



Nestlé

Good food, Good life



NESTLÉ
IN SOCIETY
REPORT
2019







INSIDE THIS REPORT

ENHANCING QUALITY OF LIFE AND CONTRIBUTING TO A HEALTHIER FUTURE

As we pursue our aspirations, we are ever-mindful of our purpose. This is intrinsic to our commitments, inspiring us as individuals, sustaining us as a company, and allowing us to contribute to society in meaningful ways. This sets the foundation for sustainable long-term value creation, for Nestlé, and to all its stakeholders.

2
ABOUT THIS REPORT

3
ABOUT US

4
A MESSAGE FROM OUR CHAIRMAN AND CEO

6
NESTLÉ IN SOCIETY: CREATING SHARED VALUE

10
CREATING SHARED VALUE GOVERNANCE

12
**STAKEHOLDER ENGAGEMENT AND
MATERIAL ISSUES**

18
CSV KEY PERFORMANCE DATA

20
FOR INDIVIDUALS AND FAMILIES

46
FOR OUR COMMUNITIES

74
FOR THE PLANET

98
AWARDS AND ACHIEVEMENTS

100
GRI CONTENT INDEX

142
INDEPENDENT ASSURANCE REPORT

ABOUT THIS REPORT

WELCOME TO THE NESTLÉ IN SOCIETY REPORT 2019

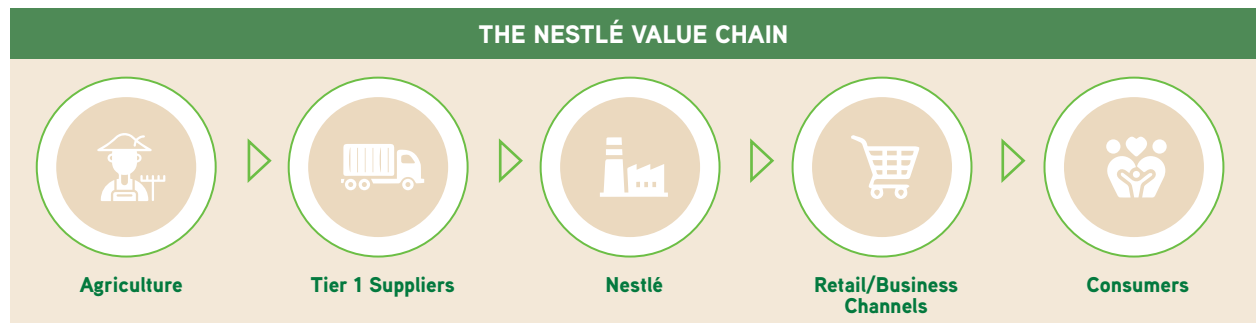
For many years, Nestlé Malaysia has held an unwavering commitment to transparency in our reporting and communication to our stakeholders. Staying true to this, our Nestlé in Society report offers details on our progress on a number of important sustainability goals.

2019's edition marks our 14th dedicated sustainability report, providing an overview of the ways in which our business impacts society and the environment. Our approach to addressing these impacts is underpinned by our Creating Shared Value (CSV) framework, which sets out key impact areas where we can create the greatest value. The CSV framework enables us to benchmark our progress against clearly defined commitments which drive our efforts to make a positive difference.

REPORT SCOPE AND BOUNDARY

This Report covers the reporting period between January and December 2019. It encompasses the operations of Nestlé (Malaysia) Berhad ("Company") and its subsidiaries ("Group").

The Report describes the measures we have undertaken in order to create value for different stakeholders throughout the Company's value chain. It is guided by the material issues identified in our Materiality review for 2019.



REPORTING FRAMEWORK

This Report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards – Comprehensive Option. Following the GRI Standards, we report on economic, environmental and social impacts that substantially influence our stakeholders.

Our reporting indicators, namely our CSV Key Performance Data, are guided by our global reporting suite. These indicators are part of Nestlé S.A.'s annual submission as Communication on Progress (CoP) to the United Nations' Global Compact. The CoP demonstrates our commitment to the Global Compact and the Ten Principles on human rights, labour, environment and anti-corruption.

The Report is also in line with Amendments to Bursa Malaysia Securities Berhad's Main Market Listing Requirements relating to Sustainability Statement in Annual Reports.

In line with the recommendations of Bursa Malaysia Securities Berhad, this year's Report includes disclosure based on the recommendations of the Task Force on Climate-Related Financial Disclosure (TCFD). While these disclosures are voluntary, we aim to continuously expand and strengthen our climate-related reporting in future publications.

On a global level, Nestlé's support of TCFD is not only aligned with investor interests, but is also aimed at ensuring robust risk management frameworks and supporting risk mitigation measures.

INDEPENDENT ASSURANCE

This Report has undergone a limited independent assurance on selected key material issues by PricewaterhouseCoopers (PwC), ensuring the accuracy and objectivity of the reported information. Please refer to the full assurance statement at the end of this Report for further details of the scope of work and observations.

ABOUT US



Commercial operations
in Malaysia

SINCE 1912

Market capitalisation of

RM34 BIL

as of 31 December 2019



Employs more than

**4,600
PEOPLE**

20% of our total
production is exported
to more than

50 COUNTRIES

across the world



Turnover of

RM5.5 BIL

in 2019



The biggest

HALAL

producer in the
Nestlé world

Operates

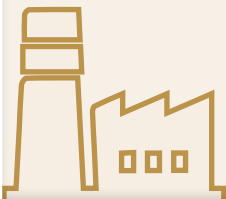
6 FACTORIES

and a Nestlé Distribution Centre

100%

of our manufacturing workforce is

MALAYSIAN



Produces over

500

Halal-certified

products, with locally made
leading household brands such as
MILO, MAGGI and NESCAFÉ

A MESSAGE FROM OUR CHAIRMAN AND CEO



Dear stakeholders,

We are pleased to present our 2019 Nestlé in Society Report, encapsulating our progress and achievements during the year as part of our ongoing commitment to contribute to a brighter future – for individuals and families, for communities and ultimately for the planet.

This is intrinsically tied to our purpose of enhancing quality of life and contributing to a healthier future, which is deeply embedded in all aspects of our organisation and activities. True to our CSV philosophy, we firmly believe in playing a positive role in society wherever we can make a tangible difference. To drive impactful change, our CSV strategy continuously evolves, shaped by material issues of relevance to our stakeholders, through feedback gleaned from regular surveys and engagement.

We are steadfast in our mission to nourish Malaysians through our trusted portfolio of products. We also have initiatives in place to encourage the adoption of healthier and more active lifestyles. One example is NESTLÉ FOR HEALTHIER KIDS, aimed at improving nutrition and instilling the importance of physical activity among schoolchildren. Another example is MILO and its constant support of healthy lifestyles and the practice of sports. We are glad to share that we continue to make good progress on this front.

Our Halal capabilities and know-how have solidified our position as the Halal reference for Nestlé markets the world over, as the Company's Global Halal Centre of Excellence. We are able to leverage this expertise to contribute to the development of Malaysia's Halal industry and support entrepreneurs in the sector to scale up their Halal knowledge and manufacturing capabilities.

We also put effort in helping to uplift communities. Our Farmer Connect programmes help local farmers build more sustainable futures, equipping them with the knowledge and skills to generate better yields and higher crop qualities. This increases income and enhances livelihoods in rural communities, while creating a traceable and sustainable supply of high-quality raw materials for Nestlé. This year, we added a new pillar to our efforts to support rural communities, with the launch of NESCAFÉ GROWN RESPECTFULLY in Kedah.

Our employees remain a core asset for the Group. We are dedicated to ensuring diversity and gender balance, providing equitable conditions to all our people and encouraging and supporting their development. We also promote flexible working policies that support the work-life balance of all our employees.

As we strive to build a better future, we are committed to be part of the solution to the environmental challenges affecting the world, particularly those linked to plastic waste, carbon emissions and sustainability of supply chains. This is embodied in our global ambitions to make all of our packaging either recyclable or reusable by 2025 and achieving zero net emissions by 2050. To this end, we are heartened to share that our Green Gladiators taskforce has recorded important achievements in packaging design innovation, recycling education and reduction of single-use plastic.

In line with our commitment to transparent reporting of our sustainability journey, we have prepared our reporting framework in accordance with the Global Reporting Initiative Standards – Comprehensive Option. Our sustainability approach is also aligned with the United Nations' Sustainable Development Goals, allowing us to be attentive and responsive to global sustainability concerns and objectives.

In our bid to always do better, we are appreciative of all comments from our stakeholders and invite constructive feedback on potential areas of further improvement in our sustainability agenda.



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



JUAN ARANOLS
Chief Executive Officer

NESTLÉ IN SOCIETY: CREATING SHARED VALUE

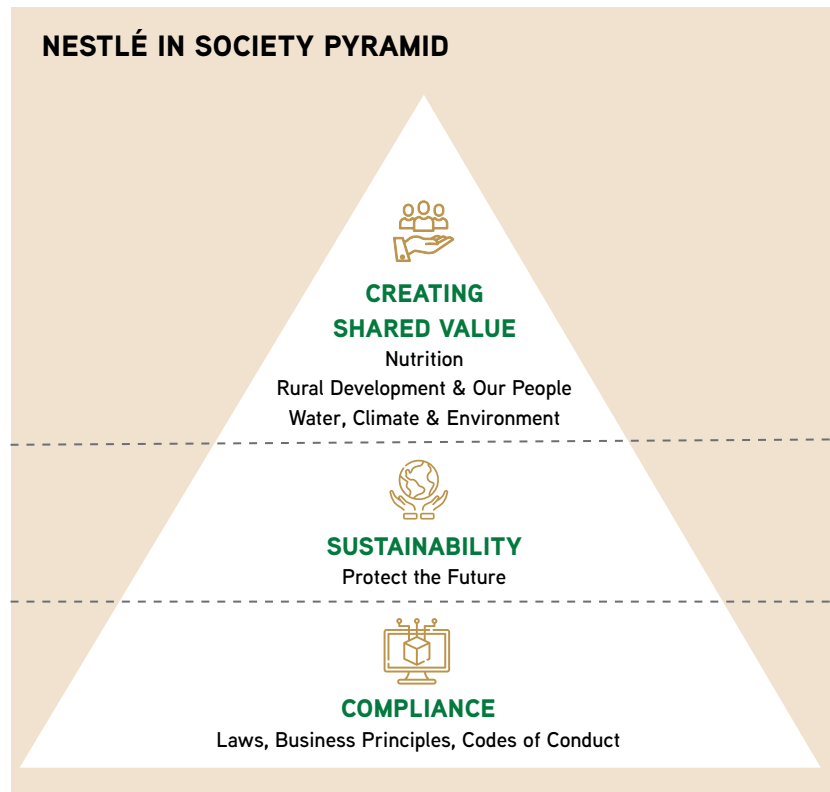
Creating Shared Value (CSV) is an integral part of our business strategy and the way we connect with society at large. It is a long-term view that brings together stakeholders across our value chain, creating sustainable benefits for all. Through CSV, we work every day towards achieving our purpose of enhancing quality of life and contributing to a healthier future.

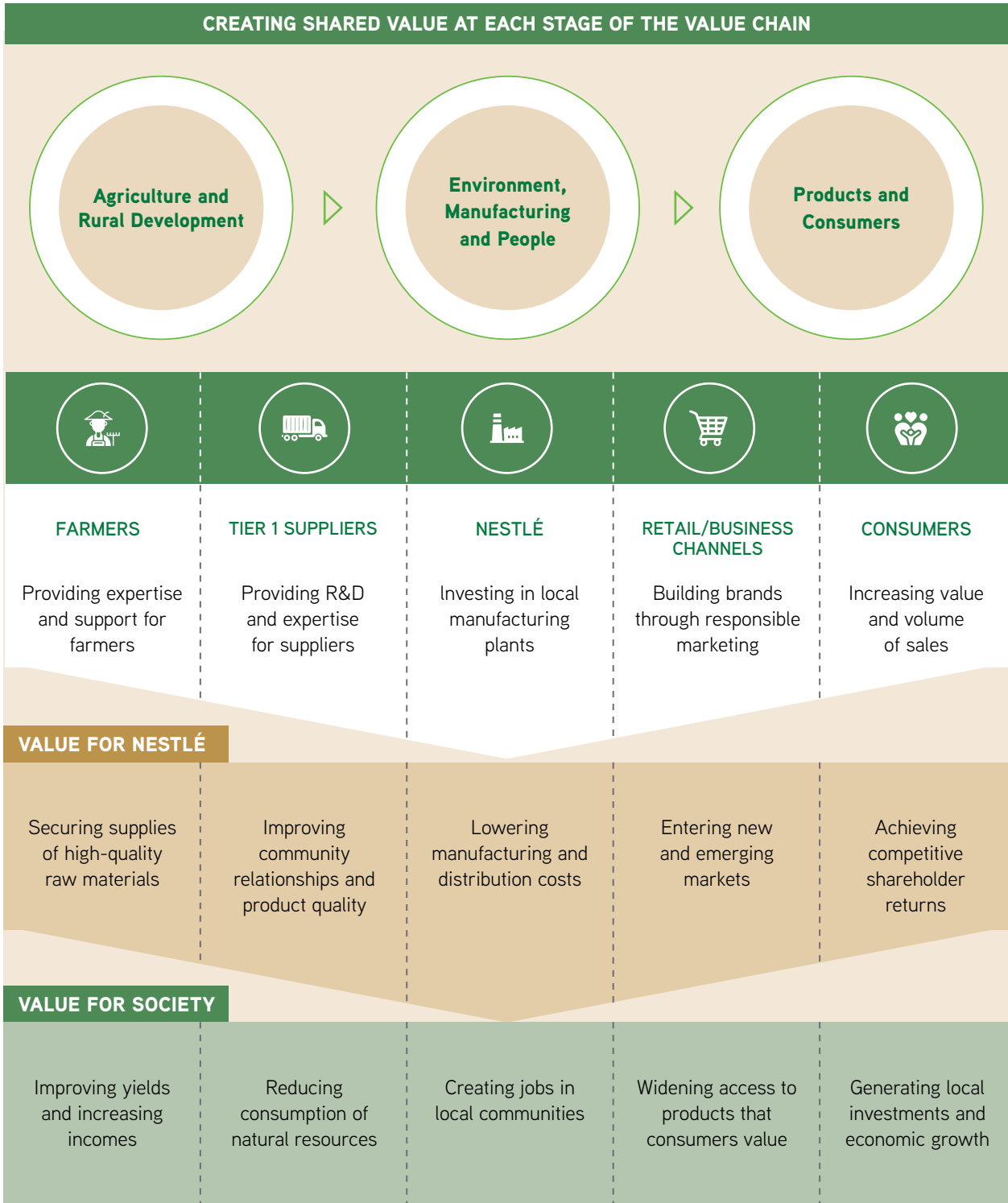
Our approach to creating shared value focuses on the three core areas where we believe we can have the most positive impact:

- ① Enabling healthier and happier lives for individuals and families
- ② Developing thriving and resilient communities
- ③ Stewarding the planet’s natural resources for future generations

We have established clear commitments for each of these areas, measuring our impact through programme indicators as well as via materiality assessments and regular feedback from external parties.

Furthermore, as Malaysia’s largest food and beverage manufacturer with a presence in global markets, we are conscious of our responsibility to lead by example in matters of compliance, good governance and regulatory requirements. To this end, we strictly adhere to national laws, international standards, as well as our own values and principles which are embedded in our CSV approach and set forth in the Nestlé Corporate Business Principles.





NESTLÉ IN SOCIETY: CREATING SHARED VALUE

OUR PURPOSE

Since Nestlé's inception over 150 years ago, we have been striving to build sustainable businesses while making a positive impact on society, living our purpose to enhance quality of life and contribute to a healthier future, which is the inspiration for our existence. This purpose shapes who we are as a company, defines our role in society and determines how we impact all levels of our value chain.

This single-minded drive is intrinsically part of Nestlé, uniting us through our business operations all around the world. While we recognise the importance of financial results, we are committed also to go beyond by contributing positively to individuals and families, our communities, as well as for the planet.

OUR PURPOSE

ENHANCING QUALITY OF LIFE AND CONTRIBUTING TO A HEALTHIER FUTURE



FOR INDIVIDUALS & FAMILIES

By offering products and services that enable healthier and happier lives.



FOR OUR COMMUNITIES

By helping to develop thriving and resilient communities and support better livelihoods for those we live and work with.



FOR THE PLANET

By shaping sustainable consumption and stewarding resources for future generations.



We are deeply committed to creating value for society while doing business in an ethical manner. Above all, we are guided by our values which are rooted in **Respect: Respect for Ourselves, Respect for Others, Respect for Diversity and Respect for the Future**. Going beyond our own operations, we engage with partners and stakeholders to integrate these values in our value chain.

Moreover, we stand firm by these intrinsic values to uphold the trust of our consumers and incorporate ethical principles in all that we do. Reflecting this, we have a zero-tolerance policy for fraud, bribery and corruption, and also have in place rigorous measures to protect personal data along with public policies. Our responsibilities are clearly defined by our Corporate Business Principles and Code of Business Conduct.

Contributing to the Sustainable Development Goals

Today, more than ever, it is crucial that the world adopts a holistic and unified approach to sustainable development. We have long been committed to supporting such an approach, in line with the role Nestlé Global played in supporting the development of the United Nations' (UN) 17 Sustainable Development Goals (SDG).

As part of our aim to help achieve the UN's 2030 Agenda for Sustainable Development, including the realisation of the SDGs, we have designed our global CSV framework and established three global ambitions to reflect those areas where we can add the most value, whether directly or indirectly.

In addition to the interconnected impact of our CSV approach on the achievement of the SDGs, in this Report, we have taken new steps to identify Nestlé Malaysia's specific contributions to the Goals. By mapping our CSV activities to those SDG targets to which we make significant contributions, we seek to provide meaningful disclosure by which to measure impact.

OUR PURPOSE

ENHANCING QUALITY OF LIFE AND CONTRIBUTING TO A HEALTHIER FUTURE

OUR 2030 GLOBAL AMBITIONS



FOR INDIVIDUALS & FAMILIES

Enabling healthier
and happier lives

To help 50 million children
lead healthier lives



FOR OUR COMMUNITIES

Helping develop thriving,
resilient communities

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



FOR THE PLANET

Stewarding resources
for future generations

To strive for zero environmental
impact in our operations

OUR IMPACT AREAS

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

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

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

OUR CSV PILLARS

Nutrition, Health and Wellness

Rural Development
Our People

Water
Environment and Climate

THROUGH OUR AMBITIONS, WE ARE SUPPORTING THE SDG



CREATING SHARED VALUE GOVERNANCE

We aim to be the trusted leader in our sector. Building our business on clear principles and sound governance helps us maintain trust in the Nestlé brand and reduce risk throughout our value chain.

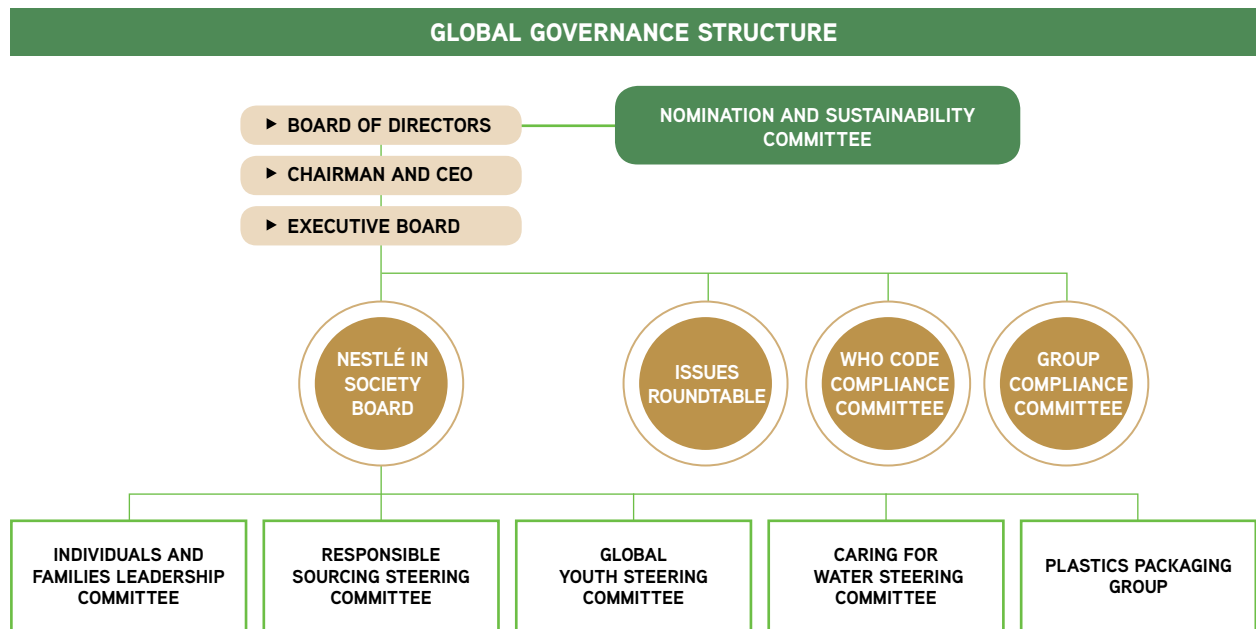
Nestlé Corporate Business Principles (NCBP)

We regulate the way we operate with the NCBP, which form the basis of our culture, our values and our CSV strategy. Inspired by internationally recognised guidelines for sustainable and socially responsible policies and standards of reporting, we have curated these principles in line with the UN Global Compact.

All employees must comply with these principles through the ongoing implementation of relevant business codes, policies, processes and tools. We monitor their application and effectiveness through various channels, including our regular assessments via our CARE (Nestlé Corporate Compliance Assessment Programme of Human Rights & Labour Practices, Business Integrity, Safety & Health, Environmental Sustainability and Security) audits.

GOVERNANCE STRUCTURE AT GLOBAL LEVEL

Nestlé's CSV strategy and initiatives are supervised and managed by key internal stakeholders, namely the Board of Directors, the Chairman, the Chief Executive Officer (Group CEO) and the Executive Board. They are supported by internal management bodies such as the Nestlé in Society Board, as well as relevant Committees to drive our ambitions and commitments.



The Nestlé in Society Board

Responsible for driving the progress and execution of our CSV strategy, the Nestlé in Society Board ensures all business aspects are in place and running smoothly.

Key duties of the Board include:

- Ensuring alignment of all activities and workstreams with Nestlé’s role in society;
- Reviewing the societal landscape and revising or instituting policies resulting from changes or developments relevant to Nestlé; and
- Reinforcing our track record and achievements pertaining to CSV, environmental sustainability and compliance.

The Nestlé in Society Board is overseen by the Executive Board, which provides guidance on pertinent strategies and societal commitments. It is chaired by the Group CEO.

External Advisory Groups - The Nestlé CSV Council

Our internal governance structure is supported through a wider network that includes external advisory groups. The Nestlé CSV Council currently comprises six external members, whose expertise spans corporate social responsibility, strategy, sustainability, nutrition, water and rural development. The Council advises Nestlé management on the implementation of CSV and assesses our progress. The list of experts are available on the Nestlé S.A. website at www.nestle.com.

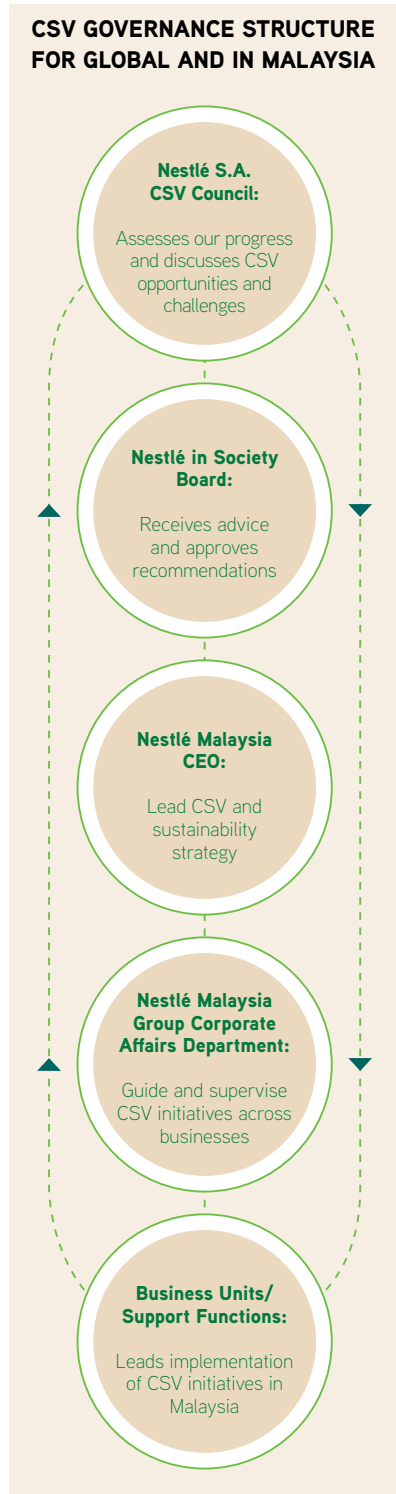
GOVERNANCE STRUCTURE AT NESTLÉ MALAYSIA

Our CSV strategy is led by the Group Corporate Affairs Department, which oversees CSV and sustainability efforts with the supervision and guidance of the CEO.

CSV initiatives are implemented at an operational level by subject matter experts across the Company’s various business units and support functions. The Group Corporate Affairs Department has oversight of the CSV initiatives’ implementation and receives scheduled reports on progress. The subject matter experts and Group Corporate Affairs Department also review progress updates on CSV initiatives regularly with the CEO.

Further to this, the Group Corporate Affairs Department also provides the CEO with updates on current local and global sustainability developments in the market that can impact the business.

Additionally, meetings with the Board of Directors are held twice yearly to share updates and progress on all matters relevant to sustainability, including CSV initiatives.

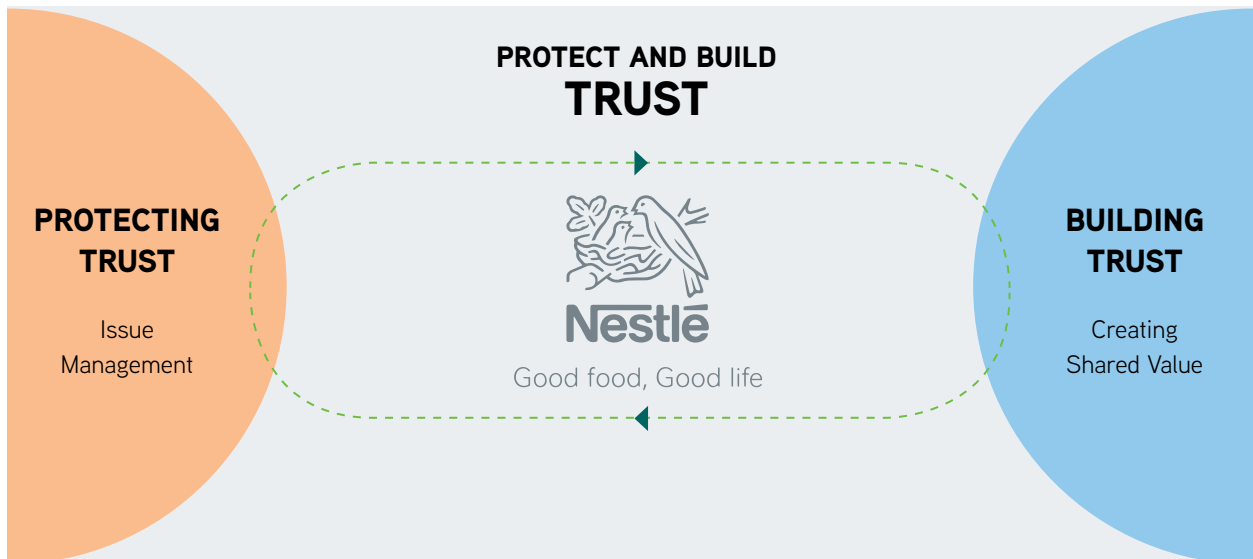


STAKEHOLDER ENGAGEMENT AND MATERIAL ISSUES

STAKEHOLDER ENGAGEMENT

Nestlé and its brands have been trusted by Malaysian families for generations. For over 100 years, we have dedicated ourselves to building strong relationships with those who are impacted by our business. This includes our employees, shareholders, consumers and suppliers as well as the Government and relevant authorities, non-governmental organisations (NGOs), industry and trade associations and academia.

Today, more than ever, we are focused on fostering deep and meaningful communication with our stakeholders in order to understand their specific concerns and convey important information about our business. To capture the areas of interest held by different stakeholder groups, we employ a multi-faceted engagement strategy which includes several channels of communication.



STAKEHOLDER ENGAGEMENT PROCESS

IDENTIFYING

We consider our stakeholders to be those who have a direct interest in our business and those who have an interest in how we manage our business.

MAPPING & DEFINING

Our extensive stakeholder engagement process with both internal and external stakeholders allows us to track and manage current and emerging issues.

ENGAGEMENT LEVEL

We will continue to manage relevant CSV initiatives and share our progress against commitments in a fair and transparent manner.

The table below summarises the standard methods we use to engage with our stakeholders throughout the year as well as their key areas of interest. The feedback that we receive through these engagement methods serves as important input for our business strategy and annual reporting practices.

Stakeholder Groups	Engagement Methods	Priority Issues
Employees	<ul style="list-style-type: none"> • Ongoing education and training programmes • People Development and Performance • Intranet, newsletters and internal e-announcements • Townhall meetings and roadshows • Safety, health and environment initiatives • Employee volunteer programme • Employee events 	<ul style="list-style-type: none"> • Employee satisfaction and well-being • Diversity, inclusion and equal opportunity • Training and development • Occupational health and safety • Fair compensation • Employee engagement
Consumers and General Public	<ul style="list-style-type: none"> • Corporate and brand websites • Consumer relationship marketing • Social media channels • Corporate and brand campaigns • Consumer research • Advertisements and promotions • Exhibitions and showcases 	<ul style="list-style-type: none"> • Food safety and quality • Halal • Nutrition, health and wellness • Responsible labelling and marketing • Innovation • Transparency and integrity • Environmental impact • Affordability
Shareholders and Investors	<ul style="list-style-type: none"> • Annual Report • Annual General Meeting • Analyst briefings • Announcements to Bursa Malaysia Securities Berhad 	<ul style="list-style-type: none"> • Business performance • Integrity and governance • Business strategy • Regulatory compliance • Reporting
Local Communities	<ul style="list-style-type: none"> • Community development programmes • CSV projects • Monthly food contribution programme • Corporate social responsibility initiatives 	<ul style="list-style-type: none"> • Employee volunteerism • Community engagement • Rural development and empowerment • Sustainable agriculture • Environmental impact • Food security • Nutrition, health and wellness
Non-Governmental Organisations	<ul style="list-style-type: none"> • Roundtable discussions • Strategic partnerships and agreements • Memberships • Monthly food contribution programme • Key Opinion Leaders survey • Corporate Social Responsibility initiatives 	<ul style="list-style-type: none"> • Nutrition, health and wellness • Responsible labelling and marketing • Sustainable agriculture • Labour conditions and standards • Environmental impact • Community engagement

STAKEHOLDER ENGAGEMENT AND MATERIAL ISSUES

Stakeholder Groups	Engagement Methods	Priority Issues
Government	<ul style="list-style-type: none"> • Advocacy meetings • Roundtable issue discussions • Ministerial engagements and dialogues • Regulatory filings • Exhibitions and showcases • Key Opinion Leaders survey 	<ul style="list-style-type: none"> • Food safety and quality • Responsible labelling and marketing • Regulatory compliance • Nutrition, health and wellness • Environmental impact • Job creation • Economic development • Reporting
Media	<ul style="list-style-type: none"> • Face-to-face engagements • Dialogues and forums • Media familiarisation trips to CSV project sites • Corporate and brand events • Key Opinion Leaders survey 	<ul style="list-style-type: none"> • Food safety and quality • Nutrition, health and wellness • Responsible labelling and marketing • Transparency and integrity • Environmental impact • Reporting
Industry and Trade Associations	<ul style="list-style-type: none"> • Key associations • Advisory panelists • Key Opinion Leaders survey • Exhibitions and showcases 	<ul style="list-style-type: none"> • Responsible labelling and marketing • Sustainable agriculture • Labour conditions and standards • Environmental impact • Economic development • Regulatory compliance • Job creation
Suppliers	<ul style="list-style-type: none"> • Supplier Engagement Day • Training on Responsible Sourcing and Anti-Corruption • Small and Medium Enterprises Mentoring Programme 	<ul style="list-style-type: none"> • Occupational health and safety • Human rights • Responsible sourcing • Sustainable agriculture • Regulatory compliance • Rural development and empowerment
Customers/ Retailers	<ul style="list-style-type: none"> • Product campaigns • Consumer engagement activities 	<ul style="list-style-type: none"> • Innovation • Responsible labelling and marketing • Nutrition, health and wellness • Food safety and quality • Customer satisfaction
Academia	<ul style="list-style-type: none"> • Partnership programmes • Talks and forums • Employer branding activities (e.g. career fair) • Key Opinion Leader survey 	<ul style="list-style-type: none"> • Nutrition, health and wellness • Food safety and quality • Responsible labelling and marketing • Environmental impact

ENGAGING WITH PURPOSE

Today's consumers are increasingly interested in understanding their food and the systems that produce it at a deeper level. Our stakeholders seek more comprehensive knowledge about the health and wellness benefits of the products we create as well as the impact of these products and our business practices on broader society and the global environment.

