCOLATORY in Southeast Asia, based in Malaysia, and our NESCAFÉ Youth Entrepreneurship programme. Our current focus on providing innovative solutions to convenience stores is a strategy to expand our reach to today's busy, on-the-go consumers.

In a drive to encourage more innovative ideas from our employees and create new ideas for growth, we once again hosted our 'Innovation Awards' which first began in 2016. This award, opened to our Nestlé Malaysia and Singapore employees, rewards new innovation ideas which are workable and will drive business growth. This time around, we received over 1,170 ideas submitted from over 1,000 employees. This is almost triple the amount of submissions received in 2016.

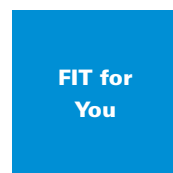
For the full year of 2017, innovation contributed 9% of our annual sales. Sales contribution from our product innovations has grown significantly, amounting to over RM353 million in 2017. Our focus on product innovation enables us to expand market share in difficult times and drive growth for the Group.



To stay ahead, we also need to create an organisation that drives growth. This means making our processes and systems leaner and more meaningful, efficient and effective.

The key towards achieving this transformation is through employee engagement, because Nestlé believes in the importance of involving our employees in the business at every step of the way.

Throughout 2017, our focus under this pillar embraced continuing investment in our capabilities and work environment. We introduced many improvements based on feedback we received from our 'Nestlé & I' 2016 survey, an internal survey which we conduct every two years to gauge our employees' level of satisfaction with all aspects of their working environment. We also further expanded our Total Performance Management initiative to ensure the optimal operating condition of our manufacturing facilities.



Our employees are our greatest asset and enable us to sustain our success. To perform at their optimum level, we encourage our employees to adopt a fit and healthy lifestyle. The Company's JOM FIT programme allows for a more structured employee wellness focus, and better shapes our development of employee health and wellness initiatives. It comprises three pillars:



To help employees enhance their health knowledge and become passionate Nutrition, Health and Wellness ambassadors.



To help employees access information about, and take ownership of, their own health.



To help employees develop and maintain healthy lifestyles.

Throughout the year, our adherence to this programme included internal health talks in conjunction with World Health Day and World Heart Day; our Weight Wellness Challenge targeting employees who are keen to find ways to achieve a more optimum weight; and financial planning sessions in partnership with the Credit Counselling and Debt Management Agency. We also staged our inaugural Wellness Day and continued offering our employees an annual basic health screening.

Our health and wellness programmes have had a positive impact on our employees. Participation rate in these programmes has increased over the years. For example, in 2017, employee participation in the Weight Wellness Challenge increased by 41% compared to the previous year.

These initiatives helped Nestlé win the inaugural Malaysia's Healthiest Employer Workplace Award for the Large Company category in the Malaysia's Healthiest Workplace by AIA Vitality 2017 survey.

Our Product Portfolio

Nestlé products have become household names in Malaysia, satisfying the needs of Malaysians at every age without compromising great taste. From toddler food to that steaming cup of freshly brewed coffee after a delicious meal, our wide range of food and beverages adds quality to your life and the lives of everyone you love.



Business Review

MILO

MILO is the leading chocolate malt beverage in the country and has delighted Malaysians with its delicious choco-malty taste for almost 70 years. Combining the natural goodness of malt, milk and cocoa, and enriched with ACTIV-GO, a unique blend of PROTOMALT and essential vitamins and minerals, MILO is loved and trusted by all generations. With its nutritious blend of ingredients, MILO is also recognised as a strong advocate of starting the day right with a healthy breakfast and has fueled generations of Malaysian sports champions.



Malaysia Breakfast Day 2017

To further drive awareness on the importance of breakfast as a vital source of nutrients and energy for both young and old, the MILO brand once again hosted the MILO Malaysia Breakfast Day, now in its fifth year, calling on Malaysians to adopt the breakfast habit for a healthier and more wholesome lifestyle.

In conjunction with this year's campaign, this family event took place in seven locations across the country – Kuantan, Kota Kinabalu, Johor, Kuching, Kota Bahru, Penang and Putrajaya – reaching 60,000 Malaysians. Additionally, during Ramadan, through the 'Bersahur with MILO' campaign, the brand visited 40 schools across Malaysia to educate over 40,000 schoolchildren on the importance of breakfast to sustain their day while they fast.



▲ The MILO Malaysia Breakfast Day 2017 reached 60,000 Malaysians across seven cities in Malaysia.

MILO Champions Clinic 2017

Demonstrating the brand's commitment and continuous support for the nation's grassroots sports development, the MILO Champions Clinic aims to encourage an active lifestyle amongst children by giving them the chance to learn or even try out a sport for the first time. Aimed at children between the ages of seven and 11, the MILO Champions Clinic is now in its third year and offers a range of sports including futsal, badminton, bowling, hockey, netball and basketball in a fun environment under the guidance of certified sports coaches.

MILO Champions

In addition to the brand presence in the sporting arena, MILO partners with the Ministry of Education to drive the Majlis Sukan Sekolah-Sekolah Malaysia (MSSM) which has unearthed and developed many sporting talents, some of whom have gone on to represent the nation at international

sporting competitions. Our MILO Champions include diver Nur Dhabitah Sabri, swimmer Welson Sim, paralympian sprinter Felicia Mikat and hockey player Joel Van Huizen who have grown with MILO through the MSSM games.

Kuala Lumpur 2017

Malaysia hosted a major regional sporting event, the 29th Southeast Asian (SEA) Games and the 9th ASEAN Para Games this year, known as KL2017. Proud to be a part of this historical event, MILO rallied behind our local athletes, many of whom had grown their talents and sporting career through our MSSM programme across the years.

As a proud silver sponsor of the Games, we took the opportunity to highlight our MILO Champions who were competing, across various marketing channels including TV commercials, print and digital platforms - pulling Malaysians from all walks of life to #risetogether in the spirit of sportsmanship.

Taking it a step further, in conjunction with this milestone, we also launched the limited edition MILO Kaw. As its name suggests, the MILO Kaw offered a stronger, more chocolatey taste which enhances the MILO taste that Malaysians love. Packed with energy and nutrients, and more chocolatey malted goodness, the product represented the athletic strength of our champions and the strength in unity of our Malaysian supporters.



▲ The limited edition MILO Kaw tin came in four designs, each featuring a different MILO Champion.

In line with the Games' tagline 'Rising Together', even before the Games kicked off, MILO rallied together Malaysians' support for our athletes via the #StrongerTogether, or #BersatuKitaTeguh, social media campaign. By posting messages of encouragement, the Malaysian public came together as one to cheer on our athletes and spur them to reach even greater heights.

We also organised a special addition to the Torch Run at Mutiara Damansara, Selangor at which key personalities in MILO's sports-linked history and current Nestlé executives took turns to complete a 500m stretch of the relay that had wound itself across the nation.

At the Games itself, we set up the MILO Stadium Carnival, a hospitality booth at the Bukit Jalil National Stadium, where we engaged individuals and families from all walks of life through an array of exciting games and activities. #BersatuKitaTeguh or #StrongerTogether hashtags were promoted along with positive messages to motivate our athletes throughout the Games. Wrapping up the event, in celebration of the country's spectacular performance, MILO organised a special event to recognise the perseverance and dedication of our national athletes by handing out thousands of free cups of MILO on Merdeka Day, 31 August.

► *The MILO Stadium Carnival was set up at the Bukit Jalil National Stadium in Kuala Lumpur throughout the 29th Southeast Asian Games where we engaged individuals and families from all walks of life.*



**Win for
MILO
Malaysia**

2017 was made even more special for MILO Malaysia when after a long 10-year wait, the Malaysia brand team brought home the Nestlé Group's MILO-NESCAU Trophy, in recognition of our outstanding achievements in 2016. The MILO-NESCAU Trophy compares the overall brand efforts and performance of all the countries across the globe where MILO is marketed. To bring the trophy home to Malaysia is a testament of the MILO Malaysia team's consistency in performance and its excellence in brand execution.

FOODS

MAGGI

It has always been the core mission for MAGGI, a recognised global brand and an established household name in Malaysia, to create good-food moments that bring families closer together. With strong heritage in noodles and culinary solutions, MAGGI has continuously responded to the ever evolving needs of meal providers by putting the consumers at the heart of everything we do. Through its wide range of products, MAGGI helps mothers prepare tasty homemade meals for their families every day.



MAGGI HOT MEALZ noodles come in bowls with bigger portions, and is offered in four delicious flavours making an ideal light lunch option!

Over the years, we have established a culture of innovation, bringing newer experiences to Malaysian consumers. 2017 saw the launch of one of our most successful innovations in recent years, with the introduction of MAGGI HOT MEALZ in Kari Laksa Ayam and Kari Kari Kaw flavours. Sold in bowls with popular local flavours, the noodles cater to young adults who lead busy lifestyles, enabling them to prepare easy yet satisfying hot meals on-the-go, with just a simple addition of hot water. To further promote this product range which is ideal for light lunches, MAGGI launched two more flavours – Tom Yam Kaw and Roasted Sesame Chicken – in August.

To reinforce and further grow Malaysians' age-old favourite MAGGI Kari noodles, we continued to highlight different ways of preparing them. MAGGI Kari Dua Cara was a campaign launched to demonstrate how the noodles can be served either in soup form or in a 'mi goreng' style. Moreover, celebrity chefs Sheila Rusly, MAGGI's official brand ambassador, and popular food blogger Azie, from Azie Kitchen were engaged to develop exciting recipes for 'mi goreng' with their own creative twists.

