



Minutes of the 39th Annual General Meeting (“AGM”) of Nestlé (Malaysia) Berhad (“the Company”) held on a virtual basis through live streaming from the broadcast venue at Level 22, 1 Powerhouse, No. 1, Persiaran Bandar Utama, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Wednesday, 26 April 2023 at 10.00 a.m.

Members of the Board of Directors present at broadcast venue:

1. YAM Tan Sri Dato' Seri Syed Anwar Jamalullail) Chairman
(*Non-Independent, Non-Executive Director*)
2. Mr. Chin Kwai Fatt) Member
(*Independent, Non-Executive Director*)
3. Dato' Hamidah Naziadin) Member
(*Independent, Non-Executive Director*)
4. Datin Sri Azlin Arshad) Member
(*Independent, Non-Executive Director*)
5. YM Dr. Tunku Alina Raja Muhd. Alias) Member
(*Independent, Non-Executive Director*)
6. Mr. Juan Jose Aranols) Member
(*Non-Independent, Executive Director*)
7. Mr. Syed Saiful Islam) Member
(*Non-Independent, Executive Director*)

In attendance at broadcast venue:

Tengku Ida Adura Tengku Ismail
(*Company Secretary*)



Attendance of Shareholders (as per the Attendance List):

1. **The number of shareholders who participated in the virtual meeting at the commencement of meeting was 295, and the total number of Shareholders who at any point of time participated in the virtual meeting was 858.**
2. **The number of proxies received appointing the Chairman was 526, representing 18,944,028 shares.**
3. **There were corporate representatives present, amongst others, from:**
 - **Sociétés des Produits Nestlé S.A. represented by Mr. Juan Aranols;**
 - **Minority Shareholder Watch Group (“MSWG”) represented by Mr. Norhisam Sidek; and**
 - **Employees Provident Fund Board (“EPF”) represented by Mr. Chung Yue Han.**

The Company Secretary shared that the meeting was conducted virtually from the broadcast venue at Level 22, 1 Powerhouse, No. 1, Persiaran Bandar Utama, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan, Malaysia. It was announced that the attendance of the AGM was restricted to the shareholders and authorised representatives of corporate shareholders who had registered to join the meeting remotely. The Company Secretary informed that as the discussion in the AGM was deemed confidential and only for the knowledge of relevant parties, and any visual or audio recording was prohibited, unless prior written consent was obtained. Attendees were briefed that the Company had taken all efforts and tried its best to ensure a smooth live streaming but that the quality of the broadcast for the attendees may be affected by their own internet bandwidth connection and stability.

1. Chairman of Meeting

YAM Tan Sri Dato’ Seri Syed Anwar Jamalullail (“Tan Sri Chairman”), being the Chairman of Nestlé (Malaysia) Berhad, was in the chair and commenced the proceedings of the 39th AGM of the Company.

Tan Sri Chairman thanked the shareholders, the proxies, the Board of Directors and members of the management team of the Company for participating remotely from various locations through live streaming. Tan Sri Chairman informed that the broadcast venue was to facilitate the meeting and the Company guided by the Guidance and Frequently Asked Questions (“FAQs”) on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission (“SC”). Next, Tan Sri Chairman proceeded to introduce the members of the Board and the Company Secretary who were seated with him in the broadcast venue. The External Auditors for the financial year ended 31 December 2022, Messrs. Ernst & Young PLT represented by its partner, Mr. Ng Kim Ling, were also present at the broadcast venue.



2. Quorum

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

Mr. Juan Aranols was appointed as the proxy for Sociétés des Produits Nestlé S.A. which represented 170,276,563 ordinary shares equivalent to 72.61% of the equity of the Company and the shareholders holding 211,372,238 shares have lodged their proxies within the stipulated time. The holders of 17,600,676 shares have appointed the Chairman to be their proxy. The proxies for these ordinary shares held an equivalent of 90.14% of the equity of the Company.

The Company Secretary informed that as per the Guidance and FAQs on the Conduct of General Meetings for Listed Issuers issued by the SC it had stated that participation of members would include those that participated virtually. Quorum would be determined by the number of members logged-in at the start of the meeting. As the requisite quorum was present, the meeting was called to order.

3. Presentation of the Annual Report 2022

Tan Sri Chairman presented to the shareholders the Annual Report 2022 and read out the Chairman's Message, annexed hereto and marked as "Annexure A".