At Nestlé, we are committed to open and transparent communication to better support our stakeholders' understanding and contribute to cultivating a better informed society. In addition to ongoing communication through our responsible product packaging and marketing, community programmes and industry initiatives, we also organise targeted stakeholder engagement programmes. Highlights of these programmes in 2019 include:



HAPPIER AND HEALTHIER FAMILIES STAKEHOLDER DIALOGUE

A common theme revealed through our engagement activities is that our stakeholders consistently hold health and well-being as a high priority. In recognition of the significant stakeholder interest in this focus area and in reflection of our commitment to this material theme, in December 2019 we hosted a multi-stakeholder dialogue session. Entitled 'Happier and Healthier Families – Making Eating Well Accessible for the B40 Community', the session brought together key stakeholders across Government, academia and non-governmental organisations for a shared discussion on the impact of insufficient nutrition amongst Malaysia's urban poor.

As a topic that has always been at the heart of Nestlé, we understand that access to nutrition is a complex multi-faceted challenge requiring collaboration from both the public and private sectors. The dialogue served as a platform to discuss how challenges can be overcome to ensure a healthy and prosperous society. Important topics addressed by the panelists included barriers to adequate food and nutrition for the B40 community, key drivers of purchasing habits and the programmes that have been put in place by the Government and Nestlé to address these issues. In all, over 60 stakeholders representing various organisations participated in the session.

STAKEHOLDER ENGAGEMENT AND MATERIAL ISSUES

EDUCATING CONSUMERS THROUGH PRODUCT PACKAGING

We aim to help individuals and families eat well, and one of the best ways to do that is to be clear and transparent about what is in our products. We believe we have a responsibility to communicate about our foods and beverages, including the ingredients they contain and their nutritional value, in an easy-to-understand manner so that consumers can make informed choices.

We engage with thousands of individuals and families every single day through the most straightforward engagement channel of all – our product packaging. The labelling we present to those who purchase or consume our products serves as a powerful conduit for valuable information about the health, safety and quality of the food and beverages that we provide. Each label we produce is the product of extensive collaboration with key academics and relevant industry groups, as well as adherence to stringent Government regulations and policies.

With the growing use and capabilities of mobile devices, we are also able to share key product information online to consumers through product websites and on social media platforms, which addresses any space limitations on our packaging. This reflects our commitment to transparency and providing Malaysians with accurate, transparent, and science-based nutrition labelling to help them make more informed product choices.

KEY OPINION LEADER SURVEY

Our Key Opinion Leader (KOL) survey is administered every two years to better understand our stakeholders' perceptions. The survey is distributed to high-impact external stakeholders who provide feedback on their perception of Nestlé and our impact on individuals and families, communities and the planet. The 2019 survey results indicated that stakeholders continue to place a high level of trust in Nestlé and many of them are willing to actively serve as advocates for the company. The survey also revealed that while stakeholders recognise Nestlé's current contributions to society, they hold increasingly higher expectations for greater action. We will take action to meet these requirements and communicate more on our progress.

Examples of our key successes in 2019 include the expansion of our Farmer Connect project to include coffee farmers and the introduction of paper straws for our MILO UHT. For more information on our progress in these pillars, please refer to the For Our Communities and For Our Planet sections of this report on pages 51 and 84 respectively.

MULTI-STAKEHOLDER PARTNERSHIPS

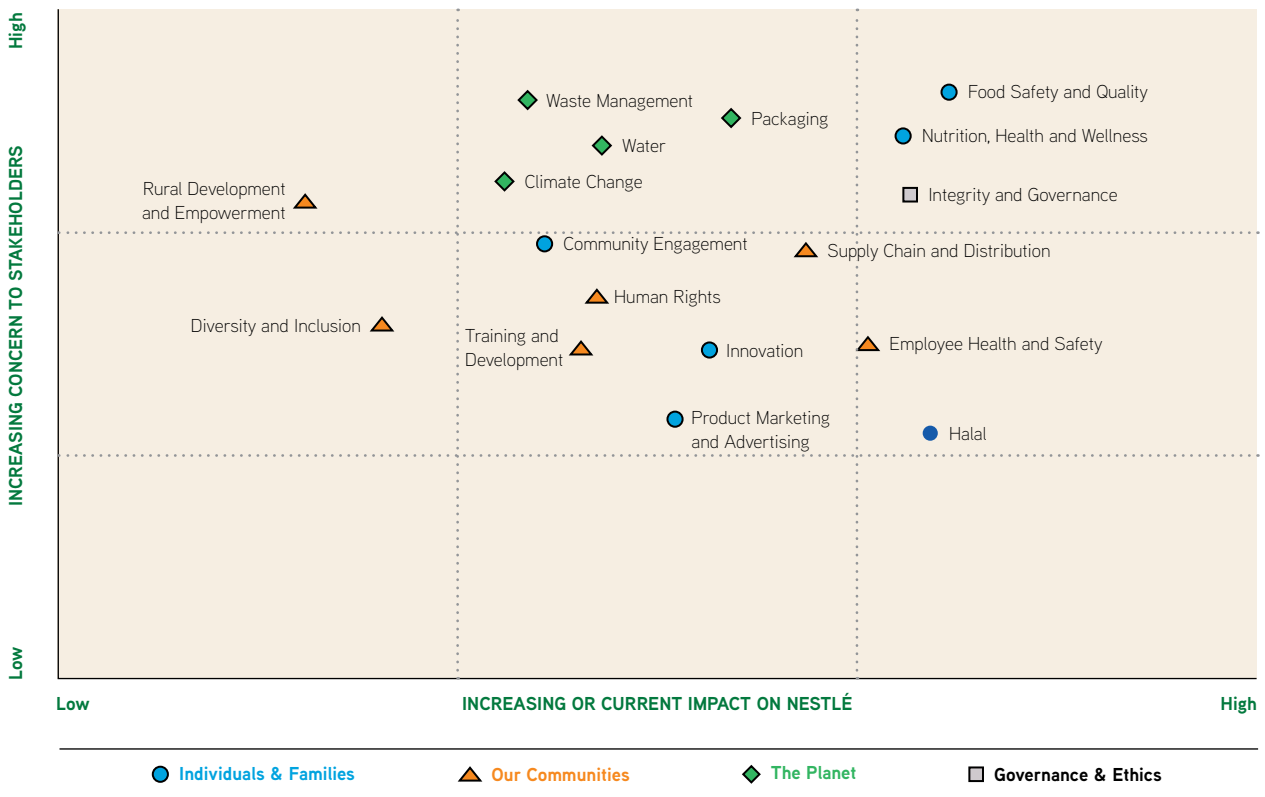
At Nestlé, we believe that complex challenges require collective and well-orchestrated solutions. In 2019, we maintained our position as a key player in a number of multi-stakeholder partnerships, contributing collectively to achieve common goals in the health and nutrition landscape. This year, we continued to work closely with the Federation of Malaysian Manufacturers (FMM) and other industry players as well as with Government bodies. One of our key partnerships is with the Ministry of Domestic Trade and Consumer Affairs Malaysia on the national food bank project.

We were also one of the founding members of the Malaysia Plastic Pact, an important multi-stakeholder agreement to tackle the plastic waste challenge.

MATERIAL ISSUES

In order to effect meaningful change, it is essential that we address the environmental, economic and social issues that matter most to those impacted by our business. We therefore conduct biennial materiality assessments to keep abreast of our internal and external stakeholders' evolving priorities.

Our last materiality assessment was carried out in 2018. To ensure the continued relevance of our material topics, we reviewed our 2018 materiality matrix against the trending topics within the industry as well as the feedback from this year's stakeholder engagement activities, including our KOL survey and a dialogue session. As a result of this evaluation, the matrix was deemed sufficiently reflective of stakeholders' current interests, requiring no further amendments.



The relative importance of each material issue to internal and external stakeholders can be determined by its position along the x and y axes respectively. While the matrix serves as an important tool for identifying priority action areas, ultimately, Nestlé endeavours to deliver interconnected solutions spanning the full spectrum of material issues.

CSV KEY PERFORMANCE DATA

DESCRIPTION	2017	2018	2019
ECONOMIC			
Operational Footprint			
Number of factories	7	7	6
Value Generation (RM'000)			
Total sales for Malaysia	5,260,490	5,519,045	5,518,076
Value Distribution (RM'000)			
Turnover	5,260,490	5,519,045	5,518,076
Operating costs	1,103,613	1,223,069	1,161,522
Taxes	169,666	217,008	202,812
Net Profit	642,550	658,882	672,913
Earnings per share (sen)	274.01	280.97	286.96
Net Dividends per share (sen)	275.00	280.00	280.00
Dividend Yield	2.7	1.9	1.9

DESCRIPTION	2017	2018	2019
NUTRITION			
Products displaying the Nestlé Nutritional Compass (% as at 31 December 2019)	98	98	98
Products with Guideline Daily Amount labelling (% as at 31 December 2019)	98	97	97
NESTLÉ FOR HEALTHIER KIDS Programme (Number of students involved)	7,023	19,474	30,631
MILO Malaysia Breakfast Day	60,000	84,000	88,049*

DESCRIPTION	2017	2018	2019
RURAL DEVELOPMENT			
NESTLÉ PADDY CLUB			
– Number of farmers (Jan/Feb)	285	270	251
– Number of farmers (Aug/Sept)	272	263	235
– Average yield (Jan/Feb)	5.27MT/ha	5.43MT/ha	5.23MT/ha
– Average yield (Aug/Sept)	5.71MT/ha	5.58MT/ha	5.50MT/ha
– Total number of hectares (Jan/Feb)	762	739	690
– Total number of hectares (Aug/Sept)	732	723	654
NESTLÉ CHILLI CLUB			
– Number of farmers	79	81	76
– Average yield	200	400	400
– Total number of hectares	32	62	62
Number of suppliers screened based on Nestlé Responsible Sourcing Standards (Tier 1 Suppliers)	147	107	105

* This data has been independently audited. Please refer to the Independent Assurance Report on pages 142 and 143

DESCRIPTION	2017	2018	2019
OUR PEOPLE			
Total number of employees	5,338	5,267	4,686
Leadership positions held by women	48%	51%	61%
Total spent on training and development annually (RM)	4,913,337	3,401,378	6,166,205
Lost time injury frequency rate	1.6	1.4	1.2*
Employees covered by collective bargaining agreements (%)	70	70	70

DESCRIPTION	2017	2018	2019
WATER & ENVIRONMENT			
Total water withdrawn (m ³ /year)	1,659,565	1,666,409	1,458,874
Total water withdrawal (m ³ /tonne)	3.90	3.73	3.61
Landfill waste (tonne)	0	0	0*
Recycled waste (tonne)	10,250	12,549	14,525
Percentage of specific greenhouse gas reductions (%)	(0.7)	5	6.27
Total amount of energy per tonne of products (GJ/tonne)	3.12	3.06	3.17
Kinabatangan RILEAF Project			
– Number of trees planted	55,679	27,595	154,353

* This data has been independently audited. Please refer to the Independent Assurance Report on pages 142 and 143

FOR INDIVIDUALS AND FAMILIES

Nestlé is committed to supporting individuals and families on their nutrition journey. Well aware of the diverse spectrum of consumers, we offer a wide range of products from nutritional formulas to products fortified with vitamins and minerals. Given our leading position as the largest food and beverage manufacturer in the world, we are mindful of our responsibility to uphold the trust of our consumers with nutritious and tasty products as well as to educate and empower people to live healthier lives.

Guided by our purpose of enhancing quality of life and contributing to a healthier future, we have a dedicated strategy in place to enable healthier and happier lives. This is part of Nestlé's global 2030 ambitions, which include our commitment to help 50 million children lead healthier lives by 2030, and is well-aligned with the SDGs.



Enabling healthier and happier lives



OUR NUTRITION, HEALTH & WELLNESS STRATEGY

Our Company was founded on the values of bringing good nutrition to individuals and families. With 107 years of presence in Malaysia, this remains the key driving force for Nestlé. Our wide portfolio of products provides nutritious options for different developmental stages, from children at early stages of life, to schoolgoing children and finally to those who require more targeted nutritional solutions.

Our products across our brands also take into consideration the purchasing power of various income groups. This ensures that everyone has access to high-quality and safe products which suit their needs, from affordable to indulgent options.

We leverage our industry-leading research and development to constantly transform our products to make them better from a nutritional standpoint. Nutrition is and always will be at the heart of Nestlé, and we will continue to provide products, services and knowledge in helping individuals and families to enjoy life to the fullest.

Nestlé's Global Ambition: To help 50 million children lead healthier lives by 2030

Nestlé's Global Impact Areas



Our Action Area:

Nutrition, Health and Wellness

Our Key Commitments:

- Launch more nutritious foods and beverages, especially for mothers-to-be, new mothers and children
- Further decrease added sugars and sodium
- Increase vegetables, fibre-rich grains, pulses, nuts and seeds in our food and beverages
- Address under-nutrition through micronutrient fortification
- Build biomedical science leading to health-promoting products
- Apply and explain nutrition information on packs, at point-of-sale and online
- Offer guidance on portions for our products
- Market to children only choices that help them adopt a nutritious diet
- Support breastfeeding and protect it by continuing to implement an industry-leading policy to market breast-milk substitutes responsibly
- All products manufactured, distributed and imported by Nestlé Malaysia are certified Halal
- Empower parents, caregivers and teachers to foster healthy behaviours in children

Our nutrition, health and wellness approach contributes to targets set out under these SDGs



NUTRITION, HEALTH & WELLNESS

Nestlé
in Society
2019

NUTRITIOUS PRODUCTS FOR CHILDREN AND ADULTS

Our Commitment

Launch more nutritious foods and beverages, especially for mothers-to-be, new mothers and children

Nestlé was founded on a promise to deliver nutritious food to those who need it. Today, that spirit is reflected in our goal to constantly improve the nutritional value of our products, making it easy for people around the world to consume healthy, affordable and tasty foods and beverages.

To this end, all our products are assessed in accordance with the Nestlé Nutritional Profiling System (NNPS) which allows us to determine the nutritional value of our products in relation to the daily dietary needs of children and adults. Key areas of focus include added sugars, saturated fats, trans fats, sodium and energy content. We also take important nutritional contributions into account, such as calcium, protein, fibre, whole grains and many more.

Products which meet the stipulated criteria are awarded the Nestlé Nutritional Foundation (NF) 'Yes' status, which serves as a symbol of assurance for consumers. In line with our drive to offer consumers nutritious products, we ensure that all our products for children have received an NF 'Yes' status and we are constantly working to achieve this for our remaining products. In 2019, the products that met or exceeded NF profiling criteria amounted to 75% of our total product sales.

Our Progress

New innovative products for children:

MILO NUTRI PLUZ

MILO NUTRI PLUZ is a new offering which is high in calcium and Vitamin D. In fact, its calcium content in one serving is equivalent to that in a glass of milk. It is also a great source of protein. Two servings of this nutritious drink meet 53% and 48% of the daily Vitamin D and calcium needs respectively.



CERELAC NUTRIPUFFS

CERELAC NUTRIPUFFS is a nutritious snack for children aged 12 months and above, made from the goodness of oats and vegetables. High in iron, Vitamin B1, calcium and zinc, this baked healthy treat comes in a round shape which is easy to consume, supporting independent feeding and motor skills development. CERELAC NUTRIPUFFS comes in two varieties, Broccoli & Carrot and Zucchini & Onion.



S-26 PROGRESS Organic

Catering to the needs of toddlers aged 12 months and above, S-26 PROGRESS Organic is a formulated milk powder for children; fortified with 11 key nutrients, including DHA, AA and Oligofructose that help to facilitate a child's growth and development. Ensuring only the best quality ingredients are used, the product utilises organic milk certified by the National Association for Sustainable Agriculture Australia.



NUTRITION, HEALTH & WELLNESS

New innovative products for adults:

MILO PROTEIN UP



High in protein, MILO PROTEIN UP is specifically developed for physically active adults. Each serving contains 13g of protein, equivalent to the protein found in two eggs, making it an ideal protein boost for those who lead an active lifestyle.

JUSTMILK Strawberry



With the natural goodness of milk in every drop, JUSTMILK Strawberry is low in fat and high in calcium and protein to support strong bones and teeth as well as muscle growth. The strawberry flavoured milk adds a delicious fruity kick, without any artificial colouring.

NESTUM Grains and More Brown Rice



NESTUM Grains and More Brown Rice is a good source of dietary fibre containing 54% more grains than the original NESTUM, as well as protein, Vitamin B1, Vitamin C and iron. Made with the goodness of brown rice, this new multi-grain beverage has also attained the Ministry of Health Malaysia's Heathier Choice Logo.

MILO with Whole Grain Cereal



Keeping busy adults satiated longer, MILO with Whole Grain Cereal is packed with fibre, containing 8g of whole grain in each serving. Certified with the Ministry of Health Malaysia's Heathier Choice Logo, one serving of this nutritious product meets 10% and 17% of an adult's daily dietary fibre and whole grain requirements respectively.

SDG SPOTLIGHT



Goal 2: Zero Hunger

Target 2.1 - Ensure access to nutritious food by all people
Target 2.2 - End all forms of malnutrition



Goal 3: Good Health and Well-Being

Target 3.4 - Reduce premature mortality from non-communicable diseases

ADDRESSING OUR CONSUMPTION OF SUGAR AND SODIUM

Our Commitment

Further decrease added sugars and sodium

We are committed to providing consumers with tastier and healthier products to support their journey to good health and well-being.

In line with this, over the years, our scientific-based solutions have enabled us to proactively undertake reformulation of our recipes to reduce added sugar and sodium levels.

Our Progress



Added Sugar
reductions
in 2019*

- NESCAFÉ GOLD Dark Latte by 25%
- NESCAFÉ Original Can by 24%
- FITNESSE Strawberry Bar by 23%
- NESCAFÉ GOLD Creamy Latte by 20%
- MILO UHT by 20%
- MILO Bar by 16%
- MILO Breakfast Cereal by 15%
- KOKO KRUNCH DUO by 13%
- NESCAFÉ IWC Original by 12%
- KOKO KRUNCH Bar by 11%
- NESCAFÉ IWC Hazelnut by 10%
- FITNESSE Chocolate Bar by 8%
- KIT KAT DRUMSTICK by 3%



Sodium
reductions
in 2019*

- MAGGI HOT CUP Curry by 16%
- MAGGI HOTMEALZ Tom Yam Kaw by 13%
- MAGGI HOT CUP Tom Yam by 10%
- MAGGI Tom Yam by 10%
- MAGGI Big Tom Yam by 9%
- MAGGI Big Curry by 9%
- MAGGI Curry by 8%
- MAGGI PEDAS GILER Tom Yumzm by 8%
- MAGGI HOTMEALZ Kari Kari Kaw by 8%
- MAGGI PEDAS GILER Bowl Tom Yumzm by 7%
- MAGGI Chicken by 6%
- MAGGI Big Chicken by 5%
- MAGGI HOT CUP Asam Laksa by 4%
- MAGGI Asam Laksa by 4%
- MAGGI HOT CUP Chicken by 2%

Malaysia's Healthier Choice Logo

Implemented by the Ministry of Health Malaysia in 2017, the Healthier Choice Logo (HCL) initiative is aimed at realising the following goals:

- To help consumers make better food and beverage choices with relevant information on the front label of product packaging.
- To help consumers identify healthier product options across food and beverage categories.
- To encourage food and beverage industries to renovate and produce healthier product offerings.
- To create a healthier future for Malaysians by imparting knowledge on proper nutrition and good eating habits.

As of December 2019, a total of 59 Nestlé products successfully attained HCL certification. These products adhere to stringent criteria, including meeting required levels of sugar, sodium, fibre and calcium, as well as fat content.

While the implementation of the new and more stringent HCL criteria come into effect in 2020, we are able to ensure a wide number of HCL-certified products continue to be available for our consumers.

SDG SPOTLIGHT



Goal 2: Zero Hunger

Target 2.1 - Ensure access to nutritious food by all people



Goal 3: Good Health and Well-Being

Target 3.4 - Reduce premature mortality from non-communicable diseases

* All data for added sugar and sodium reductions has been independently audited. Please refer to the Independent Assurance Report on pages 142 and 143

NUTRITION, HEALTH & WELLNESS

IMPROVING NUTRITION THROUGH FIBRE-RICH GRAINS AND VEGETABLES

Our Commitment

Increase vegetables, fibre-rich grains, pulses, nuts and seeds in our foods and beverages



Children and adults should incorporate vegetables, grains, pulses, nuts and seeds in their daily diets, as these provide the necessary vitamins, minerals, fibre and other nutrients to fulfil their nutritional needs. However, numerous studies have indicated that there continues to be insufficient intake of fibre and whole grains amongst both children and adults. Given our commitment to nurturing a healthier society, this is an area in which we are well-positioned to contribute to, by providing nutritious product options to consumers.

Furthermore, as part of our drive to provide meaningful solutions, we have instituted whole grain requirements for all our breakfast cereals. We also provide guidance to consumers on the recommended daily intake to further encourage whole grain consumption. To help consumers make better choices, our cereal products with at least 8g of whole grains per serving are clearly marked with a 'Whole Grain Tick'.

Our Progress

In 2019, we continued to expand our portfolio of products with whole grains. This included the launch of MILO with Whole Grain Cereal, which contains 8g of whole grain and is high in fibre, in addition to the other essential nutrients found in MILO. We also introduced the NESTUM Grains and More Brown Rice variant, with higher fibre content. Meanwhile, CERELAC NUTRIPUFFS is made of nutritious ingredients such as oats and vegetables to support children's healthy growth and development.

SDG SPOTLIGHT



Goal 2: Zero Hunger

Target 2.1 - Ensure access to nutritious food by all people
Target 2.2 - End all forms of malnutrition



Goal 3: Good Health and Well-being

Target 3.4 - Reduce premature mortality from non-communicable diseases

MICRONUTRIENT FORTIFICATION

Our Commitment

Address under-nutrition through micronutrient fortification

Based on the 2018 Global Nutrition Report, approximately one-third of the world's population suffers from vitamin and mineral deficiencies, which can lead to impaired physical and cognitive development and a weakened immune system.

In Malaysia, according to the National Health & Morbidity Survey 2015, approximately 20% of children aged five years and below are stunted and 12% are wasting. Additionally, based on local dietary surveys, one in two children are not consuming sufficient calcium and Vitamin D. Meanwhile in adults, other than calcium and Vitamin D, intake of Vitamins A and C as well as iron is also lacking.

As part of our commitment to nutrition, health and wellness, we fortify our products with important micronutrients, ensuring that they are nutritious as well as affordable and accessible to consumers.

Products that are fortified with key micronutrients include:

Product	Micronutrient
MILO	High in Calcium & Vitamin D, Iron and the B Vitamins (B2, B3, B6 & B12)
EVERYDAY	High in Calcium, Vitamins A & C
NESTUM	High in Calcium, Iron, and Vitamins C & D
LACTOKID 1-3	High in Vitamins A, C & D and Calcium and Iron
KOKO KRUNCH	High in Iron, Calcium and the B Vitamins (B2, B3, B6 & B9)

SDG SPOTLIGHT



Goal 2: Zero Hunger

Target 2.2 - End all forms of malnutrition

NUTRITIONAL THERAPY IN HEALTH MANAGEMENT

Our Commitment

Build biomedical science leading to health-promoting products

Some conditions such as obesity and type 2 diabetes have common physiological factors that can be affected by, but also addressed through nutrition. Through biomedical science, we aim to understand, treat and help prevent diseases throughout life. Our role is to understand how food contributes to treating and preventing diseases.

Nestlé Health Science offers nutritional solutions for people with specific dietary needs related to illnesses, disease states or the special challenges of different life stages. We aim to pioneer the development and application of evolving science to create a new role for nutrition in disease prevention and management. Among the key product offerings that we have in Malaysia are NUTREN, PEPTAMEN and NOVASOURCE RENAL.

New products launched in 2019:

PEPTAMEN AF

A complete and balanced high protein semi-elemental nutrition specifically formulated for enteral feeding for critically ill patients. It contains 100% hydrolysed whey protein designed to help manage oxidative stress and maintain lean body mass. It is also enriched with Omega-3 fatty acids to help modulate inflammatory response and can be used as a sole source of nutrition. It is available in major Government and private hospitals in Malaysia.

ORAL IMPACT

Nutritionally complete enteral supplement for both malnourished and well-nourished patients. It has been clinically proven to reduce post-operative infections and length of hospital stay as well as accelerate wound healing.

NUTRITION, HEALTH & WELLNESS

PROVIDING NUTRITIONAL INFORMATION

Our Commitment

Apply and explain nutrition information on packs, at point-of-sale and online

We are committed to ensuring transparency on nutritional content and ingredients for all our products. This factual and scientifically accurate information is clearly stated on our product labelling in an easy-to-understand manner.

Our Progress

To help individuals and families make informed choices about our foods and beverages, we provide clear, science-based nutritional information on-pack. We display the **Guideline Daily Amount** on front-of-pack of relevant products in line with Malaysian Regulation. This outlines the energy content of a typical serving by displaying the contribution of the product to an individual's recommended daily energy intake. In 2019, 97% of our products sold displayed this information.

In addition, we specifically developed our **NESTLÉ NUTRITIONAL COMPASS (NNC)** to ensure that the necessary information is featured on our product packaging to enable consumers to make informed choices. Key components of the NNC comprise a nutritional breakdown of the product, contact information for consumer queries or concerns, and even advice on healthy lifestyles and good nutrition. In 2019, NNC was displayed on 98% of total products sold.

Beyond product labelling, we remain committed to providing more details on nutritional information through corporate websites, brand sites and through our e-commerce platforms.

Guideline Daily Amount

Satu hidangan (200ml) mengandungi

Tenaga 108kcal

5%

Berdasarkan 2000kcal

Nestlé Nutritional Compass

Good to Know
Gives consumers a better understanding of the benefits of the product

Good to Remember
Shares tips on healthy eating and leading active lifestyles

Contact Us
Contact details to find out more about a product and nutrition tips

Nutritional Information Panel
Provides a list of nutrients and amount contained in a product

PORTION GUIDANCE

Our Commitment

Offer guidance on portions for our products

As a leading nutrition, health and wellness company, we have the opportunity to help guide individuals and families to pursue a healthy diet through informed choices through our **Nestlé Portion Guidance** initiative. It is a voluntary initiative designed to encourage age-appropriate portion sizes, especially for energy-dense food and beverage products.

With clear information on-pack, Nestlé Portion Guidance also helps consumers consider appropriate portion sizes when consuming our foods and beverages. With an engaging and intuitive way of providing guidance through portions, we aim to help individuals and families understand the nutritional value of our foods and beverages by redefining their portion habits.

Our guidelines are in line with the recommendations set forth by the World Health Organization (WHO) as well as scientists, policymakers and health practitioners, along with other national food guides.



Supporting the Malaysian Healthy Plate Campaign – ‘Suku-Suku Separuh’

As part of the Government’s efforts to inculcate healthy eating habits, the Ministry of Health Malaysia launched the Malaysian Healthy Plate campaign in 2017. The Malaysian Dietary Guidelines are premised on the ‘Quarter-Quarter-Half’ or ‘Suku-Suku Separuh’ concept, showcasing recommended food portions to constitute a healthy and balanced meal.

Nestlé firmly believes the Healthy Plate model is a basic principle in the development of good eating habits. We have incorporated this concept in several of our initiatives, such as; NESTLÉ FOR HEALTHIER KIDS, MILO Malaysia Breakfast Day, MAGGI Secondary School Cooking Competition and *Famili Sihat & Ceria Bersama NESTLÉ EVERYDAY*.



SDG SPOTLIGHT



Goal 3: Good Health and Well-Being

Target 3.4 - Reduce premature mortality from non-communicable diseases

NUTRITION, HEALTH & WELLNESS

RESPONSIBLE MARKETING AND ADVERTISING

Our Commitment

Market to children only choices that help them adopt a nutritious diet

As a company with a well-established reputation, our consumers rely on us to provide accurate and trustworthy information with regard to our products. Upholding this trust, we are committed to responsible marketing and advertising, particularly for foods and beverages targeted towards children, including breast-milk substitutes.

To ensure this, our Nestlé Consumer Communication Principles set out strict standards and regulations on how to conduct our marketing communications. This is complemented by our Nestlé Marketing Communication to Children Policy, which stipulates stringent criteria for marketing products to children.

The two key components of this policy are as follows:

1. No advertising of food and beverage products to children under the age of 12 on television, print or online, except for products that fulfill the Nestlé Nutritional Foundation status.
2. No communications related to products in primary schools except where specifically agreed with the school for educational purposes.

RESPONSIBLE MARKETING OF BREAST-MILK SUBSTITUTES

Our Commitment

Support breastfeeding and protect it by continuing to implement an industry-leading policy to market breast-milk substitutes responsibly

As a leading force in nutrition, Nestlé has long advocated breastfeeding as the optimal source of nutrition for infants. In fact, Nestlé was actively involved in the implementation of the World Health Organisation's International Code for the Marketing of Breast-Milk Substitutes (WHO Code) published in 1981, which we continue to uphold.



Particularly given the fact that nutrition during the first 1,000 days of life is crucial for a child's future growth and development, we are fully supportive of the WHO recommendation for mothers to exclusively breastfeed their babies for the first six months of life followed by the introduction of adequate nutritious complementary foods, along with sustained breastfeeding for up to two years of age and beyond.

At the same time, we are cognisant that there are mothers and babies for whom optimal breastfeeding may not be an option. In cases where babies cannot be breastfed, nourishment should be provided via the highest-quality, scientifically proven breast-milk substitutes (BMS). To this end, the WHO recognises and recommends infant formula as the only suitable BMS.

Our commitment to responsible marketing encompasses our entire product portfolio, as we are strongly driven to equip consumers with the knowledge to make informed choices for their health and wellness by adhering to relevant laws and regulations pertaining to appropriate marketing of BMS products.

Our Progress

We have a strictly regulated framework in place to ensure that all marketing of BMS products are carried out with the utmost responsibility. This is aligned with the WHO Code of Marketing Breast-Milk Substitutes as well as the Malaysia Code of Ethics for Marketing of Infant Foods and Related Products, in addition to other relevant requirements and regulations.

The global management system we have in place ensures that this framework is strictly followed across our operations. We constantly monitor compliance through several platforms, which also allow for both internal and external stakeholders to air their concerns in confidence. Through the Ombudsman system, Nestlé employees can report any concerns on practices or breaches in the WHO Code and Malaysia Code of Ethics. Meanwhile, external stakeholders can post comments or queries via our corporate 'Tell Us' system. As part of our transparent practices, we also undertake internal and external independent audits and publish progress reports on our corporate website.

Should any allegations of non-compliance arise, we have processes in place to swiftly investigate and take appropriate action. To the best of our knowledge, there were no reported incidents initiated by Nestlé Malaysia in relation to our code on responsible marketing of BMS in 2019.

To inculcate our commitment to responsible BMS marketing amongst our people, all Nestlé employees involved in infant nutrition undergo a mandatory global training programme on the WHO Code and Nestlé Policy & Procedure on the implementation of the WHO Code. We also extend this throughout our value chain, encouraging the partners we work with such as distributors and third-party agencies, to adopt best practices.

Nestlé S.A. FTSE4Good and ATNI™ Third-party Validation

Industry rankings and indices apply rigorous verification processes and stringent criteria in the assessment of companies. With this in mind, in 2011, Nestlé was honoured to have been the first BMS manufacturer to be inducted into the FTSE4Good Index Series, which ranks companies based on Environmental, Social and Governance (ESG) performance. We are proud to continue to uphold this ranking as a result of our responsible practices.

Further demonstrating our dedication, Nestlé was ranked second place for the sub-ranking of the 2018 Global Access to Nutrition Index (ATNI™), which evaluates the BMS marketing policies and practices of the world's six largest baby food companies.

SDG SPOTLIGHT



Goal 2: Zero Hunger

Target 2.2 - End all forms of malnutrition



Goal 3: Good Health and Well-Being

Target 3.2 - End preventable deaths of newborns and children under 5 years of age

NUTRITION, HEALTH & WELLNESS

PRODUCT SAFETY AND QUALITY

Consumer trust is vital to us and this has been earned over the years through our steadfast dedication to provide products of the highest safety and quality standards. This applies to our entire portfolio across products, businesses and services. We uphold this by adhering to a stringent set of global guidelines encapsulated in Nestlé's 10 Corporate Business Principles, which guide us on product safety and quality assurance.

Nestlé Quality Policy

Our actions to ensure quality and food safety are guided by our Nestlé Quality Policy which describes our commitment to:

1. Guarantees **product safety and full compliance** by respecting our policies, principles and standards with full transparency,
2. Ensures and enhances **preference and consistency** to delight individuals and families by valuing what they value and by offering products and services that always meet or exceed their expectations,
3. Strives for **zero defects and no waste** by constantly looking for opportunities to apply our continuous improvement approach to deliver competitive advantage, and
4. Engages **everybody's commitment** across our complete value chain and at all levels of our organisation to build the Nestlé Quality mind-set.

Nestlé Management System

The Nestlé Management System is the framework platform that we use globally to ensure guaranteed food safety, compliance with quality standards and to create value for consumers. The system is audited and verified by independent certification bodies to ensure conformity to internal policies, ISO standards, laws and regulatory requirements.

In 2019, all manufacturing facilities and our Nestlé Distribution Centre in Malaysia successfully obtained multi-site ISO 9001:2015 certification.