In line with MAGGI's Simply Good Values of crafting products with ingredients people know and love, we embarked on a journey of highlighting how Malaysia's favourite MAGGI Kari noodles are made, beginning with a wheat sourcing story highlighting our collaboration with Australian farmers to source only the best quality wheat.

Additionally, we continued to focus on growing MAGGI OATMEE which is currently undergoing the approval in achieving the Ministry of Health's HCL. MAGGI OATMEE is



▲ The 'MAGGI Kari Dua Cara' campaign was launched to demonstrate how MAGGI Curry 2-Minute Noodles can be served either in soup form or in a 'mi goreng' style, encouraging Malaysians to experiment on new recipes of their own.

made from 51% whole grain oats and 49% wheat sourced from Australia. The noodles have a lower fat level and a high fibre content which helps provide 18% of the recommended daily fibre intake for adults.

In addition to noodles, one of our rising stars has been our All-in-One Seasoning, MAGGI CUKUPRASA, the perfect cooking partner to enhance the taste of everyday dishes from good to great, with granules made from a unique blend of fresh onions, garlic, anchovies and spices. Through our partnership with Sheila Rusly, we aim to empower Malaysian mothers to cook with confidence and enjoy experimenting with new recipes for their families and aspiring to make a difference in their lives.



▲ For the 21st year in 2017, we hosted the MAGGI Secondary Schools Cooking Competition aims to encourage home cooking and good eating habits amongst youths, as well as guide them on preparing balanced and nutritious meals.

Consumption of MAGGI CUKUPRASA was boosted when a million packs of the seasoning were sampled out, attached to fresh vegetables with recipe sleeves. The idea was to encourage Malaysians to use the seasoning to make delicious home-cooked meals incorporating fresh vegetables.

In line with our wide product portfolio, we also provide a strong service dimension to our consumers. This was the 21st year of collaboration with the Ministry of Education for the MAGGI Secondary Schools Cooking Competition (MSSCC) conducted across Malaysia.

This competition aims to encourage home cooking and good eating habits amongst youths, as well as guide them on preparing balanced and nutritious meals. More than 300,000 students have competed in the MSSCC since the competition was introduced, and the challenging and exciting format continues to draw strong participation year after year.

BEVERAGES

NESCAFÉ

Over the past 80 years, NESCAFÉ has grown thanks to an unwavering commitment to deliver the best taste and convenience a great cup of coffee can offer. The brand has been part of the daily routine of millions of individuals gaining their preferences across time and cultures. The success of the brand has been built through connections with new consumers, and by gaining and retaining their trust.



NESCAFÉ Latte Hazelnut is made with a blend of high quality coffee beans, offering a delicious smooth beverage with a rich nutty aroma.

This year, the NESCAFÉ range was expanded with the launch of NESCAFÉ Latte Hazelnut. Made with a blend of high quality coffee beans, the delicious smooth beverage tempts with its rich nutty aroma even before you take a sip. NESCAFÉ Latte Hazelnut's aromatic flavour has quickly become a firm favourite with Malaysian consumers. The new variant was warmly welcomed and since its launch in July 2017, we have achieved sales of more than RM4 million.

The NESCAFÉ Youth Entrepreneurship Programme accelerated in 2017 as part of the academic course structure at six top universities in Malaysia. Through this programme which aims to groom and empower youth, 500 students have so far gained experience in 'running their own business' by managing NESCAFÉ Pop Up Stores. Through the programme, the youths involved have successfully engaged more than half a million students, generating RM500,000 in total sales.



▲ The NESCAFÉ Youth Entrepreneurship Programme has engaged 500,000 students since its inception.

NESTLÉ CONFECTIONERY

Our chocolates are not only delicious, but promote sustainable trade by using cocoa produced by farmers in Cote d'Ivoire whom we support through the NESTLÉ COCOA PLAN.



Throughout the year, the NESTLÉ Confectionery delivered a strong performance and remained the leading player in the chocolate category.

In April 2017, Nestlé Confectionery saw its biggest product launch of the year with the KIT KAT Mini. The snack-sized, individually-wrapped chocolate fingers that are Big on Taste come in three indulgent flavours – Caramel, Mocha and Cookies & Cream, and consist of a luscious cream centre wrapped in layers of crispy

wafer and encased in smooth milk chocolate. They are perfect for a rewarding break, an energy boost or just as a simple indulgence, and can be enjoyed anytime and anywhere. In its first 11 months in the market, a total of 3 million units of KIT KAT Mini packets were sold.

All KIT KAT chocolate products are manufactured at the Nestlé factory in Chembong, Negeri Sembilan, and are made of 100% sustainable cocoa.

The Nestlé Group's aim is to help improve the lives of marginalised cocoa farmers. Currently we provide technical and educational aid to farmers in Cote d'Ivoire, imparting scientific knowledge and good farming practices as well as quality seeds that increase the yield and quality of their cocoa plants. Nestlé is also building schools, providing jobs for women and improving the quality of water for the local communities through sanitation projects.

Since March 2016, all our KIT KAT products carry the NESTLÉ COCOA PLAN message to highlight our commitment to these farmers and their communities as part of a greater agenda to enhance social and economic equity in the world.



▲ The NESTLÉ COCOA PLAN empowers women and provides technical and educational aid to farmers in Cote d'Ivoire to help them increase the yield and quality of their cocoa plants.

MILKS

NESTUM

NESTUM cereal was first introduced to Malaysians in the 1960s as a nutritious hot cereal. Made of grains such as whole wheat, rice and corn, this AROMALICIOUS product is packed with vitamins and minerals, and serves as a nutritious staple for the whole family. NESTUM proved beyond doubt that it is Malaysians' preferred multi-grain cereal as it continued to grow its market share.

In September, the brand launched the first-ever blended cereal drink in Malaysia, the NESTUM Cereal with Milk, which caters particularly to young Malaysians who are always on-the-go. NESTUM Cereal with Milk blends the goodness of brown rice, wheat, oats and barley with calcium and protein, making it ideal for a chilled mid-day power boost. Within just three months of its launch, the product had sold over a million bottles.

This year, NESTUM also leveraged on the popularity of Empayar Kuih NESTUM held in 2016 by organising an even bigger campaign – the Empayar Sajian NESTUM which encouraged homemakers to share Raya recipes that incorporate the cereal. This time around, the participation rate tripled and we engaged more than 40,000 consumers during the cooking finale. To keep the excitement going, NESTUM continued to provide recipes, baking tips and free NESTUM workshops on a monthly basis even after the finale.



NESTUM Cereal with Milk blends the goodness of brown rice, wheat, oats and barley with calcium and protein.



▲ Pn. Alisa Roslan (centre) was crowned champion at the cooking finale of the Empayar Sajian NESTUM.

NESTLÉ OMEGA PLUS

NESTLÉ OMEGA PLUS milk contains ACTICOL, scientifically proven to lower cholesterol by blocking bad cholesterol from the blood stream. Leveraging on the anti-cholesterol property of ACTICOL, the product has been actively promoted alongside educating Malaysians on their heart health and the need to adopt healthy lifestyles.

This year, NESTLÉ OMEGA PLUS launched a #StopTheCount campaign to galvanise Malaysians to adopt healthier habits and make heart health a priority. The Heart Patrol roadshows offered free cholesterol checks and reached more than 50,000 Malaysians nationwide. NESTLÉ OMEGA PLUS also formalised its partnership with Institut Jantung Negara (IJN) and its non-profit charity arm, IJN Foundation, by organising the Walk-A-Sunday campaign throughout August and September. This encouraged Malaysians to get together for walks on Sundays, with the added benefit of being able to have their cholesterol levels checked for free by IJN experts. At a media briefing to launch the programme, a panel of medical professionals highlighted the urgency of cholesterol management.

This was followed by another Walk-A-Mile event in September, the 16th year it has been organised in collaboration with IJN Foundation. The 'Hearty Walk' attracted more than 3,000 participants.

These events contributed to NESTLÉ OMEGA PLUS closing the year with an increased overall market share compared to 2016. It also won its first Putra Brand Bronze Award in the Dairy Beverage category, based on over 6,000 household consumer votes in Malaysia. This was followed by a Bronze at the Malaysia Effie Awards 2017 in recognition of strong integrated marketing communication.



▲ 3,000 Malaysians walking to a healthier heart at the NESTLÉ OMEGA PLUS Walk-A-Mile event.

NESTLÉ EVERYDAY

Packed with 15 essential nutrients and vitamins, NESTLÉ EVERYDAY milk powder is suitable for the whole family. It helps Malaysians of all ages build strong bones, healthy muscles and good eyesight whilst improving their alertness.

According to the 2013 Southeast Asian Nutrition Survey, one in three Malaysian families consume insufficient essential nutrients such as vitamin C, calcium and iron. Just two servings of NESTLÉ EVERYDAY milk provide 100% of the daily recommended intake of vitamin C, calcium and protein that four to six-year-old children need for healthy growth, giving parents peace of mind knowing that their child's nutritional needs are being met.

To continue to raise awareness of the importance of milk consumption for the whole family, starting from April, NESTLÉ EVERYDAY milk once again organised more than 50 'Famili Sihat Ceria Bersama NESTLÉ EVERYDAY' carnivals nationwide. Targeting Projek Perumahan Rakyat (government housing schemes for lower-income families), the carnivals engaged more than 200,000 people in a fun yet educational environment. At each session, amid the excitement and activities, nutritional talks were given in our very own mobile nutritional bus.

These strategic marketing initiatives contributed to NESTLÉ EVERYDAY milk maintaining its leadership in the affordable milk segment this year.



▲ The 'Famili Sihat Ceria Bersama NESTLÉ EVERYDAY' carnivals engaged more than 200,000 people in a fun yet educational environment.



