



Nestlé® Good food, Good life



NESTLÉ IN SOCIETY REPORT 2020



# Inside this Report



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

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

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# About this Report

## WELCOME TO THE NESTLÉ IN SOCIETY REPORT 2020

**At Nestlé, we are committed to creating shared value wherever we have an impact. We record our progress on these commitments in a detailed and transparent manner via the Nestlé in Society Report, ensuring that our shareholders and stakeholders are well-informed of our progress and achievements.**

2020 marks our 15<sup>th</sup> dedicated sustainability report. Amidst the unprecedented challenges of the year due to the pandemic, we continued to accelerate our sustainability commitments to create a positive impact to the society and the environment. Driven by our Creating Shared Value (CSV) framework, we have honed in on material issues and key impact areas with clear targets in place, through which we can deliver innovative, effective and meaningful solutions to bring about positive change.

### REPORT SCOPE AND BOUNDARY

This Nestlé in Society Report reviews the operations of Nestlé (Malaysia) Berhad ("Company") and its subsidiaries ("Group") for the reporting period of 1 January to 31 December, 2020.

The Report details our efforts in creating value for respective stakeholders in relevant areas across our value chain. The initiatives we have undertaken are guided by the material issues outlined in our 2020 materiality assessment.

### REPORTING FRAMEWORK

This Report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards – Comprehensive Option. In line with the GRI Standards, we have disclosed and reported on economic, environmental and social issues of most concern to our stakeholders.

Our progress is showcased via our CSV Key Performance Data, which is based on our global reporting suite. As part of Nestlé S.A.'s annual submission of Communication on Progress (CoP) to the United Nation's Global Compact, these indicators reflect our steadfast commitment to the Global Compact and the Ten Principles on human rights, labour, environment and anti-corruption.

Additionally, this year's Report is guided by the Integrated Reporting Framework, which is reflected in our dedicated Annual Review, part of our Annual Reporting Suite. This Report is also aligned with the Amendments to Bursa Malaysia Securities Berhad's Main Market Listing Requirements relating to Sustainability Statement in Annual Report.

Moreover, as an effort to strengthen transparency of our progress on climate action, the Report adheres to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Across our global operations, Nestlé continues to be supportive of TCFD, which resonates with the interests of investors, in tandem with encouraging robust risk management frameworks and climate mitigation measures.

### INDEPENDENT ASSURANCE

To further ensure the accuracy, objectivity and transparency of the information contained in this Report, PricewaterhouseCoopers (PwC) was engaged to undertake a limited independent assurance on selected key material issues. Please refer to the full independent assurance statement at the end of this Report for more details on the scope of work and observations.

#### Icons in this report

**AR** Annual Review 2020

**CGFR** Corporate Governance & Financial Report 2020

**NIS** Nestlé in Society Report 2020

# About Us

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

Nestlé has been operating commercially

IN MALAYSIA  
SINCE 1912

20% of our total production is  
exported to more than  
**50 COUNTRIES** across the  
world



THE  
BIGGEST  
HALAL-  
PRODUCING  
NESTLÉ  
MARKET IN  
THE WORLD

Employs

**100%**  
Malaysian manufacturing  
workforce

Employs

**5,018 PEOPLE**

as at 31 December 2020



TURNOVER OF RM5.4  
BILLION IN 2020



Operates

**6 FACTORIES**  
and one national distribution centre

Spent in 2020

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



Market capitalisation of  
**RM32.6 BILLION**  
as at 31 December 2020

**RM15 MILLION**  
on COVID-19 relief efforts

# A Message from Our Chairman and CEO

Dear stakeholders,

In a turbulent year which saw the world facing one of the most significant health crises of our time, we saw a greater need than ever to focus on driving sustainability for the long-term. Through our CSV approach, we remain single-minded in unlocking the power of food to deliver meaningful progress that benefits our shareholders, stakeholders, society at large, and the planet.



## INDIVIDUALS AND FAMILIES

We are committed to deliver high-quality, great-tasting, nutritious products, and provide affordable nutrition for all. In 2020, we successfully improved nutritional profiles of 22 products to meet a more stringent set of criteria for the Healthier Choice Logo (HCL) by the Ministry of Health Malaysia and continued rolling out new healthier product innovations across our portfolio.

The COVID-19 pandemic has led us to explore unique and innovative ways to inspire Malaysians to lead healthier lives from the comfort and safety of their homes. In 2020, we rolled out our first well-received NESTLÉ FOR HEALTHIER KIDS (N4HK) nationwide digital engagement campaign to encourage parents to cook healthier meals together with their kids.

Our brands, including MILO through their *Aktif Negaraku* platform, and NESTLÉ OMEGA PLUS through their new Walk A Million Miles campaign, also explored innovative and new virtual programmes and campaigns to replace the conventional face-to-face engagement and events which could not take place in 2020.

## OUR COMMUNITIES

As the leading food and beverage (F&B) company, we are committed to play our part in the national response to the pandemic and lend our support to vulnerable communities impacted by COVID-19. Under our 'NESTLÉ CARES' umbrella, we invested RM15 million to help over 200,000 Malaysians including the B40 communities, frontliners, welfare homes and impacted F&B operators.

We remained focused on elevating the quality of life of farmers in rural areas through our Farmer Connect programmes. In 2020, we helped improve livelihoods of 100 coffee farmers in Kedah through the Nescafé Grown Respectfully programme, and produced our first-ever 100% Malaysian home-grown coffee, NESCAFÉ Classic Kopi Kedah, setting the foundation to revitalise coffee growing in Malaysia.

In an effort to help address the global issue of youth unemployment, which was further exacerbated by the pandemic, we pledged to provide employment opportunities to 500 youths by 2021, including those from the B40 communities.

We believe that nurturing a healthy, diverse and engaged workforce builds the foundation for a successful organisation. To this end, we introduced new ways of working that provide a more supportive environment for employees, including remote and flexible working arrangements. We also continued increasing the number of women in leadership positions and adopted higher pay transparency as part of our efforts in closing the gender pay gap and driving better gender balance.

## THE PLANET

We need to work towards a sustainable future for all and preserve our planet's natural resources. We remain fully dedicated to water stewardship and responsible management of resources. We are committed to continue ensuring that all wastewater discharged from our operations meet strict quality requirements and is within the allowed regulatory limits.

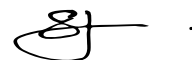
As part of our global pledge to make our packaging 100% recyclable or reusable by 2025, we implemented 100% paper straws across our entire UHT range, becoming the first large scale F&B company in ASEAN to do so. We also collaborated with external stakeholders, partnering with the Petaling Jaya City Council (MBPJ) to introduce residential recycling programmes and with retail chain store, 99 Speedmart to recycle used beverage cartons through our MILO CAREton Project, creating wider reach and impact to society. New packaging communications were also launched featuring recycling education on-pack, to guide and encourage consumers to separate their product packaging.

Marking our progress in the fight against climate change, we successfully achieved our target of planting one million trees along Sabah's Kinabatangan River via the Kinabatangan RiLeaf Project. Building on this momentum, we embarked on a more ambitious target to plant three million trees in Malaysia by 2023 through Project RELeaf, which will contribute to our commitment towards net zero greenhouse gas emissions by 2050.

## COMMITMENT TO TRANSPARENT REPORTING

Our reporting framework is prepared in accordance with the GRI Standards – Comprehensive Option, in line with our commitment to transparent reporting, and our sustainability approach is also aligned with the United Nations' Sustainable Development Goals.

We believe that a sustainable business will drive long-term growth. As we weather the challenges of the pandemic, our commitment to sustainability remains unchanged. We will continue to deliver on our environmental and societal commitments and lead the way in shaping a more sustainable future for future generations.



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



**Juan Aranols**  
Chief Executive Officer (right)

# Nestlé in Society: Creating Shared Value

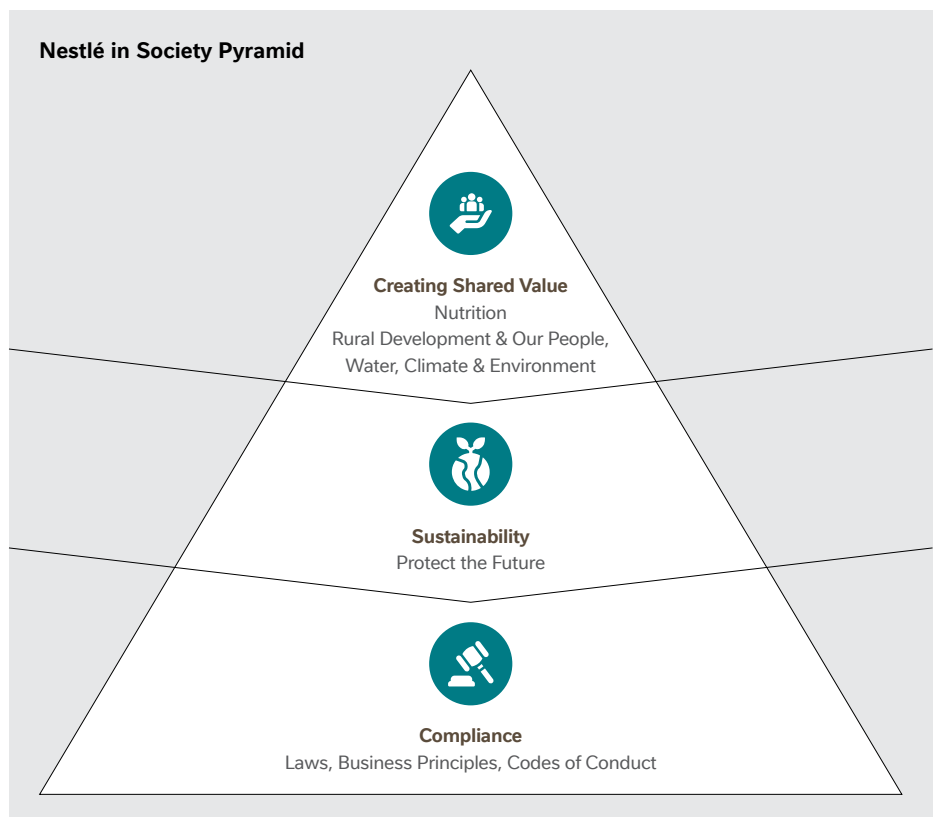
Creating Shared Value is at the very heart of Nestlé – shaping the foundation of how we do business, as well as how we impact the world as a force for good. CSV is embedded in the overall Nestlé culture and the principles that we live by, defining our vision for a sustainable future for all, and allowing us to consistently enhance value for our shareholders, stakeholders and society as a whole. This is how we bring our purpose to life – unlocking the power of food to enhance quality of life for everyone, today and for generations to come.

Our CSV approach is led by three impact areas, which we view as vital to help address societal issues that are prevalent across the globe:

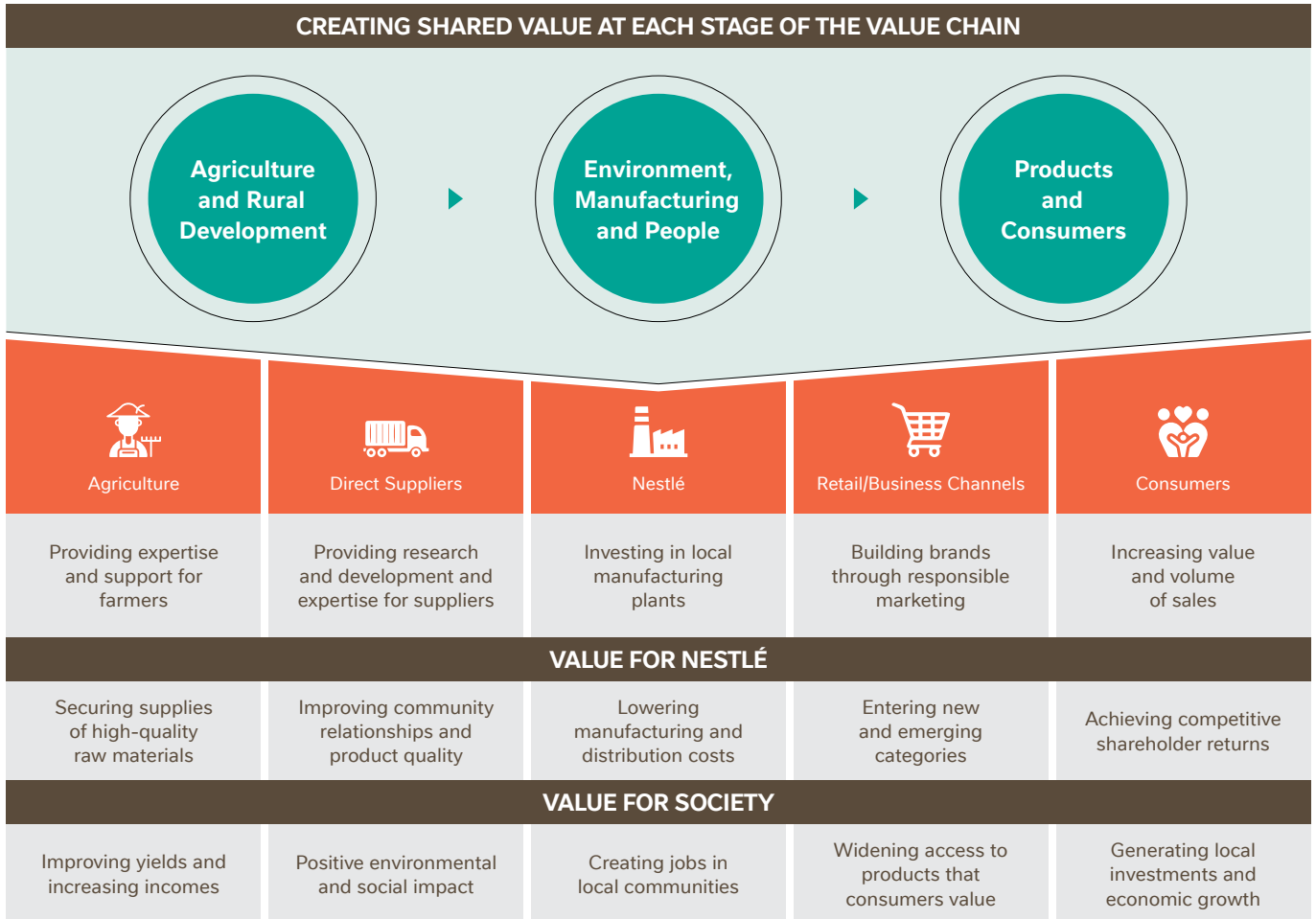


In order to realise these ambitions, we have set long-term commitments to drive decisive action in these areas. With set targets in place, we are able to track our progress each year, with specific indicators for our various programmes. Our materiality assessment and feedback from valued external stakeholders also enable us to ensure our actions remain relevant.