How we ensure food safety:

Systems and Processes	Functions Performed	Metrics and Key Performance Indicators
ISO 9001:2015 Certification	<ul style="list-style-type: none"> • Sets out the basic principles for managing product quality. • Certified by independent third parties. 	100% of Nestlé's manufacturing sites, Nestlé Distribution Centre and Head Office are certified with ISO 9001 (multi-site certification).
FSSC 22000 Certification	<ul style="list-style-type: none"> • Sets out the basic principles for managing food safety. • Allocates responsibilities for manufacturing practices, hazard analysis and traceability throughout the value chain. • Drives continuous improvement by eliminating defects and waste. • Certified by independent third parties. 	100% of Nestlé's manufacturing sites are certified with FSSC 22000.
Internal Quality Monitoring Scheme	<ul style="list-style-type: none"> • Ensures manufactured products meet consumer requirements. • Identifies and controls processes that impact consumers, food safety and regulatory requirements. • Supports our manufacturing excellence strategy of zero waste through the 'right first time' approach. 	100% implemented across all manufacturing sites.
Quality Compliance Verification	<ul style="list-style-type: none"> • Each factory has an annual quality compliance assessment. 	100% implemented across all manufacturing sites.
Early Warning System	<ul style="list-style-type: none"> • Global system to identify, evaluate and anticipate emerging risks. 	Updates received when risks emerge.

24-HOUR CONSUMER ENGAGEMENT SERVICES

Following the launch of our 24/7 consumer engagement services in 2017, we have focused on continuous improvement to ensure greater effectiveness. This has enabled us to achieve a high level of accomplishment in our main Key Performance Indicators which are, Answering rate, Abandoning rate and Customer Satisfaction. In 2019, 90% of calls were answered within 20 seconds, with an abandon rate of less than 2.5%. We also recorded good turnaround time for resolutions and first time response, with a strong improvement in results. This resulted in customer satisfaction of 94% for both our online and offline services.

In addition to this, our consumer engagement services also include Social Media Listening (SML) which preemptively tracks key topics and issues based on publicly-available online data. This allows us to identify emerging consumer concerns and potential issues and implement, where relevant, the actions and measures needed to address them. All internal stakeholders are updated on our SML findings through daily monitoring and a monthly summary of the analysed data.

NUTRITION, HEALTH & WELLNESS

OUR HALAL COMMITMENT

Our Commitment

All products manufactured, distributed and imported by Nestlé Malaysia are certified Halal by JAKIM (Department of Islamic Development Malaysia) and other relevant recognised Islamic authorities

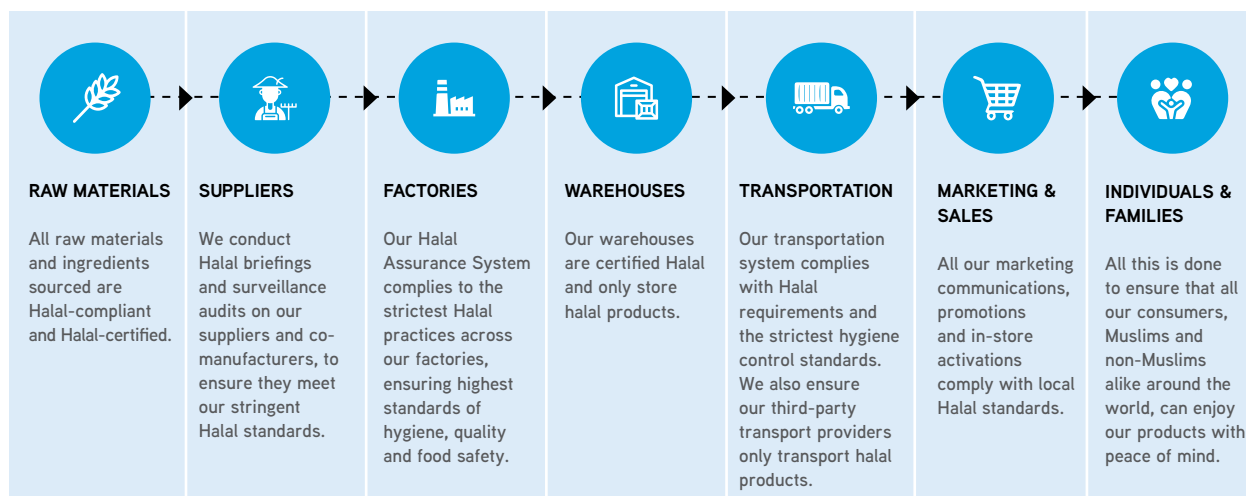
Conscious of the importance of Halal assurance to our consumers, our Halal commitment has been part and parcel of our operations in Malaysia and continues to be an integral pillar of the Group. Since the 1970s, we have been spearheading Halal standards and best practices for Nestlé, along with actively contributing to the formulation of Halal certification in Malaysia.

Together with JAKIM as well as other relevant authorities and agencies, we closely collaborated on an industry level to create the Malaysian Halal Standards. We were also involved in the establishment of the Malaysian Standard on Halal Food (MS 1500) and subsequent revisions, which serves as a benchmark for international Halal standards today.

Halal is a bedrock of our business and as a testament to this, today we export made-in-Malaysia Halal-certified products to over 50 Nestlé markets worldwide. Not only are we the largest Halal producer in the Nestlé world, we are also the Company's Global Halal Centre of Excellence which makes us a global reference point for other Nestlé markets.



OUR HALAL COMMITMENT THROUGHOUT THE VALUE CHAIN



Our Progress

In 2019, we were involved in several programmes and initiatives to promote best practices in Halal. These included:

- Taking part in the 16th Malaysia International Halal Showcase (MIHAS). Hosted by the Ministry of International Trade and Industry Malaysia and organised by the Malaysia External Trade Development Corporation, MIHAS is well-established as the world's leading Halal exhibition.
- Participated in the 10th Halal Certification Bodies Convention, a two-day dialogue discussing pertinent issues in the Halal industry, which was attended by members from foreign Halal certification bodies recognised by JAKIM.
- Organised visits to our factories, warehouses and head office to provide representatives from JAKIM and state religious departments with a first-hand perspective of our comprehensive Halal practices.
- Showcased our Halal practices and experiences at local universities including Universiti Kebangsaan Malaysia, Universiti Utara Malaysia and Universiti Teknologi MARA, as well as at the Selangor International Summit and other national and international forums.
- Represented Malaysia at the Standards and Metrology Institute for Islamic Countries Technical Committee meeting in Istanbul, Turkey. Nestlé was also part of the delegation for the Technical Committee on Halal Supply Chain.
- Together with FMM and the Department of Standards Malaysia, we conducted a nationwide roadshow to educate the public on the importance of Halal standards.
- Appeared on several local television programmes including MyHalal on RTM and news programmes on Bernama TV and RTM, showcasing our industry-leading expertise in Halal manufacturing and certification as well as industry standards. This also provided the opportunity to address Halal misperceptions amongst the public and provide assurance on the integrity of the Halal industry.
- Expanded the Halal@School programme in partnership with the International Fatwa and Halal Centre and the Institute of Halal Research Management under the Islamic Science University Malaysia. For further details on Halal@School, refer to page 39 of this report.

NUTRITION, HEALTH & WELLNESS



SME MENTORING PROGRAMME

As a leading manufacturer of Halal products, we are well-positioned to utilise our knowledge and expertise to further contribute to the development of Malaysia's Halal food and beverage industry. We established the SME Mentoring Programme in 2009, in collaboration with the Halal Industry Development Corporation and SME Corporation Malaysia to encourage the participation of Small and Medium Enterprises (SMEs) in the industry.

The programme involves a two-day workshop to equip SMEs with a sound understanding and awareness of key Halal areas relevant to the food and beverage industry. Topics covered include:

- Best Halal Practices
- Managing Food Regulatory Issues
- Strategic Marketing
- Formation of an Internal Halal Committee
- Production Optimisation
- Improving Industrial Performance Awareness
- Mentoring on Sourcing of Raw Materials

Along with imparting knowledge on Halal best practices, the mentoring initiative provides a platform for networking and supports participants in strengthening performance and scaling up their capabilities. Additionally, given our vast experience as Nestlé's Global Halal Centre of Excellence, we are able to guide SMEs on the requirements to be suppliers for multinational companies. This subsequently allows them to enhance their competitiveness in line with global Halal standards.

Since its inception, the SME Mentoring Programme has expanded to more than 680 SMEs and reached over 920 participants.

SDG SPOTLIGHT



Goal 8: Decent Work and Economic Growth

Target 8.2 - Achieve higher levels of economic productivity through diversification, technological upgrading and innovation

Target 8.3 - Encouraging the growth of micro-, small- and medium-sized enterprises

COMMUNITY ENGAGEMENT

Our Commitment

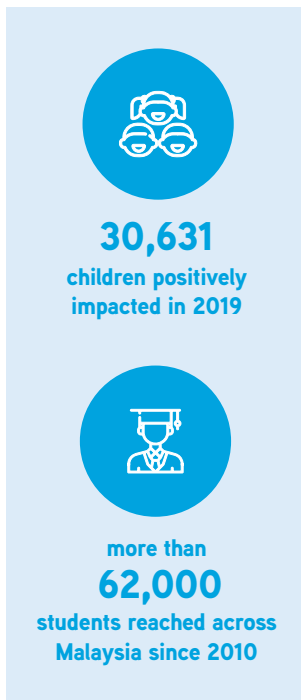
Empower parents, caregivers and teachers to foster healthy behaviours in children

NESTLÉ FOR HEALTHIER KIDS PROGRAMME

Having access to nutritious food is one part of the journey, but education also plays a crucial role and it is never too early to form good eating habits. Our NESTLÉ FOR HEALTHIER KIDS (N4HK) programme is a global initiative that aims to empower school-going children to lead healthier lifestyles. To achieve this, N4HK imparts knowledge of healthy eating habits and the importance of leading an active lifestyle, which ultimately is the key for children to grow up healthy and happy.

Established in 2010 in Malaysia, N4HK collaborates with the Ministry of Education Malaysia and the Nutrition Society of Malaysia. The programme is focused on conveying the foundations of nutrition knowledge to students aged 7 to 12 years old. Topics covered include the Malaysian Food Pyramid, Food Portioning, Healthy Food Choices as well as physical activity.

Through our dedicated efforts, we have positively impacted an additional 30,631 children through N4HK in 2019 alone, beyond our initial target of 20,000 children for the year. Since its inception, we have reached out to more than 62,000 students across Malaysia.



NUTRITION, HEALTH & WELLNESS



International Chefs Day

With the aim to ensure greater impact, we have a number of programmes in place to raise awareness on healthier lifestyles. Our annual International Chefs Day celebration is another platform which we utilise to promote healthy eating amongst children.

In 2019, we held our International Chefs Day celebration with 60 *orang asli* children from SK Bukit Lanjan. Centered on the theme 'How Healthy Food Works', the kids were introduced to nutritional concepts such as food portioning and the benefits of fruits and vegetables as well as interactive activities to help them understand how good nutrition plays a significant role in their daily lives.

This year's programme marked our fifth annual International Chefs Day celebration, jointly organised by NESTLÉ PROFESSIONAL and N4HK along with the Professional Culinaire Association of Malaysia.



'Healthy Kids, Happy Kids' Parenting Workshop

Alongside our numerous programmes to nurture a healthier generation of children, we recognise that it is equally important to equip parents with knowledge on good nutrition and healthy eating in order to have a greater lasting impact on instilling healthier eating habits and lifestyles. In 2019, we launched the Healthy Kids, Happy Kids Parenting Workshop as part of the N4HK programme.

During the half-day workshop, experts in nutrition and child psychology provided parents with useful advice on dealing with the various children eating behaviours and identifying barriers to effective cultivation of good eating habits at home. The pilot session was held in October 2019, with 34 parents and 32 children in attendance.



MAGGI SECONDARY SCHOOL COOKING COMPETITION

As part of our commitment to encourage young Malaysians to make better nutritional choices, our MAGGI Secondary School Cooking Competition (MSSCC) aims to inspire and nurture budding chefs to discover the goodness of cooking homemade meals.

In partnership with the Ministry of Education Malaysia, the objectives of MSSCC are clear – to instil a love for well-balanced home-cooked meals amongst Malaysian students through a fun and interactive format; to promote awareness of good nutrition and to support them in potentially pursuing cooking as a career. Through this platform, we reach out to a fresh batch of students every year and have positively impacted 10,000 schools and over 341,000 students since the programme's inception in 1997. The passion and dedication of the students, as well as strong support from teachers and parents alike, have helped fuel this competition year-on-year.

In 2019, the competition was themed 'You and MAGGI. Making a positive impact through homemade meals'. To strengthen the focus on enriching nutrition knowledge and innovative thinking, we further enhanced the structure of MSSCC to include a creative cooking challenge. This required the students to curate a balanced and healthy meal from the onset and allowed them to hone their problem-solving skills, which is aligned with the Ministry of Education's aspirations to develop higher order thinking.



HALAL@SCHOOL

As the pioneer of Halal standards in the Nestlé world, we leverage our expertise to actively promote Halal awareness amongst young Malaysians via our Halal@School sessions. 2019 marked the second year of our collaboration with the International Fatwa and Halal Centre and the Institute of Halal Research Management under the Islamic Science University Malaysia. We expanded Halal@School to six schools across Malaysia, reaching over 1,600 students. Since its inception in 2018, 2,300 schoolchildren across nine schools have participated in the programme.

Centered around the theme 'Nutrisi Halal, Pendidikan Cemerlang', the sessions were aimed at equipping students with a better understanding of the Halal concept and its benefits. Through engaging activities such as Halal nutrition talks, fun educational quizzes and interactive games with prizes up for grabs, students learned how Halal products can contribute to leading healthier lifestyles.

NUTRITION, HEALTH & WELLNESS

MILO AKTIF NEGARAKU

With a view towards enabling healthier and happier lives, MILO has been driving grassroots sports for Malaysian children since the 1950s with a wide range of initiatives. By consolidating these initiatives under the MILO *Aktif Negeraku* movement, we strive to unite Malaysians with a single-minded purpose to grow healthier together through sports and physical activity, supported by the nourishment and energy provided by MILO.

MILO *Aktif Negeraku* mobilises the wide range of grassroots sports programmes such as MILO *Hidup Bola*, MILO Champions Clinic, MILO *ActivJam Senam Aerobik* and MILO Malaysia Breakfast Day. Engaging with relevant stakeholders to activate these programmes, we collaborate with the Ministry of Education Malaysia, the Olympic Council of Malaysia, the National Sports Council of Malaysia, as well as local communities.

The programmes under MILO *Aktif Negeraku* have positively impacted six million Malaysians yearly, more than half of whom are children.



MILO ActivJam Senam Aerobik

Supporting the Ministry of Education Malaysia's *1Murid 1Sukan* (1Student 1Sport) policy, MILO *ActivJam Senam Aerobik* introduces sports for all by supporting the practice of *senam aerobik* in schools. Engaging with 2.7 million schoolchildren per year, MILO *ActivJam Senam Aerobik* champions the importance of an active lifestyle and nurtures a love of sports from a young age. This is complemented by *Bengkel 1Murid 1Sukan*, a training programme which has equipped more than 5,120 teachers with sports skills and knowledge.

In addition, the MILO *ActivJam Senam Aerobik* is elevated into a national-level competition, now in its second year. In 2019, a total of 10 primary school teams and 16 State Education Department-based teams in the *Muhibbah* Category competed in the grand finals.

MILO Hidup Bola 2019

Established in 2006, the MILO *Hidup Bola* Futsal Carnival provides a platform for children to experience competitive futsal. Marking the 14th year of the annual carnival, a record-breaking 1,195 teams participated in the tournament, out of which 32 top teams in the Under-12 and Under-16 categories went on to compete in the Grand Finals.

The MILO *Hidup Bola* carnival saw winning teams from the Under-16 category battling for top honours against international teams from South Korea, Indonesia, Vietnam and Thailand in August 2019 for the MILO Champions Trophy. This gave the teams a taste of real-world tournament experience in the international arena, as the competition adhered to official FIFA rules and regulations.

In addition, as part of the Global MILO initiative with its ambition to annually involve 30 million children worldwide in sports, we partnered with FC Barcelona to launch the annual MILO Champions Cup, which is an international Under-12 football competition amongst 13 other MILO markets in the world including Ghana, Jamaica, Indonesia, and Colombia.

In 2019, eight players in the Under-12 category including two girls had the chance to represent Malaysia in Barcelona.



MILO Champions Clinic and FC Barcelona

The MILO Champions Clinic serves as a one-stop centre for children aged 7 to 12 years, providing them with the opportunity to try their hand at a variety of sports with the support of certified coaches. In 2019, a total of 1,700 children participated in futsal, football, netball, basketball, bowling, hockey, badminton and athletics training under the programme.

Entering the second year of partnership, the 2019 MILO Champions Clinic: FC Barcelona Edition saw a total of 1,300 children taking part in football training sessions, of whom 10 young talents were shortlisted for a once in a lifetime experience of attending professional training in Barcelona.



MILO Malaysia Breakfast Day

MILO Malaysia Breakfast Day (MBD) continued to bring people together for the biggest breakfast event in the nation for the seventh year. Inspiring individuals and families to have a nutritious breakfast everyday, MILO MBD 2019 was held in seven locations – Putrajaya, Penang, Kuantan, Kota Bharu, Kota Kinabalu, Kuching and the newest location, Batu Pahat.

With 88,049* participants setting a record for MILO MBD, the event included a breakfast demonstration presenting easy and creative ways for anyone, even children, to put together a healthy breakfast. MILO MBD 2019 also featured fun runs as well as other activities aimed at encouraging participants to stay fit, such as Zumba sessions and futsal tournaments. Adding a new element this year to reflect our commitment to sustainability, participants were taught the importance of recycling, focusing on how it contributes to environmental conservation.

With a view to nourishing underprivileged families, we continued our collaboration with the Food Aid Foundation, donating a total of RM300,000 from proceeds raised from MILO MBD fun runs to those in need.

* This data has been independently audited. Please refer to the Assurance Report on pages 142 and 143

NUTRITION, HEALTH & WELLNESS

NESTLÉ OMEGA PLUS WALK-A-MILE

As a strong proponent of good cardiovascular health, NESTLÉ OMEGA PLUS together with Yayasan Jantung Malaysia (YJM) organised the Walk-A-Mile event, bringing together more than 4,000 Malaysians to say #NOTME to cholesterol.

The longest-running walking event in Malaysia, the NESTLÉ OMEGA PLUS Walk-A-Mile is held on an annual basis in conjunction with World Heart Day. The initiative aims to shine a light on high cholesterol, which is a major risk factor for heart disease amongst Malaysians.

In 2019, the event featured a mile-long Hearty Walk around Taman Tasik Perdana, Kuala Lumpur and featured quizzes and interactive activities to educate participants on maintaining a healthy heart and dispel myths surrounding high cholesterol along the way. Zumba sessions and cholesterol, blood glucose and body mass index screenings further energised participants.

Marking the 19th year of partnership with YJM, NESTLÉ OMEGA PLUS also donated RM35,000 to YJM to promote heart health awareness and education to Malaysians.





NESTLÉ KOKO KRUNCH JUNIOR TAEKWONDO CHAMPIONSHIP

With a view towards incorporating sports and physical activity as part of a healthy lifestyle, the Nestlé KOKO KRUNCH Junior Taekwondo Championship provides young budding athletes with the opportunity to participate in competitive Taekwondo.

The programme was first launched in 2006 and is now an annual event in the Taekwondo Malaysia calendar. Through the championship, young talents are taught to embrace their love for sports, while honing their athletic abilities and gaining life-long values. The championship also serves as an effective platform to nurture athletes at a grassroots level, with a view to developing world-class athletes.

2019 marked the 14th year of the championship, bringing together 1,783 participants from Malaysia and Singapore. Nutrition talks were also held to educate parents and children on the importance of a healthy and balanced breakfast.



FAMILI SIHAT & CERIA BERSAMA NESTLÉ EVERYDAY

Making nutrition knowledge accessible to the less privileged, the *Famili Sihat & Ceria Bersama NESTLÉ EVERYDAY* project reached out to B40 communities across Peninsular Malaysia. Beyond imparting the importance of good nutrition, the programme highlighted affordable options to obtain a balanced diet.

Marking its third consecutive year, the 2019 programme engaged more than 100,000 B40 households across 30 locations and incorporated an array of games revolving around good nutrition, including the food pyramid. Besides this, to demonstrate the importance of living an active lifestyle, participants were encouraged to take part in family-friendly aerobic sessions and telematches.

SDG SPOTLIGHT



Goal 3: Good Health and Well-Being

Target 3.4 - Reducing premature mortality from non-communicable diseases



Goal 4: Quality Education

Target 4.7 - Ensuring all learners acquire the knowledge and skills for a sustainable lifestyle

PERFORMANCE DATA

Nutrition, Health and Wellness

Description	2015	2016	2017	2018	2019
Product Nutrition and Labelling					
a. Products meeting or exceeding Nutritional Foundation profiling criteria (% of sales)	74	74	77	79	75
b. Products displaying the Nestlé Nutritional Compass (% of sales)	100	98	98	98	98
c. Products with Guideline Daily Amount labelling (% of sales)	98	97	98	97	97

Description	2015*	2016*	2017	2018	2019
Customer Services					
a. Number of cases handled	-	-	68,294	71,920	61,220
b. Number of enquiries	-	-	61,448	63,856	52,287
c. Feedback on marketing programmes and non-product-related complaints	-	-	5,115	5,862	6,591
d. Product-related complaints	-	-	1,731	2,202	2,342

* We have optimise our call center to 24-hour service in 2017. Therefore, 2015 and 2016 data is incomparable.

Our Halal Commitment

Description	2015	2016	2017	2018	2019
SME Mentoring Programme					
a. Number of companies	77	77	72	80	116
b. Number of participants	100	110	105	113	148

Community Engagement

Description	2015	2016	2017	2018	2019
NESTLÉ FOR HEALTHIER KIDS Programme					
a. Number of schools	75	77	29	54	118
b. Number of students involved	4,924	4,216	7,023	19,474	30,631
MAGGI Secondary School Cooking Competition					
a. Number of schools	1,280	1,280	1,280	576	576
b. Number of students involved	6,400	5,580	5,789	1,728	1,800
Halal@School					
a. Number of schools	-	-	-	3	6
b. Number of students involved	-	-	-	583	1,600
MILO Malaysia Breakfast Day					
a. Number of participants	11,545	50,000	60,000	84,000	88,049*
NESTLÉ OMEGA PLUS Walk-A-Mile					
a. Number of participants	1,280	3,800	3,000	4,000	4,000
Nestlé KOKO KRUNCH Junior Taekwondo Championship					
a. Number of students involved	2,000	2,420	1,735	2,000	1,783

* This data has been independently audited. Please refer to the Assurance Report on pages 142 and 143



FOR OUR COMMUNITIES

We engage extensively with multiple parties across our value chain, from local farmers to suppliers and our employees. We recognise how vital they are to our operations and the Group's overall success, as their contributions enable our business to flourish. As such, we are committed to positively impacting our communities and upholding human rights, equitable employment and diversity in all areas of our operations.

Guided by our purpose of enhancing quality of life and contributing to a healthier future, we have a dedicated strategy in place to help improve the livelihoods of communities. This is one of Nestlé's 2030 global ambitions, to enhance 30 million livelihoods in communities directly connected to our business activities by 2030.

Helping develop thriving,
resilient communities



OUR RURAL DEVELOPMENT & PEOPLE STRATEGY

It is intrinsic to our values of respect to safeguard the welfare of our stakeholders, namely our people, as well as the farmers and suppliers that we work with along our value chain.

Our farmers are key to our high-quality raw ingredients, which are the basis of our products. We are cognisant of the economic value they provide to our business and we are committed to help improve their livelihoods through the rural development programmes we have in place, including providing training on agronomic methods to increase their yields and income. This allows us to grow our business and create social value.

Our dedicated employees are the cornerstone of Nestlé’s success. They are the key pillars of our strength and to help them perform at their best, we are committed to providing a working environment which supports their well-being and provide them with opportunities to develop their skills and grow in their careers.

Nestlé’s Global Ambition: To improve 30 million livelihoods in communities directly connected to our business activities by 2030

Nestlé’s Global Impact Areas



Our Action Areas:

Rural Development

Our Key Commitments:

- Improve farm economics among the farmers who supply us
- Implement responsible sourcing in our supply chain
- Roll out the NESTLÉ COCOA PLAN with cocoa farmers
- Continuously improve our green coffee supply chain
- Assess and address human rights impact across our business activities

Our People

Our Key Commitments:

- Enhance gender balance in our workforce and empower women across the entire value chain
- Advocate for healthy workplaces and healthier employees
- Roll out our *Nestlé needs YOUth* initiative across all our operations
- Assess and address human rights impact across our business activities
- Enhance a culture of integrity across the organisation
- Provide effective grievance management mechanisms for employees and stakeholders

Our work in the community contributes to targets set out under these SDGs



RURAL DEVELOPMENT

As the world's population continues to grow, so does the need for food. Mindful that many rural communities rely on farming as their main source of income, we see the opportunity to help uplift the livelihoods of farmers, as well as to utilise responsibly-sourced raw ingredients in our products. In line with this, rural development plays an integral role in our CSV commitments.

We have established a number of initiatives and programmes to support farmers in terms of improving productivity and yields, thereby creating better income opportunities. Our aim is to nurture a more sustainable supply chain and over the long-term, cultivate a brighter future for all our stakeholders.

Our Key Commitments:

- Improve farm economics among the farmers who supply us
- Implement responsible sourcing in our supply chain
- Roll out the NESTLÉ COCOA PLAN with cocoa farmers
- Continuously improve our green coffee supply chain
- Assess and address human rights impact across our business activities

FARMER CONNECT

Our Commitment

Improve farm economics among the farmers who supply us

With heightened expectations from both consumers and stakeholders on traceability and ethical sourcing practices, it is vital to implement responsible sourcing within our supply chain. To drive this, we established our Farmer Connect programme, which focuses on sourcing raw materials directly from farmers through contract farming initiatives.

With Farmer Connect, we are able to leverage our agricultural expertise to instil good agricultural practices among local farmers through the Sustainable Agricultural Initiative (SAIN) toolkit, which was specifically developed to provide training and technical assistance on relevant areas to elevate quality standards and increase crop yields. This enables the farmers to grow high-quality raw materials in an environmentally-conscious manner, subsequently contributing to the sustainability of our supply chain.

In addition to ensuring traceability back to farm level, Farmer Connect also supports farmers' business growth, thereby uplifting livelihoods in local communities. There are currently three programmes under Farmer Connect – NESTLÉ CHILLI CLUB, NESTLÉ PADDY CLUB and NESCAFÉ GROWN RESPECTFULLY.

RURAL DEVELOPMENT

NESTLÉ CHILLI CLUB

Understanding the importance of food security and the need to cultivate a sustainable supply chain, we undertook several efforts to support our responsible sourcing pillar. To this end, the NESTLÉ CHILLI CLUB (NCC) contract farming scheme is aimed at ensuring a reliable supply of fresh chillies for MAGGI Chilli Sauces, while supporting local farmers.

First established in Kelantan in 1995, over the years, the NCC has expanded to other parts of the country, namely Dungun, Terengganu and Kuala Langat, Selangor. The farmers under the NCC programme receive hands-on assistance and training from the Nestlé Agricultural Services Department, with the objective of improving the quantity and quality of their yields to be in line with global standards.

To proactively reduce impact to the environment, live mulch was introduced to replace plastic mulch in planting practices. Using live mulch is beneficial, as the roots absorb nitrogen which provides nutrition to the plant and the soil. In addition, farmers can grow live mulch as a secondary crop before the harvesting season, thereby further increasing their income.

To further minimise stress on the environment, we introduced paddy straws as mulch, which prevents weeds and maintains soil moisture. These organic straws decompose after six months, which also contributes organic fertiliser for the soil, increasing the soil Cation Exchange Capacity (CEC). The higher CEC allows a higher rate of nutrients to dissolve in the soil, providing more nutrients to the plant.



Our Progress

In 2019, we worked with 76 farmers, generating a total yield of 400 MT/ha across 62 hectares of land.



NESTLÉ PADDY CLUB

We are committed to utilising high-quality raw ingredients in our products. This has enabled us to maintain our leadership position as a trusted manufacturer of infant cereals, not only in Malaysia but in the region, as we use only the best rice in our products. This is made possible by the NESTLÉ PADDY CLUB (NPC), a contract farming scheme established in 2012.

Through this programme, we are able to help rural farmers increase their income and improve their livelihoods, thereby providing consumers with safe and high-quality products through a sustainable supply model. The NPC equips farmers with Good Agricultural Practices in paddy farming to develop higher yielding, high-quality crops which meet Nestlé’s stringent global requirements. This enables us to maintain a long-term local supply of responsibly-sourced rice for our infant cereals.

Through the NPC, farmers are also trained in implementing an innovative and sustainable approach to paddy-farming called Semi-Aerobic Rice Intensification or SARI, which allows for a reduction of irrigation water by 30% to 40% and results in lower methane emissions. To further increase their yields, NPC farmers are also provided with eco-friendly microbial supplements.

Our Progress

In 2019, we helped 250 farmers achieve an average yield of 5.23 MT/ha across 690 hectares of field for the January and February growing season. For the August and September season, we worked with 235 farmers to achieve an average yield of 5.5 MT/ha across 654 hectares of fields.

SDG SPOTLIGHT



Goal 1: No Poverty

Target 1.1 - Eradicating poverty for all people everywhere



Goal 2: Zero Hunger

Target 2.4 - Ensuring sustainable food production systems and implement resilient agricultural practices

NESCAFÉ GROWN RESPECTFULLY



Cultivating high-quality coffee beans has been challenging in recent years. With increasing scarcity of farmable land coupled with climate change, it has been difficult for coffee farmers to earn a sustainable living by growing coffee beans. In view of this, we saw the opportunity to lend our expertise, launching NESCAFÉ GROWN RESPECTFULLY in 2019, marking our third project under Farmer Connect. In Malaysia, this programme is a multi-stakeholder partnership between FELDA (Federal Land Development Authority), KSDA (Kedah State Department of Agriculture), KEDA (Kedah Economic Development Authority), KAF (Pertubuhan Kami Anak FELDA) and MARDI (Malaysian Agricultural Research and Development Institute).

The programme aims to support coffee farmers in Kedah with technical advice on the end-to-end process of coffee growing. In addition, support is given through imparting Good Agricultural Practices on ways to increase crop yield, improve quality of green beans and reduce operational cost.

We also aim to improve the livelihood of farmers in Kedah, while improving our green coffee supply chain.

Our Progress

During the pilot project which is set to be completed by mid-2020, Nestlé will provide 50,000 robusta plant seedlings to 200 coffee farmers. The coffee beans grown by the farmers will subsequently be purchased by Nestlé to be utilised in the production of our coffee products. We plan to purchase 100 metric tonnes of coffee beans via this programme by 2022.

RURAL DEVELOPMENT

RESPONSIBLE SOURCING

Our Commitment

- **Implement responsible sourcing in our supply chain**
- **Assess and address human rights impact across our business activities**

As a multinational company, it is our duty to manage our overall operations in a sustainable manner. Particularly as a food and beverage manufacturer, we are driven to provide assurance to consumers on our commitment to responsible sourcing practices for the raw ingredients used in our products.

Applied across our supply chain, the Nestlé Responsible Sourcing Standard (RSS) that was introduced in 2018 provides a clear set of requirements, which all upstream suppliers and third parties that we are in business with, must adhere to. The RSS enables us to minimise our environmental footprint and safeguard the planet's resources, while creating a sustainable long-term supply of raw ingredients. This also contributes to our objective of strengthening supply chain resilience.

The RSS is aligned with the standards set forth by the Organisation for Economic Co-operation and Development Guidelines for Multinational Enterprises, the Core Conventions of the International Labour Organization and the UN SDGs. Demonstrating our commitment, we have taken additional measures surpassing industry standards, by incorporating the RSS into relevant sourcing and production activities, allowing us to enhance sustainable practices in other key areas within our supply chain.

As per the requirements of the RSS, all our suppliers are assessed via the global Suppliers Ethical Data Exchange (SEDEX) platform. SEDEX provides information related to labour practices, health and safety, environmental impact and business impact by which potential suppliers can be evaluated.

Our Progress

In 2019, we screened 105 suppliers based on the Nestlé Responsible Sourcing Standard which includes environmental criteria.

Supplier Engagement Day

Our relationship with suppliers is integral to our daily operations and we go to great lengths to instil our values and business aspirations, with strong emphasis on product quality and sustainability.

As part of our continuous efforts to ensure that our suppliers are well-informed of our commitments and business principles, we have organised the Supplier Engagement Day annually since 2017. One of the key highlights of this year's Supplier Engagement Day was our commitment to sustainable packaging.

Marking its third consecutive year, the event saw a total of 70 representatives, 78% of which were first-time attendees. This comprised 39 direct suppliers from various markets namely China, Thailand, Vietnam, Singapore, as well as several states throughout Malaysia.

Topics covered during the day included the importance of quality assurance, Nestlé's drive to cater to consumer needs across the spectrum and our commitment to reducing plastic waste.

SDG SPOTLIGHT



Goal 8: Decent Work and Economic Growth

Target 8.7 - Eradicating modern day slavery and child labour



Goal 12: Responsible Consumption and Production

Target 12.7 - Practising procurement practices that are sustainable

NESTLÉ COCOA PLAN

Our Commitment

Roll out the NESTLÉ COCOA PLAN with cocoa farmers

The NESTLÉ COCOA PLAN was introduced in 2009 to cocoa-producing countries such as Côte d'Ivoire and Ghana to provide smallholders with the necessary support to improve their lives and the quality of their product.

It focuses on the following three key areas:

- **Better Farming:** making cocoa more profitable for farmers;
- **Better Lives:** mitigating issues on child labour, education and gender inequality; and
- **Better Cocoa:** improving the transparency of our supply chain and the quality of our cocoa.