NESTLÉ EVERYDAY milk powder helps Malaysians of all ages build strong bones, healthy muscles and good eyesight whilst improving their alertness.

NESTLÉ JUST MILK

NESTLÉ JUST MILK comes in full cream and low-fat variants, both made from 100% imported ingredients, providing Malaysians with their calcium and protein needs.

In 2016, NESTLÉ JUST MILK was relaunched with a new packaging that features a cleaner, more attractive design in eye-catching colours that stand out among competitors on the shelf. The back of pack communicates the journey of the product from farm to shelf, including the gentle handling process that preserves the calcium, protein and other natural goodness of milk. Understanding consumer perception towards imported milk, the labelling also highlights the fact that NESTLÉ JUST MILK contains 100% imported ingredients.

This year, the brand focused more intently on its route-to-market to accelerate sales. As a result, a customised 6x1 litre pack was introduced at the popular retail hypermarket chain, Giant, tapping into the bulk buying behaviour of consumers when purchasing liquid milk. The initiative helped NESTLÉ JUST MILK strengthen its market share and register amplified sales growth.



NESTLÉ JUST MILK is made from 100% imported ingredients, providing Malaysians with their calcium and protein needs.

READY-TO-DRINK

As Nestlé focuses on consumers' constantly evolving lifestyles, the Ready-to-Drink (RTD) business reports strong growth and Nestlé continues to innovate its product line targeted at busy consumers of all ages.

Nestlé's Ready-to-Drink business is one of its fastest growing categories and is driven by two key brands, MILO and NESCAFÉ.

In 2017, RTD targeted active adults with the relaunch of its PET bottles with MILO NUTRI UP, enriched with high calcium and protein. The beverage offers the benefits of milk, minerals and vitamins and comes in a format that supports today's on-the-go lifestyle. Its multi-channel marketing campaign targeted platforms popular with millennials on-the-go including digital, radio and roadshows among others.

Beside this, launched towards the end of 2016 and in line with MILO's ongoing drive towards encouraging healthy breakfast, the MILO UHT Pack to School Campaign highlights MILO as the ideal convenient pack of nutritious energy to equip children during their busy school day. In 2017, MILO built on the Pack to School Campaign by introducing recess boxes as premiums customised to fit a pack of MILO UHT 200ml, accompanying these with recipes presented on digital videos for healthy yet easy to prepare dishes. The campaign's digital videos were viewed more than 1.5 million times.





▲ MILO UHT Pack to School Campaign highlights MILO as the ideal convenient pack of nutritious energy to equip children during their busy school day.

At the same time, the #MILOBentoBox Facebook contest was launched, prompting mothers to share their food solutions that would go well with the packed MILO UHT. The contest was a hit when it successfully attracted more than the targeted number of entries. The campaign led us to end the year with a significant improvement of in-home penetration.

Celebrating International Coffee Month in September, and following the success of our 2016 video campaign, we had produced a short acapella-style 'Kau Ilhamku' music video featuring NESCAFÉ which garnered 6.5 million views. Concurrently, we had also launched the all-new NESCAFÉ Black Ice canned drink, a refreshing coffee with a cooling sensation, appealing to non-traditional coffee drinkers. Similarly to the MILO NUTRI UP campaign, this product too was marketed on various out-of-home channels to reach busy youths including on the digital platform and key LED billboards among others.



The NESCAFÉ Black Ice canned drink offers a refreshing coffee taste that leaves a cooling sensation, appealing to non-traditional coffee drinkers.

NESTLÉ ICE CREAM

Our ice creams continue to excite Malaysians with a variety of frozen delights, ranging from refreshing fruity flavours to minty indulgence.

2017 saw various new ice cream flavours and formats launched to cater to a wider range of consumers and their consumption patterns. Building on the popularity of the MILO ice cream stick in 2016, the team introduced an ice cream cone version, enabling consumers to enjoy the familiar great taste of MILO with a crunchy wafer.

MAT KOOL, the No. 1 kids' brand in Malaysia, launched the MAT KOOL PANDA, a vanilla and chocolate ice cream on a stick, as well as the MAT KOOL FRUITYBUG which combines strawberry and pineapple flavours on twin sticks that encourage children to share their ice cream. Both launches contributed to a 36% growth in sales for the MAT KOOL brand.

The LA CREMERIA stick range hits all the right notes with its latest range of flavour, the LA CREMERIA Classically Mint. Offering a full sensory experience, Malaysians can enjoy the creaminess of mint ice cream, made all the more enticing with crunchy cookie inclusions and coated with a decadent chocolate shell. Due to its tasty



▲ MAT KOOL FRUITYBUG combines strawberry and pineapple flavours on twin sticks that encourage children to share their ice cream.

and refreshing flavour, it has now become the bestselling LA CREMERIA variant.

Besides this, Nestlé Ice Cream also introduced a pint-sized KIT KAT Cookies & Cream tub to further extend the KIT KAT ice cream range for take-home consumers.



The LA CREMERIA Classically Mint combines the creaminess of a delicious mint ice cream with crunchy cookie inclusions, coated with a decadent chocolate shell.

NESTLÉ CHILLED DAIRY

Nestlé Chilled Dairy comprises drinkable and spoonable yogurt products mainly led by Nestlé BLISS, the number one yogurt drink brand in Malaysia, loved by consumers for its digestive health properties and great taste.

This year, Nestlé Chilled Dairy enhanced its portfolio of yogurt drinks with BLISS PLUS, a value-up range that offers the goodness of super fruit blends with the digestive benefits of inulin, a prebiotic that promotes growth of good gut bacteria, coupled with live cultures. We also created exciting limited edition flavours for Ramadan such as Kurma Gula Melaka and Rose Bandung while adding to Christmas cheer with a Gingerbread-flavoured drink. A refreshing Watermelon Lychee mix was also launched in conjunction with 2018 Chinese New Year.

Most Nestlé Chilled Dairy products, namely BLISS and BLISS PLUS, Nestlé Natural Yogurt and Nestlé Fat Free Yogurt, have been certified with HCL. To drive awareness of HCL and how Malaysians can use it to guide them in making healthier food choices when shopping, Nestlé Chilled Dairy organised educational roadshows nationwide.



▲ Throughout the year, Nestlé Chilled Dairy created exciting limited edition flavours of the Nestlé BLISS in conjunction with Ramadan, Christmas and Chinese New Year.

The team also conducted its second Nestlé Natural Set Yogurt national cooking contest in an effort to promote healthier cooking among Malaysians.



Nestlé Natural Set Yogurt is an all natural low fat plain yogurt that is versatile in usage and contains the goodness of live cultures.

NESTLÉ NUTRITION

Nestlé is dedicated to supporting the optimal growth and development of young children through good nutrition. In line with this, Nestlé Nutrition continued to lead with new product offerings aimed at giving children a great start in life.



CERELAC NUTRIPUFFS toddler snacks were introduced in two new savoury variants in 2017 - Tomato & Onion and Spinach & Onion, offering parents more choices for their little ones.

In 2017, we focused on expanding the toddler snacking category with the addition of savoury variants to the CERELAC NUTRIPUFFS range launched in 2016. Two new variants of the toddler snacks were introduced – Tomato & Onion and Spinach & Onion, which helped to grow our toddler snacking category further, propelling CERELAC NUTRIPUFFS to become a top three toddler snacking brand less than a year after entering the segment.

In addition, our formulated milk powders continued to increase in popularity. LACTOKID was the fastest-growing in the mass market, recording impressive growth, and NANKID OPTIPRO, one of the fastest-growing in the premium segment. The robust performance of these products was driven by strong science-based education initiatives.

e-Commerce sales for Nestlé Nutrition grew by 400% year-on-year, supported by strategic partnerships with Lazada, Angelland and 11street e-retailers. Strong consumer engagement through digital platforms facilitated the acceleration in e-Commerce growth, which will further intensify in the coming years as online purchasing continues to develop in Malaysia.



▲ LACTOKID GROWPLUS is a formulated milk powder for one year olds and above.

NESTLÉ HEALTH SCIENCE

Nestlé Health Science is committed to being the trusted partner in shaping new approaches to health management through nutritional therapy. A key focus is diabetes, as about 3.5 million Malaysians have been diagnosed with the health condition.



NUTREN UNTUK DIABETIK contains whey protein with low glycemic index and is formulated in accordance to the International Diabetes Guidelines.

To support those who need to manage their blood sugar level, Nestlé Health Science offers a tailor-made oral nutritional supplement called NUTREN UNTUK DIABETIK (Nutren for Diabetics). The product contains whey protein and a low glycemic index and is formulated according to the international diabetes guidelines. NUTREN UNTUK DIABETIK can also be used to make a variety of smoothies for breakfast to help people with diabetes start their day right. Research indicates that skipping breakfast contributes to insulin resistance. Therefore, having a healthy breakfast is particularly important for people who need to control their blood sugar level.

To spread this message and educate more Malaysians on how to manage diabetes effectively, we organised the 'Start Right, Stay Right' event on 4 November in conjunction with World Diabetes Day 2017. The event attracted 175 participants, far exceeding the 118 people who took part in 2016. Supporting the half-day event, Nestlé conducted Healthy Breakfast Roadshows in hospitals and a Roving Activation team toured pharmacies. During the campaign, Nestlé handed out more than 10,000 healthy breakfast sets and performed 800 free blood glucose checks.



▲ We organised the 'Start Right, Stay Right' event in conjunction with World Diabetes Day in November to spread awareness on the importance of managing blood sugar levels.



▲ Sharing our knowledge and expertise in helping Malaysians better manage their diabetes during the 'Start Right, Stay Right' event.