As a leading multinational manufacturer in the F&B sector, we are fully cognisant of our role in setting the standards for the industry. We do this by adopting best practices across our operations – from compliance standards to corporate governance and ensuring strictest adherence to local and international laws and regulations. This is in addition to our in-house Nestlé Corporate Business Principles (NCBP), which we manifest in our vision of CSV.







**2020 HIGHLIGHTS**

We are dedicated to achieving our CSV objectives and are pleased to have marked tangible steps forward in 2020, despite the tough external backdrop. Particularly in our environmental sustainability commitments, we spearheaded multiple pioneering initiatives during the year.

A key effort in which we have made great progress is the war against plastic waste, specifically by eliminating single-use plastic.

- In a breakthrough for the Company and as the first large-scale F&B company in ASEAN to do so, we have fully transitioned to 100% paper straws across our entire UHT range, saving more than 200 million plastic straws per year.
- We also partnered with MBPJ and 99 Speedmart, launching recycling programmes to raise awareness and encourage participation amongst local communities.

We are continuing forward in our journey to tackle climate change.

- We launched Project RELeaf, which is aimed at planting three million trees by 2023. The replanting activities will take place in critical forest reserves in Sabah and Peninsular Malaysia.
- Nestlé closed the year by accelerating our global pledge to combat climate change, with a Net Zero Roadmap setting clear targets to halve emissions by 2030 and achieve net zero by 2050.

Nestlé Malaysia is firmly committed to scaling up our efforts in order to contribute to this mission and bring about a greener future for all.

# Nestlé in Society: Creating Shared Value

## OUR PURPOSE

In 2020, Nestlé globally marked 154 years since our establishment. After all these years, we remain guided by our purpose, which has become even more relevant today as people are increasingly conscious of the role food plays in their health. Accompanying this is a renewed call for companies to take accountability in driving positive change ensuring business growth goes hand in hand with sustainability.

Our commitment to sustainable growth is reflected in our promise to deliver GOOD FOOD, GOOD LIFE to all. We are ever-conscious of our responsibility to nourish individuals and families by providing high-quality, accessible and affordable nutrition, while ensuring that the communities around us prosper and respecting our planet for future generations.

Our commitment in ensuring that our way of doing business resonates with consumers, comes from our core values which are rooted in RESPECT:

Respect	<b>Respect for ourselves:</b> Respect starts with each of us, with self-respect and being true to ourselves, then acting with integrity, fairness and authenticity.
	<b>Respect for others:</b> Respect for people around us and all those we interact with creates a climate of mutual trust. This is about taking pride in living up to what we promise. For us, it is about quality in our products, our brands and in everything that we do.
	<b>Respect for diversity:</b> Respect for other ways of thinking, other cultures, and all facets of society requires openness and inclusiveness in all our interactions, both inside and outside the Company.
	<b>Respect for the future:</b> Respect for the world's future and generations who follow us, compels us to act with responsibility and courage, even at difficult times.

In addition to embedding this across our Company, we expand this to encompass our entire value chain, building strong expectations for our partners and stakeholders to adhere to the same values.

We are single-minded in staying true to our purpose and our values. As part of this, we are uncompromising in our commitment to abide by a strict ethical code. This applies to every facet of our organisation, as exemplified by our zero-tolerance policy for fraud, bribery and corruption, as well as personal data protection measures and public policies. Our stringent standards and policies are comprehensively detailed in our NCBP and our Code of Business Conduct.



## CONTRIBUTING TO THE SUSTAINABLE DEVELOPMENT GOALS

As we progressively scale up our sustainability efforts, we benchmark our progress and achievements against the United Nations' (UN) 2030 Agenda for Sustainable Development. At the global level, Nestlé contributed to the establishment of the UN's 17 Sustainable Development Goals (SDGs) and our global CSV framework is aimed at supporting the realisation of these SDGs. This is driven by our three global ambitions, which represent interconnected areas where we can make the most impact, ensuring that Nestlé continues to be a force for good.

Going a step further, we have sharpened our focus specifically on Nestlé Malaysia's contributions to the SDGs. This facilitates a more localised approach to our CSV activities, determining initiatives which allow us to achieve meaningful results while maintaining alignment with SDG targets.

In order to provide meaningful disclosure by which to measure impact, we have also identified Nestlé Malaysia's specific contributions to the goals and mapped our CSV activities to those SDG targets to which we make significant contributions.

### Our Purpose

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

### Our 2030 Global Ambitions



#### For Individuals and Families

Enabling healthier and happier lives

To help 50 million children lead healthier lives



#### For Our Communities

Helping develop thriving, resilient communities

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



#### For The Planet

Stewarding resources for future generations

To strive for zero environmental impact in our operations

### Our Impact Areas

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

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

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

### Our CSV Pillars

Nutrition, Health and Wellness

Rural Development, Our People

Water, Environment, Climate

### Through Our Ambitions, We are Supporting the SDGs



# Creating Shared Value Governance

Upholding the legacy of trust for the Nestlé brand that we have built over these many years is of paramount interest. This legacy is not only founded in our purpose and values, but also in our actions, which are guided by the ethical principles and robust governance practices that are deeply entrenched within our Company and across our value chain.

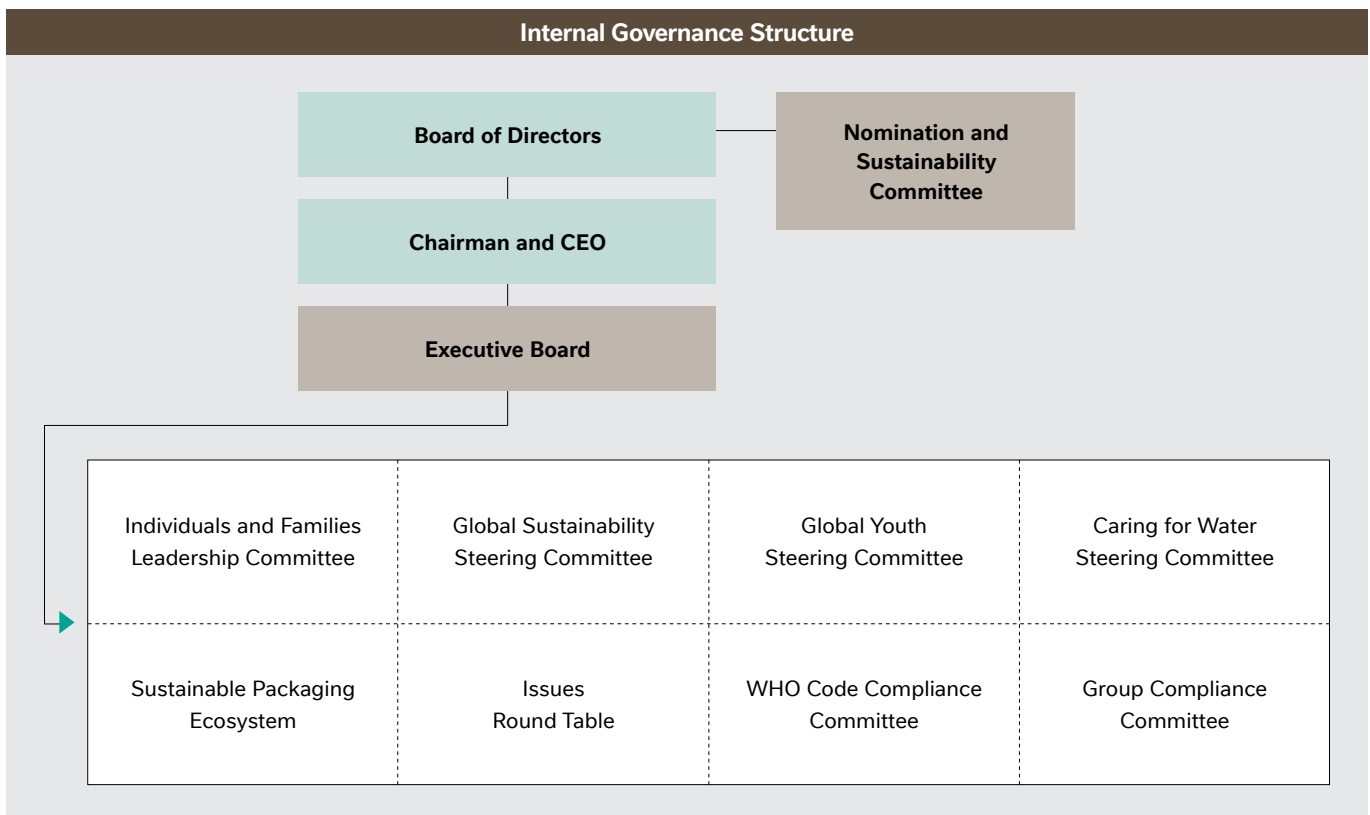
## Nestlé Corporate Business Principles

We are governed by the NCBP, which underpin our culture, values and CSV strategy. The NCBP was developed in line with the United Nations Global Compact (UNGC) Principles, which are recognised internationally for best practices in sustainable and socially responsible policies and reporting standards.

Nestlé employees must fully abide by the NCBP, by adhering to pertinent business codes, policies, processes and tools. We have established several channels to ensure that all employees comply with these principles and to monitor the effectiveness of the NCBP. One of our primary channels is via our CARE (Nestlé Corporate Compliance Assessment Programme of Human Rights and Labour Practices, Business Integrity, Safety & Health, Environmental Sustainability and Security) audits, whereby we conduct regular assessments.

## GOVERNANCE STRUCTURE AT GLOBAL LEVEL

Nestlé’s Global leadership, comprising the Nestlé S.A. Board of Directors, Chairman, Chief Executive Officer (Group CEO) and Executive Board, bear the responsibility of determining our role in society and managing our CSV strategy and initiatives. They are supported by internal management bodies and other relevant Committees that play a role in shaping our ambitions and objectives.



### External Advisory Groups – The Nestlé CSV Council

To strengthen inclusivity, the Group's internal governance structure is supported by external advisory groups, such as the Nestlé CSV Council. Nine members are currently appointed to the Council, possessing the requisite experience and expertise in the areas of corporate social responsibility, strategy, sustainability, nutrition, water and rural development. The Council provides sound advice and recommendations to Nestlé management pertaining to CSV implementation, as well as progress evaluation. For the list of experts that we engage, visit the Nestlé S.A. website at [www.nestle.com](http://www.nestle.com)

### GOVERNANCE STRUCTURE AT NESTLÉ MALAYSIA

Nestlé Malaysia's CSV strategy is led by the Group Corporate Affairs Department, which oversees CSV and sustainability efforts with the supervision of the CEO, as well as strategic guidance provided by its Board of Directors.

Further to this, Nestlé Malaysia's Board of Directors provide counsel on strategic alignment of the Group's CSV strategy and initiatives, long-term business goals as well as reviews progress on initiatives against commitments. These reviews are conducted biannually.