The NESTLÉ COCOA PLAN enriches the livelihoods of cocoa farmers and the community, along with creating a sufficient supply of high-quality, sustainable cocoa which are used in Nestlé products, such as KIT KAT. Currently, there are 114,000 farmers under this programme from which Nestlé sources a total of 198,000 tonnes of sustainable cocoa per annum.

Our Progress

We use 100% sustainably sourced cocoa in our KIT KAT products manufactured at our Chembong factory in Negeri Sembilan.

This locally produced KIT KAT is also exported to regional markets including Singapore, Indonesia, Philippines, India, Thailand, Vietnam and Myanmar.



RURAL DEVELOPMENT



NESPRESSO AAA SUSTAINABLE QUALITY PROGRAMME

Our Commitment

Continuously improve our green coffee supply chain

Beyond providing premium coffee experiences, NESPRESSO is deeply committed to sustainability within the supply chain. To cultivate a resilient and sustainable coffee ecosystem, NESPRESSO has partnered with the Rainforest Alliance since 2003 to implement the NESPRESSO AAA Sustainable Quality Programme, to ethically source the highest-quality coffee beans.

The programme has established long-term relationships with coffee farmers, instilling sustainable farming methods which enhance yields and quality of coffee beans as well as improving the livelihoods of farmers. To date, the programme has been implemented in 12 countries, working with over 70,000 farmers. It is now being rolled out to East Africa, as part of our commitment towards 100% AAA-sourced coffee by 2020.

Our Progress

The “Second Life” campaign was introduced in Malaysia to encourage the recycling of NESPRESSO’s coffee capsules which are made of aluminium, a material which can be continuously recycled. Recycled capsules were repurposed into brand new items such as chopstick sets, knives and pens, redeemable with the purchase of coffee capsules.

Since its launch in 2016, all NESPRESSO coffee sold in Malaysia has been sourced from the NESPRESSO AAA Sustainable Quality Programme.

OUR COMMITMENT ON SUSTAINABLE PALM OIL

As we purchase our raw materials, we need to ensure our products are not produced at the expense of our forests. We have several initiatives in place to help us realise our global ambitions, namely:

- 100% responsibly-sourced palm oil by 2020
- 100% RSPO certified palm oil by 2023

To facilitate this, we abide by the strict guidelines of our Nestlé Responsible Sourcing Standard policy and engage with international partners and organisations.

Commitment to Zero Deforestation

We made a 'no deforestation' commitment in 2010 with the aim that none of our products or packaging would be associated with deforestation. To accelerate this commitment in palm oil, we have partnered with Airbus and the Earthworm Foundation (previously known as The Forest Trust) to implement Starling, a satellite-based service, to monitor 100% of our global palm oil supply chains from 2019. Through satellite imagery, we are able to identify deforestation patterns as well as the parties involved and to implement an action plan where necessary. This is fully documented in our palm oil Transparency Dashboard report.

Complementing Starling, several industry players comprising both producers and buyers have participated to establish a radar-based forest monitoring system, Radar Alerts for Detecting Deforestation (RADD). Some of the participants in addition to Nestlé include Bunge, Cargill, Mondelēz International, Pepsico, Sime Darby Plantation, Unilever and Wilmar. This publicly accessible system is currently being developed for Malaysia and Indonesia and will be able to detect deforestation in real-time while supporting our forest conservation efforts and increasing transparency.

SDG SPOTLIGHT



Goal 15: Life on Land

Target 15.2 - Promoting sustainable management of forests and halting deforestation



RURAL DEVELOPMENT

Inclusion of Smallholders

Producing 40% of the world's palm oil, smallholders are integral within the palm oil supply chain. Committed to supporting sustainable communities, we realised the opportunity to uplift the livelihoods of oil palm smallholders. Together with the Earthworm Foundation's Rurality initiative, we aim to enable sustainable livelihoods for farmers while helping them to produce responsibly.

In 2019, the Rurality project engaged with an additional 84 farmers in Sabah, providing training on best management practices. We also deepened interactions with the farmers via digital platforms as well as face-to-face gatherings. This involved more than 187 farmers, a 200% increase compared to previous years, of whom 186 smallholders successfully obtained the Malaysian Sustainable Palm (MSPO) Oil certification in 2019.

We also introduced an alternative livelihoods programme to help smallholders build resilience to changes in the market. Through this programme, 71 smallholders were trained to better understand market dynamics. The programme also helps to establish farmer groups, and provide support for market connections for alternative livelihoods such as handicrafts, goat rearing, bee farming and bird nest production.

An additional initiative spearheaded by the Rurality project is aimed at easing Human-Elephant Conflict in Sabah, which arises when elephants forage on agricultural land due to the loss of their natural habitats. This initiative protects elephants, an endangered species, by monitoring 7,580 hectares of land in conflict with elephants. In 2019, the project saw the establishment of a new Human-Elephant Conflict committee to drive long-term strategies.

Protecting Human Rights

Upholding human rights is a key priority for us. To address labour rights challenges, our ongoing Action Plan on Labour Rights in Palm Oil Supply Chains enables us to strengthen our supplier management systems.

As part of our efforts, in partnership with one of our key suppliers, Sime Darby Plantation, we created a helpline to report human rights violations in oil palm plantations. The helpline was co-developed by the Responsible Business Alliance and solutions developer, ELEVATE, using a technologically-advanced platform to ensure safe reporting for workers. Upon successful completion of the pilot programme in Malaysia in 2019, we aim to expand this programme throughout our supply chain.

We were also involved in the development of a Human Rights-Based Due Diligence Tool on Ethical Recruitment, to aid palm oil producers in enhancing transparency and identifying potential risks in their recruitment process.

We are conscious of the plight of the children of migrant workers living on oil palm plantations, many of whom are undocumented and lack access to basic services such as education. To raise awareness, we have launched the Directory of Services for Vulnerable Children in plantations in Sabah, together with the Earthworm Foundation.

We are committed to ensuring the well-being of the 4,686 members of the Nestlé family, our employees.

In line with our purpose of enhancing quality of life and contributing to a healthier future, we provide a conducive and dynamic working environment, empowering our people to lead a healthy lifestyle at work and at home. Furthermore, we strongly believe that learning is a life-long process and to this end, we encourage and enable our employees to upskill their capabilities and knowledge by putting in place learning programmes for both professional and personal development.

Reflecting our global presence, we take great pride in our diverse workforce. We believe that we can all learn from one another in terms of creativity and ideation which in turn will help our Company to grow. To encourage this, we offer equal opportunities for all employees, regardless of race, gender or ethnicity. In tandem, we appreciate the importance of cultivating local talent, employing a 100% local workforce across our manufacturing sites in Malaysia.

Our employees are our best spokespersons and they embody our corporate values which are rooted in **Respect**.

Our Key Commitments

- Enhance gender balance in our workforce and empower women across the entire value chain
- Advocate for healthy workplaces and healthier employees
- Provide training on Corporate Business Principles, nutrition and environmental sustainability
- Roll out our *Nestlé needs YOUth* initiative across all our operations
- Assess and address human rights impacts across our business activities
- Enhance a culture of integrity across the organisation
- Provide effective grievance management mechanisms for employees and stakeholders

Transforming Our People Processes

In order to improve employee experience, we are continuously reviewing our processes and adapting to new ways of working. We embarked on a global transformation of our human resources system in November 2019 with the objective of making our processes and ways of working simpler, consistent and more effective. This approach allows us to be agile and responsive to external changes, remain competitive and continue to attract and retain capable, highly-skilled talent.

A key component of this new system entails leveraging technology to streamline our human resource operations to achieve a positive cultural shift towards autonomy, transparency and efficient execution of people processes. Through this new system, we have implemented the following changes:

- Introduction of new solutions and tools in our people processes to reduce manual dependency.
- Standardisation across human resource processes to reduce complexity.
- Creating a people-centric culture where tools, technologies, processes and systems are enablers for people, allowing them to spend more time on business priorities.

With this new system, employees are encouraged to take charge of their professional growth by leveraging a wide variety of learning modules, self-assessments and development toolkits. This enables our people to develop the necessary skills and leadership attributes needed to progress on their career path.

Line Managers are also empowered to guide employees and play a bigger role in their development. When managers have greater insights into employees, they are able to make more informed decisions. This is supported by processes that are automated, such as annual salary reviews, short-term bonuses, onboarding, offboarding and confirmation of employees.

OUR PEOPLE

DIVERSITY AND GENDER BALANCE

Our Commitment

Enhance gender balance in our workforce and empower women across the entire value chain

Our strength lies in our diversity. This not only provides our employees with vast opportunities to learn from each other, but also enables us to develop new and unique perspectives through different cultural lenses. Building on our foundation of diversity, we are committed to inclusive and equitable policies to cultivate a workplace that uplifts all our employees, reflecting our drive to treat our people with respect and dignity in all that we do.

We firmly believe that women in our workforce play an equal role in delivering business success. In order to nurture and empower our female talent, we encourage an organisational culture that promotes gender balance and diversity. To help us achieve gender balance, we tracked our progress against three commitments in 2019.

- **Female Successors for Key Positions**

We continuously work to increase the number of women in our workforce, including those in leadership positions. Our consistent efforts enabled us to surpass our 50% target, with women comprising 61% planned successors for key positions.

- **Flexible Work Arrangement for New Mothers**

We recognise the need to provide new mothers with the flexibility to manage their multiple work and family responsibilities upon returning from maternity leave. To this end, we introduced the Flexible Work Arrangement in 2019, which allows new mothers as well as male primary caregivers with a child less than a year old, flexible options to best organise themselves.

- **Closing the Gender Equal Pay Gap by 2020**

A key part of promoting gender diversity is advocating for equal pay between men and women employees who hold the same job scope. As of 2019, we are proud to note that we have successfully closed the Gender Equal Pay Gap, an adjusted gender pay gap which factors in relevant parameters such as age, grade level, function, and performance when calculating pay discrepancies between genders. When these additional characteristics are taken into consideration, our calculations yield a 1:1 ratio of pay for women to men.

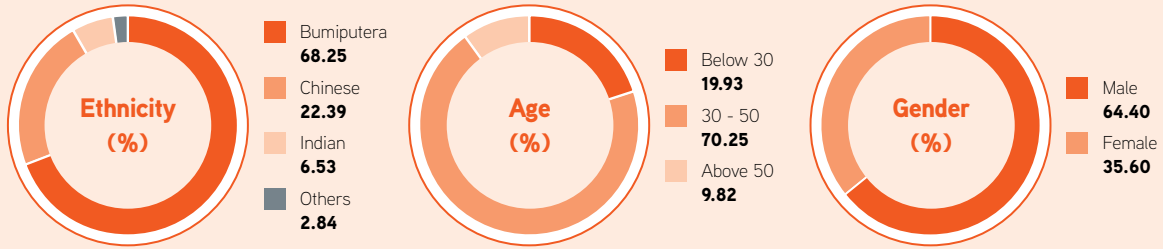
Unconscious Bias Training

We strive to cast a light on the impact of bias and stereotyping in the workplace. Our Unconscious Bias Training aims to raise awareness among our people on how unconscious biases can affect performance, as well as to cultivate a more equitable working environment.

In 2019, all our employees in the Sri Muda Factory underwent a pilot training session on unconscious bias. During the training session, participants were taught to identify and eliminate biased views to facilitate sound and impartial decisions, particularly pertaining to people and succession management and ensuring fair opportunities for all.

In addition, we have trained and retrained 100% of all our People Managers, including the Senior Leadership Team.

Employee Breakdown of Ethnic, Age and Gender Composition



SDG SPOTLIGHT



Goal 5: Gender Equality

Target 5.1 - Ending all forms of discrimination against all women
Target 5.5 - Ensuring women's full and effective participation and equal opportunities for leadership



Goal 8: Decent Work and Economic Growth

Target 8.5 - Ensuring full and productive employment and decent work for all and equal pay for work of equal value



Goal 10: Reduced Inequalities

Target 10.2 - Empowering and promoting economic inclusion of all
Target 10.3 - Ensuring equal opportunity and reducing inequalities of outcome

OUR PEOPLE

SAFETY, HEALTH AND WELL-BEING

Our Commitment

Advocate for healthy workplaces and healthier employees



Throughout our operations, the safety, health and well-being of our employees are a core priority. We have implemented comprehensive measures to protect our people from work-related injuries and illnesses, as well as encouraging them to adopt safe and healthy lifestyle practices.

In line with global Nestlé practices and Malaysian regulations on occupational safety and health, we adhere to the global Nestlé Policy on Safety and Health at Work. This includes the implementation of the Nestlé Occupational Safety and Health Management System, which covers 100% of our employees. The implementation and certification of the Occupational Safety and Health Management System, which is based on ISO 45001:2018, is certified by an external certification body.

We have established Safety, Health and Environment (SHE) Committees in all the locations we operate, which convene at least once every three months to discuss prevalent topics or areas of concern. The SHE Committee oversees processes used to identify and assess occupational health and safety risks and to establish effective controls for these risks. Employees are also able to report any issues or feedback to their respective SHE Committee members.

Our Safety, Health and Environment Performance Monitoring (SHE-PM) database allows us to closely monitor our safety and health track record and investigate incidents that occur. Any workplace incidents which occur, including first-aid cases and injuries, illnesses and environmental issues must be recorded into the SHE-PM database at the time of the incident, regardless of whether this takes place at Nestlé premises or an external site.

Taking into account the location of the incident, the scope of the Nestlé Occupational Safety and Health Management System is defined as follows:

Location of Incident	Affected Persons in Scope
At Nestlé sites	All individuals i.e. all employees (regular and temporary), contractors and members of the public
Outside Nestlé sites	All employees (regular and temporary)

Machinery and safety

As we strive to enhance machine safety standards, we have a structured process in place that focuses on machine guarding and safety interventions. This is supported by competency training to equip our people with the capabilities to safely handle machines and equipment.

Slips, trips and falls

In 2019, we have identified slips, trips and falls (STF) as the leading indicators of workplace injuries at Nestlé. The majority of these cases took place at our manufacturing facilities. We utilise the STF guideline and toolkit to ensure that safety and health risks are effectively managed.

Vehicles and driving

To minimise vehicle-related injuries, we have a number of programmes to promote safe driving behaviours amongst our people and those we work with. In 2019, we organised programmes such as Defensive Driving and Journey Management courses, as well as a Road Safety Day campaign, which were also extended to our long-term distributors and third-party logistics service providers.

Caring Leadership in Safety


In 2019, we launched the Caring Leadership in Safety framework to improve the involvement of the leadership team and deepen engagement with employees at all levels of our daily business operations. Through this strategic approach, we aim to drive performance and enhance our safety mindset and culture.

NESTLÉ FRAMEWORK FOR EMPLOYEE HEALTH


Consistent with the significant value we place on the well-being of our people, the Nestlé Framework for Employee Health was created as a structured approach to drive our efforts. This is complemented by our dedicated focus on applying a best practices framework to care for the health and welfare of our employees.



'Learn' helps employees enhance their health knowledge and become passionate about nutrition, health and wellness.



'Feel' helps employees access information about their own health.



'Choose' hopes to inspire them to develop and maintain healthy lifestyles.

SDG SPOTLIGHT



Goal 8: Decent Work and Economic Growth

Target 8.8 - Protecting labour rights and promoting safe working environments for all workers



Goal 10: Reduced Inequalities

Target 10.3 - Ensuring equal opportunity and reducing inequalities of outcome

OUR PEOPLE

Know Your Numbers Programme

An annual health screening initiative, the Know Your Numbers Programme (KYNP) is in line with our global commitment to advocate for healthy workplace and healthier employees by 2020. KYNP is one of the many ways we encourage our employees to take ownership of their health. The programme provides access to risk assessment tools to generate personal health reports, as well as connect employees with healthcare professionals to support them in proactively addressing health concerns. The programme saw an encouraging response of 2,008 participants in 2019.

Field Promotion Operator Wellness Programme

Continuing to promote nutrition and fitness amongst our people, we kicked off the Field Promotional Operator (FPO) Wellness Programme in 2019. This wellness programme is focused on helping our FPOs reshape their lifestyle through consultation and guidance on healthy eating and exercise via an instant messaging platform to ensure ease of access. Employees also benefitted from training sessions every six weeks, motivating them to realise their fitness goals.

The five-month programme for 136 FPOs achieved a total combined weight loss of 500 kg.



Health & Wellness Challenge 2019

The Health and Wellness Challenge is an annual contest to encourage our people to adopt healthier and more active lifestyles. During the 100-day challenge, body measurements are taken at three stages to track progress. Selection criteria for winners include the highest reduction in weight and the best improvement in body fat percentage.

In 2019, the programme drew together 1,228 participants, recording a total weight loss of 579 kg and total body fat loss of 440%.

NESTLÉ OMEGA PLUS 30-Day Challenge

A special edition of the NESTLÉ OMEGA PLUS 30-Day Challenge was extended to our employees to encourage them to monitor their cholesterol status through a series of tests. The goal of the challenge was to score significant reductions in LDL (low-density lipoprotein) cholesterol and triglycerides as well as to maintain high levels of HDL (high-density lipoprotein) cholesterol. In 2019, the programme saw a total of 800 employees participating, of whom 418 successfully completed the challenge.

Recognition

By virtue of the impactful initiatives undertaken by Nestlé Malaysia to ensure the health and wellness of our employees, the Company was honoured to receive a number of accolades during the year.

This included earning recognition for AIA Vitality's Malaysia Healthiest Workplace Awards 2019, where the Company was Highly Commended in the category of Malaysia's Healthiest Employers Award for the second year, as well as Malaysia's Most Improved Workplace for the first time.

With a total of 230 organisations in the running, AIA Vitality's Malaysia Healthiest Workplace Awards are based on the health and wellness initiatives offered by companies and the feedback from employees on their efficacy.

SDG SPOTLIGHT



Goal 3: Good Health and Well-Being

- Target 3.4 - Reducing premature mortality and promoting mental health and well-being
- Target 3.6 - Reducing deaths and injuries from road traffic accidents
- Target 3.8 - Achieving universal health coverage

TRAINING AND DEVELOPMENT

Our employees are the lifeblood of Nestlé and are integral to driving our progress as a Company. To propel the Group forward in this dynamic environment, we empower our people with the capabilities to succeed.

As we strive to establish a strong pipeline of talent, we have training programmes in place to strengthen both personal and professional skill sets. This helps to develop our people to perform to the best of their ability and contribute to the success of the Group.

Embracing new ways of working in the digital age, e-learning courses are also available. These offer greater accessibility to our staff and can be tailored in accordance with our needs and changes in the business environment.

Reflecting our commitment to cultivating a strong talent pool, we invested approximately RM6.2 million in training and development programmes in 2019.

TRAINING AND LEARNING

Our people are encouraged to take full advantage of our extensive range of training and development initiatives. Our programmes are designed to upskill employees, equipping them with the breadth of knowledge and necessary competencies to achieve their performance goals and fulfil their respective responsibilities. Our programmes are conducted by both internal and external providers.

Details of training programmes which took place in 2019 are compiled in the table below:

Onboarding of New Hires	<p>▶ All new hires are required to attend a comprehensive onboarding programme which aims to achieve the following:</p> <ul style="list-style-type: none"> • Integrate new hires into the Nestlé family and organisational culture. • Equip new hires with all essential information to adapt to their roles and get started in the workplace.
Mentoring Programme	<p>▶ Our mentoring programme creates a support system for our young talents, building relationships with senior leaders who provide guidance and share insights into the working culture at Nestlé. In 2019, 35 mentees and 33 mentors across the Company took part in the programme.</p>
Nestlé's Everyday Coaching	<p>▶ This programme is targeted at our Line Managers, equipping them with coaching strategies which they can utilise to grow as individuals, as well as to strengthen their teams. A total of 178 Line Managers were trained in 2019.</p>
Blended Learning	<p>▶ The Blended Learning programme effectively combined offline face-to-face learning with an online module, providing a complementary experience. Four topics were covered, namely Business Acumen, 21st Century Leadership, Emotional Intelligence, and Effective Communication Skills.</p> <p>In 2019, 100 employees participated in these programmes which were facilitated by selected members of the Nestlé Leadership Team.</p>

OUR PEOPLE

Line Manager's Suite	<p>▶ The programme aims to better refine the proficiency of Line Managers to enhance performance and managing team members. The module emphasises how to conduct effective career conversations, as well as recognising employees for their achievements.</p> <p>The suite was also extended to Senior Managers with an additional module that focuses on change management and people challenges. In 2019, 491 employees participated in the Line Manager training and 59 attended the Senior Manager session.</p>
Sales Academy	<p>▶ The Sales Academy is a one-stop centre which houses all sales-related training and development to improve the functional capabilities of our salesforce. The training modules are based on the respective needs of each team by function and job, and are offered at varying difficulty levels. In 2019, 108 graduates from the Sales Academy successfully completed the training curriculum, consistently meeting key performance indicators during a 12-month period.</p>
Nutrition Quotient Training	<p>▶ The Nutrition Quotient training aims to equip employees with nutrition and health information that can be applied across professional activities and daily lives. Designed for management and non-management new hires, the course covers topics on basic nutrition, label reading as well as tips on healthy eating. In 2019, 140 employees from both the Nestlé Head Office and factories took part in the course.</p>
New Corporate in-House (CiH) Programmes	<p>▶ To cultivate a future-ready workforce, we support the development of our employees through a series of training programmes:</p> <ul style="list-style-type: none">• Problem-Solving with Design Thinking• Impactful Analysis and Dashboard• Employee Relations for Leaders• Unconscious Bias (Classroom and e-Learning)• Human Rights (Classroom and e-Learning) <p>This year, 1,094 participants attended our CiH programmes.</p>
Human Rights	<p>▶ Globally, we have developed the Human Rights e-learning module to deepen our employees' understanding of human rights in business. This is also in line with our commitment to assess and address human rights impacts across our business activities. In 2019, 1,595 participants comprising 98% of our management employees completed this training, amounting to 1,595 total training hours.</p>

LABOUR RELATIONS

Our organisational culture is founded on trust, mutual respect, and open and honest communication. This is practiced across the Company from the management team to employees, applying to individual contexts as well as overall interactions. Serving as a guideline, the Nestlé Employee Relations Policy sets the parameters for dealing with trade unions and employee representatives.

COLLECTIVE BARGAINING AND FREEDOM OF ASSOCIATION

We view collective bargaining and freedom of association as fundamental rights for all our people. To ensure these rights are upheld and to resolve any pertinent issues that may come to the fore in relation to the workplace, we fully support constructive engagement and dialogue among all relevant parties. To achieve a fair and equitable outcome, our people and employee representatives are charged with the responsibility of managing such situations objectively and with utmost integrity.

Our collective bargaining agreements are as follows:

- In April 2019, we concluded the Collective Agreement 2019-2021 with the National Union of Commercial Workers (NUCW). The official signing ceremony took place on 26 June 2019.
- In March 2017, we concluded the Collective Agreement 2017-2019 with the Food Industry Employees Union (FIEU). The official signing ceremony took place on 19 April 2017.

The schedule of salaries and wages of non-management employees are specified in the Collective Agreements with the respective unions, regardless of gender.

As per the Collective Agreement 2019-2021 between Nestlé Products Sdn. Bhd. and the NUCW, the wage ratio is 1:1:45 (ranging from 1,100 to RM1,600). The minimum hiring wage for employees covered by both the Collective Agreements has been adjusted to RM1,200 as stipulated by the Minimum Wages Order 2020.

In total, 3,285 employees are covered under the Collective Bargaining agreements which represent 70% of our workforce.



OUR PEOPLE

PROMOTING YOUTH EMPLOYMENT AND EMPLOYABILITY

Our Commitment

Roll out our *Nestlé needs YOUth* initiative across all our operations

As the world's largest food and beverage manufacturer, we realise that we can make a difference as an employer of choice by empowering young talent. We offer apprenticeships, training schemes and other initiatives designed to equip people with essential workplace skills. We also make a conscious effort to seek out young talent from local communities. With these measures in place, we strive to help young people fulfil their potential.

GLOBAL YOUTH INITIATIVE: *Nestlé needs YOUth*

We have a number of initiatives geared towards nurturing youths, providing opportunities for professional development and career advancement. These fall under the global umbrella of the Nestlé needs YOUth initiative.



EMPLOYER BRANDING INITIATIVE

In 2019, we continued to be an employer of choice for graduates and mid-career hires. We reached out to youths through various university and public engagement initiatives which included:

University Career Fairs and Talks

- 7 local universities
- 7 private universities

Public Career Fairs

- M100 Mega Career Fair
- Talentbank Career Fair
- GRADUAN Aspire Career Fair
- Graduan United Kingdom Education Centre

Nestlé Day

To engage with university students on a personal level, Nestlé Day was organised as a dedicated career day at Universiti Teknologi MARA for students to learn more about Nestlé. During the event, 2,000 students were privy to a career talk by Nestlé Malaysia's CEO, as well as interacting with brand representatives. Students were also able to participate in interview sessions to potentially take up internship opportunities at Nestlé.

NESCAFÉ Youth Entrepreneurship Programme

The youth of today are our leaders of tomorrow and we do our part in nurturing them with the required skills to thrive. Through the NESCAFÉ Youth Entrepreneurship Programme (NYEP), local university students benefit from real life business experiences by managing a fully-equipped NESCAFÉ pop-up store at their campuses, exposing them to key learnings such as supply chain management, marketing and sales.

In 2019, the programme expanded to 5 campuses throughout Malaysia and empowered 5,000 youth entrepreneurs. Further adding to the programme, the NYEP Awards 2019 paid tribute to the achievements of the budding young entrepreneurs and their respective campuses. This year, a Bonus Challenge was introduced to allow students from the top seven universities to channel their creativity by curating and pitching an original coffee recipe to a panel of judges. To date, we have 15 campuses equipped with NESCAFÉ pop-up stores.



My Own Business (MYOWBU)

We aim to empower and provide opportunities for young entrepreneurs through the My Own Business (MYOWBU) programme. Spearheaded by NESTLÉ PROFESSIONAL, MYOWBU equips youths with the necessary skills to operate their own business, serving the out-of-home sector with MILO vehicles and pop-up kiosks.

Participants of the programme receive practical training on relevant topics, including stringent quality control, standard operating procedures, training on maintaining consistent branding as well as developing promotions to attract consumers and boost sales.

In 2019, the programme involved 55 kiosks and 40 MYOWBU vehicles across Peninsular Malaysia. While the primary objective of MYOWBU is to drive the entrepreneurial spirit amongst youths, it also represents an additional avenue to increase sales in the out-of-home segment and allows for enhanced brand engagement and wider reach.

SDG SPOTLIGHT



8 DECENT WORK AND ECONOMIC GROWTH

Goal 8: Decent Work and Economic Growth

Target 8.5 - Achieving full and productive employment for young people
Target 8.6 - Reducing the proportion of youth not in employment or training

OUR PEOPLE

EMPLOYEE ENGAGEMENT

With over 4,600 strong workforce in Malaysia, our people are our greatest asset and key contributors to our success. As such, it is vital to nurture an environment that empowers highly engaged employees, driven to realise the Group's aspirations.



NESTLÉ SPORTS TOURNAMENTS

As a company which promotes nutrition, health and wellness, we strive to instil a culture of well-being among our people. Part of the wide range of initiatives we have in place for all Nestlé employees in head office unit and factories is the opportunity to compete in intra-Nestlé tournaments throughout the year. In the spirit of friendly competition, the tournaments saw over 1,100 Nestlé employees banding together with Nestlé Leadership Team members to participate in eight sporting activities ranging from bowling to badminton and even sepak takraw. The events help to encourage healthier lifestyles and strengthen bonds and teamwork among our people.

NESTLÉ VOLUNTEER PROGRAMME

Further reinforcing camaraderie between our people while enabling them to give back to the less fortunate, Nestlé's employee volunteer initiative, NESTLÉ CARES (previously known as Reaching Out to Community and Kids) allocates 16 working hours annually for employees to dedicate their time to good causes. In 2019, we organised several NESTLÉ CARES programmes, reaching out to disadvantaged communities and making a positive difference in society.

NESTLÉ CARES initiatives organised in 2019 were:

Telematch with NASOM

In conjunction with Autism Awareness Month, we collaborated with the National Autism Society of Malaysia (NASOM) for a telematch session, treating 50 children to an experiential learning session which included a variety of fun activities. We also contributed RM13,000 worth of items including educational books to the NASOM Centre.



Beach Clean Up

In our largest volunteer event yet, we worked together with the Malaysian Nature Society to organise a nationwide beach clean-up. Held in conjunction with World Oceans Day, more than 600 Nestlé volunteers collected over 5,600 kg of trash from nine locations in Peninsular and East Malaysia.



Back-to-School Shopping

To give students a brighter start to the school year, we partnered with non-governmental organisation, the Empire Project, to provide 90 disadvantaged children from *Projek Perumahan Rakyat* (PPR) homes with a back-to-school shopping treat. Nestlé volunteers helped the kids choose essential school items such as uniforms, stationery, and school bags.



OUR PEOPLE

OUR CULTURE OF INTEGRITY

Our Commitments

- **Enhance a culture of integrity across the organisation**
- **Provide effective grievance management mechanisms for employees and stakeholders**

We aim to promote the highest standards across our business. This requires a culture of integrity and respect, deeply embedded within our organisation and throughout our supply chain, so that all our employees and everyone we work with act consistently with our culture and values.

For Nestlé, upholding compliance goes beyond keeping checklists. It requires well-defined principles that apply across the whole Company, providing clear guidance to our people.

The Nestlé Corporate Business Principles (NCBP) form the foundation of all that we do. Compliance to the NCBP, and with specific policies related to each principle, is non-negotiable for all employees and their application is monitored and regularly audited.

ANTI-CORRUPTION

We condemn any form of bribery and corruption. We therefore aim to ensure that our policies and standards to combat bribery and corruption are clear, applied to all employees and suppliers, and are widely communicated and understood.

To strengthen this position, the Nestlé Malaysia Anti-Corruption, Gifts & Entertainment Guidelines were updated in 2019 to provide a clear code of conduct for both employees and suppliers. Notice on the updated policy was provided to all employees via internal communication channels. Throughout the year, Nestlé's expectations for anti-corruption practices were further communicated to employees through a digital communications strategy which provided regular updates and information on expected employee conduct and best practices. Anti-corruption training programmes are also available to all employees on our digital learning platform, with mandatory e-learning to be completed every alternate year.

Selected business units were analysed for risks related to corruption. In 2019, 8 out of 44 units were audited.

PRIVACY

Consumers, employees, vendors, suppliers and investors all expect us to adhere to the highest standards of privacy and security. In line with our ambitions to grow in digital marketing, greater control over the way we handle personal data will allow us to harness the vast amount of personal data collected throughout our company and share it between brands to offer our consumers a personalised and relevant consumer experience. For further details on our Privacy Policy, please refer to our website.

ANTI-DISCRIMINATION

Nestlé respects the personal dignity, privacy and personal rights of every employee and is committed to maintaining a workplace free from discrimination and harassment. Therefore, employees must not discriminate on the basis of origin, nationality, religion, race, gender, age or sexual orientation, or engage in any kind of verbal or physical harassment based on any of the above or for any other reason. In 2019, there were no reported incidents of discrimination.

GRIEVANCE MECHANISMS AND REMEDIATION

We do not tolerate any violations of our Nestlé Corporate Business Principles, Code of Business Conduct or corporate policies. All breaches in our value chain must be reported, so they can be stopped or prevented. Employees and other stakeholders must also have access to remediation for any abuses. Effective grievance mechanisms are essential to protecting the human rights of people across our value chain.

Employees, suppliers and stakeholders are strongly encouraged to report practices or actions believed to be inappropriate or illegal, and we investigate all complaints with impartiality, prohibiting retaliation.

For this purpose, the Non-Compliance Hotline is open to any employee, supplier or third-party who wishes to report an incident of non-compliance in Nestlé Malaysia. The system is managed by an independent third-party to respect anonymity and protect whistleblowers. For more information about this, please refer to the Corporate Governance Statement in the Corporate Governance & Financial Report on page 4.