NESPRESSO

Since its beginning in 1986, NESPRESSO has redefined and revolutionised the way millions of people enjoy their espresso coffee and has shaped the coffee culture throughout the world. The NESPRESSO story began with a simple idea: to enable anyone to create the perfect cup of espresso coffee.

NESPRESSO made its debut in Malaysia in 2016, catering to the growing demand from Malaysian coffee lovers for a high quality coffee experience and offers a selection of 24 premium Grand Cru coffees, each with a distinct aroma profile to suit all taste preferences. The hermetically sealed aluminium capsule preserves the coffee against damaging factors, such as light, air and humidity and ensures that the aromas are protected until they are extracted in the consumers' cups. The capsules are produced in state-of-the-art production centres in Switzerland.

NESPRESSO machines are specifically developed to complement and enhance the aroma, crema and flavour of NESPRESSO Grand Cru coffee capsules and come with a unique technology that delivers an optimal equilibrium between the right water temperature, quantity and speed, along with the optimal extraction pressure, to consistently create the perfect cup of coffee.

NESPRESSO regularly innovates its range with new flavours. In 2017, SELECTION VINTAGE 2014 was introduced in Malaysia. Made from fresh Arabica coffee sourced from high altitudes in the Colombian highlands, SELECTION VINTAGE 2014 was harvested in 2014 and then meticulously aged to create a complex taste with elegant woodiness, softened fruity notes and a smooth velvet-like texture.

In 2017, NESPRESSO's new advertising campaign showed how its uncompromising choices to preserve the best quality coffee bring benefit to the people who grow and nurture it. Launched 15 years ago in collaboration with the environmental non-governmental organisation the Rainforest Alliance, the NESPRESSO AAA Sustainable Quality Programme works with more than 70,000 farmers in 12 countries to create sustainable coffee farming practices that increase coffee quality, farmers' productivity and the viability of their farms.

NESPRESSO's newest campaign highlights the programme's work in Jardin in Colombia where NESPRESSO has helped a local cooperative build a community mill where farmers can bring their coffee cherries to be transformed into coffee beans. The community mill centralises processing, enabling farmers to save up to five hours a day - time which they can reinvest in their families, communities and personal passions.



▲ The NESPRESSO AAA Sustainable Quality Programme works with more than 70,000 farmers in 12 countries to create sustainable coffee farming practices that increase coffee quality, farmers' productivity and the viability of their farms.



The Essenza Mini is a small machine for big coffee moments. It is NESPRESSO's most compact machine yet, with two programmable cup sizes and four colour choices to fit your style and space.



SELECTION VINTAGE 2014 offers a complex taste with elegant woodiness, softened fruity notes and a smooth velvet-like texture.

NESTLÉ PROFESSIONAL

NESTLÉ PROFESSIONAL focuses on delivering our famous brands such as MILO, NESCAFÉ and MAGGI to Out-of-Home channels and we also support the industry through culinary programmes, concept and recipe development, awards and sponsorships among others.

NESTLÉ PROFESSIONAL has a strong relationship with professional food-related organisations such as the World Association of Chefs' Societies. Together with them, we once again celebrated International Chefs' Day with a 'Foods for Healthy Heroes' event aimed at educating children about the importance of healthy eating.

In September, we participated in two leading exhibitions in the region, Culinaire Malaysia and Food & Hotel Malaysia 2017, where we showcased the latest we have to offer. This included exciting innovations on mobile payment using our automated vending machines, tantalising food applications and new cold beverage systems as well as mixology. A milestone for us was the first formal introduction of NESCAFÉ Espresso Whole Roasted Beans, our Roast & Ground coffee that completes our coffee solutions portfolio.

In the streets channel we embarked on a venture called My Own Business (MYOWBU) to promote entrepreneurship amongst street vendors delivering a delicious cup of MILO. Street vendors recruited under the MYOWBU umbrella are supported by NESTLÉ PROFESSIONAL through training in hygiene, preparation, safety and understanding of the basic skills of running a business. In addition, they are provided branding collaterals which help them – and the MILO brand – gain visibility.

As we move into 2018, NESTLÉ PROFESSIONAL aims to grow with exciting new concepts to help our customers to continue delighting their consumers.



▲ NESTLÉ PROFESSIONAL made presence at the Food & Hotel Malaysia 2017 where 25,000 trade participants convened, showcasing the latest we had to offer.



▲ Through the My Own Business programme, NESTLÉ PROFESSIONAL promotes entrepreneurship amongst street vendors, supporting them through training in hygiene, preparation, safety and understanding of the basic skills of running a business.



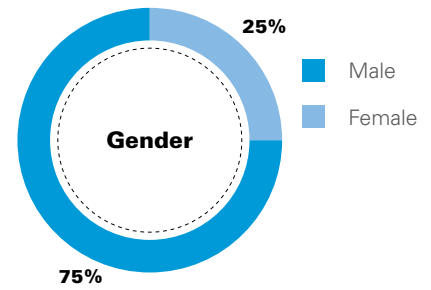
NESTLÉ PROFESSIONAL is dedicated to supporting the needs of our clientele through our tasty and high quality brands and solutions.

Our Leadership

Board of Directors

The Nestlé Board of Directors is composed of a group of highly accomplished and experienced individuals who bring a breadth and depth of business acumen, knowledge and perspectives to the Nestlé Board.

The Directors come from a diverse range of backgrounds and the Company benefits from their strong leadership, vast experience and expertise.

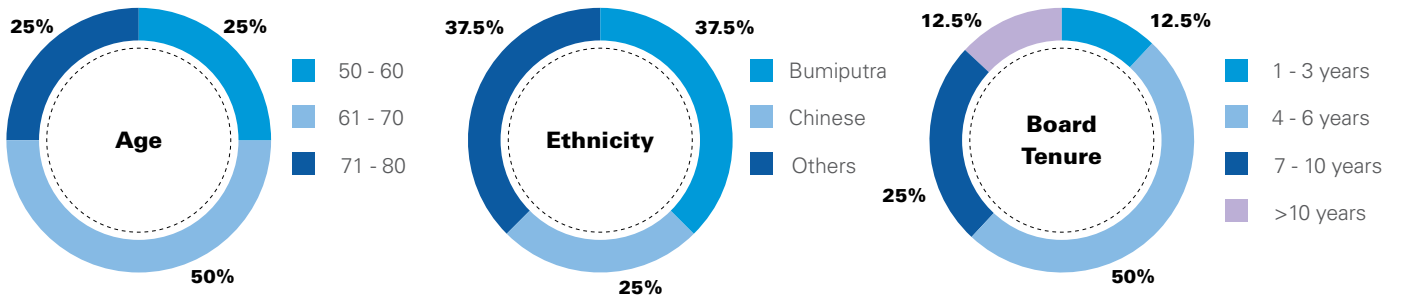


Y.A.M. Tan Sri
Dato' Seri Syed
Anwar Jamalullail

Dato' Mohd. Rafik
Bin Shah Mohamad

Toh Puan Dato'
Seri Hajjah
Dr. Aishah Ong

Dato' Frits van Dijk



Tan Sri Datuk
Yong Poh Kon

Alois Hofbauer

Tan Sri Datuk (Dr.)
Rafiah Binti Salim

Martin Peter Kruegel

Tengku Ida Adura
Tengku Ismail
(Company Secretary)

Our Leadership

Profile of Directors and Company Secretary



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

Tan Sri Dato' Seri Syed Anwar Jamalullail has been the Chairman of the Board of Directors since 16 April 2009. Having served the Board for over nine years, Tan Sri Syed Anwar was re-appointed as an Independent Director at the 33rd Annual General Meeting held last year. He is also the Chairman of the Nomination and Compensation Committees and a member of the Audit Committee. Tan Sri was first appointed to the Board on 25 February 2002 as a Non-Independent Non-Executive Director, representing Lembaga Tabung Haji. On 5 November 2004, he was redesignated as an Independent Non-Executive Director, when Lembaga Tabung Haji ceased to be a substantial Shareholder of the Company. On 20 February 2018, he has been redesignated to a Non-Independent Director.

Tan Sri Syed Anwar commenced his career with Malaysian Airlines Systems Berhad in 1975 as a Financial Accountant, before moving on to hold executive senior positions in various companies. His last position was as the Group Managing Director of Amanah Capital Partners Berhad. Tan Sri Syed Anwar is a former Chairman of the Lembaga Tabung Haji Investment Panel. He

was also previously the Chairman of Malakoff Corporation Berhad, Pulau Indah Ventures Sdn. Bhd., Media Prima Berhad, MRCB Berhad, DRB-Hicom Berhad, EON Bank Berhad, Uni Asia Life Assurance Berhad and Uni Asia General Insurance Berhad, as well as the Executive Chairman of Realmild (M) Sdn. Bhd. and Radicare (M) Sdn. Bhd. He was also an Independent Director of Maxis Communications Berhad and Bangkok Bank Berhad.

Currently, Tan Sri Syed Anwar is the Chairman of Cahya Mata Sarawak Berhad, Lembaga Zakat Selangor and Malaysia Airports Holding Berhad. He is also the Chancellor of SEGi University.

Tan Sri Syed Anwar holds a Bachelor of Arts in Accounting from Macquarie University, Sydney, Australia, having qualified in 1974. He is also a Chartered Accountant, a Certified Practising Accountant (Australia) and a member of the Malaysian Institute of Accountants.