4. Presentation on the Company's Performance

Tan Sri Chairman proceeded with the business of the meeting by inviting Mr. Juan Aranols, the Chief Executive Officer of the Company, to present to the shareholders the Company's performance for the financial year ended 31 December 2022.

Mr. Juan Aranols' presentation on the Company's performance for the financial year ended 31 December 2022, amongst others, covered the following areas:

1. Company's growth;
2. Strengthening the Company's foundations and commitments to Malaysia;
3. Key activities of the Company;
4. Challenges faced by the Company;
5. Innovation and new product launches;
6. Operational and Financial matters of the Company;
7. Sustainability; and
8. Employee acknowledgement.

When the presentation was completed, he passed the meeting back to the Chair.



5. Notice of Annual General Meeting

The Notice of AGM dated 24 March 2023, together with the Annual Report for the financial year ended 31 December 2022 having been circulated within the statutory period, was taken as read.

Tan Sri Chairman informed that the AGM was the principal forum for dialogue with shareholders and invited shareholders to raise any questions they had regarding the items on the agenda or on the proposed resolutions to be tabled at the AGM.

The Company Secretary thereafter explained how questions may be raised during the meeting. The Company Secretary also informed if any shareholders had any question in relation to the Company's acquisition of Wyeth Nutrition (Malaysia) Sdn. Bhd., shareholders could submit the questions when the Remote Participation and Electronic Voting ("RPEV") for the Extraordinary General Meeting became available.

The Company Secretary next informed that pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, any resolution contained in the notice of any general meeting shall be voted on by poll which would be conducted electronically via the RPEV facility provided by Boardroom Share Registrars Sdn. Bhd., the appointed poll administrators. It was also notified that KPMG Management and Risk Consulting Sdn. Bhd. had been appointed as the independent scrutineers to validate the votes cast.

Shareholders were advised that voting on the resolutions could be done at any time throughout the meeting until the closure of the voting session.

The Company Secretary also informed that due to time constraints, the Company might be unable to address all questions submitted via chat box. The questions would be moderated and may be summarised to avoid repetition or similar questions. Those questions would be answered after all agendas had been presented. She also notified that any questions which could not be addressed would be answered by email at the earliest possible opportunity after the meeting.

The process of how voting could be done using the RPEV facility and the hotline number for support was shared.

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

AS ORDINARY BUSINESS

Agenda 1

To receive the statutory financial statements for the financial year ended 31 December 2022 and the Directors' and Auditors' reports thereon.



The Audited Financial Statements of the Company for the financial year ended 31 December 2022 and the Directors' and Auditors' reports were tabled pursuant to Section 340(1) of the Companies Act 2016. The audited financial statements were for discussion only and were not required to be put to vote. It was declared that the Audited Financial Statements for the financial year ended 31 December 2022, together with the Directors' and Auditors' reports thereon were properly laid before the AGM.

Agenda 2.1

Resolution 1:

To re-elect Dato' Hamidah Naziadin as a Director of the Company in accordance with Article 97.1 of the Constitution of the Company.

Tan Sri Chairman tabled the motion for the re-election of Dato' Hamidah Naziadin who was retiring in accordance with Article 97.1 of the Constitution of the Company. Tan Sri Chairman shared that Dato' Hamidah Naziadin had indicated her willingness to be re-elected.

Agenda 2.2

To re-elect Datin Sri Azlin Arshad as a Director of the Company in accordance with Article 97.1 of the Constitution of the Company.

Tan Sri Chairman informed that Datin Sri Azlin Arshad, who was also retiring in accordance with Article 97.1 of the Company's Constitution had indicated that she does not wish to seek for re-election. Datin Sri Azlin Arshad will retain office until the conclusion of the 39th AGM.

Agenda 3

Resolution 2:

To re-elect Syed Saiful Islam as a Director of the Company in accordance with Article 106 of the Constitution of the Company.

Tan Sri Chairman then tabled the motion for the re-election of Syed Saiful Islam who was retiring in accordance with Article 106 of the Constitution of the Company. Tan Sri Chairman shared that Syed Saiful Islam had indicated his willingness to be re-elected.