SDG SPOTLIGHT



Goal 16: Peace, Justice and Strong Institutions

- Target 16.5 - Reducing corruption and bribery in all their forms
- Target 16.6 - Developing effective, accountable and transparent institutions
- Target 16.b - Promoting and enforcing non-discriminatory policies

PERFORMANCE DATA

Nestlé
in Society
2019

Farmer Connect

Description	2015	2016	2017	2018	2019
NESTLÉ CHILLI CLUB					
a. Number of farmers	80	112	79	81	76
b. Total yield (MT/ha)	350	506	200	400	400
c. Total number of hectares	32	32	32	62	62
NESTLÉ PADDY CLUB					
a. Number of farmers					
i. Jan – Feb	300	299	285	270	251
ii. Aug – Sept	294	290	272	263	235
b. Average yield (MT/ha)					
i. Jan – Feb	4.81	6.10	5.27	5.43	5.23
ii. Aug – Sept	6.11	6.44	5.71	5.58	5.50
c. Total number of hectares					
i. Jan – Feb	789	798	762	739	690
ii. Aug – Sept	794	762	732	723	654

Responsible Sourcing

Description	2015	2016	2017	2018	2019
Supplier Assessments					
a. Number of suppliers screened based on Nestlé Responsible Sourcing Standards which includes environmental criteria	118	118	147	107	105

Our People

Description	2015	2016	2017	2018	2019
Workforce Overview					
a. Total number of employees	5,578	5,505	5,338	5,267	4,686
b. Total number of employees - Nestlé Products Sdn. Bhd.	1,573	1,571	1,543	1,512	1,462
c. Total number of employees - Nestlé Manufacturing (Malaysia) Sdn. Bhd. (NMM)	4,005	3,934	3,795	3,755	3,224
i. NMM Shah Alam	937	873	849	774	754
ii. NMM Petaling Jaya	590	564	511	494	-
iii. NMM Batu Tiga	893	854	880	833	886
iv. NMM Kuching	228	224	174	164	161
v. NMM Chembong & Chembong Ice Cream	924	967	917	883	952
vi. NMM Sri Muda	144	168	187	182	186
vii. NMM Head Office	71	70	65	53	61
viii. NMM Nestlé Distribution Centre	218	214	209	233	224
d. Employee breakdown (%)					
i. Permanent	99	99	99	98	96
ii. Contract	1	1	1	2	4
e. Number of new employees by gender					
i. Male	175	220	316	224	278
ii. Female	148	183	223	216	241

PERFORMANCE DATA

Description	2015	2016	2017	2018	2019
Workforce Overview					
f. Number of employees leaving employment by gender					
i. Male	255	189	222	256	129
ii. Male (%)	4.57	3.40	4.20	4.86	2.75
iii. Female	129	149	162	281	109
iv. Female (%)	2.31	2.70	3.00	5.33	2.30
g. Number of employees leaving employment by location					
i. Nestlé Products Sdn. Bhd.	201	186	178	262	136
ii. Nestlé Products Sdn. Bhd. (%)	3.60	3.40	3.33	4.97	2.90
iii. Nestlé Manufacturing (Malaysia) Sdn. Bhd.	183	152	206	275	101
iv. Nestlé Manufacturing (Malaysia) Sdn. Bhd. (%)	3.29	2.80	3.86	5.22	2.16

Description	2015	2016	2017	2018	2019
Diversity and Gender Balance					
a. Workforce by gender					
i. Male employees (%)	65	65	66	66	64
ii. Female employees (%)	35	35	34	34	36
b. Workforce by ethnicity (%)					
i. Bumiputera	71.00	68.72	70.19	70.53	68.25
ii. Chinese	21.00	20.97	21.48	20.94	22.39
iii. Indian	7.00	6.74	6.71	6.89	6.53
iv. Others	2.00	3.57	1.65	1.63	2.84
c. Workforce by age (%)					
i. Below 30	29.00	26.10	22.63	19.48	19.93
ii. 30 – 50	61.00	64.20	67.42	70.46	70.25
iii. Above 50	9.00	9.70	9.95	10.06	9.82
d. Leadership positions held by women (%)	45	45	48	51	50

Description	2015	2016	2017	2018	2019
Training and Development					
a. Average training hours by					
i. Male	16.24	14.70	13.14	11.83	15.44
ii. Female	21.35	18.20	16.27	14.15	18.95
iii. Management	20.51	27.41	22.63	20.82	31.57
iv. Non-management	14.44	11.31	11.08	10.19	10.31
b. Total spent on Training and Development annually (RM)	9,064,843	11,094,860	4,913,337	3,401,378	6,166,205
c. Attendance breakdown					
i. Local training (hours)	5,079	11,431	10,465	8,372	17,375
ii. Overseas training (headcount)	61	127	100	80	105
d. Employees and stakeholders receiving nutrition training	4,300	4,598	4,680	4,814	4,971
e. Employees receiving performance review and career development review (%)	100	100	100	100	100

Description	2015	2016	2017	2018	2019
Occupational Health and Safety					
a. Lost Time Injury Frequency Rate	2.2	1.7	1.6	1.4	1.2*
b. Injury rate					
i. Nestlé Head Office	0.7	0.5	1.1	0	0.6
ii. NMM Shah Alam	2.7	1.8	1.1	0	1.2
iii. NMM Petaling Jaya	2.0	2.2	2.8	2.5	1.3
iv. NMM Batu Tiga	2.6	3.3	2.5	3.3	2.2
v. NMM Kuching	0	1.8	6.1	0	0.0
vi. NMM Chembong	1.5	0.4	1.5	2.6	1.4
vii. NMM Chembong Ice Cream	3.8	5.6	0	2.8	2.9
viii. NMM Nestlé Distribution Centre	1.5	0	0.6	0.6	0.0
ix. Sales & Marketing	2.1	2.7	0.6	0.7	0.7
c. Lost day rate					
i. Nestlé Head Office	0	3.1	1.7	0	1.3
ii. NMM Shah Alam	74.3	5.6	4.7	0	119.8
iii. NMM Petaling Jaya	40.2	21.0	182.3	59.5	119.5
iv. NMM Batu Tiga	36.7	44.7	94.8	22	43.3
v. NMM Kuching	0	1.9	13.3	0	0
vi. NMM Chembong	85.6	1.3	8.8	46.9	25.6
vii. NMM Chembong Ice Cream	108.5	137.8	0	0	4.4
viii. NMM Nestlé Distribution Centre	9.9	0	0	0	0.0
ix. Sales & Marketing	89.3	25.6	20.9	4.6	0.0
d. Absolute number of fatalities					
i. Nestlé Head Office	0	0	0	0	0
ii. NMM Shah Alam	0	0	0	0	0
iii. NMM Petaling Jaya	0	0	0	0	0
iv. NMM Batu Tiga	0	0	0	0	0
v. NMM Kuching	0	0	0	0	0
vi. NMM Chembong	0	0	0	0	0
vii. NMM Chembong Ice Cream	0	0	0	0	0
viii. NMM Nestlé Distribution Centre	0	0	0	0	0
ix. Sales & Marketing	0	0	0	0	0

Description	2015	2016	2017	2018	2019
Collective Bargaining					
a. Employees covered by collective bargaining agreements (%)	71	72	70	70	70

* This data has been independently audited. Please refer to the Assurance Report on pages 142 and 143



FOR THE PLANET

As we scale up operations and continue to achieve greater growth, we are ever mindful that climate change and environmental pressures impact both our communities and our businesses. Addressing these issues fully and meaningfully requires a shift in the way we think and operate. For us, transitioning to a green economy makes environmental and economic sense, as it helps to strike the necessary balance between business growth and preserving the country's environment and natural resources.

Our strategy is to steward resources for generations by creating a legacy of meaningful solutions. Our commitments are helmed by Nestlé's global 2030 ambitions, under which we are striving to realise our goal of zero environmental impact in our operations.



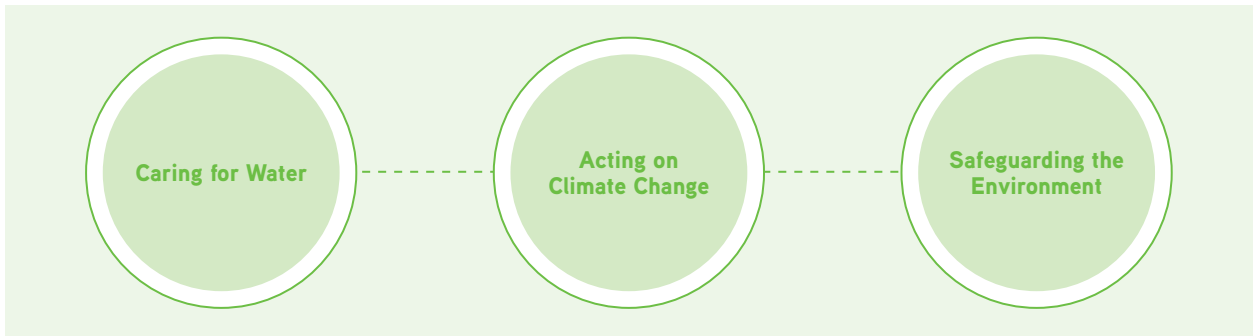


OUR WATER AND ENVIRONMENTAL STRATEGY

Responsible stewardship of the environment is essential if we are to safeguard the planet’s resources. To secure the future, we are committed to improving practices along our value chain for the efficient and responsible use of all resources. Key areas include water management, minimising solid waste, optimising our product packaging, tackling climate change, practising environmental conservation and protecting biodiversity. Through the measures we have in place, we aim to be part of the solution for Malaysia’s most pressing sustainability concerns, with a view towards creating a greener, brighter future for all.

Nestlé’s Global Ambition: To strive for zero environmental impact in our operations by 2030

Nestlé’s Global Impact Areas



Our Action Areas:

Water

Our Key Commitments:

- Work to achieve water efficiency and sustainability across our operations
- Advocate for effective water policies and stewardship
- Treat the water we discharge effectively
- Raise awareness on water conservation and improve access to water
- Engage with suppliers, especially those in agriculture

Environment and Climate

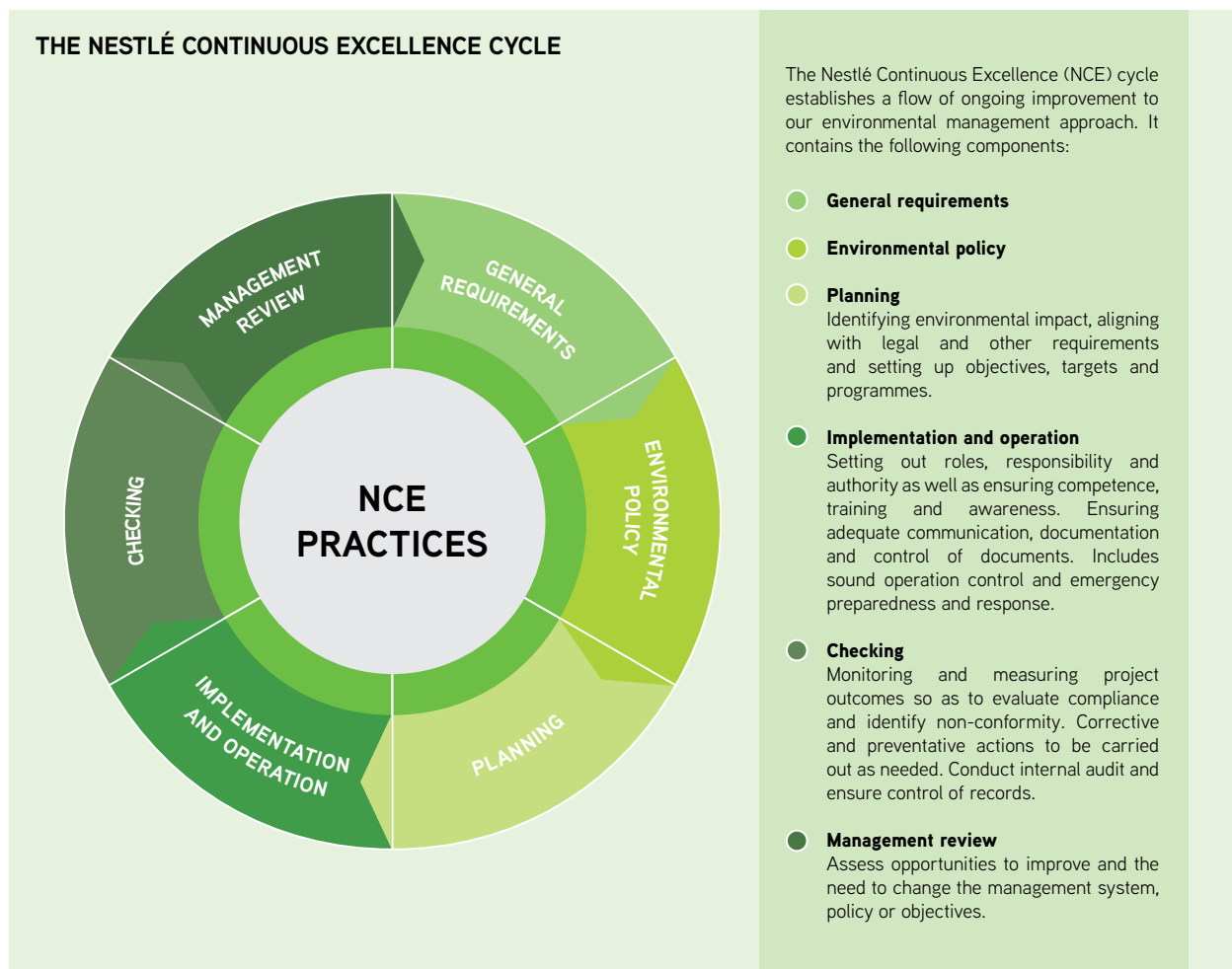
Our Key Commitments:

- Improve the environmental performance of our packaging
- Assess and optimise the environmental performance of our products
- Provide climate change leadership
- Improve resource efficiency in our operation
- Reduce food loss and waste
- Preserve natural capital, including forests

Our environmental efforts contributes to targets set out under these SDGs



Our approach to managing our environmental impact is aligned with and guided by Nestlé Global’s Policy on Environmental Sustainability. Our environmental performance is evaluated using Nestlé Global’s Environmental Management System, under which continuous improvements are made to the oversight and management of environmental issues. This process of enhancement, termed Nestlé Continuous Excellence, provides the approach by which all Nestlé operations continuously improve their efficiency, quality and productivity.



Under our management approach, we are committed to the utmost transparency in reporting on our environmental impact and strive to provide meaningful and accurate environmental information. In addition to the disclosures set out in this report, we actively engage in dialogue with regulators, communities and other stakeholder groups on environmental topics.

Beyond the NCE cycle, ongoing improvements to our environmental performance are driven by the Nestlé Environmental Target Setting programme, which helps factory teams improve water and energy-resource efficiency. Through a web-based tool “Do It Yourself”, the programme enables Nestlé sites around the world to identify and adopt environmental initiatives that have already proved successful elsewhere within the Company.

WATER

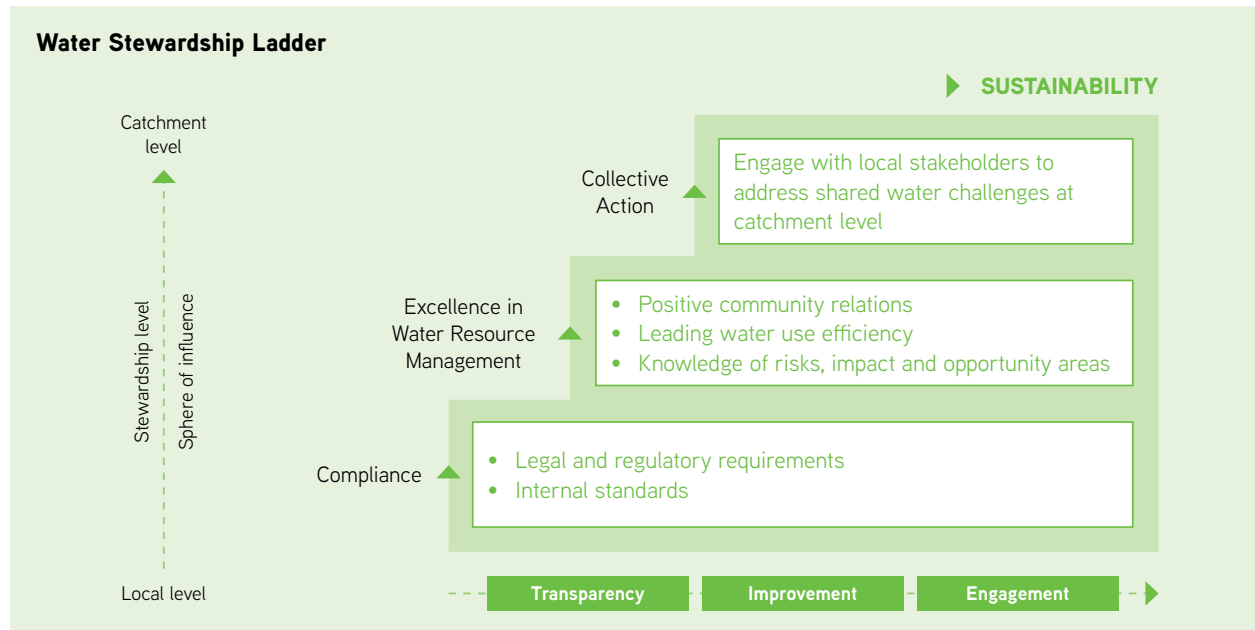
As a crucial input for our business operations and a vital resource, water is a key area of focus for Nestlé. We strive to minimise our impact on water resources and are continuously looking for opportunities to better manage our water consumption and the water that we discharge. We take proactive measures to ensure that our water-related activities do not disrupt local water quality and availability. We also engage with external parties regularly to encourage water conservation.

We are dedicated to developing our business in a way that enables effective water stewardship in the catchment areas where we source water and operate our facilities. Our operations are guided by the Commitment on Water Stewardship in the Nestlé Policy on Environmental Sustainability. The Nestlé Global Water Stewardship Ladder also serves as a point of reference to address the water management issues specific to our operational context by setting out a roadmap for effective shared water consumption and management.

Our Key Commitments

- Work to achieve water efficiency and sustainability across our operations
- Advocate for effective water policies and stewardship
- Treat the water we discharge effectively
- Raise awareness on water conservation and improve access to water and sanitation
- Engage with suppliers, especially those in agriculture*

* Further information can be found under NESTLÉ PADDY CLUB on page 51.



Our factories source water from municipal water supplies, including Pengurusan Air Selangor Sdn. Bhd., Syarikat Bekalan Air Negeri Sembilan Sdn. Bhd. and Lembaga Air Kuching. As we do not hold specific usage rights to any water bodies, our water stewardship activities are centred around the responsible management of our water consumption and discharge in partnership with relevant authorities. None of the water we use is sourced from sensitive or protected water bodies that are part of the Ramsar Wetlands list.

WATER EFFICIENCY

Our Commitment

Work to achieve water efficiency and sustainability across our operations

Our Target

Reduce our specific water usage (m³/tonne of product) by 5% compared to 2018

We are continuously seeking new strategies to reduce the water used in our operations. We have implemented key initiatives to lower our water consumption which include reusing processing water for vacuum pumps and process pumps, optimising water supply pressure in selected operation units and recycling process water to social blocks and selected operations.

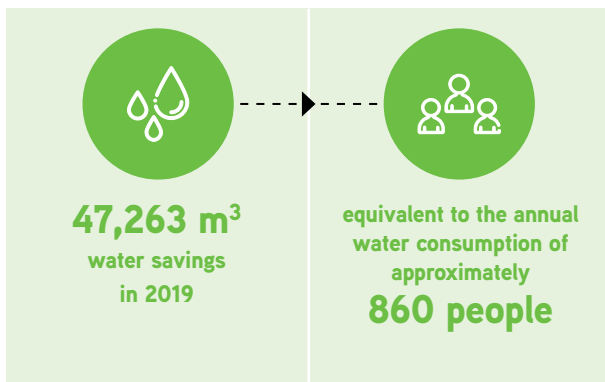
Our Progress

In 2019, we continued to achieve reductions in our specific water consumption, decreasing by 0.12m³ the amount of water required to produce one tonne of finished products. While this represents an overall reduction in specific water usage of 3.14% compared to 2018, it falls short of our target to reduce specific water usage by 5% compared to 2018.

A significant factor that influenced our capacity to reduce our water consumption in 2019 was the additional water requirements of our upgrading projects, including upgrades to our Chembong Factory. Additionally, as water remains a key input for ensuring proper hygiene practices during our processing, our ability to reduce its usage is limited. Nevertheless, we remain dedicated to further enhance our operations in order to maximise our water use efficiency without compromising the integrity of our operations.

Beyond our direct operations, we take a collaborative multi-stakeholder approach to reducing water consumption along our value chain. We are engaged in ongoing research with our rice suppliers on the use of semi-aerobic rice intensification farming methods which consume up to 40% less water than conventional techniques. We also work to educate contract farmers and relevant agencies on water conservation practices through the provision of awareness and instructional programmes.

To improve industry capacity and support the development of effective regulations, we work with local authorities and stakeholders to share best practices and environmental performance information.



SDG SPOTLIGHT



Goal 6: Clean water and sanitation

Target 6.3 – Improve water quality by reducing pollution and substantially increasing recycling

Target 6.4 – Increase water-use efficiency across all sectors

WATER

WATER ADVOCACY

Our Commitment

Advocate for effective water policies and stewardship

Water is a shared resource requiring shared governance. For water stewardship to be effective, it must be a multi-stakeholder activity which takes into account the different needs, expectations and challenges of the diverse groups that depend upon water resources. As the largest food and beverage manufacturer in Malaysia, we have a breadth of industry expertise and insight to offer for effective decision-making on water policies.

We regularly engage with relevant regulators, industry players, water utility companies and other stakeholders on matters of water management. This includes advisory based on our experience, proactive water advocacy and crisis resolution efforts in response to external requests.



WASTEWATER TREATMENT PLANT

Our Commitment

Treat the water we discharge effectively

It is the nature of our operations to generate substantial quantities of wastewater. For the health of our community and environment, we are committed to ensuring that the effluent from our operations meets strict quality requirements.

Our Progress

We treat 100% of the wastewater we discharge, as is consistent with applicable water quality standards. All Nestlé factory complexes have wastewater treatment plants and treat water in accordance with local environmental regulations. Wastewater is subject to biological treatment which removes approximately 96% of the organic load prior to the water's discharge. To ensure the strictest water quality, we also adhere to the Nestlé Environmental Requirements (NER), a set of internal standards established globally. Compliance with the NER is monitored using digital tools to ensure our discharge meets these exacting standards.

In addition, our Shah Alam factory is equipped with a Direct Potable Reuse System (DPRS), where the system is able to treat wastewater in accordance with WHO standards. The treated water is used at cooling towers and social blocks and it reduces water usage by 25% at non-production areas.

ACCESS TO WATER THROUGH 'SAFE WATER, SAFE COMMUNITIES'

Our Commitment

Raise awareness on water conservation and improve access to water and sanitation

Although access to safe and clean water has been recognised as a basic human right, clean water remains a scarce resource for rural communities around the globe. To do our part to help such communities in Malaysia, in 2018, we collaborated with the Global Peace Foundation Malaysia to establish the Safe Water, Safe Communities project, which provides *orang asli* communities in rural areas with water filtration systems to supply clean potable water.

Our Progress

Through the Safe Water, Safe Communities project, in 2019 we distributed over 132 water filters to 11 rural villages in Perak and Pahang, benefitting 1,250 *orang asli* villagers. We also conducted hygiene and cleanliness training for children and adults in the villages, imparting knowledge of proper hand washing, oral and personal hygiene practices. To date, we have helped 1,900 villagers with the contribution of 188 water filters.

SDG SPOTLIGHT



Goal 6: Clean water and sanitation

Target 6.b – Support participation of local communities in water and sanitation management



ENVIRONMENT AND CLIMATE

As a business and as individuals, we rely upon the planet’s natural resources to sustain our lives and our livelihoods. At Nestlé, our goal is to use these resources wisely to ensure their availability for generations to come. We are constantly seeking to minimise the environmental impact of our operations by increasing efficiency, preventing wastage and reducing our emissions. We work closely with our stakeholders, including industry specialists, NGOs, authorities and vendors to optimise the environmental performance of our products along our value chain.

Our environmental performance is monitored using our Safety, Health and Environment Performance Monitoring (SHE-PM) system which tracks the environmental impact of our Malaysian factories. All our manufacturing plants and our Nestlé Distribution Centre hold certification for environmental management under ISO 14001 and all our operations fully comply with local laws and regulations as well as Nestlé’s global guidelines. We also regularly conduct Environmental Aspect and Environmental Impact assessments on all our operations so as to evaluate the impact of our own operations and the wider value chain. These assessments are validated by ISO auditors and reviewed internally.

Our Key Commitments

- Improve the environmental performance of our packaging
- Assess and optimise the environmental performance of our products
- Provide climate change leadership
- Improve resource efficiency in our operation
- Reduce food loss and waste
- Preserve natural capital, including forests

IMPROVING PACKAGING PERFORMANCE

Our Commitment

Improve the environmental performance of our packaging

Our food packaging serves a multitude of purposes, from informing consumers about our products to keeping our food and beverages safe and preventing food waste. Nevertheless, there is a pressing need to reduce the amount of single-use materials consumed by society, particularly plastic. We work to use the minimum amount of packaging needed and are investing in solutions for the recovery of our packaging at the end of its product lifespan.

Our ambition is to ensure that none of our packaging, including plastics, ends up in landfills or as litter. To facilitate this goal, we are rethinking our plastic packaging to include more recycled and recyclable content and working to help transform the plastic economy. We continue to serve as an industry leader in our proactive approach to reducing, removing and replacing the non-recyclable materials used in our packaging.



NONE of our packaging including plastics, ends up in landfills or as litter



100% of our packaging is recyclable or reusable by 2025

“ We want to be a leader in developing the most sustainable packaging solutions for our food and beverage products. To achieve this, we are enhancing our research capabilities to develop new packaging materials and solutions. Through this, we hope to address the growing packaging waste problem, in particular plastics. ”

Mark Schneider, CEO, Nestlé S.A.

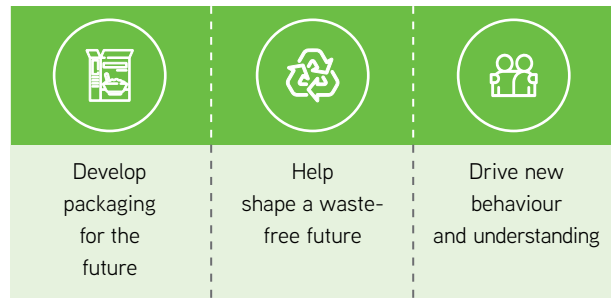
TACKLING PLASTIC WASTE

Our Target

Ensure that 100% of our packaging is reusable or recyclable by 2025

In 2019, we established the Nestlé Green Gladiators (GG) taskforce to spearhead plastic and waste reduction initiatives across our value chain. Comprising over 140 employees, the taskforce is responsible for executing strategic action across the organisation towards plastic waste reduction and tracking our progress against local and global ambitions. Key issues addressed by the GG taskforce include packaging design innovation, recycling education, reducing single-use plastics, managing product end-of-life processes and driving stakeholder engagement on plastic waste topics.

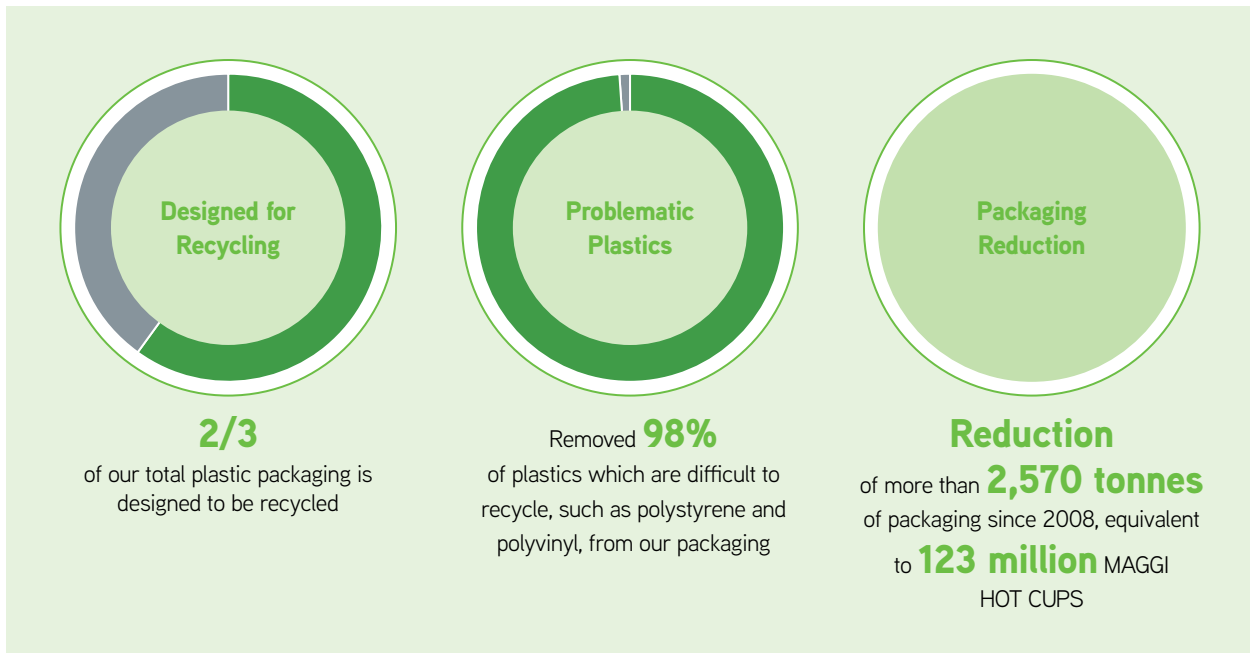
Our Action Areas for Addressing Plastic Waste



Our Progress

Recycled and Recyclable Packaging Content

We have marked several major achievements in optimising our product packaging to include recycled and recyclable materials and reduce the overall volume of materials used.



ENVIRONMENT AND CLIMATE

Paper Straw for MILO UHT

In 2019, Nestlé marked a waste reduction milestone by becoming the first food and beverage company in ASEAN to introduce paper straws for packaged drinks. Launched with the 125ml MILO UHT drink cartons, the change prevented the usage of 5.75 million* plastic straws in 2019, equivalent to 7.8 tonnes* of plastics.

Our transition from plastic to paper straws involved careful planning and consideration to ensure that the alternative straws are made from high-quality material that meets packaging specifications, and remains sturdy when used, without posing any safety risks to our customers. In line with our commitment to product quality and safety, extensive research and testing was carried out over the course of approximately one year to ensure that the paper straws were safe for drinking use and sufficiently durable for the average duration of time required to consume the product.

To ensure that our switch to paper straws does not result in new deforestation or support poor forest management, all our paper straws are made from Forest Stewardship Council (FSC) certified paper. We worked hard to identify suppliers who were capable of meeting our rigorous standards at the quantities required for high-volume production. Additional investments were also made to upgrade our current manufacturing lines to accommodate the use of the new material.



Answering Three Common Questions About Nestlé's New Paper Straw

Q: Where are the paper straws sourced from?

A: We source our paper from various suppliers around the world who comply with our stringent responsible sourcing guidelines and who supply FSC-certified paper.

Q: Is the paper straw recyclable?

A: Yes! The entire MILO UHT pack is recyclable after you finish drinking it. All you need to do is push in the paper straw, flip up the sides and bottom of the pack and flatten the pack before putting it in the nearest paper recycling bin.

Q: Why do you still have plastic wrapping for your paper straw?

A: The plastic wrapper is used to ensure the paper straws are protected from moisture and contamination, and are safe to be used when drinking. Rest assured that the material used for the plastic wrapper, like the rest of the MILO UHT pack, is fully recyclable.

We plan to roll out this packaging solution to other MILO UHT variants in phases progressively, with the ultimate objective of eliminating over 200 million plastic straws a year. To further understand the impact of this transition on our straws' waste lifecycles, home compostability and marine degradation tests are currently underway, with results expected to be out in late 2020.

* This data has been independently audited. Please refer to the Independent Assurance Report on pages 142 and 143

Designed for Recycling

At Nestlé, we are committed to ensuring that our company's growth does not come at the expense of our environment. Our use of paper-based straws is just one of the several actions that we are taking as part of our broad set of solutions in order to reduce plastic packaging waste and promote the use of more recyclable material in a meaningful and sustainable way.

Other initiatives in 2019:

MILO 3in1 and NESCAFÉ 3in1 Products

Converted outer bags from multi-material flexible plastic to 100% recyclable mono-material flexible plastic.

Impact

Eliminating 500 tonnes of non-recyclable plastic per year.

NESTLÉ ICE CREAM Blue Tub

Replaced polystyrene with recyclable polypropylene in 1.5 litre take home tub.

Impact

Reducing non-recyclable plastic by 156 tonnes per year.

NESTLÉ ICE CREAM Sundae Cup

Replaced plastic spoons with wooden scoops.

Impact

Eliminating 1.84 million* plastic spoons, equivalent to 2.4 tonnes* of plastics, since project kick-off in September 2019.

NESTLÉ ICE CREAM DRUMSTICK

Replaced plastic lids with paper lids.

Impact

Eliminating 3.8 tonnes of plastic per year.

NESTLÉ Commercial Beverage Dispenser

Replaced single-use inner storage carton with reusable caddy.

Impact

Reducing paper consumption by 31 tonnes* for 115,099 storage cartons* since project kick-off in April 2019.

* This data has been independently audited. Please refer to the Independent Assurance Report on pages 142 and 143

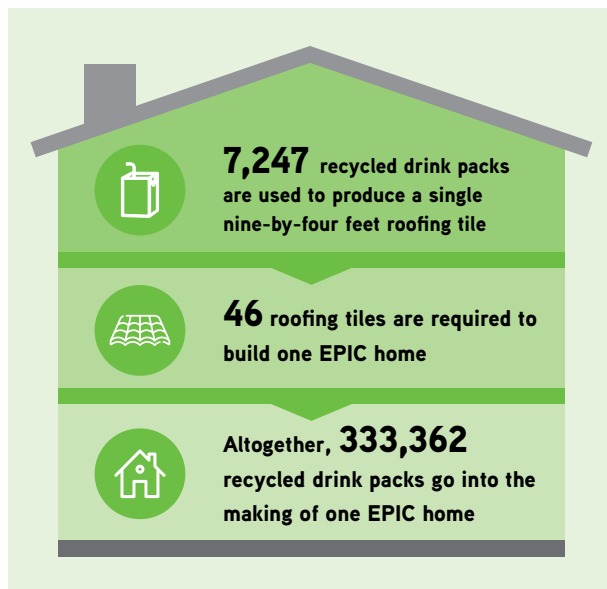
ENVIRONMENT AND CLIMATE

The CAREton Project

We continue to collaborate with Tetra Pak (Malaysia) Sdn. Bhd. on the CAREton Project, a recycling programme which transforms empty drink packs into house-building materials for communities in need. Through the CAREton project, used beverage cartons are recycled into poly Aluminium (polyAl) panel boards and roofing tiles which are donated to the social enterprise EPIC Homes, who use the materials to construct homes for *orang asli* families in disadvantaged communities. In 2019, the CAREton Project collected 35 million used beverage cartons. Consumers can recycle their used drink packs at any of the CAREton collection points. There are close to 500 collection points across Malaysia.