In the financial year ended 31 December 2017, he attended all five meetings of the Board of Directors.*



Gender

Male



Age

66



Nationality

Malaysian



Position

- Non-Independent Non-Executive Director
- Chairman of the Board of Directors



Board Committee

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



Dato' Mohd. Rafik Bin Shah Mohamad

Dato' Mohd. Rafik Bin Shah Mohamad has been a Director of the Company since 1 June 2007, first as a Non-Independent Non-Executive Director and from 7 August 2008 as an Independent Non-Executive Director. He is the Chairman of the Audit Committee and a member of the Nomination and Compensation Committee.

Dato' Mohd. Rafik commenced his career in 1973 as an Analyst with Esso Malaysia Bhd. He joined Nestlé in 1981 and during a tenure spanning 25 years, held various significant management positions within the Nestlé group of companies both locally and overseas until his retirement in 2006. Previously, Dato' Mohd. Rafik was an Independent Non-Executive Director at Handal Resources Bhd., and a director of Felda Global Ventures Holdings Sdn. Bhd.

Dato' Mohd. Rafik is currently the Chairman of Malaysian AgriFood Corp. Bhd., Cold Chain Network Sdn. Bhd. (a subsidiary of Malaysian

AgriFood Corp. Bhd.) and Biotropics Malaysia Berhad. He is also a Director of AgriFood Resources Holdings Sdn. Bhd. and Sanicare Hygiene Services Sdn. Bhd. Biotropics Malaysia Berhad wholly owns Phytes Biotech Sdn. Bhd., which is one of the current suppliers of raw materials to a subsidiary of the Company. Regardless of that, Phytes Biotech Sdn. Bhd. carries on business with the subsidiary of the Company on the same terms as other suppliers.

Dato' Mohd. Rafik is a qualified Chartered Accountant from the Malaysian Institute of Accountants and a Fellow of the Association of Chartered Certified Accountants, United Kingdom. He had also attended the Executive Development Programme at the International Institute for Management Development (IMD) in Lausanne, Switzerland.

In the financial year ended 31 December 2017, he attended all five meetings of the Board of Directors.*



Gender

Male



Age

67



Nationality

Malaysian



Position

- Independent Non-Executive Director



Board Committee

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



Tan Sri Datuk (Dr.) Rafiah Binti Salim

Tan Sri Datuk (Dr.) Rafiah Binti Salim has been a Director of the Company since 17 April 2009. She is a member of the Audit Committee and the Nomination and Compensation Committee.

Tan Sri Rafiah has excellent service records within the domestic public and private sectors, as well as at international level. She has served as a lecturer, Deputy Dean and Dean of the Law Faculty of University of Malaya, Assistant Governor of the Central Bank of Malaysia, Human Resources General Manager of Malayan Banking Berhad and the Assistant Secretary General for United Nations Human Resources Management in New York. Tan Sri Rafiah was previously an Executive Director of the International Centre for Leadership in Finance; and in 2006, was appointed as the first female Vice-Chancellor in Malaysia posted to the University of Malaya.

Tan Sri Rafiah is currently a Director of public listed companies, Minda Global Berhad, Allianz Malaysia Berhad, Lotte Chemical Titan Holding

Berhad and is the Chairman of the Board for Malaysian Genomics Resource Centre Berhad. She is also the President of Malay Girls' College/ Tunku Kurshiah College Old Girls' Association.

Tan Sri Rafiah holds a Masters and a Bachelors degree in Law from Queen's University, Belfast, United Kingdom and was awarded an honorary Doctorate by the same university in 2002. She was called to the Malaysian Bar in 1988.

In the financial year ended 31 December 2017, she attended all five meetings of the Board of Directors.*



Gender

Female



Age

70



Nationality

Malaysian



Position

- Independent Non-Executive Director



Board Committee

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



Dato' Frits van Dijk

Dato' Frits van Dijk has been a Director of the Company since 26 April 2006, first as a Non-Independent Non-Executive Director, and then redesignated as an Independent Non-Executive Director as of 19 November 2013. He is a member of the Nomination and Compensation Committee.

He has served the Nestlé group of companies for 41 years, beginning in 1970 as a Sales Representative at Nestlé UK. Moving up the ranks, he has held various senior positions within the Nestlé group of companies in countries such as India, the Philippines, Sri Lanka, China and Japan. Dato' van Dijk was the Chief Operating Officer and subsequently the Market Head of the Company from 1987 until 1995. He has also served as the Market Head of Nestlé Japan, the Chairman and Chief Executive Officer of Nestlé Waters, and the Executive Vice President and Head of Zone Asia, Oceania, Africa and Middle East of Nestlé S.A., Switzerland, before retiring at the end of September 2011.

Dato' van Dijk holds a Bachelors degree in Economics from the School of Economics, Rotterdam in the Netherlands, and has attended the Executive Development Programme at IMD in Lausanne, Switzerland.

In the financial year ended 31 December 2017, he attended all five meetings of the Board of Directors.*

Gender

Male



Age

70



Nationality

Dutch



Position

- Independent Non-Executive Director



Board Committee

- Member of the Nomination and Compensation Committee





Tan Sri Datuk Yong Poh Kon

Tan Sri Datuk Yong Poh Kon has been a Director of the Company since 25 April 2011. He is a member of the Nomination and Compensation Committee.

Tan Sri Yong has served as a Board member of the Malaysian Productivity Corporation, Malaysian Industrial Development Authority and Bank Negara Malaysia. He was also a member of the National Economic Consultative Council (MAPEN I and II), the Malaysian Communications and Multimedia Commission and the Advisory Board of the Malaysian Anti-Corruption Commission. Together with the Chief Secretary of Malaysia, he was appointed as Co-Chair of PEMUDAH, the Special Task Force to Facilitate Business, from 2007 to 2013. In 2013, he was appointed as a member of the Economic Council of the Prime Minister's office.

Tan Sri Yong is currently Chairman of Royal Selangor International Sdn. Bhd. and Ayer Holdings Berhad, and a Director of RAM Holdings Berhad. He is a Fellow of the Academy of Sciences and the Malaysian Institute of Management. He is also a past President of the Federation of Malaysian Manufacturers (FMM).

Tan Sri Yong graduated with First Class Honours in Mechanical Engineering from the University of Adelaide, Australia in 1968.

In the financial year ended 31 December 2017, he attended all five meetings of the Board of Directors.*



Gender

Male



Age

72



Nationality

Malaysian



Position

- Independent Non-Executive Director



Board Committee

- Member of the Nomination and Compensation Committee



Toh Puan Dato' Seri Hajjah Dr. Aishah Ong

Toh Puan Dato' Seri Hajjah Dr. Aishah Ong has been a Director of the Company since 28 November 2013.

Toh Puan Aishah is the Pro-Chancellor of University of Malaya, having previously served for many years as the Chairman of University Malaya Medical Centre (formerly known as University Hospital). She is also the Chairman of Institut Jantung Negara Foundation, Cancer Research Malaysia and the Charity Welfare Sub-committee of Badan Kebajikan Isteri-isteri Menteri. She completed two terms as the first Chairman of the Health Promotion Board of the Ministry of Health.

Toh Puan Aishah is a Founding Trustee of the Alzheimer's Disease Foundation of Malaysia as well as a Trustee of MERCY Malaysia, the Tun Abdul Razak Foundation, the National Council of Women's Organisations, the Women's Aid Organisation, Dewan Filharmonik Petronas and Media Prima Humanitarian Fund. She is also the Patron of Cancerlink, the Arthritis

Foundation of Malaysia, the National Stroke Association of Malaysia, Wanita Pertubuhan Kebajikan Islam Malaysia Wilayah Persekutuan and the Mental Health Association of Malaysia. Toh Puan Aishah also currently sits on the Board of the Malaysian Philharmonic Orchestra.

Toh Puan Aishah qualified as a medical doctor from the University of London in 1969 and is an active social worker.

In the financial year ended 31 December 2017, she attended all five meetings of the Board of Directors.*



Gender

Female



Age

73



Nationality

Malaysian



Position

- Independent Non-Executive Director



Board Committee

-



Alois Hofbauer

Alois Hofbauer assumed the position of CEO of Nestlé Malaysia on 22 February 2013. He was a member of the Compensation Committee until 20 February 2018.

He has served with the Nestlé group of companies since December 1990 and over the years, has developed a strong leadership track record with a thorough understanding of the individual countries in which Nestlé operates. Alois Hofbauer began his career as a Sales and Marketing Trainee with Nestlé Austria. In 1995, he was transferred to Hong Kong in the first of several assignments in the Greater China Region (GCR) where he had served the next 15 years. In 1998, he moved to Mainland China, first as Sales Manager, next as Group Brand Manager, Coffee and Beverages, and finally as Business Development Manager for Milks. In 2001, he was appointed Head of the Confectionery business for GCR, before taking up his first general management role in 2004 as the Managing Director of Nestlé Taiwan. In

2010, he was appointed the Managing Director of Nestlé Sri Lanka, a position he held until his move to Malaysia.

He presently serves on the Council of the FMM.

Alois Hofbauer is a graduate of the Swiss Business School, International Institute for Management Development in Lausanne, Switzerland and the University of Innsbruck, Austria.

In the financial year ended 31 December 2017, he attended all five meetings of the Board of Directors.*



Gender

Male



Age

52



Nationality

Austrian



Position

- Executive Director
- Chief Executive Officer



Board Committee

-



Martin Peter Kruegel

Martin Peter Kruegel has been a Director of the Company since 1 October 2014 and is the Chief Financial Officer (CFO) of the Company.