Agenda 4

Resolution 3:

To re-appoint Ernst & Young PLT (Firm No. 202006000003 (LLP0022760-LCA) & AF 0039) as Auditors of the Company and to authorise the Directors to fix their remuneration.

Tan Sri Chairman tabled the next item on the agenda which was on the re-appointment of Ernst & Young PLT (Firm No. 202006000003 (LLP0022760-LCA) & AF



0039) as auditors of the Company and to authorise the Directors to fix their remuneration.

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

AS SPECIAL BUSINESS

Agenda 5.1

Resolution 4:

To approve the payment of the Non-Executive Directors' Fees of RM1,210,000.00 for the financial year ended 31 December 2022.

The motion for the payment of Non-Executive Director's fees amounting to RM1,210,000.00 for the financial year ended 31 December 2022 was tabled to the shareholders.

The Company Secretary then informed that Tan Sri Chairman would abstain from voting on this item of the agenda as he is personally interested in the motion. However, he would vote in his capacity as a proxy in accordance with the instructions received from non-interested shareholders who had appointed him as their proxy.

Agenda 5.2

Resolution 5:

To approve the payment of Non-Executive Directors' Benefits of RM200,000.00 for the financial period from 1 July 2023 to 30 June 2024.

Next the motion for the payment of Non-Executive Directors' benefits amounting to RM200,000.00 for the financial period from 1 July 2023 to 30 June 2024 was tabled.

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

Agenda 6

Resolution 6:

Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue of Trading Nature, as set out under Section 2.3(a), Part A of the Circular to Shareholders dated 24 March 2023.



The motion for the proposed renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue of Trading Nature as set out under Section 2.3(a), Part A of the Circular to Shareholders dated 24 March 2023 accompanying the Company's Annual Report for the financial year ended 31 December 2022 was tabled. This motion if passed, would allow the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature.

Agenda 7

To transact any other business of which due notice shall have been given.

It was announced that no notice had been received for any other business to be transacted at the AGM.

6. Questions & Answers

Tan Sri Chairman informed that the Company had received questions from MSWG and EPF. Tan Sri Chairman invited the Company Secretary to share the questions from MSWG and EPF together with the Company's responses.

Tan Sri Chairman then informed that the Company had also received questions from the shareholders prior to the AGM which were submitted via the RPEV platform, and via chat box during the AGM. The questions received were answered but not in any particular sequence according to the agenda. Shareholders had been informed earlier that questions received would be moderated and may be summarised to avoid repetition or similar questions. He also informed that any questions which were not addressed would be answered by email at the earliest possible after the meeting.

Mr. Juan Aranols was invited to respond to the questions received from shareholders/proxies prior to the AGM and via the chat box. Questions posed by shareholders/proxies were also made visible during the meeting.

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

After the questions had been dealt with, the meeting proceeded to vote and was adjourned at 11.35 a.m. for the counting of votes.

7. Announcement of Poll Results

Tan Sri Chairman reconvened the meeting for the declaration of poll results which had been verified by the independent scrutineers, KPMG Management and Risk Consulting Sdn. Bhd. as follows:



Resolution	Vote For		Vote Against		Total Votes	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
1	211,973,939	99.9022	207,464	0.0978	212,181,403	100.000
2	210,437,710	99.1783	1,743,492	0.8217	212,181,202	100.000
3	211,365,717	99.6156	815,585	0.3844	212,181,302	100.000
4	212,126,316	99.9747	53,687	0.0253	212,180,003	100.000
5	212,123,904	99.9757	51,499	0.0243	212,175,403	100.000
6	41,890,062	99.9650	14,678	0.0350	41,904,740	100.000

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

It was RESOLVED as follows:

Resolution 1

THAT Dato' Hamidah Naziadin, the Director retiring in accordance with Article 97.1 of the Constitution of the Company, be hereby re-elected as Director of the Company.

Resolution 2

THAT Syed Saiful Islam, the Director retiring in accordance with Article 106 of the Constitution of the Company, be hereby re-elected as Director of the Company.

Resolution 3

THAT Ernst & Young PLT (Firm No. 202006000003 (LLP0022760-LCA) & AF 0039) be hereby re-appointed as the Auditors of the Company and to hold office until the conclusion of the next Annual General Meeting of the Company, and for the Directors to fix their remuneration.