In addition to providing valuable resources for those in need, a key goal of the CAREton Project is to promote recycling habits among Malaysians. To that end, the CAREton project extended its benefit to the local communities in Petaling Jaya with Majlis Bandaraya Petaling Jaya Board as a new beneficiary. Collected drink packs will be recycled and converted into a total of 1,000 polyAl panel boards, which will be used as part of the Eco Recycling Plaza's exterior and interior structure, as well as community rest areas and town parks in Petaling Jaya.

Mindful that the best way to inculcate good recycling behaviour is to start young, the CAREton Project also engaged with 62,150 primary schoolchildren across 100 schools through its school outreach and educational programme.



Managing End-of-Life

We favour full product lifecycle consideration and are moving towards addressing waste along our entire value chain, including products' use and end-of-life treatment. This means ensuring that our products are adequately managed through collection, recycling and responsible disposal. Through our preliminary efforts in 2019, we collected a total of 687 tonnes of plastic via the CAREton Project, as well as material reclaimed from returns to our central warehouse, the collection of shipping materials, recycling at Nestlé events and other internal initiatives. Moving towards the circularity of our value chain remains a priority for Nestlé.

In 2019, we initiated a pilot project with 35 distributors to recover the stretch film that covers our finished goods. A high-value recyclable item, stretch film presents an opportunity for both cost and resource savings. Through the pilot project we managed to recover over 53 tonnes of stretch film.

SDG SPOTLIGHT



Goal 12: Responsible consumption and production
Target 12.2 – Achieve sustainable management and efficient use of natural resources

Building Stronger Recycling Systems

In recognition of the concerted public effort required to address the growing waste crisis, we are committed to championing a strong recycling culture across society. This includes promoting public education on recycling as well as partnering for change. The Nestlé Green Gladiators taskforce strengthened public awareness and engagement in recycling through a number of outreach initiatives throughout the year, including at MILO Malaysia Breakfast Day and National Recycling Day.

In 2019, we also served as a founding member of the Malaysian Plastic Pact, an initiative which aims to tackle plastic waste by bringing together different stakeholders across the plastics value chain. We were also a founding member of the Packaging Recovery Organisation (PRO) in 2019, a voluntary extended producer responsibility organisation in Malaysia. Formed by an alliance of ten organisations, the PRO aims to increase recycling rates in the country and help to meet growing market demand for recycled materials by leading the journey towards a circular economy.

MINIMISING SOLID WASTE

Our Commitment

Assess and optimise the environmental performance of our products

We endeavour to produce our products with as minimal an environmental impact as possible. This means using our resources as efficiently as we can and disposing of our waste responsibly.

Our Target

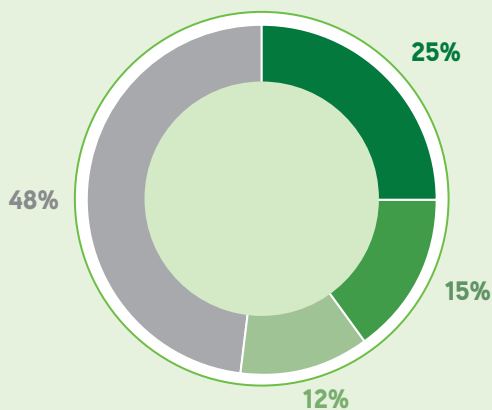
Maintain zero waste to landfill status for our factories

Our Progress

Since 2017, all of our Nestlé factories in Malaysia have upheld zero waste to landfill status*. To maintain this, all recyclable materials we produce are sorted at source, including paper, plastic, glass and rejected products, are sent for appropriate recyclable methods. Organic waste generated through our operations, comprising mainly market returns from our central warehouse, is converted into animal feed or organic fertilisers.

The remaining material, primarily damaged packaging and rejected products, is inspected a second time by our waste management contractor to ensure no recyclable material has been overlooked. It is then delivered as fuel for energy recovery facilities, where it is used to generate valuable energy. All of our waste is managed by appointed licensed contractors holding relevant permits from local authorities.

Where Our Waste Goes



- Incinerated to generate energy
- Organic material converted to animal feed
- Material recycled, comprising 7% paper, 2% steel, 1% plastic, 1% others and <1% panel board
- Organic material converted to fertiliser

Zero Single-Use Plastic

In 2019, we achieved zero single-use plastic status at all Nestlé Malaysia locations. In line with our global sustainability agenda, this initiative saw items such as individual bin liners, coffee cups, plastic stirrers and other single-use items eliminated from use in all our Malaysia facilities. This transition towards zero-waste operations is reflective of our commitment to instil best environmental practices across our value chain.

SDG SPOTLIGHT



Goal 12: Responsible consumption and production

Target 12.5 – Reducing waste generation through prevention, reduction, recycling and reuse

* This data has been independently audited. Please refer to the Independent Assurance Report on pages 142 and 143

ENVIRONMENT AND CLIMATE

CLIMATE CHANGE

Our Commitment

Provide climate change leadership

Global climate change is one of the most pressing issues faced by humanity today. Left unchecked, climate change will accelerate environmental degradation, disrupt global economies and claim untold lives and livelihoods. At Nestlé, we are taking action against such a future by working to reduce emissions across the entirety of our supply chain and promoting transparency and proactive engagement in climate policy.

In 2019, Nestlé announced its ambition to achieve zero net greenhouse gas (GHG) emissions globally by 2050. We are committed to playing our role in helping to achieve this goal through ongoing efforts to reduce the climate impact of our operations.

Climate-Related Financial Disclosures

Since 2018, Nestlé S.A. has supported the Task Force on Climate-Related Financial Disclosure's (TCFD) recommendations for reporting on climate-related financial risk management. This report marks Nestlé Malaysia's first steps towards reporting as per the recommendations of the TCFD. Moving forward, we intend to enhance this disclosure in line with our broader actions towards sound climate strategy.

Governance

▶ Our CSV strategy is led by the Group Corporate Affairs Department with the supervision and guidance of the CEO. The department ensures that sustainability issues, including climate change, are taken into account across all business operations. Meetings with the Board of Directors are held twice yearly to share updates and progress on CSV initiatives. For more information, please refer to page 11.

Strategy

▶ Nestlé Malaysia receives strategic direction on climate-related risks and opportunities from Nestlé S.A. This strategy is implemented in a local context across all business operations, who receive guidance from the Nestlé Malaysia Group Corporate Affairs Department on the global CSV strategy, including climate strategy.

Risk Management

▶ Nestlé Global's Policy on Environmental Sustainability sets out a framework for our sustainable business practices, including practices to reduce GHG emissions and ozone-depleting substances along our value chain. We also work closely with suppliers to promote sustainable agriculture and climate change resilience, such as through the NESTLÉ PADDY CLUB and commitment to RSPO-certified sustainable palm oil.

For information on our management of climate-related risks, please refer to page 38 of the Statement on Risk Management and Internal Control in our Corporate Governance & Financial Report 2019.

Metrics and Targets

▶ Metrics used to monitor our climate-related performance include:

- Scope 1, 2 and 3 emissions
- Operation-specific emissions
- Consumption of ozone-depleting substances

Climate-related targets, including year-on-year reductions in emissions, are established by Nestlé Global based on performance. In 2019, our target was to reduce specific GHG emissions by 5% relative to 2018.

MINIMISING GREENHOUSE GAS EMISSIONS

The bulk of our GHG emissions are generated during the manufacturing and distribution of finished goods. Emissions are calculated based on the consumption of fuel and energy and monitored using the SHE-PM platform. The scope of our emissions tracking includes the operations of our head office, Sales offices and the manufacturing, import, export and distribution of our products in Malaysia.

Our Target

Reduce specific GHG emissions (kg GHG/tonne of product) by 5% in comparison to 2018

Our Progress

In 2019, we exceeded our emissions reduction target of 5% by reducing our emissions per tonne of product by 22 kg CO₂, amounting to a 6% reduction in specific GHG emissions. Our total carbon footprint (total direct and indirect GHG emissions) was 143,689 tonnes CO₂ in 2019, a reduction of 15% compared to 2018. The amount of emissions per tonne is the lowest since we started recording the data in 2014.

Transportation and Distribution

Our business activities include the widespread transportation and distribution of goods, operations which are necessarily emissions-intensive. We endeavour to minimise the impact of these activities by partnering with third-party logistics providers to track and reduce our kilometres travelled, fuel consumption, GHG emissions and noise.

In 2019, we continued to operate our Project Double initiative for improving the efficiency of our land transportation activities. The project, which introduced a double stacking system for the transport of goods, has allowed us to reduce the number of trucks needed to transport products by 30%. Through Project Double and other initiatives, we continue to contribute to Nestlé's global objective to reduce GHG emissions in our distribution operations by 10% compared to the levels in 2014.

Refrigerant Management

Nestlé recognises that refrigerants play a significant role in driving global climate change, and we have strict purchasing policies in place for the management of refrigerant gases. Wherever possible we use natural refrigerants which do not harm the ozone layer and have a negligible impact on climate change. We are currently working towards 100% application of natural refrigerants and are phasing out appliances which require the use of synthetic hydrofluorocarbon refrigerants. Our consumption of refrigerants is strictly tracked on a monthly basis and old refrigeration equipment is replaced regularly per the terms of our refrigerant management policies.



41%
of ice cream chests,
upright and island freezers
have been replaced
since 2015



ALL
cold beverage dispensers of
NESTLÉ PROFESSIONAL
will be replaced
by 2020

ENVIRONMENT AND CLIMATE

REDUCING OUR ENERGY CONSUMPTION

Our Commitment

Improve resource efficiency in our operations

The energy we consume is the largest contributing factor to our GHG emissions. Reducing our consumption is therefore a priority for Nestlé. To that end, we install energy-efficient equipment and regularly deliver awareness programmes on process efficiency to our staff.

Our Progress

As of 2019, we have realigned our energy management strategy so as to focus on ongoing reductions in energy usage without the setting of specific targets. Our energy usage per tonne of product was 3.17 GJ in 2019, representing a 3.7% increase compared to energy usage in 2018. This increase can be ascribed to calculation changes due to the divestment of our factory in Petaling Jaya, rather than a decrease in our energy use efficiency. As the operations conducted at the Petaling Jaya factory were low-energy relative to the rest of our operations, its exclusion from calculations resulted in an increase in our specific energy usage. This year, we also required additional energy for the upgrading project at our MILO factory in Chembong and saw an increase in our production of coffee, a more energy-intensive product.

In 2019, our factories carried out a number of projects to strengthen and upgrade energy recovery systems, installed new low-energy equipment and updated purchasing criteria to include energy efficiency. Future initiatives we are working towards include the use of renewable energy, such as onsite biomass boilers and purchased renewable energy.



Nestlé Solar Ice Cream Kiosk Launch

In 2019, we launched Nestlé's first ever solar-powered ice cream kiosks, marking a key milestone in our journey to reduce our energy consumption. The kiosks, which mark a global first for the Nestlé brand, are outfitted with photovoltaic panels which capture solar energy to keep ice cream cold for as long as three days on a single day's worth of charge. Due to their standalone capacities, the kiosks provide an ideal solution for locations which do not have access to electricity, including night markets, beaches and parks. Each kiosk will prevent the emission of 263 kg of carbon dioxide per year.

SDG SPOTLIGHT



Goal 7: Affordable and clean energy
Target 7.3 – Improvement in energy efficiency

REDUCING FOOD LOSS AND WASTE

Our Commitment

Reduce food loss and waste

The wastage of food intended for human consumption is detrimental to the environment, uneconomical with regard to operational resources and represents a missed opportunity to nourish communities. When food products go to waste, so too does the water, energy, capital and multitude of other resources that have gone into the production of these food products. As only trace amounts of our raw food inputs are wasted during the manufacturing process, our food wastage concerns are primarily associated with the production of final products and the return of finished products by the market.

Our Progress

We seek to minimise food waste throughout our value chain to the greatest extent possible in line with the Commitment to Reduce Food Loss and Waste set out in the Nestlé Policy on Environmental Sustainability. In the event of unavoidable food waste or food waste beyond our control, we seek to find the most resource-efficient solutions. These include diverting food waste in production to serve as animal feed as well as converting food waste to organic fertiliser. We also work with the National Food Bank to promote the redistribution of market returns which are safe for consumption.

FOOD BANK SISWA

As we strive to enable happier and healthier lives, we are committed to ensuring that all facets of society have access to sufficient food, especially those who are most in need. In line with this, we partnered with Yayasan Food Bank Malaysia for the Food Bank Siswa programme in October 2019, under the governance of the Ministry of Domestic Trade and Consumer Affairs Malaysia. A pilot contribution of surplus products that are safe and edible was given to 1,000 disadvantaged students at Universiti Teknologi MARA. The project will be extended to various strategic partners under the direction of Yayasan Food Bank Malaysia.

ENVIRONMENT AND CLIMATE

Protecting Biodiversity

Our Commitment

Preserve natural capital, including forests

KINABATANGAN RILEAF PROJECT

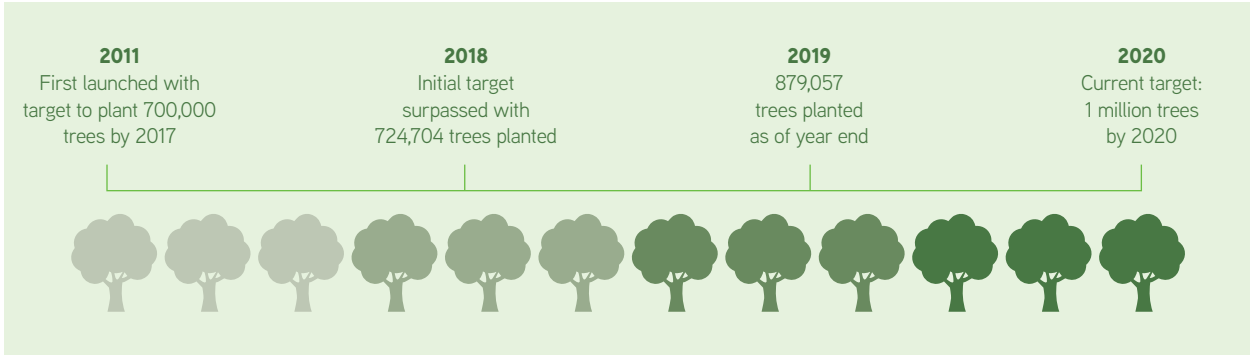
Located in Sabah in East Malaysia, the Kinabatangan River is one of the world's richest ecosystems, home to over 1,300 plant and animal species. The region is also one of only two locations in the world that serves as habitat for ten primate species, including the orang-utan, the proboscis monkey and the Bornean gibbon.

Since 2011, we have been committed to protecting this important ecosystem through the RILEAF Project, an initiative to restore 2,400 hectares of land along the Lower Kinabatangan River. The project is also supported by Yayasan Sime Darby, a funding partner since 2014, and the Sabah Forestry Department, which provides valuable guidance for reforestation activities.

The RILEAF Project's restoration activities focus on the planting of new trees in critical forest reserves. These restored forest areas serve as a natural buffer zone, filtering soil sediment and agricultural run-off to protect the water quality of the river and the ecosystem it supports.

Having surpassed our initial restoration target of replanting 700,000 trees across 2,400 hectares by 2017, in 2018, together with our partners, we established a new target to plant one million trees by 2020. Planting areas for this expansion were selected from the project area for the European Union's Reduce Emissions From Deforestation and Forest Degradation-Plus (EU-REDD+) initiative, which oversees and advocates for sustainable land use to prevent forest degradation and deforestation.





Empowering Local Communities

As with any large-scale reforestation operation, the Kinabatangan RILEAF Project requires one crucial input: trees. The demand for seedlings has provided a unique opportunity for the economic development of local indigenous communities, who grow and nurture young trees to be purchased for planting by the RILEAF Project. These communities collectively form *Komuniti Anak Pokok Kinabatangan* (KAPOK), whose growing activities are in turn managed by Habitat Enterprise, a local social enterprise that emerged in response to the need for a liaison between KAPOK and Nestlé. In total, we are working with 62 KAPOK members from five villages around Kinabatangan.

Through this cycle of seedling purchasing and planting, the RILEAF Project drives sustainable growth for both people and the planet.

SDG SPOTLIGHT



Goal 6: Clean water and sanitation

Target 6.6 – Protecting and restore water-related ecosystems



Goal 15: Life on land

Target 15.1 – Ensuring the conservation, restoration and sustainable use of ecosystems and their services

PERFORMANCE DATA

Water

Description	2015	2016	2017	2018	2019
Water Withdrawal					
a. Total water withdrawn [#] (m ³ /year)	1,664,338	1,698,604	1,659,565	1,666,409	1,458,874
b. Total water withdrawal per tonne (m ³ /tonne)	4.31	3.98	3.90	3.73	3.61
Water Discharged, Recycled and Reused					
a. Total water discharged (m ³ /year)	902,916	823,611	912,250	908,635	804,712[*]
b. Volume of water recycled and reused (m ³ /year)	121,232	121,232	149,816	188,540	183,108[*]
c. Percentage of water recycled and reused (%)	7.2	7.1	9.1	11.3	12.6

* This data has been independently audited. Please refer to the Independent Assurance Report on pages 142 and 143

[#] Consists of water used in manufacturing only

[^] Reduction in water discharge is due to divestment of the Petaling Jaya factory and water recycling at remaining factories

Environmental Expenditure

Description	2015	2016	2017	2018	2019
a. Waste disposal, emissions treatment and remediation cost (RM)	4,317,723	5,699,204	4,751,433	4,600,642	4,426,967
b. Environmental management cost (RM)	3,036,076	11,903,941	8,267,423	4,460,353	4,105,764
c. Solid waste disposal cost (RM)	32,070	44,350	0	0	0

Waste

Description	2015	2016	2017	2018	2019
Waste by Type and Disposal Method					
a. Hazardous waste (tonne)	24.0	30.5	39.8	36.0	29.9
b. Landfill waste (tonne)	191	158	0	0	0[*]
c. Recycled waste (tonne)	11,550	11,270	10,250	12,549	14,525
d. Estimated composting organic material (tonne)	5,476	6,138	5,903	7,480	9,267
Hazardous Waste Transported					
a. Weight of hazardous waste transported [#] (tonne)	24.0	33.6	39.8	37.0	29.9
b. Weight of treated hazardous waste (tonne)	nil	3.1	nil	nil	nil
Packaging Material Use Reduction					
a. Annual reduction	1,400	710	330	517	104
b. Cumulative reduction to-date	4,383	5,093	5,423	5,940	6,044

* This data has been independently audited. Please refer to the Independent Assurance Report on pages 142 and 143

Description	2015	2016	2017	2018	2019
Materials Used by Weight					
a. Production volume (tonne)	386,390	426,651	425,522	446,683	403,790
b. Non-renewable materials used [♠] (tonne)	546	702	701	735	750
c. Direct materials [♠] (tonne)	397,042	430,049	430,000	451,000	438,420
d. Total weight of materials used [♠] (tonne)	398,520	432,049	431,000	452,000	439,855
Recycled Materials Used					
a. Recycled materials [♠] (tonne)	13,540	16,000	16,000	16,500	16,157
b. Percentage of recycled materials [♠] (%)	3.40	3.75	3.75	3.65	3.70

Figures calculated using scheduled waste reports provided by contractors to Department of Environment Malaysia

♠ Estimated based on Packaging Technologist report, i.e. corrugated board = 50%; glass = 35% and MAGGI HOT CUP = 25%.

♠ Lubrication and chemicals are considered non-renewable materials

♠ Includes raw food and packaging materials. Data for Petaling Jaya factory has been estimated as facility divestment prevented the full availability of data

♠ Includes non-renewable materials, direct materials and gases

Emissions

Description	2015	2016	2017	2018	2019
Carbon Footprint					
a. Total direct and indirect GHG emissions - Scope 1 and Scope 2 (tonne CO ₂)	157,276	166,264	166,660	165,641	140,760
b. Total direct GHG emissions (Scope 1) (tonne CO ₂)	56,855	58,883	59,653	60,862	56,389
c. Total indirect GHG emissions (Scope 2) (tonne CO ₂)	100,421	107,380	107,007	104,779	83,373
d. Total indirect GHG emissions (Scope 3) (tonne CO ₂)	674	3,055	3,404	3,942	3,928
e. Total greenhouse gas per tonne of finished goods (kg CO ₂ / tonne)	416	390	392	371	349
f. GHG emission intensity over production volume (Scope 1,2 and 3) (kg CO ₂ / tonne)	426	397	400	380	356
g. Types of GHG emissions included in the intensity ratio	Direct (Scope 1), Energy indirect (Scope 2) and Other indirect (Scope 3) such as transportation of our finished goods from our Nestlé Distribution Centre to our distributors via land and sea				
h. GHG reductions (tonne CO ₂)	5,007	12,437	(1,193)	8,938	9,610
i. Specific GHG reductions (%)	3.10	6.30	(0.70)	5.01	6.27
j. Gas included in the calculation	Carbon dioxide (CO ₂) and hydrofluorocarbon HFC emissions from refrigerants				

PERFORMANCE DATA

Description	2015	2016	2017	2018	2019
Nitrogen oxides (NOx), Sulphur oxides (SOx), and other significant air emissions					
a. SOx (tonne)	142.6	144	147	145	135
b. NOx (tonne)	157.6	161	154	165	154
c. Particulate Matter (tonne)	44	44	43	44	44
Ozone depleting substances					
a. Total ODS imports (kg)	346	353	541	352	191
Carbon dioxide discharge for travel					
a. Total distance travelled for finished goods via land and sea ('000 km)	6,903	9,119	12,387	8,059	7,794
b. Total CO ₂ discharge for above travels (tonne)	7,516	10,865	14,624	8,297	8,741
c. Average of CO ₂ for every tonne of finished goods, over the total distance travelled (CO ₂ /tonne km)	51	48	65	33	41
d. Total distance travelled by Nestlé Staff on business ('000 km)	8,622	9,183	9,617	9,618	8,386
e. Total CO ₂ discharge from business-related travel (tonne)	1,362	1,451	1,520	1,473	1,325

Note:

1. We track our carbon footprint in Scope 1, Scope 2 and Scope 3 emissions in accordance with the GHG Protocol Corporate Standard, covering all factories and offices in Malaysia.
2. Our direct emissions under Scope 1 are derived from diesel generators, boilers and waste processing from manufacturing processes.
3. Our indirect emissions under Scope 2 are caused by electricity consumption, hot water and steam from manufacturing processes.
4. Scope 3 emission sources are from transportation of finished goods.

Energy

Description	2015	2016	2017	2018	2019
Energy consumption within the organisation					
a. Total energy [#] (GJ)	1,298,270	1,340,303	1,325,815	1,364,798	1,281,739
b. Total direct energy consumption by primary source (GJ)	623,776	630,448	607,961	647,126	562,987
c. Total direct energy per tonne of finished goods (GJ/tonne)	1.61	1.48	1.43	1.45	1.39
d. Total direct energy by renewable primary source (Coffee grounds)(GJ)	22,677	11,222	9,112	5,683	11,817
e. Total direct energy by non-renewable primary source (NG/LFO/Diesel/LPG) (GJ)	601,099	607,138	587,701	641,443	551,170
f. Indirect energy consumption by primary source* (GJ)	431,361	441,382	434,869	417,645	410,469
g. Total amount of energy per tonne [#] (GJ/tonne)	3.36	3.14	3.12	3.06	3.17
h. Indirect energy per tonne* (GJ/tonne)	1.67	1.03	1.02	0.93	1.02
i. Percentage of renewable energy for indirect energy [‡] (%)	6.4	10.0	10.0	10.0	10.0
j. Renewable energy for indirect energy [‡] (GJ)	27,607	44,138	43,487	41,765	41,047
k. Non-renewable energy for indirect energy (GJ)	403,754	397,244	391,382	375,881	369,422
Energy consumption outside the organisation					
a. Energy consumption outside organisation (GJ)	150,346	113,610	127,587	150,811	124,296
Reduction of energy consumption					
a. Energy saved due to improvements (GJ)	65,687	93,243	10,942	26,950	83,058

[#] Consists of total energy used in manufacturing only

[^] Indirect energy measured as 11kV electricity supply to plants

[‡] Renewable energy for indirect energy is calculated based on the Malaysia Energy Statistic Handbook 2014

Note:

1. Energy consumption is based on our steam, fuel and electricity consumption, and encompasses our activities within and outside of the organisation.

AWARDS AND ACHIEVEMENTS



**PUTRA BRAND
AWARDS 2019**

**MALAYSIA'S 100 LEADING
GRADUATE EMPLOYERS
AWARD 2019**

**GRADUATES CHOICE AWARD
2019**

Based on robust consumer research, the Putra Brand Awards determine Malaysia's most preferred brands in various industry categories. At the 10th Putra Brand Awards 2019, five beloved brands under Nestlé Malaysia clinched top honours. MILO won Platinum for the Beverage (non-alcoholic) category while MAGGI and KIT KAT received Gold, NESCAFÉ won Silver and Bronze went to NESTLÉ EVERYDAY, within their respective categories.

To determine the most highly-ranked graduate employers in the country, Malaysia's 100 Leading Graduate Employers Award (M100) pools together votes from university and graduate students via the annual national survey, the Malaysia Graduate Barometer, which is among the largest and most established surveys in Malaysia. With over 44,900 students participating in 2019, for the seventh consecutive year, Nestlé Malaysia was chosen as the Graduate Employer of Choice for the Fast-Moving Consumer Goods category and clinched the ninth spot overall in the M100.

The Graduates Choice Award recognises companies with exceptional employer branding and graduate recruitment efforts at universities across Malaysia. In 2019, more than 28,500 students from over 100 universities placed their votes for their employer brands of choice. For the second year running, Nestlé Malaysia was voted Graduate Employer of Choice for the Fast-Moving Consumer Goods category.



MSWG-ASEAN CORPORATE GOVERNANCE AWARDS 2018

The Minority Shareholder Watchdog Group (MSWG)-ASEAN Corporate Governance Awards are aimed at promoting strong corporate governance frameworks among listed companies. Organisations are assessed utilising the ASEAN Corporate Governance Scorecard, which is benchmarked against the global Organisation for Economic Co-operation and Development (OECD) Principles of Corporate Governance. Due to the Company's high standards of corporate governance disclosures and practices, Nestlé Malaysia was bestowed with the Excellence Award for Long Term-Value Creation in the MSWG-ASEAN Corporate Governance Award 2018.



NATIONAL ANNUAL CORPORATE REPORT AWARDS 2019

Conducted on an annual basis and jointly organised by Bursa Malaysia, the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants, the National Annual Corporate Report Awards (NACRA) recognises excellence and transparency in corporate reporting. In 2019, Nestlé Malaysia won the NACRA Gold Award for Best Designed Annual Report and the Silver Award for Best Sustainability Reporting for our Nestlé in Society report.



RANDSTAD EMPLOYER BRAND AWARDS 2019

Based on an extensive repository of data collated via the Randstad Employer Brand Research survey, the Randstad Employer Brand Award utilises a set of stringent criteria to identify Malaysia's top employers. With more than 2,500 Malaysians aged 18 to 65 taking part in the survey in 2019, for the fourth year running Nestlé Malaysia stood strong as one of the three Most Attractive Employers in the nation.

GRI CONTENT INDEX

Disclosure	Page number(s) and/or URL(s)	Omission
GRI 102: General Disclosures		
ORGANIZATIONAL PROFILE		
102-1 Name of the organization	NiS: About This Report, p2	
102-2 Activities, brands, products, and services	NiS: About Us, p3 AR: Our Business, p4-7	
102-3 Location of headquarters	AR: Corporate Directory, p66	
102-4 Location of operations	NiS: About Us, p3 AR: Corporate Directory, p66-67	
102-5 Ownership and legal form	The principal activity of the Company is that of an investment holding company, whilst the principal activities of the subsidiaries are as listed under indicator GRI 102-45. There have been no significant changes in the nature of these activities during the financial year. As registered with the Companies Commission of Malaysia since 1983, the legal form of the Company is: <ul style="list-style-type: none"> • Limited by shares • Public Limited 	
102-6 Markets served	The Company manufactures and supplies products for both the domestic and export markets, consumers and also out-of-home (OOH) segments such as coffee-shops and restaurant operators; as well as other relevant stakeholders such as healthcare professionals. The Company distributes its products throughout Malaysia, defined by seven regional areas within Malaysia: <ol style="list-style-type: none"> Central 1 (Kuala Lumpur and Selangor); Central 2 (Negeri Sembilan and Malacca); Northern 1 (Penang, Kedah and Perlis); Northern 2 (Perak), Southern (Johor); East Coast (Pahang, Terengganu and Kelantan); and East Malaysia (Sabah, Sarawak and Brunei) 	
102-7 Scale of the organization	NiS: About Us, p3 NiS: CSV Key Performance Data, p18-19 CGFR: Statements of Financial Position, p48	
102-8 Information on employees and other workers	NiS: Performance Data (For Our Communities), p71-73 The Company does not have a substantial portion of the organisation's work performed by workers who are legally recognised as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors. The Company does not have any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries).	