He joined Nestlé Germany in 1995, where he held various positions in Supply Chain, Finance, Accounting and Controlling. In 2000, he was promoted to Finance Manager in Maitre Paul B.V. Netherlands, a subsidiary of Nestlé. From 2004 to 2006, he was the Finance Manager of Cereal Partners Germany, following which he was transferred to Nestlé Nordics as Finance Manager, Cereal Partners. In 2008, he was promoted to Head of Finance & Control in Nestlé Nigeria, where he played a strong co-pilot role in operational and strategic business decisions, and implemented a very structured platform for communication to institutional and retail shareholders.

He holds a Master of Science in Economics from University Erlangen, Germany.

In the financial year ended 31 December 2017, he attended all five meetings of the Board of Directors.*

Gender

Male



Age

50



Nationality

German



Position

- Executive Director
- Chief Financial Officer



Board Committee

-





Tengku Ida Adura Tengku Ismail

Tengku Ida Adura Tengku Ismail has been the Company Secretary of the Group since 2013. She is a certified Company Secretary, being a member of the Malaysian Association of Company Secretaries.

After being called to the Malaysian Bar, she commenced her career in private legal practice and prior to joining the Company, Tengku Ida was a Legal Manager with Kumpulan Guthrie Berhad (now known as Sime Darby Berhad). She joined the Company in 2005 as Legal Counsel and in 2010, she was expatriated to Nestlé S.A., Switzerland as Legal Counsel for Zone Asia, Oceania, Africa and Middle East. Upon her return in 2013, she assumed the position of Executive Director, Legal & Secretarial, responsible for all legal, secretarial and compliance matters for the Group, and was made a member of the Executive Leadership Team of the Company in 2017.

She holds a Bachelor of Laws (Hons) from the University of Nottingham, United Kingdom and was admitted as a Barrister-at-Law of the Honourable Society of Lincoln's Inn, London. She was also called to the Malaysian Bar.

She presently serves as Vice Chairman of the International Chamber of Commerce Malaysia (ICC) and chairs the ICC Corporate Responsibility & Anti-Corruption Working Committee. She is also the Malaysian Trustee representative for the ASEAN CSR Network and a Committee Member of the FMM Business Ethics Committee.

Tengku Ida was in attendance at all five meetings of the Board of Directors for the financial year ended 31 December 2017.



Gender

Female



Age

45



Nationality

Malaysian



Position

- Company Secretary
- Executive Director, Legal & Secretarial



Board Committee

-

*** Additional information on the Board of Directors:**

- i. Except for Dato' Frits van Dijk, who holds 8,000 ordinary shares in Nestlé (Malaysia) Berhad, none of the other Directors own any shares in the Group.
- ii. None of the Directors have any family relationship with any other Director and/or major Shareholder of the Group.
- iii. None of the Directors have any conflict of interest or any personal interest in any business arrangement involving the Group.
- iv. None of the Directors have been convicted of any offence within the past 10 years, other than traffic offences, if any.

Our Leadership

Executive Leadership Team

▶ from left to right

Nirmalah Thurai

Executive Director, Corporate Affairs

Alois Hofbauer

Chief Executive Officer

Tengku Ida Adura Tengku Ismail

Executive Director, Legal & Secretarial



▶ from left to right

Martin Peter Kruegel

Chief Financial Officer

Salman Nazir

Executive Director, Supply Chain



◀ from left to right

Kumaran Nowuram

Business Executive Officer, Ready-to-Drink

Chew Soi Ping

Executive Director, Sales



◀ from left to right

Shahzad Umar

Executive Director, Human Resources

Alessandro Monica

Executive Director, Technical & Production

Our Leadership

Profile of Executive Leadership Team



Alois Hofbauer

Chief Executive Officer

Nationality Austrian **Age** 52 **Gender** Male

Alois Hofbauer is the CEO of the Company. A graduate of the Swiss Business School, International Institute for Management Development and the University of Innsbruck, Austria, Alois Hofbauer's career with Nestlé began over 20 years ago when he joined Nestlé Austria as a Sales and Marketing Trainee. He has a strong leadership track record in delivering growth as a result of his experience and knowledge of the business landscape in the Asian region. Over the last 20 years, he has held various Senior Management positions in the region before becoming the Managing Director of Nestlé Taiwan in 2004, subsequently the Managing Director of Nestlé Sri Lanka in 2010 and since 2013, the CEO of Nestlé Malaysia.



Martin Peter Kruegel

Chief Financial Officer

Nationality German **Age** 50 **Gender** Male

Martin Peter Kruegel is the CFO of the Company. He joined Nestlé Germany in 1995, where he held various positions in Supply Chain, Finance, Accounting and Controlling. In 2000, he was promoted to Finance Manager in Maitre Paul B.V. Netherlands, a subsidiary of Nestlé. From 2004 to 2006, he was Finance Manager of Cereal Partners Germany. In 2008, he was promoted to Head of Finance & Control in Nestlé Nigeria, where he played a strong co-pilot role in operational and strategic business decisions and implemented a very structured platform for communication to institutional and retail shareholders. Martin Kruegel holds a Master of Science in Economics from University of Erlangen, Germany.



Alessandro Monica

Executive Director, Technical & Production

Nationality Italian **Age** 47 **Gender** Male

Alessandro Monica assumed his current position as Executive Director, Technical & Production on 1 August 2017. He began his career with Nestlé Italy in 1998 where he held various roles including Head of Engineering for Ice Cream and Frozen Food; Market Safety, Health and Environment Officer; and Factory Manager for Ice Cream, Culinary, Chilled and Nutrition. In 2011, he was transferred to Nestlé Switzerland as Operations Manager for the Ice Cream Strategic Business Unit. He was instrumental in the implementation of competitive operations improvement strategies along the value chain and he contributed to the step change in managing trade assets total cost competitiveness. He also tightened the cold chain standards and rolled out internal and external best practices across the value chain for the Ice Cream Business. Alessandro Monica holds a degree in Mechanical Engineering.

* Alessandro Monica replaces former Executive Director, Technical & Production, Adnan Pawanteh as of 1 August 2017.



Nirmalah Thurai

Executive Officer, Corporate Affairs



Nirmalah Thurai is the Executive Director, Corporate Affairs of the Company.

She joined the Company in 1981 before moving to Nestlé United Kingdom for two years in 1987. During her tenure spanning 30 years with Nestlé Malaysia, she has held diverse portfolios, which include overseeing Consumer Insights, NESCAFÉ, Chilled Dairy and Nestlé Health Sciences businesses, as well as Sales. Prior to her current role, Nirmalah Thurai headed the Nestlé Breakfast Cereal business as the Business Executive Officer for Cereal Partners Malaysia for 12 years, overseeing the Malaysia and Singapore markets. She holds a Bachelor's degree in Arts from Universiti Sains Malaysia.



Chew Soi Ping

Executive Director, Sales



Chew Soi Ping is the Executive Director, Sales of the Company.

He started his career in the Company in 1988 as a Management Trainee, where he first gained experience in Sales and Brand Management. Since then, he has fulfilled a range of responsibilities including Executive Director of the Ice Cream business in 2008 before transitioning to the role of Executive Director, Nestlé Continuous Excellence. This was followed by an expatriation to the Philippines as Senior Vice President, Ice Cream in 2013, a position he held until August 2015. Chew Soi Ping holds a Master in Business Administration from the University of Central Arkansas, USA and a Bachelor of Science in Marketing (Hons) from the University of Ozarks, Arkansas, USA.



Salman Nazir

Executive Director, Supply Chain



Salman Nazir assumed his current position as Executive Director, Supply Chain on 1 February 2018.

He joined Nestlé in 1993 as a Management Trainee at Nestlé Pakistan. In almost 25 years in Pakistan, his responsibilities included Factory Controlling, Project Management, IT, Procurement and Supply Chain Management. He was a Procurement Specialist at Nestec S.A., Switzerland from 2002 to 2004. He then returned to Nestlé Pakistan and assumed the roles of Corporate Procurement Manager and later, Head of Supply Chain in 2006. Salman Nazir then spent three years as Supply Chain Director at Nestlé South Africa before he was appointed to his current position at Nestlé Malaysia. He holds a Bachelor of Science degree from Punjab University Lahore, Pakistan and has also completed the Programme for Executive Development from IMD Business School in Lausanne, Switzerland and in Organisational Leadership at London Business School.

* Salman Nazir replaces former Executive Director, Supply Chain, Gavin Schwarzenbach as of 1 February 2018.



Kumaran Nowuram

Business Executive Officer, Ready-to-Drink

Nationality Malaysian **Age** 47 **Gender** Male

Kumaran Nowuram is the Business Executive Officer, Ready-to-Drink of the Company.

He began his career with Nestlé Malaysia in 1994 as a Management Trainee. In 2002, he became Group Brand Manager for the Dairy business before he was expatriated to Nestlé Middle East in 2003 to head the Dairy business for the region, stationed in Dubai. In 2009, he took up the role of Business Executive Manager, Dairy based in India, before returning to Malaysia as the Executive Director, Sales and later assuming his current role. He holds a Bachelor's degree in Social Sciences (Economics) from Universiti Sains Malaysia and has also attended the Programme for Executive Development at the International Institute for Management Development in Lausanne, Switzerland.



Tengku Ida Adura Tengku Ismail

Executive Director, Legal & Secretarial

Nationality Malaysian **Age** 45 **Gender** Female

Tengku Ida is the Executive Director, Legal & Secretarial and the Company Secretary for the Group.

She joined Nestlé Malaysia in 2005 as a Legal Counsel and was expatriated to Nestlé S.A., Switzerland as the Legal Counsel for Zone Asia, Oceania, Africa and Middle East in 2010. Upon her return in 2013, she assumed the position of Executive Director, Legal & Secretarial, responsible for the legal, secretarial and compliance functions of the Group. She graduated with a Bachelor of Laws (Hons) from the University of Nottingham, United Kingdom and was admitted as a Barrister-at-Law of the Honourable Society of Lincoln's Inn, London. She was also called to the Malaysian Bar.