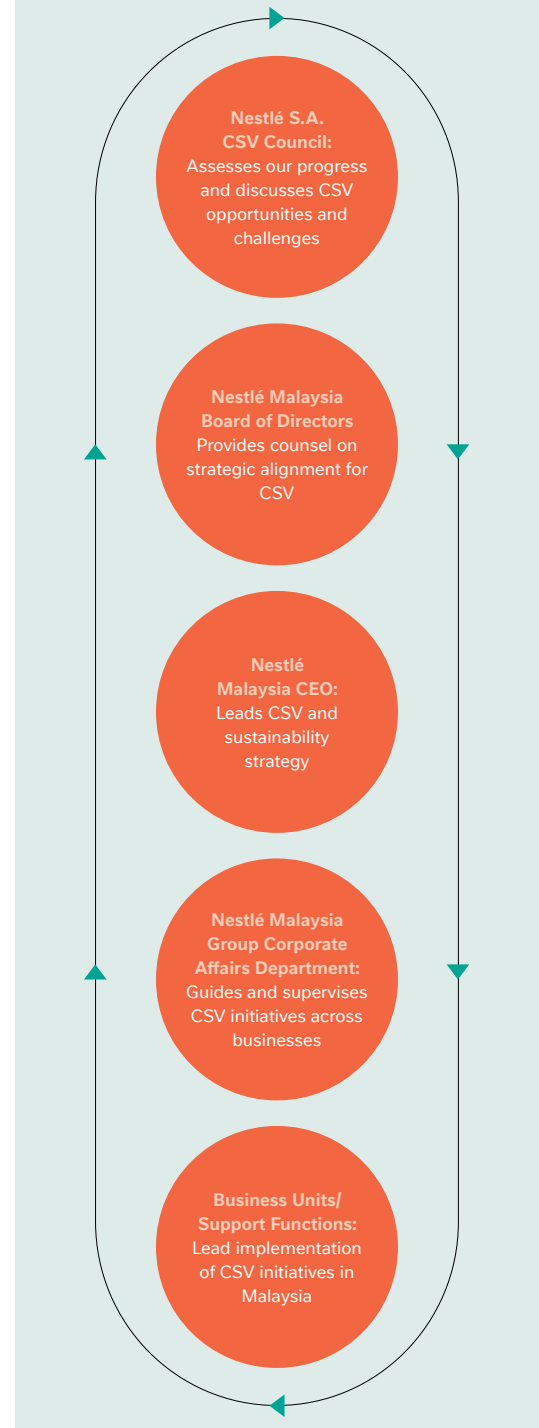
Key CSV topics reviewed by the Board in 2020 include updates on:

- Nutrition, health and wellness initiatives such as the NESTLÉ FOR HEALTHIER KIDS programme roll-out.
- Progression of Farmer Connect programmes to support rural farmers.
- Environmental initiatives including the Project RELeaf reforestation programme and latest efforts in tackling plastic waste.

Operationally, CSV initiatives are led by subject matter experts from the various business units and support functions of the Company. The Group Corporate Affairs Department oversees this and is kept apprised of progress via scheduled reports. Regular reviews are also carried out with the subject matter experts, the Group Corporate Affairs Department and the CEO.

In addition, the Group Corporate Affairs Department vigilantly monitors sustainability developments in both local and global markets. Changes or occurrences that could potentially affect the business are reported to the CEO.

### CSV GOVERNANCE STRUCTURE FOR NESTLÉ S.A. AND MALAYSIA



# Stakeholder Engagement and Material Issues

Building and maintaining trust among our consumers, shareholders and stakeholders has been the foundation of Nestlé’s presence as a trusted food and beverage provider in Malaysia for over 100 years. We believe that in order to move forward and create shared value for all, we need to have deep and meaningful engagement with those impacted by our businesses.

We have dedicated great efforts to build strong relationships and two-way communication with our employees, shareholders, consumers and suppliers directly impacted by our operations, as well as with the broader industry community, including Government and relevant authorities, non-governmental organisations (NGOs), industry and trade associations and academia.

These efforts have helped us to better understand stakeholders' concerns and gather insightful feedback on environmental, economic and social issues that are material to our business.



Our approach to stakeholder engagement is reflective of the multi-dimensional nature of our relationships and includes the use of various channels of communication throughout the year. The insights gathered through these engagement channels are instrumental to guiding our business strategy and shaping our disclosures.

Stakeholder Engagement Process		
<p><b>Identifying</b> 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.</p>	<p><b>Mapping and defining</b> Our extensive stakeholder engagement process with both internal and external stakeholders allows us to track and manage current and emerging issues.</p>	<p><b>Engagement Level</b> We continue to manage relevant CSV initiatives and share our progress against commitments in a fair and transparent manner.</p>

The table below provides an overview of our standard engagement channels as well as the key areas of interest for different stakeholder groups. Due to the impact of the COVID-19 pandemic, not all engagement methods listed could be carried out in 2020, however Nestlé worked to ensure that we connected with stakeholders frequently throughout the year, whilst maintaining safety measures during the pandemic.

	Engagement Methods	Priority Issues
<b>Employees</b>	<ul style="list-style-type: none"> <li>• Ongoing education and training programmes</li> <li>• People development and performance</li> <li>• Intranet, newsletters and internal e-announcements</li> <li>• Townhall meetings and roadshows</li> <li>• Safety, health and environment initiatives</li> <li>• Employee volunteer programme</li> <li>• Employee events</li> <li>• Employee survey</li> <li>• Nestlé Recreational Club</li> </ul>	<ul style="list-style-type: none"> <li>• Employee satisfaction and wellbeing</li> <li>• Diversity, inclusion and equal opportunity</li> <li>• Training and development</li> <li>• Occupational health and safety</li> <li>• Fair compensation</li> <li>• Employee engagement</li> </ul>
<b>Consumers and General Public</b>	<ul style="list-style-type: none"> <li>• Corporate and brand websites</li> <li>• Consumer relationship marketing</li> <li>• Social media channels</li> <li>• Corporate and brand campaigns</li> <li>• Consumer research</li> <li>• Advertisements and promotions</li> <li>• Exhibitions and showcases</li> <li>• Product packaging</li> <li>• 24/7 Consumer Services Hotline</li> </ul>	<ul style="list-style-type: none"> <li>• Food safety and quality</li> <li>• Halal</li> <li>• Nutrition, health and wellness</li> <li>• Responsible labelling and marketing</li> <li>• Innovation</li> <li>• Transparency and integrity</li> <li>• Environmental impact</li> <li>• Affordability</li> <li>• Consumer feedback and queries</li> </ul>
<b>Shareholders and Investors</b>	<ul style="list-style-type: none"> <li>• Annual and Sustainability Reports</li> <li>• Annual General Meeting</li> <li>• Analyst briefings</li> <li>• Announcements to Bursa Malaysia Securities Berhad</li> <li>• One-on-one and group investor meetings and calls</li> <li>• Disclosures on corporate website</li> </ul>	<ul style="list-style-type: none"> <li>• Business performance</li> <li>• Integrity and governance</li> <li>• Business strategy</li> <li>• Regulatory compliance</li> <li>• Reporting</li> <li>• Risk management</li> <li>• Environment, social and governance updates</li> </ul>
<b>Local Communities</b>	<ul style="list-style-type: none"> <li>• Community development programmes</li> <li>• CSV projects</li> <li>• Monthly food contribution programmes</li> <li>• Corporate Social Responsibility initiatives</li> <li>• Farmer Connect programmes</li> <li>• Food bank programmes</li> <li>• Initiatives supporting lower-income, hardcore poor and vulnerable communities</li> </ul>	<ul style="list-style-type: none"> <li>• Employee volunteerism</li> <li>• Community engagement</li> <li>• Rural development and empowerment</li> <li>• Sustainable agriculture</li> <li>• Environmental impact</li> <li>• Food security</li> <li>• Nutrition, health and wellness</li> <li>• Supporting B40 group and other vulnerable communities</li> </ul>
<b>Non-Governmental Organisations</b>	<ul style="list-style-type: none"> <li>• Stakeholder engagement dialogues and materiality assessments</li> <li>• Roundtable discussions</li> <li>• Strategic partnerships and agreements</li> <li>• Memberships</li> <li>• Monthly food contribution programmes</li> <li>• Key Opinion Leaders survey</li> <li>• Corporate Social Responsibility support</li> </ul>	<ul style="list-style-type: none"> <li>• Nutrition, health and wellness</li> <li>• Responsible labelling and marketing</li> <li>• Sustainable agriculture</li> <li>• Labour conditions and standards</li> <li>• Environmental and climate change impact</li> <li>• Community engagement</li> </ul>

# Stakeholder Engagement and Material Issues

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



## ENGAGING WITH PURPOSE

At Nestlé, we are conscious that the role of businesses is changing. Our responsibilities increasingly go beyond our products and business practices to include advocacy and engagement which drives the betterment of the broader society and the global environment. We recognise that such responsibilities are shared and we are committed to driving collaborative engagements which provide opportunities to accelerate positive impacts.

### 2020 Stakeholder Engagement Sessions

Nestlé's stakeholder engagement and materiality assessment sessions are conducted every two years to better understand which of the environmental, economic and social issues relevant to Nestlé's business are most important to stakeholders.

Due to the impacts of the COVID-19 pandemic, the 2020 engagement sessions were carried out in January 2021 for the first time in a virtual setting, leveraging video conferencing tools. A total of 40 external stakeholders from multiple industry groups attended the robust dialogue session, including government agencies, NGOs, and academics from various universities.

The engagement sessions were grouped into four topics, covering Halal awareness and industry development; nutrition, health and wellness; communities and rural development; and environmental sustainability. At each session, Nestlé Malaysia representatives shared the latest initiatives and progress updates on its CSV efforts.

Each session also featured an open discussion where stakeholders raised queries and shared feedback and insights spanning all three CSV pillars. These discussions demonstrated cross-industry concerns and interest and highlighted the opportunities to develop initiatives which can create

impact across multiple CSV pillars. Stakeholders participating in the sessions also had the opportunity to rank the importance of Nestlé's material topics via a poll.

In 2020, we also co-hosted the invite-only country virtual consultation for the Action Platform for the UN SDG 16 together with UNGC and Messrs. Wong and Partners. The aim was to convene stakeholders to discuss their understanding of SDG 16 and local implementation, which will feed into a Country Report for Malaysia. The virtual consultation drew 29 participants, with 23 attending companies and NGOs.

### Collaborating to shape a waste-free future

In August 2020, Nestlé Malaysia hosted the Nestlé Shaping a Waste-Free Future event to sign a Memorandum of Understanding with MBPJ for the launch of our Door-to-Door Collection and Recycling Programme. The initiative aims to encourage good recycling habits amongst local communities in Malaysia. Together with MBPJ, the waste segregation began in October in Ara Damansara and Bandar Sri Damansara neighborhood, involving 8,000 households.

**NIS** For more information on the Door-to-Door Collection and Recycling Programme, please refer to page 97 of this report.



Angeline Lim, Consumer Marketing Manager for Ready-to-Drink business explaining to the Mayor of Petaling Jaya and Nestlé CEO on how to correctly recycle MILO UHT used beverage cartons.

# Stakeholder Engagement and Material Issues

## Multi-Stakeholder Partnerships

We continued to play a leading role in a number of multi-stakeholder partnerships in 2020, lending our industry knowledge to the development of collective solutions. This included ongoing partnership with the Federation of Malaysian Manufacturers (FMM) and other industry players.

A significant area of our involvement in 2020 was in industry initiatives to manage plastic waste, and we remain a founding member of the Malaysia Sustainable Plastic Alliance (MaSPA), previously known as the Malaysian Plastic Pact, as well as the recently incorporated Malaysian Recycling Alliance Berhad (MAREA), in partnership with other leading industry players in the Fast Moving Consumer Goods (FMCG) sector.


In October 2020, Nestlé Malaysia also joined the CEO Action Network (CAN) as a Steering Committee member. CAN is a closed-door peer-to-peer informal network of CEOs and Board members, focused on sustainability advocacy, capacity building, action and performance with the aim of shaping future-ready and environmental, social and governance integrated business models and ecosystems.

## MATERIAL ISSUES

To guide our CSV strategy and ensure that we are addressing the environmental, economic and social issues that matter most to our stakeholders, Nestlé conducts biennial materiality assessments. Through these assessments, we are able to prioritise our actions accordingly and gain a broader understanding of stakeholder interests. Due to the impacts of the COVID-19 pandemic, our 2020 materiality assessment was carried out virtually as part of the 2020 Stakeholder Engagement Sessions. The assessment results were then subject to a review by senior management to ensure reflection of Nestlé's strategic priorities.

For our 2020 materiality assessment, Nestlé's 2019 material topics were reviewed against emerging industry trends, the global Nestlé CSV strategy and the Nestlé Malaysia value chain to ensure the topics' continued relevance. Several topics were renamed to better reflect the activities carried out by Nestlé under the topic, and the topics Industry Engagement and Collaboration and Energy Efficiency were added.

## Nestlé Malaysia's 2020 Material Topics

 For Individuals and Families	 For Our Communities	 For The Planet
<ul style="list-style-type: none"> <li>• Nutrition, Health and Wellness</li> <li>• Food Safety and Quality</li> <li>• Halal</li> <li>• Responsible Product Marketing and Advertising</li> <li>• Integrity and Governance</li> <li>• Innovation</li> <li>• Supporting Healthier Lifestyles</li> <li>• Industry Engagement and Collaboration</li> </ul>	<ul style="list-style-type: none"> <li>• Rural Development and Empowerment</li> <li>• Employee Health and Safety</li> <li>• Training and Development</li> <li>• Diversity and Inclusion</li> <li>• Human Rights</li> <li>• Sustainable Supply Chain and Distribution</li> </ul>	<ul style="list-style-type: none"> <li>• Climate Change</li> <li>• Sustainable Packaging</li> <li>• Waste Management</li> <li>• Water Efficiency</li> <li>• Energy Efficiency</li> </ul>

**Nestlé Materiality Matrix 2020**

The results and input from the 2020 Stakeholder Engagement and Materiality Assessment sessions were analysed and reviewed by our senior management team. As a result of this review process, we have developed our 2020 materiality matrix to provide a representation of material topics’ importance to stakeholders and to Nestlé.