Disclosure	Page number(s) and/or URL(s)	Omission
GRI 102: General Disclosures		
ORGANIZATIONAL PROFILE		
102-9 Supply chain	<p>NiS: About This Report, p2</p> <p>NiS: Rural Development, p49-56</p>	
102-10 Significant changes to the organization and its supply chain	<p>In 2019, the Company divested its chilled dairy and manufacturing business and factory in Petaling Jaya, Selangor. Funds secured through the divestment were used for the expansion of the Company’s factory in Chembong, Negeri Sembilan to expand the factory’s production by up to 30%.</p> <p>The Company also completed an important sales reorganisation, with the merging of the dedicated Confectionery sales force into the larger Corporate sales organisation, enabling increased access to our customers and an expanded set of capabilities and tools.</p> <p>There were changes in the management team, as featured in the Organisation Structure.</p> <p>AR: Organisation Structure, p5</p>	
102-11 Precautionary Principle or approach	<p>This is done in accordance to the Corporate Governance Statement that sets out the adoption and practices of the four principles practiced by the Company, as well as the application of the 3 Principles and 32 Practices of the Malaysian Code on Corporate Governance 2017 [“MCCG 2017”], relevant chapters of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad on corporate governance and the internal requirements as codified in the Nestlé Code of Business Conduct.</p> <p>CGFR: Corporate Governance Overview Statement, p2-5</p> <p>NCBC: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/code_of_business_conduct_en.pdf</p>	
102-12 External Initiatives	<p>NiS: Contributing to the Sustainable Development Goals, p8</p> <p>NiS: Responsible Marketing and Advertising, p30</p> <p>NiS: Responsible Marketing of Breastmilk Substitutes, p30-31</p> <p>NiS: Responsible Sourcing, p52-57</p> <p>NiS: Building Stronger Recycling Systems, p86</p> <p>Nestlé Malaysia signed and supports, amongst others:</p> <ul style="list-style-type: none"> • UN Global Compact (29 March 2007) • Responsible Advertising to Children (5 August 2013) 	

GRI CONTENT INDEX

Disclosure	Page number(s) and/or URL(s)	Omission
GRI 102: General Disclosures		
ORGANIZATIONAL PROFILE		
102-13 Membership of associations	<p>The Company deems our membership in the associations below as strategic:</p> <ul style="list-style-type: none"> • Federation of Malaysia Manufacturers (FMM) <ul style="list-style-type: none"> - CEO – Council Member - CEO – Chairman for Sustainable Development Committee - Corporate Engineer – Committee for Energy and Environment Committee • FMM Malaysian Food Manufacturing Group (FMM MAFMAG) <ul style="list-style-type: none"> - Executive Director Group Corporate Affairs – Chairman - Head, Halal Affairs – Chairman for Halal Committee - Head, Regulatory Affairs – Chairman for Scientific and Technical Committee - Head, Corporate Nutrition – Chairman for Health & Nutrition Committee - Manager, Regulatory Affairs – Co-Chair for ASEAN Harmonization Committee - Manager, Corporate Nutrition – Vice Chairman for Public Affairs Committee - Manager, Corporate Affairs – Co-Chair for Packaging Recovery Committee - Manager, Media Relations – Co-Chair for Communications Committee • Corporate Chef – General Treasurer for Professional Culinaire Association (Central Region) • Corporate Chef – Certified Judge for Malaysia Specialty Coffee Association <p>The Company does not provide any additional substantive funding beyond routine membership fees/dues.</p>	
STRATEGY		
102-14 Statement from senior decision-maker	NiS: A Message from Our Chairman and CEO, p4-5	
102-15 Key impacts, risks, and opportunities	NiS: A Message from Our Chairman and CEO, p4-5 AR: Management Discussion & Analysis, p14-19	

Disclosure	Page number(s) and/or URL(s)	Omission
GRI 102: General Disclosures		
ETHICS AND INTEGRITY		
102-16 Values, principles, standards, and norms of behavior	<p>CGFR: Corporate Governance Overview Statement, p2-24</p> <p>NCBP: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/corporate-business-principles-en.pdf</p> <p>NCBC: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/code_of_business_conduct_en.pdf</p>	
102-17 Mechanisms for advice and concerns about ethics	<p>CGFR: Corporate Governance Overview Statement, p4</p> <p>CGFR: Statement on Risk Management and Internal Control, p38</p> <p>NCBP: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/corporate-business-principles-en.pdf</p> <p>NCBC: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/code_of_business_conduct_en.pdf</p>	
GOVERNANCE		
102-18 Governance structure	<p>NiS: Creating Shared Value Governance, p10-11</p> <p>CGFR: Corporate Governance Overview Statement, p2-24</p>	
102-19 Delegating authority	NiS: Creating Shared Value Governance, p10-11	
102-20 Executive-level responsibility for economic, environmental, and social topics	NiS: Creating Shared Value Governance, p10-11	
102-21 Consulting stakeholders on economic, environmental, and social topics	<p>NiS: Creating Shared Value Governance, p10-11</p> <p>NiS: Stakeholder Engagement and Material Issues, p12-16</p>	
102-22 Composition of the highest governance body and its committees	<p>There are a total of seven directors, with a composition of 71% (five) males and 29% (two) females. Of the seven directors, two are executive directors, one is Non-Independent, Non-Executive Director and the remaining four are Independent and Non-Executive Directors.</p> <p>AR: Our Leadership, p46-55</p>	

GRI CONTENT INDEX

Disclosure	Page number(s) and/or URL(s)	Omission
GRI 102: General Disclosures		
GOVERNANCE		
102-23 Chair of the highest governance body	AR: Our Leadership, p48 CGFR: Corporate Governance Overview Statement, p2 The Chair of the highest governance body is the Chairman of the Board, who is non-independent and non-executive.	
102-24 Nominating and selecting the highest governance body	CGFR: Corporate Governance Overview Statement, p12-13	
102-25 Conflicts of interest	CGFR: Corporate Governance Overview Statement, p24	
102-26 Role of highest governance body in setting purpose, values, and strategy	NiS: Creating Shared Value Governance, p10-11 CGFR: Corporate Governance Overview Statement, p2-3	
102-27 Collective knowledge of highest governance body	CSV is embedded in our business management, and thus a core part of their role as well as in the governance model. CGFR: Training and Development, p14-15 NCBP: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/corporate-business-principles-en.pdf NCBC: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/code_of_business_conduct_en.pdf	
102-28 Evaluating the highest governance body's performance	CGFR: Corporate Governance Overview Statement, p16-17	
102-29 Identifying and managing economic, environmental, and social impacts	NiS: Creating Shared Value Governance, p10-11 NiS: Stakeholder Engagement and Material Issues, p12-17 CGFR: Corporate Governance Overview Statement, p2-5	
102-30 Effectiveness of risk management processes	NiS: Creating Shared Value Governance, p10-11 CGFR: Corporate Governance Overview Statement, p2-3 CGFR: Statement on Risk Management and Internal Control, p33-38	

Disclosure	Page number(s) and/or URL(s)	Omission						
GRI 102: General Disclosures								
GOVERNANCE								
102-31 Review of economic, environmental, and social topics	NiS: Creating Shared Value Governance, p10-11							
102-32 Highest governance body's role in sustainability reporting	The full Nestlé in Society report was reviewed by the Board of Directors and Chief Executive Officer.							
102-33 Communicating critical concerns	Nestlé reported to Board of Directors as meeting agenda twice a year. CGFR: Corporate Governance Overview Statement, p10-11							
102-34 Nature and total number of critical concerns	AR: Management Discussion & Analysis, p14-19							
102-35 Remuneration policies	CGFR: Corporate Governance Overview Statement (Directors Remuneration), p18							
102-36 Process for determining remuneration	CGFR: Nomination and Compensation Committee Report, p30-31							
102-37 Stakeholders' involvement in remuneration	In regard to the Board of Directors compensation, we have identified our shareholders as the key stakeholders for this issue. All remuneration and its revision will be proposed for shareholders' approval at the upcoming Annual General Meeting.							
102-38 Annual total compensation ratio	CGFR: Corporate Governance Overview Statement (Board Remuneration), p18	<table border="1"> <tbody> <tr> <td>Annual base pay for CEO (RM)</td> <td>1,285,008</td> </tr> <tr> <td>Median annual total compensation for all employees (excluding CEO) (RM)</td> <td>42,077</td> </tr> <tr> <td>Ratio of annual base pay for CEO to median total annual compensation for all employees</td> <td>31</td> </tr> </tbody> </table>	Annual base pay for CEO (RM)	1,285,008	Median annual total compensation for all employees (excluding CEO) (RM)	42,077	Ratio of annual base pay for CEO to median total annual compensation for all employees	31
Annual base pay for CEO (RM)	1,285,008							
Median annual total compensation for all employees (excluding CEO) (RM)	42,077							
Ratio of annual base pay for CEO to median total annual compensation for all employees	31							
102-39 Percentage increase in annual total compensation ratio	CGFR: Corporate Governance Overview Statement (Board Remuneration), p18 The CEO's annual base pay did not increase in 2019, thus the ratio is zero.							

GRI CONTENT INDEX

Disclosure	Page number(s) and/or URL(s)	Omission
GRI 102: General Disclosures		
STAKEHOLDER ENGAGEMENT		
102-40 List of stakeholder groups	NiS: Stakeholder Engagement and Material Issues, p12-17	
102-41 Collective bargaining agreements	NiS: Labour Relations, p65	
102-42 Identifying and selecting stakeholders	NiS: Stakeholder Engagement and Material Issues, p12-17	
102-43 Approach to stakeholder engagement	NiS: Stakeholder Engagement and Material Issues, p12-17	
102-44 Key topics and concerns raised	NiS: Stakeholder Engagement and Material Issues, p12-17	
REPORTING PRACTICE		
102-45 Entities included in the consolidated financial statements	The following are Nestlé (Malaysia) Berhad's investments in subsidiaries: <ul style="list-style-type: none"> • Nestlé Products Sdn. Bhd. (100%) • Nestlé Manufacturing (Malaysia) Sdn. Bhd. (100%) • Nestlé Asean (Malaysia) Sdn. Bhd. (100%) • Nestlé Foods (Malaysia) Sdn. Bhd. (100%; struck off from registrar on 13 September 2019) • Nihon Canpack (Malaysia) Sdn. Bhd. (20%) 	
102-46 Defining report content and topic Boundaries	NiS: About This Report, p2 NiS: Stakeholder Engagement and Material Issues, p12-17	
102-47 List of material topics	NiS: Material Issues, p17	
102-48 Restatements of information	Significant restatements of data compared to prior years are noted in the sections where they appear.	
102-49 Changes in reporting	NiS: Material Issues, p17	
102-50 Reporting period	NiS: About This Report, p2	

Disclosure	Page number(s) and/or URL(s)	Omission
GRI 102: General Disclosures		
REPORTING PRACTICE		
102-51 Date of most recent report	The Company's Annual Report 2018, which consists of three books: Annual Review, Corporate Governance & Financial Report and Nestlé in Society was published in March 2019. The online version of the Annual Report 2018 can be found online at https://www.nestle.com.my/aboutus/investors/annual_report	
102-52 Reporting cycle	NiS: About This Report, p2	
102-53 Contact point for questions regarding the report	<p>AR: Corporate Directory, p66-67</p> <p>For more information, please contact us through our headquarters: NESTLÉ (MALAYSIA) BERHAD Registration No.: 198301015532 (110925-W) 22-1, 22nd Floor, Menara Surian No. 1, Jalan PJU 7/3 Mutiara Damansara 47810 Petaling Jaya Selangor Darul Ehsan Tel (+603) 7965 6000 Fax (+603) 7965 6767</p> <p>All information within this report is available online at www.nestle.com.my</p>	
102-54 Claims of reporting in accordance with the GRI Standards	NiS: About This Report, p2	
102-55 GRI content index	NiS: GRI Content Index, p100-141	
102-56 External assurance	NiS: About This Report, p2	

GRI CONTENT INDEX

Disclosure	Page number(s) and/or URL(s)	Omission
GRI 200 Economic Standards Series		
ECONOMIC PERFORMANCE		
103-1 Explanation of the material topic and its Boundary	Not applicable as it does not reach our materiality threshold.	
103-2 The management approach and its components	Not applicable as it does not reach our materiality threshold.	
103-3 Evaluation of the management approach	Not applicable as it does not reach our materiality threshold.	
201-1 Direct economic value generated and distributed	NiS: CSV Key Performance Data, p18 CGFR: Statement of Financial Position, p48 CGFR: Statements of Profit or Loss and Other Comprehensive Income, p49	
201-2 Financial implications and other risks and opportunities due to climate change	NiS: Environment and Climate, p82 NiS: Climate Change, p88 NiS: Performance Data (For The Planet), p94-97	
201-3 Defined benefit plan obligations and other retirement plans	CGFR: Employee Benefits, p74-75 CGFR: Notes to the Financial Statements, p91-93 Nestlé Management Employee Handbook (internal circulation)	
201-4 Financial assistance received from government	Nestlé does not receive any financial assistance from the Government.	
MARKET PRESENCE		
103-1 Explanation of the material topic and its Boundary	Not applicable as it does not reach our materiality threshold.	
103-2 The management approach and its components	Not applicable as it does not reach our materiality threshold.	

Disclosure	Page number(s) and/or URL(s)	Omission
GRI 200 Economic Standards Series		
MARKET PRESENCE		
103-3 Evaluation of the management approach	Not applicable as it does not reach our materiality threshold.	
202-1 Ratios of standard entry level wage by gender compared to local minimum wage	<p>NiS: Labour Relations, p65</p> <p>Nestlé complies with all applicable minimum wage standards regardless of gender. The entry level for both female and male employees is equivalent to the national minimum wage.</p>	
202-2 Proportion of senior management hired from the local community	<p>The Nestlé policy is to hire employees with attitudes and professional skills enabling them to develop a long-term relationship with the Company with no consideration given to origin, nationality, religion, race, gender, disability, sexual orientation or age.</p> <p>Employees considered as senior management are those holding roles of Executive Directors and Senior Managers.</p> <p>Details on significant locations of operation: AR: Our Presence, p4</p> <p>Breakdown of Nestlé Malaysia's senior management employees based on nationality:</p> <ul style="list-style-type: none"> • Malaysian: 54 (66.7%) • Non-Malaysian: 27 (33.3%) <p>Breakdown of Nestlé Malaysia's senior management employees based on gender:</p> <ul style="list-style-type: none"> • Male: 52 (64%) • Female: 29 (36%) 	
INDIRECT ECONOMIC IMPACTS		
103-1 Explanation of the material topic and its Boundary	<p>NiS: Nestlé in Society: Creating Shared Value, p6-9</p> <p>NiS: Our Halal Commitment, p34-36</p> <p>NiS: Rural Development, p49</p> <p>NiS: Protecting Biodiversity, p92-93</p>	
103-2 The management approach and its components	<p>NiS: Nestlé in Society: Creating Shared Value, p6-9</p> <p>NiS: Our Halal Commitment, p34-36</p> <p>NiS: Rural Development, p49</p> <p>NiS: Protecting Biodiversity, p92-93</p>	
103-3 Evaluation of the management approach	<p>NiS: Nestlé in Society: Creating Shared Value, p6-9</p> <p>NiS: Our Halal Commitment, p34-36</p> <p>NiS: Rural Development, p49</p> <p>NiS: Protecting Biodiversity, p92-93</p>	

GRI CONTENT INDEX

Disclosure	Page number(s) and/or URL(s)	Omission
GRI 200 Economic Standards Series		
INDIRECT ECONOMIC IMPACTS		
203-1 Infrastructure investments and services supported	<p>NiS: Rural Development (NESTLÉ CHILLI CLUB), p50</p> <p>NiS: Rural Development (NESTLÉ PADDY CLUB), p51</p> <p>NiS: Rural Development (NESCAFÉ GROWN RESPECTFULLY), p51</p> <p>NiS: Access to Water Through 'Safe Water, Safe Communities', p81</p> <p>NiS: CAREton Project, p86</p> <p>NiS: Protecting Biodiversity, p92-93</p>	
203-2 Significant indirect economic impacts	<p>NiS: Our Halal Commitment, p34-36</p> <p>NiS: Rural Development, p49-56</p> <p>NiS: Access to Water Through 'Safe Water, Safe Communities', p81</p> <p>NiS: Improving Packaging Performance, p82-86</p> <p>NiS: Protecting Biodiversity, p92-93</p>	
PROCUREMENT PRACTICES		
103-1 Explanation of the material topic and its Boundary	NiS: Responsible Sourcing, p52-56	
103-2 The management approach and its components	NiS: Responsible Sourcing, p52-56	
103-3 Evaluation of the management approach	NiS: Responsible Sourcing, p52-56	
204-1 Proportion of spending on local suppliers	RSS: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/suppliers/Nestlé-responsible-sourcing-standard-english.pdf	Data not available. Although we source products locally where possible, due to the global nature of our supply chain and the types of products we source, our ability to track procurement spend locally is limited.

Disclosure	Page number(s) and/or URL(s)	Omission
GRI 200 Economic Standards Series		
PROCUREMENT PRACTICES		
FP1 Percentage of purchased volume from suppliers compliant with company's sourcing policy	The percentage of purchase volume from compliant suppliers is 100%, as the Nestlé Suppliers Code requires each and every supplier to adhere to the codes before being listed as a Nestlé supplier or vendor. RSS: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/suppliers/nestle-responsible-sourcing-standard-english.pdf	
FP2 Percentage of purchased volume which is verified as being in accordance with credible, internationally recognized responsible production standards, broken down by standard	Nestlé Malaysia uses one standard, which is the Nestlé Responsible Sourcing Standard (RSS) RSS: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/suppliers/nestle-responsible-sourcing-standard-english.pdf	Percentage of purchased volume is unavailable due to commercial sensitivities.
ANTI-CORRUPTION		
103-1 Explanation of the material topic and its Boundary	NiS: Our Culture of Integrity, p70 CGFR: Corporate Governance Overview Statement, p4-5 NCBC: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/code_of_business_conduct_en.pdf	
103-2 The management approach and its components	NiS: Our Culture of Integrity, p70 CGFR: Corporate Governance Overview Statement, p4-5 NCBC: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/code_of_business_conduct_en.pdf	
103-3 Evaluation of the management approach	NiS: Our Culture of Integrity, p70 CGFR: Corporate Governance Overview Statement, p4-5 NCBC: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/code_of_business_conduct_en.pdf	
205-1 Operations assessed for risks related to corruption	NiS: Our Culture of Integrity, p70	

GRI CONTENT INDEX

Disclosure	Page number(s) and/or URL(s)	Omission
GRI 200 Economic Standards Series		
ANTI-CORRUPTION		
205-2 Communication and training about anti-corruption policies and procedures	NiS: Our Culture of Integrity, p70	
205-3 Confirmed incidents of corruption and actions taken	There were no incidents reported for 2019.	
ANTI-COMPETITIVE BEHAVIOR		
103-1 Explanation of the material topic and its Boundary	<p>NiS: Nestlé in Society: Creating Shared Value, p6</p> <p>CGFR: Corporate Governance Overview Statement, p5</p> <p>NCBP: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/corporate-business-principles-en.pdf</p> <p>NCBC: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/code_of_business_conduct_en.pdf</p>	
103-2 The management approach and its components	<p>NiS: Nestlé in Society: Creating Shared Value, p6</p> <p>CGFR: Corporate Governance Overview Statement, p5</p> <p>NCBP: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/corporate-business-principles-en.pdf</p> <p>NCBC: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/code_of_business_conduct_en.pdf</p>	
103-3 Evaluation of the management approach	<p>NiS: Nestlé in Society: Creating Shared Value, p6</p> <p>CGFR: Corporate Governance Overview Statement, p5</p> <p>NCBP: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/corporate-business-principles-en.pdf</p> <p>NCBC: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/code_of_business_conduct_en.pdf</p>	
206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	There were no incidents reported in 2019.	

Disclosure	Page number(s) and/or URL(s)	Omission
GRI 300 Environmental Standards Series		
MATERIALS		
103-1 Explanation of the material topic and its Boundary	NiS: Our Water and Environmental Strategy, p76-77 NiS: Improving Packaging Performance, p82 NiS: Refrigerant Management, p89	
103-2 The management approach and its components	NiS: Our Water and Environmental Strategy, p76-77 NiS: Improving Packaging Performance, p82 NiS: Refrigerant Management, p89	
103-3 Evaluation of the management approach	NiS: Our Water and Environmental Strategy, p76-77 NiS: Improving Packaging Performance, p82 NiS: Refrigerant Management, p89	
301-1 Materials used by weight or volume	NiS: Performance Data (For the Planet), p94-95	
301-2 Recycled input materials used	NiS: Performance Data (For the Planet), p94-95	
301-3 Reclaimed products and their packaging materials	NiS: Managing End-of-Life, p86	Unavailable due to no measure on percentage of products sold and their packaging material that is reclaimed because Nestlé products reach consumers through various retail outlets. Due to our large variety of products, no measurement of packaging reclamation rates have been undertaken. However, as our work on plastics continues, we will have more to report on reclaimed products and packaging materials in 2020.

GRI CONTENT INDEX

Disclosure	Page number(s) and/or URL(s)	Omission
GRI 300 Environmental Standards Series		
ENERGY		
103-1 Explanation of the material topic and its Boundary	NiS: Climate Change, p88 NiS: Transportation and Distribution, p89 NiS: Reducing Our Energy Consumption, p90	
103-2 The management approach and its components	NiS: Climate Change, p88 NiS: Transportation and Distribution, p89 NiS: Reducing Our Energy Consumption, p90	
103-3 Evaluation of the management approach	NiS: Climate Change, p88 NiS: Transportation and Distribution, p89 NiS: Reducing Our Energy Consumption, p90	
302-1 Energy consumption within the organization	NiS: Reducing Our Energy Consumption, p90 NiS: Performance Data (For the Planet), p97 Our internal energy is monitored using our internal monitoring system, SHE-PM, which tracks energy in reporting units.	
302-2 Energy consumption outside of the organization	NiS: Performance Data (For the Planet), p97 Energy consists of fuel used for the transportation of finished goods. Conversion factors were obtained from a recognised externally published source, carpages.co.uk, which compiles emission ratings from vehicle manufacturers.	
302-3 Energy intensity	NiS: Performance Data (For the Planet), p97	
302-4 Reduction of energy consumption	NiS: Performance Data (For the Planet), p97	
302-5 Reductions in energy requirements of products and services	NiS: Reducing Our Energy Consumption, p90	

Disclosure	Page number(s) and/or URL(s)	Omission
GRI 300 Environmental Standards Series		
WATER AND EFFLUENTS		
103-1 Explanation of the material topic and its Boundary	NiS: Our Water and Environmental Strategy, p76-77 NiS: Water, p78	
103-2 The management approach and its components	NiS: Our Water and Environmental Strategy, p76-77 NiS: Water, p78	
103-3 Evaluation of the management approach	NiS: Water, p78	
303-1 Interactions with water as a shared resource	NiS: Water, p78 NiS: Water Efficiency, p79 NiS: Water Advocacy, p80 NiS: Performance Data (For the Planet), p94	
303-2 Management of water discharge-related impacts	NiS: Water, p78 NiS: Water Efficiency, p79 NiS: Wastewater Treatment Plant, p80	
303-3 Water withdrawal	NiS: Water, p78 NiS: Water Efficiency, p79 NiS: Performance Data (For the Planet), p94	
	Our water sources are not from water stressed areas.	
303-4 Water discharge	NiS: Water, p78 NiS: Wastewater Treatment Plant, p80 NiS: Performance Data (For the Planet), p94	
	All water discharged from Nestlé Malaysia factories is treated and in compliance with the Environment Quality Act Standard B, with the approval from the Environmental Authorities. Our discharge is less than 1% with respect to flow rate of river and the total dissolved solids concentration for all water discharged is less than 500mg/L.	
	There were no discharge-related incidents reported in 2019.	
303-5 Water consumption	NiS: Performance Data (For the Planet), p94	

GRI CONTENT INDEX

Disclosure	Page number(s) and/or URL(s)	Omission
GRI 300 Environmental Standards Series		
BIODIVERSITY		
103-1 Explanation of the material topic and its Boundary	NiS: Our Water and Environmental Strategy, p76-77 NiS: Climate Change, p88 NiS: Protecting Biodiversity, p92-93	
103-2 The management approach and its components	NiS: Our Water and Environmental Strategy, p76-77 NiS: Climate Change, p88 NiS: Protecting Biodiversity, p92-93	
103-3 Evaluation of the management approach	NiS: Our Water and Environmental Strategy, p76-77 NiS: Climate Change, p88 NiS: Protecting Biodiversity, p92-93	
304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	All our factories are located in Industrial Estates designated by the respective State governments. Nevertheless, Nestlé's commitment to the environment is reflected in its Project RILEAF, reforestation of the Kinabatangan area.	
304-2 Significant impacts of activities, products, and services on biodiversity	NiS: Responsible Sourcing, p52-56	
304-3 Habitats protected or restored	NiS: Protecting Biodiversity, p92-93	
304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	There are no reports of IUCN Red List species in the areas of operations. All factories are located in Industrial Estates designated by the respective States, which is located in a developed area as compared to a forest or the natural habitat for IUCN Red List species. The Nestlé Policy on Environmental Sustainability states that we must incorporate environmental sustainability objectives when we build, construct and renovate manufacturing facilities. The Nestlé Policy on Environmental Sustainability: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/environmental_sustainability/nestl%C3%A9%20policy%20on%20environmental%20sustainability.pdf	

Disclosure	Page number(s) and/or URL(s)	Omission
GRI 300 Environmental Standards Series		
EMISSIONS		
103-1 Explanation of the material topic and its Boundary	NiS: Our Water and Environmental Strategy, p76-77 NiS: Climate Change, p88-89	
103-2 The management approach and its components	NiS: Our Water and Environmental Strategy, p76-77 NiS: Climate Change, p88-89	
103-3 Evaluation of the management approach	NiS: Our Water and Environmental Strategy, p76-77 NiS: Climate Change, p88	
305-1 Direct (Scope 1) GHG emissions	NiS: Performance Data (For the Planet), p95-96 Emission source: National Corporate GHG Reporting Programme for Malaysia (2004) MYCarbon GHG Reporting Guidelines (version 1.6). Prepared by Eco-Ideal Consulting Sdn Bhd. Published: Ministry of Natural Resources and Environment Malaysia, p74 Nestlé's operations do not produce biogenic CO ₂ emissions GWP Source: Greenhouse Gas Protocol 2015, Global Warming Potentials AR5	
305-2 Energy indirect (Scope 2) GHG emissions	NiS: Performance Data (For the Planet), p95-96 Emission source: National Corporate GHG Reporting Programme for Malaysia (2004) MYCarbon GHG Reporting Guidelines (version 1.6). Prepared by Eco-Ideal Consulting Sdn Bhd. Published: Ministry of Natural Resources and Environment Malaysia, p74 GWP Source: Greenhouse Gas Protocol 2015, Global Warming Potentials AR5	
305-3 Other indirect (Scope 3) GHG emissions	NiS: Performance Data (For the Planet), p95-96 Nestlé's operations do not produce biogenic CO ₂ emissions. Emission source: National Corporate GHG Reporting Programme for Malaysia (2004) MYCarbon GHG Reporting Guidelines (version 1.6). Prepared by Eco-Ideal Consulting Sdn Bhd. Published: Ministry of Natural Resources and Environment Malaysia, p74 GWP Source: Greenhouse Gas Protocol 2015, Global Warming Potentials AR5	

GRI CONTENT INDEX

Disclosure	Page number(s) and/or URL(s)	Omission
GRI 300 Environmental Standards Series		
EMISSIONS		
305-4 GHG emissions intensity	NiS: Performance Data (For the Planet), p95-96	
305-5 Reduction of GHG emissions	NiS: Performance Data (For the Planet), p95-96 NiS: Minimising Greenhouse Gas Emissions, p89	
305-6 Emissions of ozone-depleting substances (ODS)	NiS: Performance Data (For the Planet), p95-96 NiS: Refrigerant Management, p89 We do not produce and export CFC-11 at all our operation sites. GWP source of R22: Greenhouse Gas Protocol 2015, Global Warming Potentials AR5	Partially disclosed in kilograms. We are working towards enhancing our ODS calculation.
305-7 Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions	NiS: Performance Data (For the Planet), p95-96 POP, VOC and HAP are not relevant to Nestlé's operations.	
EFFLUENTS AND WASTE		
103-1 Explanation of the material topic and its Boundary	NiS: Our Water and Environmental Strategy, p76-77 NiS: Water, p78 NiS: Environment and Climate, p82	
103-2 The management approach and its components	NiS: Our Water and Environmental Strategy, p76-77 NiS: Water, p78 NiS: Environment and Climate, p82	
103-3 Evaluation of the management approach	NiS: Our Water and Environmental Strategy, p76-77 NiS: Water, p78 NiS: Environment and Climate, p82	

Disclosure	Page number(s) and/or URL(s)	Omission
GRI 300 Environmental Standards Series		
EFFLUENTS AND WASTE		
306-1 Water discharge by quality and destination	NiS: Water, p78 NiS: Wastewater Treatment Plant, p80	The total dissolved solids concentration for all water discharged is less than 500mg/L.
306-2 Waste by type and disposal method	NiS: Minimising Solid Waste, p87 NiS: Performance Data (For the Planet), p94-95	
306-3 Significant spills		There were no incidents of significant spills in 2019.
306-4 Transport of hazardous waste	NiS: Performance Data (For the Planet), p94	Nestlé did not import or export any hazardous waste in 2019.
306-5 Water bodies affected by water discharges and/or runoff		All water discharged from Nestlé Malaysia factories is treated and is in compliance with the Environment Quality Act Standard B, with the approval from the Environmental Authorities. Our discharge is less than 1% with respect to flow rate of river.
ENVIRONMENTAL COMPLIANCE		
103-1 Explanation of the material topic and its Boundary	NiS: Our Water and Environmental Strategy, p76-77 NiS: Environment and Climate, p82	
103-2 The management approach and its components	NiS: Our Water and Environmental Strategy, p76-77 NiS: Environment and Climate, p82	
103-3 Evaluation of the management approach	NiS: Our Water and Environmental Strategy, p76-77 NiS: Environment and Climate, p82	
307-1 Non-compliance with environmental laws and regulations		There was one incident on waste labelling reported in 2019 which resulted in an insignificant fine and has been rectified. Another incident of non-conformance of effluent discharge from factory waste water treatment in accordance to Standard B Environment Quality Act (Industrial Effluents) Regulation 2009 is still under review by the authorities as of 31 December 2019.

GRI CONTENT INDEX

Disclosure	Page number(s) and/or URL(s)	Omission
GRI 300 Environmental Standards Series		
SUPPLIER ENVIRONMENTAL ASSESSMENT		
103-1 Explanation of the material topic and its Boundary	<p>NiS: Responsible Sourcing, p52</p> <p>RSS: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/suppliers/nestle-responsible-sourcing-standard-english.pdf</p>	
103-2 The management approach and its components	<p>NiS: Responsible Sourcing, p52</p> <p>RSS: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/suppliers/nestle-responsible-sourcing-standard-english.pdf</p>	
103-3 Evaluation of the management approach	<p>NiS: Responsible Sourcing, p52</p> <p>RSS: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/suppliers/nestle-responsible-sourcing-standard-english.pdf</p>	
308-1 New suppliers that were screened using environmental criteria	<p>NiS: Responsible Sourcing, p52</p> <p>NiS: Performance Data (For Our Communities), p71</p> <p>Nestlé conducts screening for all suppliers based on risk assessment using the Suppliers Ethical Data Exchange (SEDEX) platform. This assessment is conducted based on suppliers' social and environmental performance. This is part of our Nestlé policy on responsible sourcing.</p> <p>In 2019, 105 high priority vendors were screened based on the Nestlé Responsible Sourcing Guideline which includes environmental criteria.</p>	
308-2 Negative environmental impacts in the supply chain and actions taken	<p>NiS: Responsible Sourcing, p52-56</p> <p>To date, there have been no major potential negative environmental impacts in the supply chain. However, as part of our commitment to reduce GHG in transportation, we have in place a few programmes to optimise the distance travelled as well as the use of high-capacity trucks.</p> <p>We also continue to utilise the application of highly efficient lightings in our distribution warehouses and use Zero Landfill Technologies in our National Distribution Centre.</p> <p>In 2019, none of our suppliers were identified as having significant negative environmental impacts.</p>	

Disclosure	Page number(s) and/or URL(s)	Omission
GRI 400 Social Standards Series		
EMPLOYMENT		

103-1 Explanation of the material topic and its Boundary	NiS: Our Rural Development & People Strategy, p48 NiS: Our People, p57
103-2 The management approach and its components	NiS: Our Rural Development & People Strategy, p48 NiS: Our People, p57
103-3 Evaluation of the management approach	NiS: Our People, p57

401-1 New employee hires and employee turnover	NiS: Performance Data (For Our Communities), p71-72																																	
	<table border="1"> <thead> <tr> <th>Indicator</th> <th>Total number</th> <th>Rate (%)</th> </tr> </thead> <tbody> <tr> <td colspan="3">New employees by gender:</td> </tr> <tr> <td>• Male</td> <td>278</td> <td>53.6</td> </tr> <tr> <td>• Female</td> <td>241</td> <td>46.4</td> </tr> <tr> <td colspan="3">New employees by age group:</td> </tr> <tr> <td>• Below 30</td> <td>416</td> <td>80.2</td> </tr> <tr> <td>• 30 – 50</td> <td>95</td> <td>18.3</td> </tr> <tr> <td>• Above 50</td> <td>8</td> <td>1.5</td> </tr> <tr> <td colspan="3">New employees by region:</td> </tr> <tr> <td>• Nestlé Products Sdn. Bhd.</td> <td>222</td> <td>42.8</td> </tr> <tr> <td>• Nestlé Manufacturing Malaysia</td> <td>297</td> <td>57.2</td> </tr> </tbody> </table>	Indicator	Total number	Rate (%)	New employees by gender:			• Male	278	53.6	• Female	241	46.4	New employees by age group:			• Below 30	416	80.2	• 30 – 50	95	18.3	• Above 50	8	1.5	New employees by region:			• Nestlé Products Sdn. Bhd.	222	42.8	• Nestlé Manufacturing Malaysia	297	57.2
Indicator	Total number	Rate (%)																																
New employees by gender:																																		
• Male	278	53.6																																
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• Nestlé Manufacturing Malaysia	297	57.2																																

New hire rates are calculated based on newly hired employees per category as a percentage of total new hires.

Indicator	Total number	Rate (%)
Employees leaving employment by gender;		
• Male	129	54.2
• Female	109	45.8
Employees leaving by age group:		
• Below 30	62	26.1
• 30 – 50	153	64.3
• Above 50	23	9.7
Employees leaving by region:		
• Nestlé Products Sdn. Bhd.	136	57.4
• Nestlé Manufacturing Malaysia	101	42.6

Turnover rates are calculated based on employees per category leaving employment as a percentage of total turnover.