Shahzad Umar

Executive Director, Human Resources

Nationality Pakistani **Age** 39 **Gender** Male

Shahzad Umar is the Executive Director, Group Human Resources of the Company.

He started his career as a Management Trainee with Nestlé Pakistan in 2001, where he held various managerial posts in Human Resources. He was then expatriated to Malaysia in April 2009 as the Group Human Resources Manager for Organisational Development. In June 2012, Shahzad Umar returned to Pakistan to head the Human Resources Division of Nestlé Pakistan for more than three years. He holds a Master of Business Administration from the University of Nottingham, Malaysia Campus and a degree in Mechanical Engineering from the University of Engineering and Technology, Lahore.

Our Leadership

Nestlé Leadership Team



Front row, from left to right

- 1 Philomena Tan
- 2 Alois Hofbauer
- 3 Yit Woon Lai

Back row, from left to right

- 7 Eugene Chan
- 8 Emilyn Loo
- 9 Wong Eu Khean
- 10 Shahzad Umar
- 11 Nirmalah Thurai
- 12 Martin Peter Kruegel
- 13 Sachin Goel
- 14 Jan-Willem Boezelman



Front row, from left to right

- 4 Ng Su Yen
- 5 Tengku Ida Adura Tengku Ismail
- 6 Alessandro Monica

Back row, from left to right

- | | | |
|---------------------|--------------------------|------------------|
| 15 Christophe Baey | 18 Othman Chraibi | 21 Salman Nazir |
| 16 Kumaran Nowuram | 19 Fiona Tan | 22 Chew Soi Ping |
| 17 Geoffrey Dalziel | 20 Geetha K. Balakrishna | 23 Teo Heng Keat |

Corporate Information



BOARD COMMITTEES

Audit Committee

Chairman

Dato' Mohd. Rafik Bin Shah
Mohamad

Member

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

Tan Sri Datuk (Dr.) Rafiah Binti
Salim

Nomination & Compensation Committee

Chairman

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

Member

Dato' Mohd. Rafik Bin Shah
Mohamad

Tan Sri Datuk (Dr.) Rafiah Binti Salim

Dato' Frits van Dijk

Tan Sri Datuk Yong Poh Kon

COMPANY SECRETARY

Tengku Ida Adura Tengku Ismail
(MACS 01686)

Tel : +603 7965 6000

Fax : +603 7962 7213

E-mail : TengkuldaAdura.Tengkulsmail@my.nestle.com

REGISTERED OFFICE

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.

(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

AUDITOR

KPMG PLT (*Firm No. AF 0758*)

Chartered Accountants

Level 10, KPMG Tower

8, First Avenue, Bandar Utama

47800 Petaling Jaya

Selangor Darul Ehsan

Tel : +603 7721 3388

Fax : +603 7721 3399

PRINCIPAL BANKERS

HSBC Bank Malaysia Berhad
(127776-V)

Malayan Banking Berhad
(3813-K)

STOCK EXCHANGE LISTING

Main Market

Bursa Malaysia Securities Berhad

(635998-W)

Corporate Directory

HEAD OFFICE

NESTLÉ (MALAYSIA) BERHAD (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

<http://www.facebook.com/Nestle.Malaysia>

FACTORIES

PETALING JAYA

NESTLÉ MANUFACTURING (MALAYSIA) SDN. BHD. (315081-K)
25, Jalan Tandang
46050 Petaling Jaya
Selangor Darul Ehsan
Tel : +603 7787 7400
Fax : +603 7787 7599

BATUTIGA

NESTLÉ MANUFACTURING (MALAYSIA) SDN. BHD. (315081-K)
Lot 3, Jalan Playar 15/1
Kawasan Perindustrian Shah Alam
40700 Shah Alam
Selangor Darul Ehsan
Tel : +603 5522 5600
Fax : +603 5510 6263

SHAH ALAM COMPLEX

NESTLÉ MANUFACTURING (MALAYSIA) SDN. BHD. (315081-K)
Lot 5, Jalan Playar 15/1
Kawasan Perindustrian Shah Alam
40700 Shah Alam
Selangor Darul Ehsan
Tel : +603 5522 5600
Fax : +603 5522 5999

SRI MUDA

NESTLÉ MANUFACTURING (MALAYSIA) SDN. BHD. (315081-K)
Lot 75 & 76, Jalan Playar 15/1
Kawasan Perindustrian Shah Alam
40700 Shah Alam
Selangor Darul Ehsan
Tel : +603 5520 6400
Fax : +603 5520 6500

CHEMBONG

NESTLÉ MANUFACTURING (MALAYSIA) SDN. BHD. (315081-K)
Lot 691, Jalan Perusahaan Utama
Kawasan Perindustrian Chembong
71300 Rembau
Negeri Sembilan
Tel : +606 686 3900
Fax : +606 686 4080

CHEMBONG (ICE CREAM)

NESTLÉ MANUFACTURING (MALAYSIA) SDN. BHD. (315081-K)
Lot 3857 – 3862
Jalan Perusahaan
Kawasan Perindustrian Chembong
71300 Rembau
Negeri Sembilan
Tel : +606 686 3900
Fax : +606 686 4095

KUCHING

NESTLÉ MANUFACTURING (MALAYSIA) SDN. BHD. (315081-K)
Lot 844, Block 7
Muara Tebas Land District
Sejingkat Industrial Estate
93714 Kuching
Sarawak
Tel : +6082 472 800
Fax : +6082 472 999

NATIONAL DISTRIBUTION CENTRE

NESTLÉ PRODUCTS SDN. BHD. (45229-H)
Lot 1, Persiaran Waja
Kawasan Perindustrian Bukit Raja
41050 Klang
Selangor Darul Ehsan
Tel : +603 3361 7800
Fax : +603 3361 7801

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the **34th Annual General Meeting** of the Company will be held at **Ballroom B & C, Hilton Kuala Lumpur, 3 Jalan Stesen Sentral, 50470 Kuala Lumpur** on **Thursday, 26 April 2018 at 10.00 a.m.** for the transaction of the following business:

AGENDA

As Ordinary Business

1. TO RECEIVE the statutory financial statements for the financial year ended 31 December 2017 and the Directors' and Auditors' reports thereon.

Please refer to Explanatory Note 1

2. TO RE-ELECT the following Directors retiring in accordance with Article 97.1 of the Constitution of the Company:

- 2.1 Dato' Mohd. Rafik Bin Shah Mohamad
- 2.2 Tan Sri Datuk (Dr.) Rafiah Binti Salim
- 2.3 Martin Peter Kruegel

Please refer to Explanatory Note 2

3. TO RE-APPOINT KPMG PLT (Firm No. AF 0758) as Auditors of the Company and to authorise the Directors to fix their remuneration.

Please refer to Explanatory Note 3

As Special Business

TO CONSIDER AND IF THOUGHT FIT, to pass the following as Ordinary Resolutions:

4. TO APPROVE the payment of a final dividend of 135 sen per share, under a single-tier system, in respect of the financial year ended 31 December 2017.
5. TO APPROVE the following payments to Directors:
 - 5.1 Fees of RM1,080,000.00 for the financial year ended 31 December 2017.
 - 5.2 Benefits of RM250,000.00 for the financial period from 1 July 2018 to 30 June 2019.
6. **Proposed Renewal of Shareholders' Mandate and New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature as set out under Section 2.3(a) of the Circular to Shareholders dated 28 March 2018.**

"THAT approval be hereby given for the renewal of the mandate granted by the Shareholders of the Company on 27 April 2017 and new Shareholders' mandate pursuant to paragraph 10.09 of the Main

Resolution 1
Resolution 2
Resolution 3

Resolution 4

Resolution 5

Resolution 6
Resolution 7

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 28 March 2018 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."

Please refer to Explanatory Note 4

7. Retention of Independent Directors

THAT the following Independent Directors who have served for a cumulative term of more than nine years be and are hereby retained as Independent Directors of the Company until the conclusion of the next AGM, in accordance with the Malaysian Code on Corporate Governance ("MCCG 2017"):-

7.1 Dato' Mohd. Rafik Bin Shah Mohamad

7.2 Tan Sri Datuk (Dr.) Rafiah Binti Salim

Please refer to Explanatory Note 5

TO CONSIDER AND IF THOUGHT FIT, to pass the following as Special Resolution:

8. Proposed Amendments to the Company's Constitution

"THAT the alterations, modifications, additions or deletions to the Company's Constitution as set out in Part B of the Circular to Shareholders dated 28 March 2018 accompanying the Company's Annual Report for the financial year ended 31 December 2017 be and are hereby approved."

Please refer to Explanatory Note 6

9. TO TRANSACT any other business of which due notice shall have been given.

Resolution 8

**Resolution 9
Resolution 10**

Resolution 11

NOTICE IS ALSO HEREBY GIVEN THAT, subject to the approval of the Shareholders at the 34th AGM of the Company, a final dividend of 135 sen per share, under a single-tier system in respect of the financial year ended 31 December 2017 will be paid to the Shareholders on 31 May 2018. The entitlement date for the said dividend shall be 15 May 2018.