The results of the 2020 materiality assessment showed a similar ranking between many material topics between 2018 and 2020, with some notable changes:

- *Waste Management* has become a higher priority in 2020.
- *Climate Change* has increased in importance to Nestlé Malaysia and decreased in importance to external stakeholders.
- *Human Rights* topic has increased in importance to Nestlé Malaysia.
- The newly added *Industry Collaboration and Engagement* is of greater importance to Nestlé Malaysia than to external stakeholders.
- *Responsible Product Marketing and Advertising* has increased in importance for external stakeholders.

Overall, the five most significant topics – identified based on their location in the top right-hand corner of the matrix – remained the same between 2018 and 2020, with the exception of *Packaging*, which was displaced by *Waste Management*. This is possibly a reflection of stakeholders seeing waste management as a more holistic issue, as influenced by news reports seen in mass media regarding the wider topic of waste management. Nestlé’s focus in managing packaging issues and reinforced efforts in community level waste management could also be an added factor for stakeholders to view the matter with added weightage.

# CSV Key Performance Data

Description	2018	2019	2020
<b>ECONOMIC</b>			
<b>Operational Footprint</b>			
Number of factories	7	6	6
<b>Value Generation (RM'000)</b>			
Total sales for Malaysia	5,519,045	5,518,076	5,412,180
<b>Value Distribution (RM'000)</b>			
Turnover	5,519,045	5,518,076	5,412,180
Operating costs	1,223,069	1,161,522	1,209,502
Taxes	217,008	202,812	172,056
Net Profit	658,882	672,913	552,713
Earnings per share (sen)	280.97	286.96	235.70
Net Dividends per share (sen)	280.00	280.00	232.00
Dividend Yield	1.9	1.9	1.6

<b>NUTRITION</b>			
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)	97	97	95
Number of products certified with Healthier Choice Logo	-	-	22
NESTLÉ FOR HEALTHIER KIDS Programme (Number of students involved)	19,474	30,631	5,337 <sup>#</sup>

<b>RURAL DEVELOPMENT</b>			
<b>NESTLÉ PADDY CLUB</b>			
Number of participating farmers			
i. Jan - Feb	270	251	212
ii. Aug - Sept	263	235	216
Average yield (MT/ha)			
i. Jan - Feb	5.43	5.23	6.48
ii. Aug - Sept	5.58	5.50	6.02
Total number of hectares			
i. Jan - Feb	739	690	580
ii. Aug - Sept	723	654	611
<b>NESTLÉ CHILLI CLUB</b>			
i. Number of farmers benefitted by the project	81	76	60
ii. Total production (MT)	400	400	200
iii. Total number of hectares	62	62	32
Number of suppliers screened based on Nestlé Responsible Sourcing Standards (Tier 1 Supplier)	107	105	65

Description	2018	2019	2020
<b>OUR PEOPLE</b>			
Total number of employees	5,267	4,686	<b>5,018<sup>^</sup></b>
Leadership positions held by women (%)	51	50	<b>52</b>
Total spent on training and development annually (RM)	3,401,378	6,166,205	<b>514,218<sup>-</sup></b>
Lost time injury frequency rate (LTIFR)	1.4	1.2	<b>1.5<sup>*</sup></b>
Employees covered by collective bargaining agreements (%)	70	70	<b>65</b>
<b>WATER AND ENVIRONMENT</b>			
Total amount of energy per tonne (GJ/tonne)	3.06	3.17	<b>3.31</b>
Total water withdrawal from all areas (ML)	1,666	1,459	<b>1,339</b>
Total waste generated (tonnes)	15,789	19,313	<b>23,398</b>
Total waste diverted from disposal (tonnes)	15,752	19,283	<b>23,360</b>
Waste recycled offsite (tonnes)	12,549	14,525	<b>18,941</b>
Specific GHG reductions (%)	5.01	6.27	<b>3.20</b>
Kinabatangan RiLeaf Project			
Number of trees planted	27,595	154,353	<b>96,062<sup>⊙</sup></b>

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

<sup>#</sup> Programme roll-out impacted due to school closures resulting from COVID-19 pandemic.

<sup>^</sup> Headcount increase is attributed to additional jobs for the setup of the new Plant-Based Meal Solutions manufacturing facility and other factory expansion projects.

<sup>-</sup> Reduced expenditure for physical training sessions due to COVID-19 movement restrictions. Training sessions were conducted virtually.

<sup>⊙</sup> Final remaining trees planted to complete one million trees target under the Kinabatangan RiLeaf Project as of 2020.



## 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.

*We are committed to offering tastier and healthier foods, and inspiring healthier lives for all Malaysians.*



# Our Nutrition, Health & Wellness Strategy



## TO HELP 50 MILLION CHILDREN LEAD HEALTHIER LIVES BY 2030

### NESTLÉ'S GLOBAL IMPACT AREAS



**OFFERING TASTIER AND HEALTHIER CHOICES**



**INSPIRING PEOPLE TO LEAD HEALTHIER LIVES**



**BUILDING, SHARING AND APPLYING NUTRITION KNOWLEDGE**

### OUR PROGRESS IN 2020

ACHIEVED ADDED SUGAR AND SODIUM REDUCTIONS IN **19 PRODUCTS**

**300% INCREASE** IN NESTLÉ OMEGA PLUS WALK A MILLION MILES PARTICIPANTS COMPARED TO 2019

MORE THAN 1,000 STUDENTS AND 90 TEACHERS ENGAGED VIA THE **HALAL AWARENESS PROGRAMME**

**811 SMEs** REACHED THROUGH OUR SME MENTORING PROGRAMME

### CONTRIBUTIONS TO SDGs



Food is the great unifier that connects people across the globe from diverse cultures and backgrounds. Obtaining good nutrition is the foundation for a healthy and happy life. Providing affordable, nutritious and sustainable food and beverage options is paramount to Nestlé.

Spanning more than 150 years globally, the Company's expertise and commitment to Nutrition, Health and Wellness equips us with an in-depth perspective on the importance of unlocking the power of food to enhance the quality of life.

We remain steadfast in our aim of nourishing individuals and families across Malaysia and continue to enhance our product offerings

through the years to meet the evolving needs of Malaysians. We provide meaningful solutions that cater to a wide spectrum of consumers – from different stages of life to diverse income groups.

Throughout our varied product portfolio, we are single-minded in our dedication to deliver high-quality, great-tasting, nutritious products, and affordable nutrition for all.

We continue to leverage cutting-edge technology to produce healthier and tastier products that are reasonably priced. We collaborate with key subject matter experts and invest in research programmes to build a robust knowledge base. We share these findings with the healthcare community to encourage collaboration.



Our Action Area:	Our Key Commitments:
Nutrition, Health and Wellness	<ul style="list-style-type: none"> <li>• Launch more nutritious foods and beverages, especially for mothers-to-be, new mothers and children</li> <li>• Further decrease added sugars and sodium</li> <li>• Increase vegetables, fibre-rich grains, pulses, nuts and seeds in our food and beverages</li> <li>• Address under-nutrition through micronutrient fortification</li> <li>• Build biomedical science leading to health-promoting products</li> <li>• Apply and explain nutrition information on packs, at point-of-sale and online</li> <li>• Offer guidance on portions for our products</li> <li>• Empower parents, caregivers and teachers to foster healthy behaviours in children</li> <li>• Market to children only choices that help them adopt a nutritious diet</li> <li>• Support breastfeeding and protect it by continuing to implement an industry-leading policy to market breast-milk substitutes responsibly</li> <li>• Build and share nutrition knowledge from the first 1,000 days through to healthy aging</li> <li>• All products manufactured, distributed and imported by Nestlé Malaysia are certified Halal</li> </ul>

## NUTRITIOUS PRODUCTS FOR CHILDREN AND ADULTS

### WHY IT MATTERS

With consumers becoming increasingly discerning and seeking out more nutritious options, it is essential that we provide products which support their aspirations and foster healthier lifestyles.

### WHAT WE'RE DOING

#### OUR COMMITMENT:

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

Having nurtured generations of Malaysians during our 108 years of operation in the country, we have always remained true to our commitment of offering only tastier and healthier products to our consumers. As part of these efforts, we continuously and proactively enhance the nutritional value of our diverse portfolio through new product innovations and improving formulation of our existing range.

In line with this, 100% of our products are benchmarked against the Nestlé Nutritional Profiling System (NNPS), a rigorous assessment of the nutritional contributions of our foods and beverages. In addition to placing great emphasis on health-sensitive nutritional factors,

including added sugars, saturated fats, trans fats, sodium and energy content, we also take into account other essential criteria, such as sufficient amounts of calcium, protein, fibre and whole grains, amongst others.

All products that fulfil the NNPS criteria receive the Nestlé Nutritional Foundation (NF) 'Yes' status. This presents consumers with further assurance that our products provide the right proportions for a balanced diet. In 2020, 72% of our total product sales met or exceeded the NF profiling criteria, and we are actively moving towards achieving the NF 'Yes' status for our remaining products.

# Our Nutrition, Health & Wellness Strategy

## OUR PROGRESS:

### New innovative products in 2020

#### For Children:



#### ASCENDA

To help address the needs of children experiencing growth concerns, ASCENDA is a scientifically formulated milk powder with complete nutrition to support the holistic development of children aged 1 to 7 years old. The energy and nutrient-dense formula is high in quality protein comprising 100% dairy, and provides 100% of the daily recommended intake of iron and zinc in two servings. It also contains sphingomyelin, DHA, lutein and choline, essential to support cognitive development and learning.

#### For Adults:



#### NESTLÉ FITNESS Red Berries

In a convenient bar format perfect for those on the move, NESTLÉ FITNESS Red Berries pairs luscious cranberries and strawberries with crunchy toasted wholegrain wheat flakes. This tasty wholegrain bar is a good source of fibre and protein, and is high in calcium, iron and B vitamins.



#### NESTLÉ FITNESS Quinoa, Almonds & Chocolate Granola Oats

Packed with fibre, protein, calcium and iron, this delicious crunchy granola combines the superfoods of quinoa and almonds with the goodness of wholegrain oats and wheat. For those with active lifestyles or always on-the-go, this provides a convenient source of energy to kick-start one's day.



#### NESTLÉ GOLD Cornflakes

Now available in a portable format, the NESTLÉ GOLD Cornflakes bar with wholegrain as its first ingredient, is ideal for those on-the-go. It's high in calcium, iron and B vitamins, and a good source of fibre and protein.



#### MILO ACTIV-GO Plus Fibre

The new MILO ACTIV-GO Plus Fibre contains 3.7g of fibre per serving, which is 2.5 times the fibre content in regular MILO powder and meets 12% of the recommended daily fibre intake. In a serving, it contains only about ½ teaspoon (2.9g) of added sugar (sucrose). This new variant maintains the goodness of MILO made from malt barley, milk and cocoa along with essential vitamins and minerals. This nutritious product carries the Healthier Choice Logo from the Ministry of Health Malaysia.



#### NESTUM Grains & More Purple Sweet Potato & Taro

Made with a combination of multi-grain cereal and real Purple Sweet Potato and Taro, both naturally containing antioxidants, this latest addition to the NESTLÉ NESTUM Grains & More 3-in-1 range is packed with dietary fibre, Vitamins A and C as well as prebiotic inulin. This Healthier Choice product carrying the Healthier Choice Logo from Ministry of Health Malaysia contains 30% less sugar in comparison to NESTUM 3-in-1 Original.



#### NESTLÉ OMEGA PLUS UHT Dark Choc

Providing a convenient and tasty solution to help care for your heart, NESTLÉ OMEGA PLUS UHT now has a new dark chocolate variant. The ready-to-go drink contains ACTICOL (plant sterol) where 1.2g of plant sterols (in two servings) is proven to help reduce cholesterol by blocking it from entering the bloodstream. It is also high in calcium and contains 47% less fat than UHT full cream milk. NESTLÉ OMEGA PLUS UHT Dark Choc also carries the Healthier Choice Logo from the Ministry of Health Malaysia.

#### For Children and Adults:



#### NESTLÉ EVERYDAY Malt with Milk

With the goodness of milk and the great taste of malt, NESTLÉ EVERYDAY Malt with Milk is a nutritious beverage helping to complete the nutritional needs of Malaysian families when taken together as part of a healthy and balanced diet. Not only is it high in calcium and Vitamin D, which is important for healthy bones and teeth, it is also high in Vitamins A and C, iron and fibre. NESTLÉ EVERYDAY Malt with Milk is also a Healthier Choice product.