Resolution 4

THAT the payment of Non-Executive Directors' Fees amounting to RM1,210,000.00 for the financial year ended 31 December 2022 be hereby approved.

Resolution 5

THAT the payment of Non-Executive Directors' Benefits amounting to RM200,000.00 for the financial period from 1 July 2023 to 30 June 2024 be hereby approved.

Resolution 6

THAT approval be hereby given for the renewal of the mandate granted by the shareholders of the Company on 28 April 2022 pursuant to paragraph 10.09 of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad, authorising the Company and/or its subsidiaries to enter into the recurrent related party transactions of a revenue or trading nature as set out in Section 2.3(a) of the Circular to Shareholders dated 24 March 2023 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.

8. Closure of Meeting

Before the conclusion of the meeting, on behalf of the Board of Directors and Management of Nestlé (Malaysia) Berhad, Tan Sri Chairman extended their appreciation to YBhg. Datin Sri Azlin Arshad who retired at the conclusion of the AGM, for her dedicated service and valuable contributions to the Board, Audit Committee and the Company during her tenure as an Independent Non-Executive Director of the Company.

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

Signed as a correct record of the proceedings:

-signed-

YAM Tan Sri Dato' Seri Syed Anwar Jamalullail
Chairman



Annexure A

Chairman's Message

Ladies and gentlemen, I present to you the Annual Report 2022 comprising:

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

It is encouraging that many of our Shareholders are participating remotely via the facilities provided. We thank you all for taking the effort to join us today.

Ladies and gentlemen,

Looking back on 2022, while volatile market conditions persisted across the globe, Malaysia saw a turning point with the transition to the endemic stage of the COVID-19 pandemic, and the full reopening of the economy. Against this backdrop of recovery amidst uncertainty, Nestlé Malaysia celebrated 110 years of presence in the nation. While contending with multiple headwinds, and in particular those derived from commodities inflation compounded by heightened geopolitical tensions, we rose to the challenge and continued to deliver on our unwavering commitment of Good Food, Good Life, with business growth solidly anchored in a meaningful and substantive Environmental, Social and Governance (“ESG”) agenda.

As a result, the Group recorded strong performance in 2022, with our highest growth rate in many years and solid progress in profitability, on the back of both robust domestic sales and export growth. While we could not avoid implementing price increases to protect the substance of our margins amidst the surge in global commodity prices, we did this mindfully of the impact on the Rakyat while advancing multiple efficiencies and saving measures to moderate the intensity of those increases as much as possible. Profitability, as a result, in combination with sales growth, was resilient.

Ladies and gentlemen,

In light of this overall performance, the Board of Directors had declared a third interim dividend of RM1.22 per share for the financial year ended 31 December 2022, 20 sen higher than the previous financial year. This brings the total dividends for the year to RM2.62 per share.

Reflecting our commitment to robust corporate governance, we strengthened our practices with the implementation of the Directors' Fit & Proper Policy during the year. With this policy in place, all Board members are able to support the effective and efficient functioning of the Board and Board Committees. This includes close monitoring and oversight by the Board on matters pertaining to ESG, complemented by climate-related risks and impacts that are embedded in our comprehensive enterprise risk management frameworks.



On 1 August 2022, we were also pleased to welcome to the fold our new Chief Financial Officer, Syed Saiful Islam, whose seamless transition into the role was facilitated by our best practices in corporate governance.

As ever, we are grateful to Malaysians for their support to Nestlé and their love for our brands. We remain steadfast in our commitment to upholding their trust. We would also like to convey our sincere gratitude to the entire Nestlé Malaysia team as well as our partners across the value chain for their unwavering dedication and support. Together, we look forward to continuing our journey towards nourishing Malaysians for generations to come, while creating positive societal value through our activities and engagements.

Before we commence today's proceedings, the Company wishes to make a presentation. I would like to invite our Chief Executive Officer, Mr. Juan Aranols to take us through this.

Sekian, terima kasih.



Annexure B

Questions received from MSWG and the Company's Responses

1. **Many efforts were put into advancing reformulation, with a focus on sugar and sodium reduction, while continuing to drive multiple programmes to educate on the importance of a balance nutrition and healthy lifestyles (page 13 of Annual Review/AR 2022).**

(a) To what extent, has the sugar and sodium reduction boosted sales? What was the experience with dairy free drinks?