FURTHER NOTICE IS HEREBY GIVEN THAT a depositor shall qualify for entitlement only in respect of:

- A. Shares transferred into the Depositors' Securities Account before 4.00 p.m. on 15 May 2018 in respect of ordinary transfers; and
- B. Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the rules of the Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD

TENGGU IDA ADURA TENGGU ISMAIL

Company Secretary (MACS 01686)

Petaling Jaya
28 March 2018

Notes:

- (i) A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his place. A proxy may, but need not be, a member of the Company.
- (ii) The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or if the appointer is a corporation either under the corporation's seal or under the hand of an officer or attorney duly authorised.
- (iii) Where a member of the Company is an authorised nominee as defined under the Central Depositories Act, he may appoint not more than two proxies in respect of each Securities Account he holds with ordinary shares of the Company standing to the credit of the said Securities Account. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one Securities Account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

Where an authorised nominee appoints two proxies, or where an exempt authorised nominee appoints two or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

- (iv) An authorised nominee or an exempt authorised nominee with more than one Securities Account must submit a separate instrument of proxy for each securities account.
- (v) The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority shall be deposited at the office of the Share Registrar of the Company, Tricor Investor & Issuing House Services Sdn. Bhd. (Company No. 11324-H), at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposed to vote, or in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid. The Share Registrar will also provide a box for drop-in of proxy forms at Customer Service Counter, Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
- (vi) In respect of deposited securities, only members whose names appear in the Record of Depositors on 18 April 2018 shall be entitled to attend, speak and vote at the general meeting.

Explanatory Notes on Ordinary Business:**1. Audited Financial Statements**

This item of the Agenda is meant for discussion only. The provisions of Section 340(1) of the Companies Act 2016 require that the audited financial statements and the Reports of the Directors and Auditors thereon be laid before the Company at its Annual General Meeting. As such this Agenda item is not a business which requires a resolution to be put to vote by Shareholders.

2. Re-election of Retiring Directors

Dato' Mohd. Rafik Bin Shah Mohamad, Tan Sri Datuk (Dr.) Rafiah Binti Salim and Martin Peter Kruegel are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election.

3. Re-appointment of KPMG PLT (Firm No. AF 0758) as Auditors of the Company

The Board had at its meeting held on 20 February 2018 approved the recommendation by the Audit Committee on the re-appointment of KPMG PLT (Firm No. AF 0758) as Auditors of the Company. The Board and Audit Committee collectively agreed that KPMG PLT (Firm No. AF 0758) has met the relevant criteria prescribed by Paragraph 15.21 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Explanatory Notes on Special Business:-**4. Recurrent Related Party Transactions**

The proposed resolution is to seek a renewal of Shareholders' mandate and new Shareholders' mandate to allow the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature. For further information, please refer to the Circular to Shareholders dated 28 March 2018 accompanying the Company's Annual Report for the financial year ended 31 December 2017.

5. Retention of Independent Directors**Dato' Mohd. Rafik Bin Shah Mohamad**

The proposed resolution is to seek the Shareholders' approval to retain Dato' Mohd. Rafik Bin Shah Mohamad as an Independent Non-Executive Director. He has been a director of the Company since 1 June 2007. He was initially appointed as a Non-Independent Non-Executive Director before redesignated as an Independent Non-Executive Director in 7 August 2008. His position as an Independent Non-Executive Director has been assessed pursuant to Practice 4.2 of the MCCG 2017 and it has been agreed to retain Dato' Mohd. Rafik Bin Shah Mohamad as an Independent Non-Executive Director of the Board of Directors and as Chairman of the Audit Committee. The recommendation to re-elect and retain Dato' Mohd. Rafik Bin Shah Mohamad as an Independent Director is supported by his 25 years of experience in the Company and his vast experience in the financial arena. Dato' is a qualified Chartered Accountant from the Malaysia Institute of Accountants and a fellow of the Association of Chartered Certified Accountants, United Kingdom. He is currently the Chairman of Malaysian AgriFood Corp. Bhd., Cold Chain Network Sdn. Bhd. (a subsidiary of Malaysian AgriFood Corp. Bhd.) and Biotropics Malaysia Berhad. With his knowledge and experience, he provides valuable guidance and analytical input in financial matters and the operations of the Company. Dato' is also able to share his valuable experience and knowledge of the business and the industry with the Board.

Tan Sri Datuk (Dr.) Rafiah Binti Salim

The recommendation to re-elect and retain Tan Sri Rafiah Salim as an Independent Non-Executive Director is based on her vast excellent service records within the domestic public and private sectors, as well as at international level. She has been a Director of the Company since 17 April 2009. She has extensive knowledge and experience in legal and human resources from various organisations. Her international experience as Assistant Secretary General for Human Resources Management of United Nations in New York is a valuable asset to the Board of Directors and the Company. She was the first female Vice-Chancellor of Universiti Malaya. She brings diversity to the Board and the Company believes that she would be able to provide a distinctive outlook and unique perspective in diverse corporate matters. Tan Sri Datuk (Dr.) Rafiah Binti Salim holds a number of directorships in public listed companies. She is currently a Director of Minda Global Berhad, Allianz Malaysia Berhad, Lotte Chemical Titan Holding Berhad and is the Chairman of the Board of Malaysian Genomics Resource Centre Berhad. With her knowledge and experience, she will be able to provide valuable guidance and input on human resource matters and the operations of the Company as a whole.

6. Proposed Amendments to the Company's Constitution

The proposed amendments will bring the Company's Constitution in line with the Companies Act 2016, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and MCCG 2017, to enhance administrative efficiency.

Please refer to the Circular to Shareholders dated 28 March 2018 accompanying the Company's Annual Report for the financial year ended 31 December 2017, for the details of the proposed amendments to the Constitution.

This page has been intentionally left blank.

PROXY FORM

Nestlé (Malaysia) Berhad (110925-W)
(Incorporated in Malaysia)

No. of shares held	
CDS Account No.	

I/We _____ NRIC No: _____ (New) _____ (Old)
of _____ being
a member of Nestlé (Malaysia) Berhad, hereby appoint *the Chairman of the meeting or _____
_____ NRIC No: _____ (New) _____ (Old)
of _____
or failing him/her, _____ NRIC No: _____ (New)
_____ (Old) of _____

as my/our proxy to vote for me/us on my/our behalf at the **34th Annual General Meeting** of the Company to be held at the **Ballroom B & C, Hilton Kuala Lumpur, 3 Jalan Stesen Sentral, 50470 Kuala Lumpur** on **Thursday, 26 April 2018** at **10.00 a.m.** and at any adjournment thereof.

**Delete if not applicable*

My/Our proxy is to vote as indicated with an "X" below. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his discretion.

No.	Resolutions	For	Against
1.	To re-elect Dato' Mohd. Rafik Bin Shah Mohamad as a Director of the Company.		
2.	To re-elect Tan Sri Datuk (Dr.) Rafiah Binti Salim as a Director of the Company.		
3.	To re-elect Martin Peter Kruegel as a Director of the Company.		
4.	To re-appoint Messrs. KPMG PLT (Firm No. AF 0758) as Auditors of the Company and to authorise the Directors to fix their remuneration.		
5.	To approve the payment of a final dividend of 135 sen per share, under a single-tier system, in respect of the financial year ended 31 December 2017.		
6.	To approve the payment of Directors' fees of RM1,080,000.00 for the financial year ended 31 December 2017.		
7.	To approve the payment of Directors' benefits of RM250,000.00 for the financial period from 1 July 2018 to 30 June 2019.		
8.	Proposed Renewal of Shareholders' Mandate and New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature as set out under Section 2.3(a) of the Circular to Shareholders dated 28 March 2018.		
9.	Retention of Dato' Mohd. Rafik Bin Shah Mohamad as an Independent Director.		
10.	Retention of Tan Sri Datuk (Dr.) Rafiah Binti Salim as an Independent Director.		
11.	Proposed Amendments to the Company's Constitution.		

Dated this _____ day of _____ 2018

Witnessed by : _____

Signature : _____

Address : _____

Company Stamp : _____

Occupation : _____

Signature of Shareholder or Common Seal

Notes:

- (i) A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy may, but need not be, a member of the Company.
- (ii) The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or if the appointer is a corporation either under the corporation's seal or under the hand of an officer or attorney duly authorised.
- (iii) Where a member of the Company is an authorised nominee as defined under the Central Depositories Act, he may appoint not more than two proxies in respect of each Securities Account he holds with ordinary shares of the Company standing to the credit of the said Securities Account. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. Where an authorised nominee appoints two proxies, or where an exempt authorised nominee appoints two or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
- (iv) An authorised nominee or an exempt authorised nominee with more than one Securities Account must submit a separate instrument of proxy for each Securities Account.
- (v) The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority shall be deposited at the office of the Share Registrar of the Company, Tricor Investor & Issuing House Services Sdn. Bhd. (Company No. 11324-H), at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposed to vote, or in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid. The Share Registrar will also provide a box for drop-in of proxy forms at Customer Service Counter, Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
- (vi) In respect of deposited securities, only members whose names appear in the Record of Depositors on 18 April 2018 shall be entitled to attend, speak and vote at the general meeting.

Please fold here to seal

Affix postage
stamp

Tricor Investor & Issuing House Services Sdn. Bhd.

(Company No. 11324-H)

Unit 32-01, Level 32, Tower A

Vertical Business Suite, Avenue 3

Bangsar South, No. 8, Jalan Kerinchi

59200 Kuala Lumpur

Tel: (03) 2783 9299 Fax: (03) 2783 9222

Please fold here to seal

www.nestle.com.my

Nestlé (Malaysia) Berhad (110925-W)

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

Tel (+603) 7965 6000

Fax (+603) 7965 6767

Nestlé Consumer Services Free Phone: 1-800-88-3433

Facebook: <http://www.facebook.com/Nestle.Malaysia>



Cover: Printed on FSC® Mix Certified 300gsm A Snow
Text: Printed on FSC® Mix Certified 120gsm Munken Kristal