#### MILO Nutri Breakfast

For a nutritious yet easy-to-prepare breakfast, the whole family can enjoy the goodness of MILO in the first-ever instant oatmeal form. Available in the two variants, MILO Nutri Breakfast Banana and Sunflower Seeds and Pumpkin Seeds, it contains real pieces of bananas or seeds. These products are made with the wholesome goodness of malt barley, milk, cocoa and packed with a unique combination of essential six vitamins and three minerals that help to release energy from the food you consume. It is high in iron, calcium, and Vitamin D, as well as a good source of fibre, which is important to help maintain digestive function. MILO Nutri Breakfast also carries the Healthier Choice Logo from the Ministry of Health Malaysia.

#### SDG SPOTLIGHT

2  
ZERO  
HUNGER



##### Goal 2: Zero Hunger

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

3  
GOOD HEALTH  
AND WELL-BEING



##### Goal 3: Good Health and Well-Being

Target 3.4 - Reduce premature mortality from non-communicable diseases

# Our Nutrition, Health & Wellness Strategy

## ADDRESSING OUR CONSUMPTION OF SUGAR AND SODIUM

### WHY IT MATTERS

Excess consumption of sugar and sodium is known to have adverse health impacts. We understand people’s concerns about the levels of sugar in the foods and drinks they consume, and we have been progressively reducing sugar in our products for years.

### WHAT WE’RE DOING

#### OUR COMMITMENT:

#### Further decrease added sugars and sodium

We formulated the first Nestlé Policy on Sugars in 2007 globally and our commitments are aligned with guidelines issued by the World Health Organization (WHO). We have committed to reduce sugar further by an average of at least 5% over four years (2017–2020).

We also reiterate our commitment to further reduce the level of sodium in our food and beverage products and help consumers achieve target daily sodium intake levels corresponding to recommendations from WHO, with our Nestlé Sodium Policy. Our target is to further reduce the sodium we add to our products by an average of at least 10% over four years (2017–2020).

We remain steadfast in our commitment to offer healthier versions of existing products. This is reflected by our continuous efforts to reduce added sugar and sodium content in our products, reformulating our recipes based on our scientific-driven solutions.

<p>SINCE 2005, WE HAVE REDUCED SODIUM BY UP TO:</p> <div style="display: flex; align-items: center; justify-content: center;"> <div style="text-align: center;"> <p style="font-size: 24px; font-weight: bold; color: white;">35%</p> <p style="font-size: 18px; color: white;">IN MAGGI 2-MINUTE NOODLES KARI</p> </div> </div> <div style="display: flex; align-items: center; justify-content: center; margin-top: 10px;"> <div style="text-align: center;"> <p style="font-size: 24px; font-weight: bold; color: white;">19%</p> <p style="font-size: 18px; color: white;">MAGGI 2-MINUTE NOODLES TOM YAM</p> </div> </div>	<p>SINCE 2017:</p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;"> <p style="font-size: 24px; font-weight: bold; color: white;">39</p> <p style="font-size: 12px; color: white;">PRODUCTS HAVE UNDERGONE ADDED SUGAR REDUCTION</p> </div> <div style="text-align: center;"> <p style="font-size: 24px; font-weight: bold; color: white;">22</p> <p style="font-size: 12px; color: white;">PRODUCTS HAVE UNDERGONE SODIUM REDUCTION</p> </div> </div>
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### OUR PROGRESS:

#### Added Sugar reduction in 2020\*

<ul style="list-style-type: none"> <li>• CERELAC Rice (No sucrose) <b>91.7%</b></li> <li>• NESCAFÉ Mocha <b>44.7%</b></li> <li>• CERELAC Wheat Honey &amp; Dates <b>42.8%</b></li> <li>• NESCAFÉ Caramel Macchiato <b>41.5%</b></li> <li>• NESCAFÉ Latte <b>36.6%</b></li> <li>• CERELAC Rice &amp; Soya <b>35.2%</b></li> <li>• NESCAFÉ Smooth Cappuccino <b>32.7%</b></li> <li>• NESTUM Grains &amp; More Kurma &amp; Prun <b>31.3%</b></li> </ul>	<ul style="list-style-type: none"> <li>• CERELAC Oats, Wheat &amp; Prunes <b>26.6%</b></li> <li>• CERELAC Multigrain &amp; Garden Vegetables <b>20.9%</b></li> <li>• NESTLÉ Apple Sourz <b>18.4%</b></li> <li>• NESCAFÉ GOLD Americano <b>14.5%</b></li> <li>• NESTLÉ HONEY STARS <b>10.7%</b></li> <li>• NESTLÉ FITNESSE Red Berries Cereal Bar <b>8.4%</b></li> <li>• NESTUM Grains &amp; More Oats <b>6.0%</b></li> </ul>
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#### Sodium reduction in 2020\*

<ul style="list-style-type: none"> <li>• NESTUM Original <b>46.4%</b></li> <li>• NESTUM Honey <b>47.8%</b></li> </ul>	<ul style="list-style-type: none"> <li>• NESTUM Grains &amp; More Brown Rice <b>34.2%</b></li> <li>• NESTUM Grains &amp; More Kurma &amp; Prun <b>21.1%</b></li> </ul>
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\* All data for added sugar and sodium reductions has been independently audited. Please refer to the Independent Assurance Report on pages 148 and 149

### Malaysia's Healthier Choice Logo

In 2017, the Ministry of Health Malaysia introduced the Healthier Choice Logo (HCL), a nutrition labelling system with the following objectives:

- To assist consumers in making informed food and beverage choices via relevant information presented on the front label of product packaging.
- To aid consumers in choosing healthier options across various food and beverage categories.
- To encourage food and beverage industries to offer healthier product options.
- To nurture smart eating habits amongst Malaysians by imparting knowledge on good nutrition and healthy eating habits.

The HCL guidelines comprise strict nutritional criteria, with specific requirements for sugar, sodium, fibre, calcium and fat content. As part of the Government's continuous efforts to help consumers make better food choices and support healthier eating, a more rigorous HCL standard was implemented in 2020.

As a result of our proactive product innovation and renovation drive, to date, 22 Nestlé Malaysia products have successfully attained HCL certification, of which **18\* were certified in 2020**.

## IMPROVING NUTRITION THROUGH FIBRE-RICH GRAINS AND VEGETABLES

### WHY IT MATTERS

As an important source of essential nutrients, vitamins, minerals and dietary fibre, vegetables, grains, pulses, nuts and seeds are key to balanced and healthy diets. Nonetheless, fibre and whole grain consumption among both children and adults in Malaysia remain below the recommended levels.

### WHAT WE'RE DOING

#### OUR COMMITMENT:

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

In order to support more nutritious diets in Malaysia, we ensure that we also increase whole grains, and include fruits, vegetables, nuts and seeds in our products to help consumers improve their dietary fibre intake.

To this end, whole grain is the main ingredient in all of our breakfast cereals. To promote consumption, we raise awareness among Malaysians on the recommended amount of fibre and whole grains to be consumed in their daily diet. Our products that contain at least 8g of whole grains per serving can also be easily identified by the 'Whole Grain Tick' on our packaging.

#### OUR PROGRESS:

In 2020, we introduced a number of new products containing whole grains, fruits, vegetables, nuts and seeds. This included MILO Nutri Breakfast – Banana and Sunflower Seeds and Pumpkin Seeds variants and MILO ACTIV-GO Plus Fibre, with increased fibre content. We also launched NESTUM Grains & More Purple Sweet Potato and Taro, a multi-grain cereal beverage with no added colouring. Meanwhile, NESTLÉ FITNESS Quinoa Almond & Chocolate Granola Oat contains wholegrain oat and wheat clusters combined with superfoods – quinoa and almond, for energy to start the day right and our NESTLÉ FITNESS Red Berries wholegrain bar, containing cranberries and strawberries is ideal for a wholesome, on-the-go breakfast.

#### 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

\* This data has been independently audited. Please refer to the Independent Assurance Report on pages 148 and 149

#### 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

# Our Nutrition, Health & Wellness Strategy

## MICRONUTRIENT FORTIFICATION

### WHY IT MATTERS

The 2020 Global Nutrition Report reveals that malnutrition in children is increasing at an alarming rate in nearly every part of the world, with little sign of abating.

In Malaysia, according to the National Health and Morbidity Survey 2019, stunting has increased among children under five years of age, from 17.7% in 2015 to 21.8% in 2019, while the number of underweight children has also increased from 12.4% in 2015 to 14.1% in 2019. Among adults, the report indicated that 29.9% of women of reproductive age (15-49) were affected by anemia. Along with this, Malaysian adults have also seen increased rates of diabetes from 13.4% in 2015 to 18.3% in 2019 and around one in two remains either overweight or obese.







### WHAT WE'RE DOING

#### OUR COMMITMENT:

#### Address under-nutrition through micronutrient fortification

With clear understanding that the impact of malnutrition is preventable, our products are fortified with important micronutrients necessary to support healthy development. These nutrients include those which have been identified as generally lacking in Malaysian diets, and are part of our efforts to close the nutritional gap in the country.

Examples of products that contain key micronutrients include:

 <p><b>MILO</b> ▶ High in calcium and Vitamin D, iron and the B Vitamins (B2, B3, B6 and B12)</p>	 <p><b>LACTOGROW AKTIF</b> ▶ High in Vitamins A, C and D and calcium and iron</p>
 <p><b>NESTLÉ EVERYDAY</b> ▶ High in calcium and Vitamins A and C</p>	 <p><b>KOKO KRUNCH</b> ▶ High in iron, calcium and the B Vitamins (B2, B3, B6 and B9)</p>
 <p><b>NESTUM</b> ▶ High in calcium, iron, and Vitamins C and D</p>	<p><b>SDG SPOTLIGHT</b></p>  <p><b>Goal 2: Zero Hunger</b> Target 2.1 - Ensure access to nutritious food by all people</p>

In 2020, our efforts also centred around helping mothers and children in urban poor communities with malnutrition that were further affected by COVID-19. We reached out to vulnerable communities including to the B40 lower income group, through our various COVID-19 community support initiatives to provide essential food and beverages to impacted families throughout the year. Further information is available on pages 49 to 51 of the For Our Communities section of this report.

## ENHANCING BIOMEDICAL SCIENCE THROUGH NUTRITIONAL THERAPY

### WHY IT MATTERS

Over the years, biomedical science – which focuses on how cells, organs and systems function in the human body – has become instrumental in the treatment and prevention of chronic diseases such as obesity and diabetes. To this end, our scientific approach has allowed us to develop solutions that are targeted at providing more personalised nutrition, tailored to nutritional profiles to better manage these diseases.

### WHAT WE'RE DOING

#### OUR COMMITMENT:

**Build biomedical science leading to health-promoting products, personalised nutrition and digital solutions**

Through Nestlé Health Science (NHS), we aim to cater to dietary requirements relevant to medical illnesses or conditions across life stages. We have a comprehensive range of products that help to correct or improve nutrition for disease recovery and health management. These include a number of products which have been clinically proven to be a vital part of disease recovery and effective health management. Tapping on emerging scientific advances, we continue to adapt the role of nutrition to ensure that we meet consumers' specific needs.

#### SDG SPOTLIGHT



**Goal 2: Zero Hunger**  
Target 2.2 - End all forms of malnutrition

We offer nutritional therapies for the areas below:

- Peptamen:**
  - Critical illness and major surgery
  - Malabsorption
  - Chronic medical conditions
- Peptamen JUNIOR:**
  - Critical illness
  - Malabsorption
  - Cerebral palsy
- resource:**
  - Adult malnutrition
  - Healthy ageing
- ISOSOURCE LOCAL:**
  - Elevated energy and protein needs
- Nutren Optimum:**
  - Long term tube feeding
  - Constipation and diarrhoea
- Nutren Fibre:**
  - Diabetes
  - Impaired glucose tolerance
- Nutren Diabetik:**
  - Diabetes
- nutren diabetes:**
  - Diabetes
- novasource renal:**
  - Renal disease
- Nutren JUNIO:**
  - Growth delay
  - Pediatric malnutrition
- IMPACT POWDER:**
  - Immunonutrition
  - Cancer with treatment
- Peptamen (bottom left):**
  - Critical illness
  - Malabsorption
  - Elevated protein and energy needs
- Peptamen JUNIOR (bottom left):**
  - Peri-operative management
  - Clear liquid diet

### New Products Launched in 2020:



#### OPTIFAST COFFEE AND VANILLA

Clinically proven and specifically formulated for very low-calorie diets, OPTIFAST is scientifically designed as a nutritionally complete total or partial meal replacement for management of weight loss. In 2020, we introduced the two new flavours of Coffee and Vanilla to the range.

# Our Nutrition, Health & Wellness Strategy

## PROVIDING NUTRITIONAL INFORMATION

### WHY IT MATTERS

Consumers are increasingly interested in understanding the foods and beverages they consume, and how these products contribute to their specific lifestyles. Providing accurate information on nutritional content and ingredients is an important component of empowering consumers to make healthier choices.

### WHAT WE'RE DOING

#### OUR COMMITMENT:

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

To equip individuals and families with the necessary facts to make informed food and beverage choices for balanced diets, we present science-based data in a consumer-friendly manner on our products. The **Guideline Daily Amount (GDA)** is on the front-of-pack of relevant products providing information on the energy contribution of the product per serving, based on the recommended daily energy intake for an average individual. In 2020, the GDA label was featured on 95% of total products sold for which the label was applicable.