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

- We have proactively undertaken recipe formulation to reduce sugar and salt content over the years and consumers reaction has been positive. Regarding our dairy-free drinks, they are meeting great consumer acceptance and are all Healthier Choice recognised, as well as exempted from sugar tax.

(b) Has there been concerted efforts made in the use of organic products, non-GMO products and steamed foods or oven-baked foods instead of fried foods?

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

- Our products are made with highest quality ingredients and strictly comply with all food safety, quality and regulatory standards, whether it refers to organic ingredients, GMO or any other dimension.
- We continuously educate consumers on portion guidance and also provide tips for healthier cooking and preparation methods. Consumers have available a vast number of recipes in the websites of our brands and at Dear Nestlé. We provide also multiple product choices for consumers interested in eating healthier. Our MAGGI Nutri-licious range, with reduced salt and fat content, or HARVEST GOURMET which is cholesterol free and very low in fat, are very good examples of this.

2. **Group sales reached their highest growth in many years, to RM6.7 billion. This was contributed both by domestic and export sales, which rose by 12.9% and 29.3% respectively (page 15 of AR 2022).**

(a) What percentages of the sales increase were due to volume and price increase respectively?



The Company's response to Question 2 (a):

- Both volume and pricing contributed to our growth, but we don't disclose the details for competitive reasons.

(b) Which countries overseas contributed significant increases? What is the outlook for domestic and export sales in FY2023?

The Company's response to Question 2 (b):

- The export recovery came from many countries in the context of normalisation post pandemic. We remain confident about our ability to deliver another year of solid results in 2023.

3. The inauguration of the PBMS facility in Shah Alam in 2021 was followed in 2022 by significant capacity expansion projects in both the Batu Tiga MAGGI and Chembong Ice Cream factories, amongst others. In 2023, Nestlé will start new round of projects that will bring approximately RM1 billion of capital expenditure (CAPEX) over the few years (page 19 of AR 2022).

(a) What were the respective percentage increase in capacities for the Batu Tiga MAGGI and Chembong Ice Cream factories? What are their current utilization rates?

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

- For Batu Tiga, the capacity expansion is significant and allows us to ensure solid growth for MAGGI products over the next 5 to 10 years. For ice cream, several production lines have expanded capacity allowing also to support future growth.

(b) What are the major projects to be started under the RM1 billion of capital expenditure (CAPEX) over the next few years?

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

- We have allocated CAPEX of RM1 billion for the 2023-2025 cycle, which will mainly go towards upgrading our manufacturing facilities and expanding production capacity. In 2023, we will see the completion of the Batu Tiga and Chembong ice cream expansion projects started in 2022 as well as expansion of our Chembong confectionery site, catering for the production of KIT KAT across all ASEAN markets.



4. Catering to increasingly health-conscious Malaysians, the MAGGI Nutri-licious range was launched as the first instant noodle products in Malaysia certified with the Healthier Choice Logo by the MOH. Besides educating consumers, Nestlé also took opportunity to debunk common myths about instant noodles and improve brand perception (page 25 of AR 2022).

(a) Apart from MAGGI Nutri-licious Aglio Oglio and Tomato Delight currently offered, how many more variants are expected to be introduced this year?

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

- We have an exciting pipeline of innovations for MAGGI again this year. Some has already been rolled out to the market, such as our new MAGGI *Kari Cube*, MAGGI *Mi Goreng Laksa Warisan* noodles and the trendy MAGGI *Cheezy Pedas Giler*, all with the best taste and great quality ingredients.

(b) What are the common myths about instant noodles and to what extent has the Company been successful in debunking them?

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

- Malaysians have become more conscious about living a healthier lifestyle and eating a nutritious meal.
- In the last few years, we launched our 'MAGGI balanced bowl' campaign to advocate balanced eating among Malaysians, inspired by the Malaysian Healthy Plate ("MHP") guide provided by the Ministry of Health, which is based on the 'Quarter Quarter Half' concept. This encourages culinary inventiveness when it comes to preparing healthier and balanced meals with instant noodles to include proteins (such as egg or tofu or meat) and vegetables. This campaign has been very well accepted amongst our consumers. We also include suggestions on how to make a balanced bowl of noodles on our MAGGI product packaging.