GRI CONTENT INDEX

Disclosure	Page number(s) and/or URL(s)	Omission																										
GRI 400 Social Standards Series																												
EMPLOYMENT																												
401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	The Group has listed down and provided full disclosure on the benefits of every employee in the Nestlé Management Employee Handbook, the collective agreement between Nestlé Manufacturing (Malaysia) Sdn. Bhd. and Food Industry Employee Union, and the collective agreements between Nestlé Products Sdn. Bhd. and National Union of Commercial Workers. Nestlé Management Employee Handbook (internal circulation)																											
401-3 Parental leave	<p>NiS: Diversity and Gender Balance, p58</p> <table border="1"> <thead> <tr> <th>Indicator</th> <th>Total number</th> </tr> </thead> <tbody> <tr> <td>Total number of employees that are entitled to Parental Leave by gender</td> <td></td> </tr> <tr> <td>• Male</td> <td>2,895</td> </tr> <tr> <td>• Female</td> <td>1,619</td> </tr> <tr> <td>Total number of employees that took Parental Leave by gender</td> <td></td> </tr> <tr> <td>• Male</td> <td>228</td> </tr> <tr> <td>• Female</td> <td>167</td> </tr> <tr> <td>Total number of employees that returned to work after leave ended by gender</td> <td></td> </tr> <tr> <td>• Male</td> <td>201</td> </tr> <tr> <td>• Female</td> <td>153</td> </tr> <tr> <td>Percentage of employees that returned to work after leave ended by gender</td> <td></td> </tr> <tr> <td>• Male</td> <td>88</td> </tr> <tr> <td>• Female</td> <td>92</td> </tr> </tbody> </table>	Indicator	Total number	Total number of employees that are entitled to Parental Leave by gender		• Male	2,895	• Female	1,619	Total number of employees that took Parental Leave by gender		• Male	228	• Female	167	Total number of employees that returned to work after leave ended by gender		• Male	201	• Female	153	Percentage of employees that returned to work after leave ended by gender		• Male	88	• Female	92	Data unavailable for number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work, by gender - due to limited data availability. We are examining applicable methods to measure the data, to be available in 2022.
Indicator	Total number																											
Total number of employees that are entitled to Parental Leave by gender																												
• Male	2,895																											
• Female	1,619																											
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Total number of employees that returned to work after leave ended by gender																												
• Male	201																											
• Female	153																											
Percentage of employees that returned to work after leave ended by gender																												
• Male	88																											
• Female	92																											

Disclosure	Page number(s) and/or URL(s)	Omission
GRI 400 Social Standards Series		
LABOR/MANAGEMENT RELATIONS		
103-1 Explanation of the material topic and its Boundary	Not applicable as it does not reach our materiality threshold.	
103-2 The management approach and its components	Not applicable as it does not reach our materiality threshold.	
103-3 Evaluation of the management approach	Not applicable as it does not reach our materiality threshold.	
402-1 Minimum notice periods regarding operational changes	As stated in the Collective Agreements, the minimum notice period is two months, depending on the nature of the change i.e. restructuring, outsourcing of operations, closures, expansions, new openings, takeovers, sale of all or part of the organisation, or mergers. Nestlé Management Employee Handbook (internal circulation)	
FP3 Percentage of working time lost due to industrial disputes, strikes and/or lock-outs, by country	There was no working time lost due to industrial disputes, strikes and/or lockout in our Malaysian operations.	
OCCUPATIONAL HEALTH AND SAFETY		
103-1 Explanation of the material topic and its Boundary	NiS: Our People, p57 NiS: Safety Health and Wellbeing, p60-62	
103-2 The management approach and its components	NiS: Our People, p57 NiS: Safety Health and Wellbeing, p60-62	
103-3 Evaluation of the management approach	NiS: Our People, p57 NiS: Safety Health and Wellbeing, p60-62 NiS: Performance Data (For Our Communities), p73	

GRI CONTENT INDEX

Disclosure	Page number(s) and/or URL(s)	Omission																																																				
GRI 400 Social Standards Series																																																						
OCCUPATIONAL HEALTH AND SAFETY																																																						
403-1 Occupational health and safety management system	NiS: Safety, Health and Well-Being, p60-61																																																					
403-2 Hazard identification, risk assessment, and incident investigation	NiS: Safety, Health and Well-Being, p60-61																																																					
403-3 Occupational health services	<p>NiS: Safety, Health and Well-Being, p60-61</p> <p>The below table summarises the assistance programmes provided to the below recipients:</p> <table border="1"> <thead> <tr> <th rowspan="3">Programme Recipients</th> <th colspan="8">Assistance Programme</th> </tr> <tr> <th colspan="2">Education/ Training</th> <th colspan="2">Counselling</th> <th colspan="2">Prevention/ Risk Control</th> <th colspan="2">Treatment</th> </tr> <tr> <th>Yes</th> <th>No</th> <th>Yes</th> <th>No</th> <th>Yes</th> <th>No</th> <th>Yes</th> <th>No</th> </tr> </thead> <tbody> <tr> <td>Employees</td> <td>✓</td> <td></td> <td>✓</td> <td></td> <td>✓</td> <td></td> <td>✓</td> <td></td> </tr> <tr> <td>Employees' Families</td> <td></td> <td>✓</td> <td></td> <td>✓</td> <td>Immediate family members are covered under employee's medical insurance</td> <td></td> <td>Immediate family members are covered under employee's medical insurance</td> <td></td> </tr> <tr> <td>Community Members</td> <td>✓</td> <td></td> <td></td> <td>✓</td> <td></td> <td>✓</td> <td></td> <td>✓</td> </tr> </tbody> </table> <p>All Nestlé Malaysia factories are exposed to high-risk chemicals. Measures are being taken to reduce the risks to workers. There have been no reported cases of serious illnesses or diseases due to exposure to high-risk chemicals.</p> <p>(Source: Chemical Health Risk Assessments: Year 2009 through 2013)</p>	Programme Recipients	Assistance Programme								Education/ Training		Counselling		Prevention/ Risk Control		Treatment		Yes	No	Yes	No	Yes	No	Yes	No	Employees	✓		✓		✓		✓		Employees' Families		✓		✓	Immediate family members are covered under employee's medical insurance		Immediate family members are covered under employee's medical insurance		Community Members	✓			✓		✓		✓	
Programme Recipients	Assistance Programme																																																					
	Education/ Training		Counselling		Prevention/ Risk Control		Treatment																																															
	Yes	No	Yes	No	Yes	No	Yes	No																																														
Employees	✓		✓		✓		✓																																															
Employees' Families		✓		✓	Immediate family members are covered under employee's medical insurance		Immediate family members are covered under employee's medical insurance																																															
Community Members	✓			✓		✓		✓																																														

Disclosure	Page number(s) and/or URL(s)	Omission
GRI 400 Social Standards Series		
OCCUPATIONAL HEALTH AND SAFETY		
403-4 Worker participation, consultation, and communication on occupational health and safety	<p>NiS: Safety, Health and Well-Being, p60-61</p> <p>100% of collective agreements contain Health and Safety topics.</p> <p>As indicated in the Collective Agreement 2017-2019 between Nestlé Manufacturing (Malaysia) Sdn. Bhd. and Food Industry Employee Union:</p> <ul style="list-style-type: none"> • Article 25 describes the terms and conditions, under which an employee shall be granted casual leave in the case of hospital admission of legal spouse or children/legally adopted child; • Article 29 describes the terms and conditions, under which an employee shall or shall not be entitled to paid sick leave; • Article 30 describes the terms and conditions, under which an employee shall be granted a prolonged illness leave; and • Article 31 describes the terms and conditions, under which an employee shall be granted an industrial accident leave. <p>As indicated in the Collective Agreement 2019-2021 between Nestlé Products Sdn. Bhd. and the National Union of Commercial Workers:</p> <ul style="list-style-type: none"> • Article 16 describes the terms and conditions, under which an employee shall be granted casual leave in the case of hospital admission of legal spouse, children, parent, brother/sister of the same blood, grandparent; and • Article 20 describes the terms and conditions, under which an employee shall or shall not be entitled to paid sick leave. 	
403-5 Worker training on occupational health and safety	<p>NiS: Safety, Health and Well-Being, p61</p>	
403-6 Promotion of worker health	<p>NiS: Nestlé Framework for Employee Health, p61-62</p> <p>NiS: Employee Engagement, p68-69</p>	
403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	<p>NiS: Safety, Health and Well-Being, p60-61</p>	

GRI CONTENT INDEX

Disclosure	Page number(s) and/or URL(s)	Omission
GRI 400 Social Standards Series		
OCCUPATIONAL HEALTH AND SAFETY		
403-8 Workers covered by an occupational health and safety management system	NiS: Safety, Health and Well-Being, p60	
403-9 Work-related injuries	NiS: Performance Data (For Our Communities), p73 Our calculation on injuries and lost-day rate are as follows: $\frac{\text{Number of recordable injuries or lost days}}{\text{Total number of hours worked}} \times 1,000,000$	
403-10 Work-related ill health		Not disclosed due to limited data availability. We are examining applicable methods to measure, the data to be available in 2021.
TRAINING AND EDUCATION		
103-1 Explanation of the material topic and its Boundary	NiS: Our Rural Development and People Strategy, p48 NiS: Our People, p57 NiS: Training and Development, p63	
103-2 The management approach and its components	NiS: Our Rural Development and People Strategy, p48 NiS: Our People, p57 NiS: Training and Development, p63-64	
103-3 Evaluation of the management approach	NiS: Our People, p57 NiS: Training and Development, p63-64	

Disclosure	Page number(s) and/or URL(s)	Omission
GRI 400 Social Standards Series		
TRAINING AND EDUCATION		
404-1 Average hours of training per year per employee	NiS: Training and Development, p63-64 NiS: Performance Data (For Our Communities), p72	
404-2 Programs for upgrading employee skills and transition assistance programs	NiS: Diversity and Gender Balance, p58 NiS: Training and Development, p63-64 In addition, Nestlé Malaysia partners with a robust e-Learning solution that offers a variety of courses on different topics and also gives access to hundreds of books.	
404-3 Percentage of employees receiving regular performance and career development reviews	NiS: Training and Development, p63-64 NiS: Performance Data (For Our Communities), p72	
DIVERSITY AND EQUAL OPPORTUNITY		
103-1 Explanation of the material topic and its Boundary	NiS: Our Rural Development and People Strategy, p48 NiS: Our People, p57 NiS: Diversity and Gender Balance, p58	
103-2 The management approach and its components	NiS: Our Rural Development and People Strategy, p48 NiS: Diversity and Gender Balance, p58	
103-3 Evaluation of the management approach	NiS: Diversity and Gender Balance, p58-59	

GRI CONTENT INDEX

Disclosure	Page number(s) and/or URL(s)	Omission
GRI 400 Social Standards Series		
DIVERSITY AND EQUAL OPPORTUNITY		

405-1
Diversity of
governance bodies
and employees

NiS: CSV Key Performance Data, p19
NiS: Diversity and Gender Balance, p58-59

Ethnic	Mgt	%	N-Mgt	%	Temp.	%	Total	%
Bumiputera	378	8.07	2,701	57.64	119	2.54	3,198	68.25
Chinese	750	16.01	262	5.59	37	0.79	1,049	22.39
Indian	117	2.50	177	3.78	12	0.26	306	6.53
Others	75	1.60	54	1.15	4	0.09	133	2.84
Total	1,320	28	3,194	68	172	4	4,686	100

Age	Mgt	%	N-Mgt	%	Temp.	%	Total	%
Below 30	273	5.83	506	10.80	155	3.31	934	19.93
30-50	925	19.74	2,357	50.30	10	0.21	3,292	70.25
Above 50	122	2.60	331	7.06	7	0.15	460	9.82
Total	1,320	28	3,194	68	172	4	4,686	100

Gender	Mgt	%	N-Mgt	%	Temp.	%	Total	%
Male	614	13.10	2,281	48.68	123	2.62	3,018	64.40
Female	706	15.07	913	19.48	49	1.05	1,668	35.60
Total	1,320	28	3,194	68	172	4	4,686	100

Breakdown of Nestlé Malaysia's Board of Directors in terms of ethnic composition, age group and gender.

Ethnic	%	Total
Bumiputera	43	3
Chinese	0	0
Indian	14	1
Others	43	3
Total	100	7

Age	%	Total
Below 30	0	0
30-50	0	0
Above 50	100	7
Total	100	7

Gender	%	Total
Male	79	5
Female	21	2

405-2
Ratio of basic salary
and remuneration
of women to men

NiS: Diversity and Gender Balance, p58

Employee Category	Female to Male Salary Ratio
Management	0.85
Non-Management	0.94

Significant locations of operation include operations in Malaysia.

Disclosure	Page number(s) and/or URL(s)	Omission
GRI 400 Social Standards Series		
NON-DISCRIMINATION		
103-1 Explanation of the material topic and its Boundary	<p>NiS: Our People, p57</p> <p>NiS: Diversity and Gender Balance, p58-59</p> <p>NCBP: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/corporate-business-principles-en.pdf</p>	
103-2 The management approach and its components	<p>NiS: Our People, p57</p> <p>NiS: Diversity and Gender Balance, p58-59</p> <p>NCBP: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/corporate-business-principles-en.pdf</p>	
103-3 Evaluation of the management approach	<p>NiS: Our People, p57</p> <p>NiS: Diversity and Gender Balance, p58-59</p> <p>NCBP: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/corporate-business-principles-en.pdf</p>	
406-1 Incidents of discrimination and corrective actions taken	There were no incidents of discrimination reported in 2019.	
FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING		
103-1 Explanation of the material topic and its Boundary	<p>NiS: Labour Relations, p65</p> <p>NCBP: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/corporate-business-principles-en.pdf</p>	
103-2 The management approach and its components	<p>NiS: Labour Relations, p65</p> <p>NCBP: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/corporate-business-principles-en.pdf</p>	
103-3 Evaluation of the management approach	<p>NiS: Labour Relations, p65</p> <p>NCBP: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/corporate-business-principles-en.pdf</p>	

GRI CONTENT INDEX

Disclosure	Page number(s) and/or URL(s)	Omission
GRI 400 Social Standards Series		
FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING		
407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	There were no incidents reported in 2019.	
CHILD LABOR		
103-1 Explanation of the material topic and its Boundary	<p>RSS: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/suppliers/nestle-responsible-sourcing-standard-english.pdf</p> <p>Nestlé Commitment on Child Labour: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_social_responsibility/nestle-commitment-child-labour.pdf</p>	
103-2 The management approach and its components	<p>RSS: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/suppliers/nestle-responsible-sourcing-standard-english.pdf</p> <p>Nestlé Commitment on Child Labour: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_social_responsibility/nestle-commitment-child-labour.pdf</p>	
103-3 Evaluation of the management approach	<p>RSS: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/suppliers/nestle-responsible-sourcing-standard-english.pdf</p> <p>Nestlé Commitment on Child Labour: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_social_responsibility/nestle-commitment-child-labour.pdf</p>	
408-1 Operations and suppliers at significant risk for incidents of child labor	NiS: Responsible Sourcing, p52-56	

Disclosure	Page number(s) and/or URL(s)	Omission
GRI 400 Social Standards Series		
FORCED OR COMPULSORY LABOR		
103-1 Explanation of the material topic and its Boundary	<p>NiS: Responsible Sourcing, p52</p> <p>RSS: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/suppliers/nestle-responsible-sourcing-standard-english.pdf</p> <p>Nestlé Commitment on Labour Rights in Agricultural Supply Chains: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_social_responsibility/nestle-commitment-labour-rights-agricultural-supply-chains.pdf</p>	
103-2 The management approach and its components	<p>NiS: Responsible Sourcing, p52</p> <p>RSS: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/suppliers/nestle-responsible-sourcing-standard-english.pdf</p> <p>Nestlé Commitment on Labour Rights in Agricultural Supply Chains: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_social_responsibility/nestle-commitment-labour-rights-agricultural-supply-chains.pdf</p>	
103-3 Evaluation of the management approach	<p>NiS: Responsible Sourcing, p52</p> <p>RSS: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/suppliers/nestle-responsible-sourcing-standard-english.pdf</p> <p>Nestlé Commitment on Labour Rights in Agricultural Supply Chains: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_social_responsibility/nestle-commitment-labour-rights-agricultural-supply-chains.pdf</p>	
409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	<p>NiS: Responsible Sourcing, p52-56</p> <p>We do not accept any form of forced or compulsory labour in our value chain.</p> <p>Nestlé Commitment on Labour Rights in Agricultural Supply Chains: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_social_responsibility/nestle-commitment-labour-rights-agricultural-supply-chains.pdf</p>	

GRI CONTENT INDEX

Disclosure	Page number(s) and/or URL(s)	Omission
GRI 400 Social Standards Series		
SECURITY PRACTICES		
103-1 Explanation of the material topic and its Boundary	RSS: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/suppliers/nestle-responsible-sourcing-standard-english.pdf	
103-2 The management approach and its components	RSS: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/suppliers/nestle-responsible-sourcing-standard-english.pdf	
103-3 Evaluation of the management approach	RSS: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/suppliers/nestle-responsible-sourcing-standard-english.pdf	
410-1 Security personnel trained in human rights policies or procedures	We ensure that our security personnel, including third-party security service providers, receive the necessary training on our policies. This comprises the Internal Security Policy, which outlines basic security guidelines and procedures focusing on human rights and labour practices.	
RIGHTS OF INDIGENOUS PEOPLES		
103-1 Explanation of the material topic and its Boundary	All factories are located in Industrial Estates designated by the respective States, which is located in a developed area as compared to regions where indigenous people reside or have interests near operations of the organisation.	
103-2 The management approach and its components	All factories are located in Industrial Estates designated by the respective States, which is located in a developed area as compared to regions where indigenous people reside or have interests near operations of the organisation.	
103-3 Evaluation of the management approach	All factories are located in Industrial Estates designated by the respective States, which is located in a developed area as compared to regions where indigenous people reside or have interests near operations of the organisation.	
411-1 Incidents of violations involving rights of indigenous peoples	All factories are located in Industrial Estates designated by the respective States, which is located in a developed area as compared to regions where indigenous people reside or have interests near operations of the organisation. Nevertheless, Nestlé's commitment to the rights of indigenous people is reflected in its Safe Water, Safe Communities Project, p81 and its Kindabatangan RILEAF Project at p92-93. There were no incidents reported in 2019.	

Disclosure	Page number(s) and/or URL(s)	Omission
GRI 400 Social Standards Series		
HUMAN RIGHTS ASSESSMENT		
103-1 Explanation of the material topic and its Boundary	NCBP: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/corporate-business-principles-en.pdf	
103-2 The management approach and its components	NiS: Responsible Sourcing, p52 NCBP: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/corporate-business-principles-en.pdf	
103-3 Evaluation of the management approach	NiS: Responsible Sourcing, p52 NCBP: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/corporate-business-principles-en.pdf	
412-1 Operations that have been subject to human rights reviews or impact assessments	NiS: Our Culture of Integrity, p70 All Nestlé Malaysia sites have been subjected to CARE (Nestlé Corporate Compliance Assessment Program of Human Rights & Labour Practices, Business Integrity, Safety & Health, Environmental Sustainability and Security) audits.	
412-2 Employee training on human rights policies or procedures	NiS: Training and Learning, p63-64 NiS: Our Culture of Integrity, p70	
412-3 Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	NiS: Responsible Sourcing, p52 NiS: Our Commitment on Sustainable Palm Oil, p55-56	

GRI CONTENT INDEX

Disclosure	Page number(s) and/or URL(s)	Omission
GRI 400 Social Standards Series		
LOCAL COMMUNITIES		
103-1 Explanation of the material topic and its Boundary	<p>NiS: Community Engagement, p37</p> <p>NiS: Our Rural Development & People Strategy, p48</p> <p>NiS: Rural Development, p49</p> <p>NiS: Responsible Sourcing, p52</p> <p>NiS: Protecting Biodiversity, p92-93</p>	
103-2 The management approach and its components	<p>NiS: Community Engagement, p37</p> <p>NiS: Our Rural Development & People Strategy, p48</p> <p>NiS: Rural Development, p49</p> <p>NiS: Responsible Sourcing, p52</p> <p>NiS: Protecting Biodiversity, p92-93</p>	
103-3 Evaluation of the management approach	<p>NiS: Community Engagement, p37</p> <p>NiS: Our Rural Development & People Strategy, p48</p> <p>NiS: Rural Development, p49</p> <p>NiS: Responsible Sourcing, p52</p> <p>NiS: Protecting Biodiversity, p92-93</p>	
413-1 Operations with local community engagement, impact assessments, and development programs	<p>NiS: Community Engagement, p37-43</p> <p>NiS: Rural Development, p49-51</p> <p>NiS: Responsible Sourcing, p52-56</p> <p>NiS: Promoting Youth Employment and Employability, p66-67</p> <p>NiS: Employee Engagement, p68-69</p> <p>NiS: Access to Water Through 'Safe Water, Safe Communities', p81</p> <p>NiS: CAREton Project, p86</p> <p>NiS: Protecting Biodiversity, p92-93</p>	
	Our facilities are subject to all local building codes, regulations and requirements, including environmental impact studies.	
413-2 Operations with significant actual and potential negative impacts on local communities	There were no incidents reported in 2019.	
SUPPLIER SOCIAL ASSESSMENT		
103-1 Explanation of the material topic and its Boundary	<p>NiS: Responsible Sourcing, p52</p> <p>NiS: Our Culture of Integrity, p70</p> <p>RSS: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/suppliers/nestle-responsible-sourcing-standard-english.pdf</p>	

Disclosure	Page number(s) and/or URL(s)	Omission
GRI 400 Social Standards Series		
SUPPLIER SOCIAL ASSESSMENT		
103-2 The management approach and its components	<p>NiS: Responsible Sourcing, p52 NiS: Our Culture of Integrity, p70</p> <p>RSS: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/suppliers/nestle-responsible-sourcing-standard-english.pdf</p>	
103-3 Evaluation of the management approach	<p>NiS: Responsible Sourcing, p52 NiS: Our Culture of Integrity, p70</p> <p>RSS: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/suppliers/nestle-responsible-sourcing-standard-english.pdf</p>	
414-1 New suppliers that were screened using social criteria	<p>NiS: Responsible Sourcing, p52-56</p> <p>100% of our new suppliers were informed on the Nestlé Responsible Sourcing Standard and were required to sign an acknowledgement form.</p> <p>RSS: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/suppliers/nestle-responsible-sourcing-standard-english.pdf</p> <p>Nestlé Malaysia does not have visibility of these activities, as we do not conduct any Human Rights sessions with third parties. They are however within the purview of the respective stakeholders and advocated to embrace the Human Rights and Integrity principles as contained in NCBP and the NCBC.</p> <p>NCBP: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/corporate-business-principles-en.pdf</p> <p>NCBC: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/code_of_business_conduct_en.pdf</p>	
414-2 Negative social impacts in the supply chain and actions taken	There were no incidents reported in 2019.	

GRI CONTENT INDEX

Disclosure	Page number(s) and/or URL(s)	Omission
GRI 400 Social Standards Series		
PUBLIC POLICY		
103-1 Explanation of the material topic and its Boundary	<p>Nestlé does not contribute to political parties, politicians, and/or related institutions by country.</p> <p>Under Section 10, Page 6 of the Nestlé Code of Business Conduct, political contributions are not allowed.</p> <p>NCBC: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/code_of_business_conduct_en.pdf</p>	
103-2 The management approach and its components	<p>Nestlé does not contribute to political parties, politicians, and/or related institutions by country.</p> <p>Under Section 10, Page 6 of the Nestlé Code of Business Conduct, political contributions are not allowed.</p> <p>NCBC: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/code_of_business_conduct_en.pdf</p>	
103-3 Evaluation of the management approach	<p>Nestlé does not contribute to political parties, politicians, and/or related institutions by country.</p> <p>Under Section 10, Page 6 of the Nestlé Code of Business Conduct, political contributions are not allowed.</p> <p>NCBC: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/code_of_business_conduct_en.pdf</p>	
415-1 Political contributions	<p>Nestlé does not contribute to political parties, politicians, and/or related institutions by country.</p> <p>Under Section 10, Page 6 of the Nestlé Code of Business Conduct, political contributions are not allowed.</p> <p>NCBC: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/code_of_business_conduct_en.pdf</p>	
CUSTOMER HEALTH AND SAFETY		
103-1 Explanation of the material topic and its Boundary	<p>NiS: Our Nutrition, Health & Wellness Strategy, p22</p>	

Disclosure	Page number(s) and/or URL(s)	Omission
GRI 400 Social Standards Series		
CUSTOMER HEALTH AND SAFETY		
103-2 The management approach and its components	NiS: Our Nutrition, Health & Wellness Strategy, p22 NiS: Product Safety and Quality, p32-33	
103-3 The management approach and its components	NiS: Our Nutrition, Health & Wellness Strategy, p22 NiS: Product Safety and Quality, p32-33	
416-1 Assessment of the health and safety impacts of product and service categories	NiS: Product Safety and Quality, p32-33 In addition to our report, all our products undergo strict monitoring for food safety and quality purposes. The results of these monitoring are also used for improvement/product renovation where necessary.	
416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	There were no incidents reported in 2019.	
FP5 Percentage of production volume manufactured in sites certified by an independent third party according to internationally recognized food safety management system standards	The percentage of production sites certified by an independent third party is 100%; based on Nestlé Quality Management System and international recognised standards. The factories are audited annually by SGS for FSSC 22000, OHSAS 18001 and ISO 14000. (Source: Manufacturing Management, Technical and Production, Nestlé Malaysia.)	
FP6 Percentage of total sales volume of consumer products, by product category, that are lowered in saturated fat, trans fats, sodium and added sugars	NiS: Addressing Our Consumption of Sugar and Sodium, p25 Nestlé has always been committed to improving both the nutritional benefits and taste of our food and beverage products. We pay particular attention to food safety and nutritional recommendations, whilst complying with regulatory requirements and meeting consumer expectations.	Data unavailable due to the confidential nature of the information, Nestlé is unable to provide the percentage of total sales volume of consumer products by product category.

GRI CONTENT INDEX

Disclosure	Page number(s) and/or URL(s)	Omission
GRI 400 Social Standards Series		
CUSTOMER HEALTH AND SAFETY		
FP7 Percentage of total sales volume of consumer products, by product category, that contain increased nutritious ingredients like fiber, vitamins, minerals, phytochemicals or functional food additives	<p>NiS: Performance Data (For Individuals & Families), p44-45</p> <p>NiS: Micronutrient Fortification, p27</p> <p>At Nestlé Malaysia, we are constantly innovating and renovating our products to improve their nutritional quality. However, we do not collate quantitative data for the percentage of products that contain increased fibre, vitamins, minerals, phytochemicals or functional food additives.</p> <p>Nestlé Policy on Fortification of Food Products with Vitamins, Minerals and Trace Elements is to promote fortification of food products with vitamins, minerals and trace elements at levels that are sufficient to help to improve health but in amounts that do not increase the risk of developing adverse consequences from excessive consumption.</p>	
MARKETING AND LABELING		
103-1 Explanation of the material topic and its Boundary	<p>NiS: Providing Nutritional Information, p28</p> <p>NiS: Responsible Marketing and Advertising, p30</p> <p>NiS: Responsible Marketing of Breast-milk Substitutes, p30-31</p>	
103-2 The management approach and its components	<p>NiS: Providing Nutritional Information, p28</p> <p>NiS: Responsible Marketing and Advertising, p30</p> <p>NiS: Responsible Marketing of Breast-milk Substitutes, p30-31</p>	
103-3 Evaluation of the management approach	<p>NiS: Providing Nutritional Information, p28</p> <p>NiS: Responsible Marketing and Advertising, p30</p> <p>NiS: Responsible Marketing of Breast-milk Substitutes, p30-31</p>	
417-1 Requirements for product and service information and labeling	<p>NiS: Performance Data (For Individuals & Families), p44-45</p> <p>NiS: Providing Nutritional Information, p28</p> <p>NiS: Portion Guidance, p29</p>	
417-2 Incidents of non-compliance concerning product and service information and labeling	There were no incidents reported in 2019.	
417-3 Incidents of non-compliance concerning marketing communications	To our best knowledge and with reasonable steps taken, there were no incidents in 2019.	

Disclosure	Page number(s) and/or URL(s)	Omission
GRI 400 Social Standards Series		
CUSTOMER PRIVACY		
103-1 Explanation of the material topic and its Boundary	Privacy Policy: https://www.nestle.com.my/info/privacy_policy	
103-2 The management approach and its components	Privacy Policy: https://www.nestle.com.my/info/privacy_policy	
103-3 Evaluation of the management approach	Privacy Policy: https://www.nestle.com.my/info/privacy_policy	
418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	There were no incidents reported in 2019.	
SOCIOECONOMIC COMPLIANCE		
103-1 Explanation of the material topic and its Boundary	NiS: Providing Nutritional Information, p28 NiS: Responsible Marketing and Advertising, p30 NiS: Responsible Marketing of Breast-milk Substitutes, p30-31	
103-2 The management approach and its components	NiS: Providing Nutritional Information, p28 NiS: Responsible Marketing and Advertising, p30 NiS: Responsible Marketing of Breast-milk Substitutes, p30-31	

GRI CONTENT INDEX

Disclosure	Page number(s) and/or URL(s)	Omission
GRI 400 Social Standards Series		
SOCIOECONOMIC COMPLIANCE		
103-3 Evaluation of the management approach	NiS: Providing Nutritional Information, p28 NiS: Responsible Marketing and Advertising, p30 NiS: Responsible Marketing of Breast-milk Substitutes, p30-31	
419-1 Non-compliance with laws and regulations in the social and economic area	There were no incidents reported in 2019.	
ANIMAL WELFARE		
103-1 Explanation of the material topic and its Boundary	Nestlé Malaysia does not breed animals or handle livestock in its operations.	
103-2 The management approach and its components	Nestlé Malaysia does not breed animals or handle livestock in its operations.	
103-3 Evaluation of the management approach	Nestlé Malaysia does not breed animals or handle livestock in its operations.	
FP9 Percentage and total of animals raised and/or processed, by species and breed type	Nestlé Malaysia does not breed animals or handle livestock in its operations.	
FP10 Policies and practices, by species and breed type, related to physical alterations and the use of anaesthetic	Nestlé Malaysia does not breed animals or handle livestock in its operations.	

Disclosure	Page number(s) and/or URL(s)	Omission
GRI 400 Social Standards Series		
ANIMAL WELFARE		
FP11 Percentage and total of animals raised and/or processed, by species and breed type, per housing type	Nestlé Malaysia does not breed animals or handle livestock in its operations.	
FP12 Policies and practices on antibiotic, anti-inflammatory, hormone, and/or growth promotion treatments, by species and breed type	Nestlé Malaysia does not breed animals or handle livestock in its operations.	
FP13 Total number of incidents of significant non-compliance with laws and regulations, and adherence with voluntary standards related to transportation, handling, and slaughter practices for live terrestrial and aquatic animals	Nestlé Malaysia does not breed animals or handle livestock in its operations.	

Abbreviations:

- NiS:** Nestlé in Society
- AR:** Annual Review
- CGFR:** Corporate Governance and Financial Report
- NCBP:** The Nestlé Corporate Business Principles
- NCBC:** Nestlé Code of Business Conduct
- RSS:** Nestlé Responsible Sourcing Standard



Independent Assurance Report To Management of Nestlé (Malaysia) Berhad (2019)

We have been engaged by Nestlé (Malaysia) Berhad (“Nestlé Malaysia” or “the Company”) to perform an independent limited assurance engagement on selected Sustainability Information (hereon after referred to as “Selected Information” comprising the information set out in the Subject Matter) for the financial year ended 31 December 2019 as reported by Nestlé Malaysia in its Nestlé in Society Report 2019.

Management’s Responsibility

Management of Nestlé Malaysia is responsible for the preparation of the Selected Information included in the Nestlé in Society Report 2019 in accordance with Nestlé Malaysia’s internal sustainability reporting guidelines and procedures and Global Reporting Initiative’s Sustainability Reporting Standards (“GRI Standards”). Management is also responsible for the preparation of Nestlé in Society Report 2019 disclosures to be in accordance with the GRI standards.

This responsibility includes the selection and application of appropriate methods to prepare the Selected Information reported in the Nestlé in Society Report 2019 as well as the design, implementation and maintenance of processes relevant for the preparation. Furthermore, the responsibility includes the use of assumptions and estimates for disclosures made by Nestlé Malaysia which are reasonable in the circumstances.

Our Responsibility

Our responsibility is to provide a conclusion on the Subject Matter based on our limited assurance engagement performed in accordance with the approved standard for assurance engagements in Malaysia, International Standard on Assurance Engagements (ISAE) 3000 “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information”.

This standard requires that we comply with ethical requirements, and plan and perform the assurance engagement under consideration of materiality to express our conclusion with limited assurance.

The accuracy of the Selected Information is subject to inherent limitations given their nature and methods for determining, calculating and estimating such data.

Our limited assurance report should therefore be read in connection with Nestlé Malaysia’s sustainability reporting guidelines and procedures on the reporting of its sustainability performance.

In a limited assurance engagement, the evidence-gathering procedures are more limited than for a reasonable assurance engagement, and therefore less assurance is obtained than in a reasonable assurance engagement.

Subject Matter

The following information collectively known as Selected Information on which we provide limited assurance consists of:

- the management and reporting processes with respect to the preparation of the following Selected Information reported and marked with asterisks (*) in the Nestlé in Society Report 2019:
 1. Number of participants in the MILO Malaysia Breakfast Day for the financial year ended 31 December 2019;
 2. Reduction in sodium and added sugar (%) for the financial year ended 31 December 2019;
 3. Lost Time Injury Frequency Rate (“LTIFR”) for the financial year ended 31 December 2019;
 4. Volume of Water Recycled and Reused (m³/year) for the financial year ended 31 December 2019;
 5. Packaging source reduction (tonne) for MILO UHT, Nestlé Ice Cream and Nestlé Commercial Beverage Dispenser for the financial year ended 31 December 2019;
 6. Landfill waste (tonne) for the financial year ended 31 December 2019.
- Nestlé Malaysia’s declaration that Nestlé in Society Report 2019 is prepared in accordance with the GRI standards.



Criteria

- Nestlé Malaysia's internal sustainability reporting guidelines and procedures by which the Selected Information is gathered, collated and aggregated internally.
- The GRI standards.

Main Assurance Procedures

Our work, which involved no independent examination of any of the underlying financial information, included the following procedures:

- Inquiries of personnel responsible for the Selected Information reported in Nestlé in Society Report 2019 regarding the processes to prepare the said report and the underlying controls over those processes;
- Inquiries of personnel responsible for data collection at the corporate and operation unit level for the Selected Information;
- Inspection on a sample basis of internal documents, contracts, reports, data capture forms and invoices to support the Selected Information for accuracy including observation of management's controls over the processes;
- Inquiries of personnel on the collation and reporting of the Selected Information at the corporate and operation unit level; and
- Checking the formulas, proxies and default values used in the Selected Information against Nestlé Malaysia's sustainability reporting guidelines and procedures.
- Checking the Nestlé in Society Report 2019 in accordance with the GRI standards.

Independence and Quality Control

We have complied with the relevant independence requirements and other ethical requirements of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

We apply International Standard on Quality Control 1 "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements", and accordingly maintains comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Conclusion

Based on our limited assurance engagement, in all material aspects, nothing has come to our attention that causes us to believe that:

- the Selected Information in the Subject Matter has not been fairly stated in accordance with Nestlé Malaysia's internal sustainability reporting guidelines and procedures; and
- the Nestlé in Society Report 2019 disclosures are not sufficient to be reported in accordance with the GRI standards.

Restriction on use

This report, including our conclusions, has been prepared solely for the Board of Directors of Nestlé Malaysia in accordance with the agreement between us, in connection with the performance of an independent limited assurance on the Selected Information in the Subject Matter as reported by Nestlé Malaysia in its Nestlé in Society Report 2019. Accordingly, this report should not be used or relied upon for any other purposes. We consent to the inclusion of this report in the Nestlé in Society Report 2019 and to be disclosed online at www.nestle.com.my, in respect of the financial year ended 31 December 2019, to assist the Directors in responding to their governance responsibilities by obtaining an independent assurance report in connection with the Selected Information. As a result, we will not accept any liability or assume responsibility to any other party to whom our report is shown or into whose hands it may come. Any reliance on this report by any third party is entirely at its own risk.

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

Kuala Lumpur
13 March 2020

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