Further supporting this is our **NESTLÉ NUTRITIONAL COMPASS (NNC)**, providing a nutritional breakdown of a product, such as the energy, protein, carbohydrate and fat content under the nutrition information panel (NIP). The NNC also features other salient details, from contact information for consumer queries or concerns, to advice on proper nutrition and tips on leading healthier lifestyles. The NNC was displayed on 98% of total products sold in 2020.

Consumers are also able to access our corporate websites, brand sites and e-commerce platforms for more nutritional information.

### Brand Communication on Nutritional Information

## KNOW THE GOODNESS OF MILO®

Each cup of MILO® has the natural goodness of malt barley, milk, cocoa and 6 vitamins & 3 minerals to give you the energy to go further.

 **MILK**  
Source of protein and calcium

 **COCOA**  
The chocolately taste that you like

 **MALT BARLEY**  
Source of energy

6 vitamins & 3 minerals

**ONLY 1 TEASPOON OF ADDED SUGAR**

\*5.8g sucrose per serving (30g)

#### DID YOU KNOW



1 Cup of MILO® contains **124kcal**, which is **6%** of your energy needs per day\*\*

\*\*based on 2000kcal





Nestlé Nutritional Compass

**PERISA Kari**  
MI SEGERA / INSTANT NOODLES

**Bijirin gandum diimport dari Australia**  
Setiap pengalaman MAGGI® yang hebat bermula dengan mi. Gandum yang diimport dari Australia merupakan sumber protein dan karbohidrat yang baik untuk kabakan seisi keluarga.

**PETUA BERGUNA**  
Tambahkan sayur segar dan sumber protein (telur/tahu) untuk hidangan lebih seimbang.

MAKLUMAT PEMAKANAN / NUTRITION INFORMATION			
Saiz Hidangan / Serving Size: 79g			
Jumlah Hidangan / Servings Per Pack: 5			
Purata Komposisi / Average Composition	Setiap / Per 100g	Setiap Hidangan / Per Serving 79g	
Tenaga / Energy	kcal	445	352
Tenaga / Energy	kJ	1869	1477
Lemak / Fat	g	17.5	13.8
Protein	g	9.4	7.4
Karbohidrat / Carbohydrate	g	62.4	49.3
Natrium / Sodium	mg	1470	1319

**masak masak kitchen**

Dapatkan resipi hebat di [www.maggi.com.my](http://www.maggi.com.my)

Telukan Perkhidmatan: 1800 88 3433 (MY)



Guideline Daily Amount

Satu hidangan (37g) mengandungi

Tenaga 147kcal

7%

Berdasarkan 2000kcal



For our nutritional guidance to be effective, it is essential that consumers understand the labels that they read. To better understand the impacts of our various on-pack nutrition labelling schemes, Nestlé conducts consumer research, the results of which will shape future labelling strategies.

# Our Nutrition, Health & Wellness Strategy

## PORTION GUIDANCE

### WHY IT MATTERS

Many consumers are not aware of what an appropriate food portion looks like and the importance of well-balanced meals. We are well-positioned and committed to increase awareness on the right food portions and provide solutions for consumers.

### WHAT WE'RE DOING

#### OUR COMMITMENT:

#### Offer guidance on portions for our products

Our Nestlé Portion Guidance initiative is aimed at imparting a better understanding among individuals and families on portion sizes, particularly for energy-dense foods and beverage categories. Presented across our products on-pack, the Nestlé Portion Guidance is a voluntary Nestlé initiative which allows consumers to identify suitable portion sizes when consuming our products.

Our guidelines are aligned with WHO recommendations, in addition to scientists, policymakers and health practitioners, as well as other national food guides.



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



In 2017, the Ministry of Health Malaysia launched the Malaysian Healthy Plate campaign, utilising the ‘Quarter-Quarter-Half’ or ‘Suku-Suku Separuh’ concept to promote balanced diets. Through the use of simple visuals, the campaign demonstrates what constitutes a healthy plate, comprising:

- A quarter plate of protein such as fish, meat, poultry or egg
- A quarter plate of carbohydrates such as grains or grain products
- A half plate of fruits and vegetables

The Healthy Plate model has been featured across our various initiatives over the years, including 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

## PROMOTING HEALTHIER BEHAVIOUR IN CHILDREN

### WHY IT MATTERS

Encouraging healthy behaviour at a young age sets up children for a healthier life. As a trusted brand, we are uniquely positioned to leverage our connection to the community to instill healthy habits among young Malaysians.

### WHAT WE'RE DOING

#### OUR COMMITMENT:

### Empower parents, caregivers and teachers to foster healthy behaviour in children

#### NESTLÉ FOR HEALTHIER KIDS PROGRAMME

In order to encourage healthier lifestyles, we believe it is important to inculcate good habits and behaviours from a young age. Our NESTLÉ FOR HEALTHIER KIDS (N4HK) programme does exactly that, empowering young Malaysians to embrace healthier and happier lives.

A collaboration with the Ministry of Education Malaysia and the Nutrition Society of Malaysia, the N4HK programme was launched in Malaysia in 2010 and is aimed at improving nutrition knowledge and promoting active lifestyles amongst schoolchildren aged 7 to 12 years old. The programme engages with students through relevant educational modules, including the Malaysian Food Pyramid, Food Portioning and Healthy Food Choices, along with physical activities.

In 2020, while the COVID-19 pandemic and movement restrictions did pose some initial challenges to programme implementation, we were able to overcome this by working closely with the participating schools to organise classroom sessions, strictly adhering to comprehensive safety guidelines and standard operating procedures.

Through the N4HK programme, we were able to impact more than 5,300 children in 2020 and we remain committed to continuing the roll out of this programme in 2021 once the school sessions resume. To date, we have reached out to over

67,000 children across the nation through this initiative with an investment of up to RM900,000 to support the programme.

In 2020, we also explored new ways to engage parents and kids to inculcate healthier cooking. We kicked off our inaugural #HealthierKids digital campaign. The campaign engaged local celebrity parents and social media influencers, who shared fun videos and posts of how they encourage their children to eat healthier by involving them in meal preparation and cooking together.

To drive participation, they invited their followers to take part with their kids in challenges to create dishes using healthy and fresh ingredients, such as the Parent Portrait and the Fruity Animal, with great prizes up for grabs. The campaign saw a positive response, with total reach of 2.7 million and garnering over 200 submissions for the challenges.



Pick me! Students excitedly taking part in a fun quiz on healthy foods during a NESTLÉ FOR HEALTHIER KIDS school session.

#### International Chefs Day

In line with our commitment to nourish Malaysians, our annual International Chefs Day celebration is a key initiative to instill good eating habits among children in a fun and engaging manner.

This year while many families found themselves spending more time at home, we utilised digital engagement platforms to encourage parents to cook healthier and more balanced meals at home with their kids. Our digital campaign shared three recipe videos on Facebook and Instagram. Themed 'Healthy Food for the Future', this consisted of well-balanced dishes, namely Grilled Portobello Mushrooms and Cheddar, Hot Casserole Sandwich and Sushi Powered Avocado and Cucumber.

The recipes were simple and easy to follow, encouraging parents to get their children involved in preparing the dishes. This was also aimed at fostering an appreciation for fruits and vegetables as part of a wholesome diet. In total, the videos captured more than 100,000 views, reaching out to 3.7 million people, garnering a total of 18 million impressions.

#### SDG SPOTLIGHT



#### Goal 3: Good Health and Well-being

Target 3.4 - Reduce premature mortality from non-communicable diseases

# Our Nutrition, Health & Wellness Strategy

## ENCOURAGING HEALTHY COOKING, EATING AND LIFESTYLES

### WHY IT MATTERS

The ability to lead a healthy lifestyle hinges on an understanding of healthy habits – from best cooking and eating practices to the importance of regular exercise. Building a community culture of health and wellness is critical to long-term social wellbeing. Over the years, we have been working closely with government authorities and nutrition organisations to promote healthier eating habits and lifestyles.

### WHAT WE'RE DOING

#### MILO Aktif Negaraku

MILO has championed grassroot sports development since the 1950s, with a clear objective: to cultivate healthy and active lifestyles amongst children across the nation. As part of this commitment, we have established various programmes to encourage sports and physical activity over the years, with MILO providing the essential nutrients and energy to help young Malaysians go further.

To spearhead this, our MILO Aktif Negaraku movement drives our initiatives, which include MILO *Hidup Bola*, MILO Champions Clinic, MILO *ActivJam Senam Aerobik* and MILO Malaysia Breakfast Day. To maximise our impact, we have partnered with like-minded stakeholders such as the Ministry of Education Malaysia, the Olympic Council of Malaysia, the National Sports Council of Malaysia, along with local communities.

Our MILO Aktif Negaraku programmes have benefitted approximately six million Malaysians each year, the majority of which are schoolchildren. In 2020, due to restrictions following the COVID-19 pandemic, many of the MILO Aktif Negaraku programmes such as MILO *Hidup Bola*, MILO *ActivJam Senam Aerobik* and MILO *Malaysia Breakfast Day* were not able to be conducted physically. Nonetheless, we quickly pivoted plans and leveraged digital platforms to continue encouraging Malaysians to lead healthier and active lives, even as many were restricted to their homes.



#### MILO Rentak Aktif

Taking a leaf from our MILO Malaysia Breakfast Day on-ground Zumba session in 2019, we kicked off the MILO *Rentak Aktif* virtual workout in April 2020 to encourage Malaysians to stay active at home amid the movement restrictions of the pandemic.

The sessions consisted of intensive yet fun and easy-to-follow choreography for both children and adults to join in via live streaming, or watch the recorded version at their convenience. Featuring popular local celebrities, the live streaming sessions garnered more than 250,000 participants and a total of over 250,000 views for five sessions, contributing to our aim to continue nurturing happier, healthier Malaysians.

#### MILO Champions Clinic E-Coaching

Overcoming the challenges of the pandemic and the Movement Control Order, which prohibited sporting events and gatherings for outdoor activities, we launched the MILO Champions Clinic E-Coaching, our first-ever online sports coaching course for children aged 7 to 12 years old. A virtual adaption of our MILO Champions Clinic, the initiative enabled children to keep fit and practise sports in the home environment, offering three different sports lessons such as basketball, badminton and futsal for a start.

To provide the best in-home sports experience, world-class national coaches were engaged to develop online sports tutorials, covering five different modules that included five online practice sessions with certified coaches to ensure that the children had a good understanding of the activities to continue practising independently. Participants were also provided with a full set of the equipment required.

The initiative saw a good response, with more than 200 children from across Malaysia taking part in MILO® Champions Clinic E-Coaching tutorials since its inception in August 2020.



### ***Cabaran Dapur Power and Cabaran Masak Sehati, Sekuali***

To promote wholesome home-cooked meals and inspire Malaysians stuck at home to keep up their spirits and eat balanced meals, we kicked off the fun challenges of *Cabaran Dapur Power* and *Cabaran Masak Sehati, Sekuali* by Dear Nestlé. These initiatives provided consumers with the opportunity to participate in fun online contests and win attractive prizes, all from the comfort and safety of their homes.

Unlocking the power of food to enhance the quality of life, the two challenges spurred home cooks to unleash their cooking skills and talent to produce healthier meals. Participants were encouraged to share their best and most creative one-pot recipes incorporating Nestlé products, to apply the principles of good nutrition, ensure the right portion guidance according to the Malaysian Healthy Plate, and utilise healthier cooking methods.

Running for a period of two months, the contests received more than 300 entries from Malaysians nationwide.

### **NESTLÉ OMEGA PLUS Walk A Million Miles**

Marking the 20<sup>th</sup> year of the annual Walk-A-Mile event which aims to encourage better heart health in conjunction with World Heart Day, this year, NESTLÉ OMEGA PLUS continued to motivate Malaysians to take charge of their health with the launch of its first virtual walking event. Following limitations caused by the pandemic, NESTLÉ OMEGA PLUS instead introduced an all-new Walk A Million Miles campaign. Expanding from the conventional one-day Walk-A-Mile event, the Walk A Million Miles campaign was scaled up as a 30-day event, calling for Malaysians to cultivate better fitness habits and maintain their overall health simply by walking.

Held throughout the month of September, participants tracked and clocked in their steps digitally to achieve the collective goal of one million steps. The campaign garnered a record-high participation of 16,000 participants walking towards improving their cardiovascular health – a 300% increase in participants from 2019. The event also recorded 2.8 billion steps, equivalent to more than 1.1 million miles.

To celebrate the significant 20-year milestone and surpassing of the target, we channelled a total cash contribution of RM100,000 to Institut Jantung Negara Foundation and Yayasan Jantung Malaysia to support patients with heart disease.

During the month, NESTLÉ OMEGA PLUS also utilised digital platforms to conduct activities and share tips for healthy heart, including live home workouts, healthy recipe videos, as well as live interviews with nutritionists and advice from heart experts. An on-ground group workout led by fitness celebrities was also organised to officially conclude the Walk A Million Miles event, with safety measures fully adhered to during the session.



Nestlé employees enjoying tasty and nutritious NESTLÉ OMEGA PLUS beverages after a warm up exercise session for the Walk A Million Miles campaign.