5. NESPRESSO benefitted from solid recovery in the OOH market as Malaysia entered the endemic phase in 2022, with OOH consumption rising significantly throughout the year. This contributed to triple-digit growth across its business-to-business (B2B) channels, particularly hotels, restaurants and offices (Page 28 of AR 2022).

Is this phenomenal growth sustainable? Has NESPRESSO made headway in shopping malls and among retail users?



The Company's response to Question 5:

- Indeed in 2022 we saw a shift from in home to OOH consumption, including B2B, where the triple digit growth is against a very depressed baseline during COVID. Going forward, we continue to see great potential NESPRESSO to continue delivering growth consistently.

- 6. Other expenses under the Group declined sharply from RM84.119 million in FY2021 to RM28.175 million in FY2022 (Page 50 of CGFR 2022).**

What were the major areas of decrease and why? What is the expectation in FY2023?

The Company's response to Question 6:

- The reduction is mainly due to lower COVID-19 related expenses, which were very significant in 2021 due to the mass testing and safety measures to ensure infection prevention and containment on-site.

- 7. Impairment loss for Group's trade receivables from Third Parties amounted to RM30.901 million which constituted 17.3% of outstanding trade receivables of RM178.126 million as at end of FY2022 (page 90 of CGFR 2022).**

Why was there such a significant impairment loss for trade receivables? Are any of the impaired amounts recoverable? How much of the impaired amounts have been recovered to date?

The Company's response to Question 7:

- These trade receivables had been impaired over past years but have been written off from the books.
- The Management has issued letters of demand and are still following through the legal process accordingly.

- 8. Given Nestlé global presence, the Company is steadfast in its commitment to producing its products in an ethical manner, utilising responsibly sourced raw ingredients. This entails tackling potential environmental and social risks, including achieving deforestation-free sourcing, protecting human rights and revolving labour rights issues such as child labour and excessive working hours (Page 75 of Nestlé in Society Report 2022)**

Please clarify whether the commitment in producing its products in an ethical manner and utilising responsibly sourced raw ingredients entails using organic ingredients or products? What are the Group's plans for the use of organic ingredients or products?



The Company's response to Question 8:

- Nestlé uses organic ingredients in a number of brands and products, alongside our regular range. We acknowledge there are segments of consumers that value organic ingredients, while we apply our high quality and safety standards to ALL the ingredients we purchase and use to manufacture of our products.
- We strongly believe and invest in regenerative agriculture as turnkey to build a more sustainable food system that protects the land, soil and the water resources, fostering biodiversity and supporting farmers livelihoods.

Questions received from EPF and the Company's Responses

1. **Why did Nestlé Malaysia request for an increase in 2023's RRPT mandate when the actual utilised in previous years is still low.**

The Company's response:

- Actual transacted from 28 April 2022 to 1 March 2023 as shown in the 2023 Circular has already amounted to 82.6% of the mandate.
- Extrapolated for the full year, the utilisation would be very close to 100%.
- Increase for 2023 is required to cater for expected growth, higher costs and exchange rates and expected higher purchase of plant and equipment through Nestrade S.A., which did not fully materialise in 2022.

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

1. **From Mr. Tan Keng Chok, a shareholder as follows:**
 - a) **Will the board consider offering DRP (dividend reinvestment plan) to shareholders?**
 - b) **When will the company revert to the conventional way of conducting AGM where shareholders are allowed to attend it physically, which is more friendly & with human touch?**

The Company's response:

Mr. Juan Aranols informed that at this point of time, the Company did not have any plan to offer DRP to its shareholders.

He then explained that holding a virtual meeting was more effective, efficient and more convenient for the shareholders, thus the Company planned to continue to convene future meetings virtually.



2. From Mr. Tian Wee Yean, a shareholder as follows:

Till now 2023 since I was allocated 1000 units of Nestlé (Malaysia) Berhad shares through IPO in 1989. Nestlé (Malaysia) Berhad still haven't rewarded shareholders with bonus shares except good dividends and pricey higher market price. Is Mr. Chairman/Board of Directors & Management considering to issue Bonus shares for all its shareholders? Thanks.

The Company's response:

Mr. Juan Aranols acknowledged the shareholder's comments. He however, was of the view that shareholders' would continue to benefit from the Company's ability to pay sustainable and solid dividends year after year. He informed that there was no plan for issuance of bonus shares at this point of time.