# Our Nutrition, Health & Wellness Strategy

## MAGGI *Sajian Seimbang Tanda Sayang*

Preparing balanced meals for children can be a challenge for many parents, especially with time constraints or picky eaters. Recognising this, our MAGGI *Sajian Seimbang Tanda Sayang* campaign was aimed at equipping parents with inspiring tips and tricks to ensure their children are consuming the necessary nutrients, with quick and balanced recipes incorporating our MAGGI 2-MINUTE NOODLES (M2MN).

As part of our ongoing efforts to nurture good eating habits at home, through digital engagement, we showcased videos highlighting three common scenarios faced by both stay-at-home and working parents, offering relevant solutions to help overcome their respective challenges. This included creative and flexible ideas for time pressed parents, as well as budget friendly tips. This campaign was well received, inspiring parents to serve their family's favourite M2MN with added vegetables and proteins. The act of adding these two simple ingredients can easily create a more balanced and tasty meal.



Resident Chef Sharifah Hamidah demonstrating with Juan Aranols on how to cook a healthy and balanced bowl of MAGGI noodles.

### 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

## RESPONSIBLE MARKETING AND ADVERTISING

### WHY IT MATTERS

Our position as an industry leader in Malaysia and the subsequent reach of our products underscores the importance that these products are promoted in a responsible and transparent manner. Effective marketing is that which helps consumers to make informed decisions on how to support their healthy lifestyle.

### WHAT WE'RE DOING

#### OUR COMMITMENT:

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

We are steadfast in our commitment to uphold the trust that we have earned from our consumers. This extends to the manner in which we communicate through our marketing and advertising platforms and materials.

In all our marketing communications, we strictly comply with the Nestlé Consumer Communication Principles, ensuring that we communicate accurately, transparently and responsibly when promoting our foods and beverages. Supporting this is our Nestlé Marketing Communication to Children Policy, which sets out stringent criteria for marketing products to children.

The two key criteria of this policy are as follows:

▶ No advertising of food and beverage products to children under the age of 12 on television, print or online, except for products that fulfil the Nestlé Nutritional Foundation status.

▶ No communications related to products in primary schools except where specifically agreed with the school for educational purposes.

## RESPONSIBLE MARKETING OF BREAST-MILK SUBSTITUTES

### WHY IT MATTERS

Breastfeeding is crucial during the first six months of life, to equip infants with the necessary antibodies that will help protect against various common childhood diseases, on top of fostering the development of the maternal bond between a mother and an infant. This is why Nestlé strongly supports the WHO and the Malaysia Ministry of Health's recommendation to breastfeed exclusively for the first six months, before gradually introducing other safe and nutritious foods to complement sustained breastfeeding for up to two years and beyond to meet a baby's nutritional needs.

As a safe alternative to breast-milk when babies cannot be breastfed, scientifically-backed infant formula of the highest quality should be used to provide sufficient nutrition and support healthy growth and development. Infant formula is acknowledged by the WHO Code as a legitimate breast-milk substitute (BMS).

### WHAT WE'RE DOING

#### OUR COMMITMENT:

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

Nestlé has always been a staunch proponent of breastfeeding, which provides the best and ideal nutrition for infants, especially during the first 1,000 days of life.

Our firm dedication to responsible marketing standards extends to our BMS products, ensuring that our consumers are provided with clear facts to make informed decisions. In tandem, we remain committed to adhering to the rules and regulations set forth by WHO and the Malaysia Ministry of Health. Testament to this, in 1981, Nestlé played an active role in the establishment of the WHO International Code for the Marketing of Breast-Milk Substitutes (WHO Code), which we continue to abide by until today.

To ensure responsible marketing and distribution of all our BMS products, we have in place a rigorous framework with comprehensive principles across our operations. This complies with pertinent international and local regulations, including the WHO Code and the Malaysia Code of Ethics for Marketing of Infant Foods and Related Products, amongst others.

Our global management system allows us to ensure that the exacting standards of our framework are adhered to, with various compliance mechanisms in place, through which internal and external stakeholders are also able to confidentially express any concerns they may have. This includes our Ombudsman system, whereby Nestlé employees may voice their concerns or report possible breaches in the WHO Code and Malaysia Code of Ethics, while external stakeholders can utilise the 'Tell Us' system available on our corporate websites. Rigorous internal and independent external audits are also undertaken, which are published on our corporate websites.

Any reports of possible non-compliance or complaints related to our BMS marketing are immediately investigated. We have strategic procedures in place which allow us to act quickly and decisively in response to allegations.

To minimise potential issues, all our employees involved in business activities related to BMS are required to participate in a global training programme on the WHO Code and Nestlé Policy and Procedure on the implementation of the WHO Code. Going beyond the Company, we have extended this across our value chain to promote best practices among our partners, including distributors and third-party agencies.

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

As a result of our dedicated efforts, in 2011, Nestlé Global became the first BMS manufacturer to be admitted into the FTSE4Good Index Series. This was indeed a milestone achievement for Nestlé, given the exhaustive verification procedures required for industry rankings and indices. We continue to uphold these stringent criteria for this index, which assesses companies based on Environmental, Social and Governance performance, demonstrating the high standard of our responsible best practices. Further to this, we placed second in the BMS sub-ranking of the 2018 Global Access to Nutrition Index (ATNI™), which compares 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

# Our Nutrition, Health & Wellness Strategy

## BUILDING, SHARING & APPLYING NUTRITION KNOWLEDGE

### WHY IT MATTERS

Relevant for all life stages, good nutrition forms the foundation for healthy lifelong development. Conscious of varying nutritional needs across developmental stages and leveraging on our science-based nutrition expertise, we have built a wide repository of knowledge and continue to deepen our understanding of the link between health and nutrition for all ages, from maternal and child health to healthy ageing. We want to help consumers find the right nutritional solutions for their particular circumstances.

### WHAT WE'RE DOING

#### OUR COMMITMENT:

#### Build and share nutrition knowledge from the first 1,000 days through to healthy aging

We actively engage with healthcare professionals through various platforms and forums to disseminate information and learning and facilitate the sharing of best practices.

We continued to foster strong ties with the medical community and industry stakeholders in 2020 via digital means, organising the National Diabetes and Ramadan Workshop to facilitate sharing of knowledge on dietary habits of diabetic patients observing fasting during Ramadan. In fact, the webinar attained record-high numbers for a medical education event, with over 780 participants comprising medical experts, representatives from the Ministry of Health Malaysia and the Malaysian Endocrine & Metabolic Society as well as the attendance of one of the country's leading endocrinologists.

During the conference, we presented the findings of our clinical trial, Structured Ramadan Nutrition Therapy for Type-2 Diabetes (T2DM) patients, incorporating *NUTREN Untuk Diabetik* as part of a structured meal plan to manage blood glucose levels during the fasting month in diabetic patients. The study demonstrated that nutrition therapy incorporating *NUTREN Untuk Diabetik* is effective in improving blood glucose control for T2DM patients observing Ramadan fasting. We also organised an educational workshop for members of the media in attendance. In addition, we expanded our reach to educate consumers and patients through a series of digital videos and educational materials throughout the month of Ramadan. The videos generated 2.7 million views on YouTube and 1.4 million views on Facebook.

To further raise awareness on good management of diabetes given its high incidence in Malaysia, we introduced an interactive virtual experience with leading media house, The Star Media Group. Held in conjunction with World Diabetes Day, this included various activities such as a webinar themed 'Living with Diabetes in Changing World', an educational talk by a medical expert, healthy cooking demonstrations using *NUTREN Untuk Diabetik* recipes created by a local celebrity chef, and a fireside chat with Nestlé Health Science and a panel of speakers. There were also live polls and fun prizes up for grabs to encourage

Malaysians to take part. The digital engagement generated strong interest, with more than 680 participants nationwide joining in the sessions.

Our efforts to build and share nutrition knowledge also extends to the wellbeing of the elderly. In 2020, we organised a medical educational webinar for geriatricians and other healthcare specialists caring for the elderly, presenting new findings on the importance of adequate protein intake in elderly with or at risk of sarcopenia and frailty across clinical and community settings, and special advantages of whey protein for optimal muscle and functionality. We also engaged consumers above the age of 50 to improve awareness on building better muscle strength and immunity through the #OptimumStrengthOptimumDefence campaign via television and online activations.



#### SDG SPOTLIGHT



#### Goal 3: Good Health and Well-Being

Target 3.4 - Reduce premature mortality from non-communicable diseases



## PRODUCT SAFETY & QUALITY

### WHY IT MATTERS

As the world's largest food and beverage manufacturer, we view product safety and quality as a critical priority in line with our efforts to maintain and strengthen consumer trust.

### WHAT WE'RE DOING

We do this by adhering to Nestlé's six Corporate Business Principles, which include our uncompromising dedication to meet the highest level of safety and quality throughout our value chain. This begins from the manufacturing of Nestlé products to the services provided to our customers and engagement with consumers.

This is further reflected in our Nestlé Quality Policy, which captures our dedication to:

- ▶ **Fostering a Nestlé Quality mind-set to develop, manufacture and provide products and services with zero defects that are trusted and preferred by individuals and families.**
- ▶ **Complying with relevant laws and regulations as well as internal policies, principles and standards.**
- ▶ **Improving quality management systems to guarantee product safety, prevent quality incidents while eliminating waste responsibly.**
- ▶ **Encouraging participation and promotion of quality responsibilities amongst all employees and third parties through training, supervision and effective communication.**

### NESTLÉ MANAGEMENT SYSTEM

In order to provide consumers with robust product safety and quality levels that are expected of the Nestlé brand, we rely on the Nestlé Management System, which is a comprehensive platform that addresses our food safety and quality standards compliance needs.

We engage independent certification bodies to audit and verify the Nestlé Management System to ensure that internal policies and ISO standards as well as relevant laws and regulatory requirements are adhered to at all times. Where there are incidences found not to meet with our stringent quality and safety standards, immediate actions are taken to rectify this.



# Our Nutrition, Health & Wellness Strategy

## How we ensure food safety:

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

## 24-HOUR CONSUMER ENGAGEMENT SERVICES

While the COVID-19 pandemic certainly brought about many challenges, including uncommon working conditions, we were able to create a new way of working that allowed us to continue addressing consumer needs.

Our Consumer Engagement Services team transitioned to a new normal of working from home (WFH) while adapting digital communication methods as well as re-evaluating complaint handling procedures to better suit WFH.

**89%** of calls were answered within **20 seconds**, with an abandon rate of **less than 3.9%\***.

**96%** customer satisfaction rating - an improved score for both our online and offline services.

\* The abandon rate is also subject to internet speed fluctuations of our consumer services team managing the call centre, as a result of remote working arrangements due to COVID-19.

We continue to conduct Social Media Listening (SML) to efficiently track consumer sentiments on all our product categories via daily monitoring reports and monthly summary reports. These tools have enabled us to respond effectively and efficiently to consumer feedback. This helps us address possible issues or crises in a proactive and timely manner, minimising the potential impact to the Group and our businesses. The monthly SML findings for all product categories are also relayed to internal stakeholders on a timely basis to ensure that the data is beneficial to our different business streams.

Additionally, as a result of our continued and proactive engagement with consumers on social media, we have received compliments on our consumer interaction services. We saw an increase of 26% in compliments received via social media (Facebook) in 2020 compared to the previous year.

## OUR HALAL COMMITMENT

### WHY IT MATTERS

At its most fundamental level, ensuring the integrity of our Halal practices is vital to maintaining consumer trust. Beyond this, as an industry leader in this field, we are positioned to drive advancements in the Halal industry and our supply chain.

### WHAT WE'RE DOING

#### OUR COMMITMENT:

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

Halal is an inseparable principle to how we do business at Nestlé Malaysia. As we strive to uphold our social responsibility to provide Halal assurance for the benefit of all consumers, our Halal commitment has been a fundamental pillar of the Group from the start.

Our Halal journey began in the 1970s and we were the first food and beverage company to incorporate Halal practices throughout our operations. We were actively involved in the development of Halal certification in Malaysia, working closely with the Government. In 1994, we were the first to receive Halal certification by JAKIM.

Since then, we have continued to play a role in shaping Halal best practices for the Nestlé Group, as well as for Malaysia in collaboration with the relevant agencies and authorities. This includes contributing to the development of the Malaysian Halal Standards, along with the Malaysian Standard on Halal Food (MS 1500) and its revisions. The MS 1500 remains a gold standard, not only in Malaysia but in the global Halal industry as well.

Today, Nestlé Malaysia is recognised as the Company's Global Halal Centre of Excellence, providing technical know-how, policy guidelines, knowledge and expertise on Halal to other Nestlé markets. As the biggest Halal producer in the Nestlé world, our manufacturing facilities are 100% Halal-certified, with our made-in-Malaysia Halal products exported to more than 50 Nestlé markets across the globe.



# Our Nutrition, Health & Wellness Strategy

## OUR PROGRESS:



Sariffuddin, Halal Operations Manager with Hanisofian, Halal Industry Development Corporation and SME Corp coming together to share best practices on halal manufacturing during the World Halal Forum.