3. From Madam Teh Siew Peng ("Madam Teh"), a shareholder as follows:

Feedback about NESTUM products had many fragrance ingredients. Not as good as previous range. Also been suggested new product for vegetarian consumers on instant noodle for oriental flavour which only available in Australia? The other flavours were too spicy and causes gastric. Chicken noodle flavour taste horrible not as good as first version. Hope the entire division appreciate the consumers' and shareholders' suggestion. Thank you.

The Company's response:

Mr. Juan Aranols thanked the shareholder for her suggestion and apologised for not being able to fulfil everyone's expectation. He then suggested Madam Teh to try the newly launched *MAGGI Mi Goreng Laksa Warisan* noodles.

4. From Madam Chin Chon Len, a shareholder as follows:

Does the company in any way affected by current prolong war between Ukraine and Russia?

The Company's response:

Mr. Juan Aranols replied that the war between Ukraine and Russia comes with multiple effects including disruption of supply chain. Nevertheless, conditions have improved this year. The Company continues to monitor the situation closely to ensure peaceful resolution of the conflicts.



5. From Mr. Kow Lih Shi, a shareholder as follows:
- a) Why did the company not increase dividend payout amount? Is company planning on a bonus issue? Could company pay for RM1.70- RM2.00 rather than small amount RM0.50-RM0.70 of interim/final dividend as RM1.50.
 - b) What could the company do to solve short of stock in market? For example, NESCAFE, MAGGI Kari, in certain hyper market/wholesaler in Klang valley areas? What would company do for products which constantly increase in market demand, but not able fulfil the order book?
 - c) The cost efficiency rules in company, how was after imposing 45 hours a week working time, does overall reducing time of operate? Reducing over time paying?
 - d) The hot selling products in market e.g. MILO products, have rumours of having cloned products and not from the production by Nestlé manufacturer, what is the action plan for the consumers purchase guidance?
 - e) The fear of banking in US, and in some Asian countries relating to banking risk, what risk will be affecting Nestlé directly and indirectly? (Directly - Nestlé are their banking clients) (Indirectly - Nestlé business partners are their clients)
 - f) US major companies are reducing their overseas operation, will Nestlé Malaysia be affected if Nestlé overseas take action in reducing Asian business operation?
 - g) i. What would the Company do for vegetarian products segments, especially frozen products, HARVEST GOURMET - after launching 2 years ago, the product still did not get good response in sales, and getting lesser of demand, some other products such as fried ice-cream which received good response but were only in the market about 1 year plus, was discontinued.
 - ii. What define products to be discontinued?
 1. only focus of markets selling in repeat order calls?
 2. costing and profitable base of sales amount?
 3. certain products for trending sells?
 - h) How was the annual financial improvement after the economic recovery stages? What would company gain from multiple distributors of Nestlé products? Does company gain more compared to company direct distribution in FMCG supply & distribution? In past financial report profit is lesser compare past financial year, what is major issue of earning lesser?



The Company's response:

- a) Mr. Juan Aranols informed that the Company had proposed a healthy dividend payout and paid higher dividend for the financial year ended 31 December 2022 at RM2.62 per share compared to the financial year ended 31 December 2021. It represented more than 99% payout ratio. He reiterated that at this juncture, the Company has no plan to issue bonus shares to its shareholders.
- b) He said that the Company had worked very hard to fulfil the product demand. Every department in sales and supply chain had diligently accomplished their targets to ensure maximum on shelf availability. The Company would try to minimise the risk of low stocks. Mr Juan Aranols also highlighted that the low stocks occasionally indicate a healthy demand.
- c) The 45 working hours a week did not affect the Company's factory operations as our normal working hours are below 45 hours a week. Thus, it would not affect the overtime payment by the Company.
- d) Mr. Juan Aranols commented that it was rare to find counterfeit products in the market and whenever detected, the Company would take all necessary steps to protect the public from any unscrupulous illegal operators who may engage in manufacturing, distributing and/or selling counterfeit Nestlé products. The Company always cooperates with the relevant authorities to investigate any potential counterfeit products and ensure any such issue be addressed soonest possible. He reminded the shareholders to contact the Nestlé Consumer Service Centre whenever they suspect a Nestlé product may not be genuine.
- e) The Company and Nestlé Group globally monitors and minimises key risks in a structured and proactive manner, with formally defined policies and procedures in place to manage the risk environment. The system of risk management is satisfactory and adequate to safeguard the Company's investments and Group's assets.
- f) Mr. Juan Aranols informed that the Company had recently announced an additional RM1 billion investments over the next 3 years. Hence, downsizing operations in Malaysia is not part of the Company's business plan.
- g) The HARVEST GOURMET range is advancing on well-established foundations and is a market leader. As more consumers shift to plant-based solutions, the Company remains confident on its potential.
- h) The distribution network is a key commercial asset which enables the Company to reach every part of Malaysia. Mr. Juan Aranols said that the Company is proud of and committed to its network of long-term partners.



6. From Mr. James Ling En Yie, a shareholder as follows:

Any new export sales market which Nestlé Malaysia is exploring at this moment?

The Company's response:

Mr. Juan Aranols informed that 20% of Nestlé's sales are contributed by exports. Nestlé exported its products to some 50 countries and is constantly looking for new opportunities. He shared that the export team was at the Food Fair in Singapore recently to promote brands such as HARVEST GOURMET and LIVELY Tea.

7. From Mr. Seng Chong Boon, a shareholder as follows:

Hi Chairman, what is Nestlé strategy to overcome food cost that keep increasing due to Ukraine war? Thanks.

The Company's response:

Mr. Juan Aranols, answering on behalf of Tan Sri Chairman acknowledged that food costs had been increasing. The Company expected commodity price to continue decreasing in the second half of the year which would result in a better cost mitigation of a price increases.

8. From Mr. Veiven Goon, a shareholder as follows:

Can the Board provide more colours on Nestlé Malaysia's export strategy? Does the company have sales offices overseas? Where are the focus countries for exports?

The Company's response:

Mr. Juan Aranols informed that the bulk of the Company's export was to the other Nestlé markets and that in general they continue to show healthy signs of demand.

9. From Mr. Liu Yuet Yin, a shareholder as follows:

The product of Nestlé will reduce the price in future, to increase share market compared to competitor.

The Company's response:

Mr Juan Aranols replied that the Company focuses on delivering value to consumers. He commented that Nestlé products might not be always the cheapest, but the quality, taste and trust in the Nestlé brands continue to be important drivers of consumer preference. In any case, the Company continuously monitors the price to ensure its competitiveness in the market.



10. From Mr. Md Gezmir Bin Md Ghazi, a shareholder as follows:

Nestlé an iconic brand to Malaysians, everyone 'drink MILO although it's not MILO!', if possible, please introduce *Rahmah* product/price to selective students at school instead of Corporate Social Responsibility ("CSR")? They can enjoy Nestlé products too during economy uncertainty. Thanks.

The Company's response:

The Company noted the suggestion made. Mr. Juan Aranols further reminded consumers to lodge a report with the Ministry of Domestic Trade and Costs of Living if they do not receive a genuine drink when they order a Nestlé drink. He informed that the Company had conducted many CSR activities and health initiatives to support the community needs.

11. From Mr. Veiven Goon, a shareholder as follows:

Total debt has more than doubled. Can the Board explain this huge increase in debt?

The Company's response:

Mr. Syed Saiful explained that over the last few years, the CAPEX of the Company had increased, as the Company had high investment in 2022. He added that in these global uncertainties as well as the supply chain, the Company had also increased its inventories to manage uncertainties. However, the Company estimated that the debt would gradually be reduced as the working capital would be much lower in 2023.

12. From Mr. Veiven Goon, a shareholder as follows:

CAPEX for 2022 has risen to over 300 million, the highest in years. Will the company spend the same amount in 2023? What will the CAPEX be used for in 2023?

The Company's response:

Mr. Juan Aranols highlighted that the Company was expected to have similar amount of CAPEX to be utilised as it would complete its big projects, i.e. in Chembong and Batu Tiga factories. He commented that upgrading our facilities is required and on a regular basis in order to keep the assets productive and ensure competitive costs.



13. From Mr. Lee Mun Hoe, a shareholder as follows:

How about the overall bonuses payout to the staffs as comparable to precedent year?

The Company's response:

Mr. Juan Aranols responded that the Company had reached its target for the year under review. In view thereof, it was reflected in the staff remuneration accordingly.

- End -