The unprecedented COVID-19 global pandemic in 2020 brought about a new normal, with preventive measures requiring the suspension of most in-person events and large gatherings. Nevertheless, we were able to adapt to this by incorporating strict safety protocols for any direct engagements, as well as leveraging digital platforms to facilitate an even wider reach on Halal communications. This allowed us to organise and participate in a wide range of meetings, programmes and online sessions in relation to Halal best practices, such as:

- Representing Malaysia as a committee member and attended the virtual Technical Committee meeting of the Standards and Metrology Institute for Islamic Countries held in Istanbul, Turkey. Additionally, we were part of the delegation for the Technical Committees on Halal Supply Chain and Terminology.
- Being featured on local television programmes such as MyHalal on RTM and news programmes on Bernama TV and RTM as well as interviews with news publications like Harian Metro, to reinforce our position as a leader in the Halal sector. We also leveraged this opportunity to shed light on Halal-related concerns highlighted by the public and provided reassurance on the integrity of the Halal industry.
- Organising an online mentoring programme with Universiti Kebangsaan Malaysia (UKM) and Universiti Teknologi MARA (UiTM), themed 'Introduction to the Food Industry with Nestlé Malaysia'. More than 50 students from UKM's Science Technology Faculty and 80 students from UiTM's Applied Science Faculty participated in the session. Topics covered included Halal Best Practices, Productivity and Competitiveness and Malaysian Food Regulations.
- Sharing our Halal best practices at the virtual World Halal Forum 2020, alongside other industry leaders and subject matter experts.
- Co-organising a school programme with Jabatan Hal Ehwal Agama Islam Negeri Sembilan to spread Halal awareness at SMK Sri Ampangan, Negeri Sembilan. This was aimed at imparting knowledge to the students on Halal food and certification, as well as addressing misperceptions of food-related issues circulating on social media. More than 1,000 students and 90 teachers attended the session.
- Representing the industry as a member of the working group for the development of a new Halal Standard with the Department of Standards Malaysia. These new Halal Standards will include refinement of Islamic and Halal terminologies, a code of ethics for Halal practitioners and Halal meat production.
- Since 2020, we have provided technical assistance with regards to Halal certification for potential vendors which comprise small and medium companies. These companies will manufacture products under the Nestlé brand upon obtaining Halal certification from JAKIM and Majelis Ulama Indonesia.

### SME MENTORING PROGRAMME

As a leading Halal player, we are committed to facilitating the growth and development of local Small and Medium Enterprises (SMEs) in the Halal F&B industry. In line with this, we joined forces with the Halal Industry Development Corporation and SME Corp to introduce the SME Mentoring Programme in 2009.

Often hosted up to four times a year, this initiative is aimed at elevating the capabilities of local SMEs by sharing insights and knowledge of Halal best practices. In addition to providing knowledge, training, technical assistance and other expertise, the programme offers opportunities for networking. As a global Halal producer, Nestlé is also able to provide guidance on standards and requirements to become suppliers for multinational companies.

Despite constraints due to COVID-19, in 2020 we continued to support local SMEs in the Halal industry by taking the mentoring programme virtual with our first Webinar Series on Halal Best Practices, conducted during the World Halal Conference 2020.

Topics covered the following key aspects:

- Nestlé Malaysia's Halal Journey
- Formation of an Internal Halal Committee
- Halal Application Processes and Procedures
- Halal Management Systems

The webinar was attended by more than 150 participants, representing over 130 companies. By running the session virtually, in view of the COVID-19 pandemic, we saw a significant increase in participation this year.

Since its establishment, the SME Mentoring Programme has reached to more than 811 SMEs, benefitting over 1,073 participants. Moving forward, we will continue to collaborate with relevant bodies to roll out this programme virtually, to share our knowledge on Halal best practices with SMEs.

### SDG SPOTLIGHT



8 DECENT WORK AND ECONOMIC GROWTH

#### 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



Mustaza Mustafa, Commercial Controller sharing best practices on managing operational expenses as part to participants in the SME Mentoring Programme.

# Performance Data

## NUTRITION, HEALTH AND WELLNESS

Description	2016	2017	2018	2019	2020
<b>PRODUCT NUTRITION AND LABELLING</b>					
a. Products meeting or exceeding Nutritional Foundation profiling criteria (% of sales)	74	77	79	75	72
b. Products displaying the Nestlé Nutritional Compass (% of sales)	98	98	98	98	98
c. Products with Guideline Daily Amount labelling (% of sales)	97	98	97	97	95

## PROMOTING HEALTHIER BEHAVIOUR IN CHILDREN\*

Description	2016	2017	2018	2019	2020
<b>NESTLÉ FOR HEALTHIER KIDS PROGRAMME</b>					
a. Number of schools involved	77	29	54	118	19 <sup>#</sup>
b. Number of students involved	4,216	7,023	19,474	30,631	5,337 <sup>#</sup>
<b>MAGGI SECONDARY SCHOOL COOKING COMPETITION</b>					
a. Number of schools involved	1,280	1,280	1,280	576	Temporarily suspended <sup>#</sup>
b. Number of students involved	5,580	5,789	1,728	1,800	Temporarily suspended <sup>#</sup>
<b>NESTLÉ KOKO KRUNCH JUNIOR TAEKWONDO CHAMPIONSHIP</b>					
a. Number of students involved	2,420	1,735	2,000	1,783	Temporarily suspended <sup>#</sup>
<b>HALAL@SCHOOL</b>					
a. Number of schools involved	-	-	3	6	Temporarily suspended <sup>#</sup>
b. Number of students involved	-	-	583	1,600	Temporarily suspended <sup>#</sup>

## ENCOURAGING HEALTHY COOKING, EATING AND LIFESTYLES\*

Description	2016	2017	2018	2019	2020
<b>NESTLÉ OMEGA PLUS WALK A MILLION MILES</b>					
a. Number of participants	3,800	3,000	4,000	4,000	16,000
<b>MILO MALAYSIA BREAKFAST DAY</b>					
a. Number of participants	50,000	60,000	84,000	88,049	Temporarily suspended <sup>#</sup>

## PRODUCT SAFETY AND QUALITY

Description	2016	2017	2018	2019	2020
<b>CONSUMER SERVICE</b>					
a. Number of cases handled	-	68,294	71,920	61,220	45,877
b. Number of enquiries	-	61,448	63,856	52,287	39,421
c. Feedback on marketing programmes and non-product related complaints	-	5,115	5,862	6,591	3,522
d. Product-related complaints	-	1,731	2,202	2,342	2,934 <sup>^</sup>

## OUR HALAL COMMITMENT

Description	2016	2017	2018	2019	2020
<b>SME MENTORING PROGRAMME</b>					
a. Number of companies	77	72	80	116	130
b. Number of participants	110	105	113	148	150

<sup>#</sup> Programme roll-out impacted due to COVID-19 movement restrictions.

<sup>^</sup> Increase in total product-related consumer enquiries, feedback and grievances specifically under the period under the Movement Control Order. These relate to topics including feedback on product taste, quality as well as on packaging integrity.

\* For number of participants for other virtual engagements, please refer to pages 34 to 36



## 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 facilitating our communities and upholding human rights, equitable employment and diversity in all areas of our operations.



*We are committed to supporting better livelihoods for rural communities, including through our Farmer Connect programmes and forest seedling production.*



# Our Communities, Rural Development and People Strategy



TO IMPROVE 30 MILLION LIVELIHOODS IN COMMUNITIES DIRECTLY CONNECTED TO OUR BUSINESS ACTIVITIES BY 2030

## NESTLÉ'S GLOBAL IMPACT AREAS



**ENHANCING RURAL DEVELOPMENT AND LIVELIHOODS**



**RESPECTING AND PROMOTING HUMAN RIGHTS**



**PROMOTING DECENT EMPLOYMENT AND DIVERSITY**

## OUR PROGRESS IN 2020

<p><b>588 FARMERS</b> SUPPORTED THROUGH OUR FARMER CONNECT PROGRAMME</p>	<p><b>OVER RM514,000</b> INVESTED IN TRAINING AND UPSKILLING OF EMPLOYEES</p>	<p><b>5,006 (99.7%)</b> EMPLOYEES TRAINED IN ANTI-CORRUPTION</p>	<p>ALMOST <b>40,000 YOUTHS</b> WERE RECRUITED, TRAINED AND ENGAGED</p>
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## CONTRIBUTIONS TO SDGs

<p><b>1 NO POVERTY</b></p>	<p><b>2 ZERO HUNGER</b></p>	<p><b>3 GOOD HEALTH AND WELL-BEING</b></p>	<p><b>5 GENDER EQUALITY</b></p>	<p><b>8 DECENT WORK AND ECONOMIC GROWTH</b></p>	<p><b>10 REDUCED INEQUALITIES</b></p>	<p><b>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</b></p>
<p><b>15 LIFE ON LAND</b></p>	<p><b>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</b></p>					

In line with our purpose to unlock the power of food to enhance quality of life for all, we focus on developing thriving and resilient communities across our value chain – from our own people, to our farmers and suppliers.

As demand for resources increases, ensuring food security is paramount. We need to ensure a secure and sustainable supply of the raw ingredients for our products. We are committed to collaborating with our farmers via our rural development programmes, not only to impart best agricultural practices, but also to uplift the local farming community.

We also believe that a healthy, diverse and engaged workforce is vital to our growth and success. Our people are the heart of the Company and we are passionate about creating a fair, equitable and inclusive environment, where all can thrive and are given the opportunity to unlock their full potential.

Our Action Area:	Our Key Commitments:
Rural Development	<ul style="list-style-type: none"> <li>• Improve farm economics among the farmers who supply us</li> <li>• Implement responsible sourcing in our supply chain</li> <li>• Roll out the NESTLÉ COCOA PLAN with cocoa farmers</li> <li>• Continuously improve our green coffee supply chain</li> <li>• Assess and address human rights impact across our business activities</li> <li>• Improve workers' livelihoods and protect children in our agricultural supply chain</li> </ul>
Our People	<ul style="list-style-type: none"> <li>• Enhance gender balance in our workforce and empower women across the entire value chain</li> <li>• Advocate for healthy workplaces and healthier employees</li> <li>• Roll out our Nestlé needs YOUth initiative across all our operations</li> <li>• Assess and address human rights impact across our business activities</li> <li>• Enhance a culture of integrity across the organisation</li> <li>• Provide effective grievance management mechanisms for employees and stakeholders</li> </ul>

## RESPONDING TO COVID-19

Without a doubt, the global crisis of the COVID-19 pandemic has brought about unforeseen and wide-ranging challenges. As a company that has grown alongside Malaysians, we understand the hardship this has caused and are committed to providing assistance in whatever way we can, particularly to those most impacted by the crisis. To broaden our reach, we collaborated with relevant authorities, business partners and NGOs, focusing on three core areas for our relief efforts:

### PANDEMIC RELIEF EFFORTS FOR VULNERABLE COMMUNITIES

To play our part in the national response to the pandemic, we contributed RM15 million via our NESTLÉ CARES initiatives for COVID-19 relief efforts and to support vulnerable communities.

To help ease the burden of families and communities affected by the pandemic, we donated RM1.4 million worth of food and beverages for immediate pandemic relief to those in need. Working with partners such as Yayasan Food Bank Malaysia, this went towards B40 communities, frontliners, charitable homes and impacted students, amongst others.

We also contributed a cash donation of RM1.2 million to the Malaysian Red Crescent Society (MRCS), which was utilised for critical upgrades of emergency medical equipment in MRCS ambulances, essential for patient transportation services to COVID-19 designated hospitals in the Klang Valley.



Malaysian Red Crescent Malaysia receiving essential Nestlé food and beverage product donations for COVID-19 pandemic relief.

These efforts were also collectively channelled into other key initiatives, such as supporting the impacted communities in Sabah and assisting flood victims in the East Coast. In addition, we partnered with NGO the Empire Project for the NESTLÉ CARES Back-To-School programme, donating school uniforms and supplies along with Nestlé products to over 1,100 low-income families.

# Our Communities



Nestlé Salary for Life Contest (Peraduan Nestlé Gaji Seumur Hidup) donating RM684,000 to deserving charities.



Nestlé EVERYDAY MILK distribution through MRCS.



Trade assistance programme to support local F&B operators through Bangkit Bersama Nestlé.

## UPLIFTING MALAYSIANS AND SUPPORTING LIVELIHOODS

In 2020, we spearheaded a number of initiatives to aid disadvantaged communities, particularly within the B40 groups and local SMEs.

Through corporate initiatives such as the Nestlé Salary for Life Contest (*Peraduan Nestlé Gaji Seumur Hidup*), we provided cash donations totalling RM684,000 to 17 charitable organisations that were selected by the contest finalists. In support of local food and beverage (F&B) operators that were hard hit by the movement restrictions, *Bangkit Bersama* Nestlé channelled RM5 million into trade assistance programmes and cash contributions.

These efforts were further complemented by our iconic brands such as MAGGI, MILO and KIT KAT, rallying together to uplift Malaysians and investing over RM6.7 million to help support livelihoods.

### MAGGI Ramadan Bubur Lambuk

Distributed more than **120,000** bowls of nutritious *bubur lambuk* with **20,000** Nestlé food and beverage packs to orphanages and welfare homes, as well as healthcare practitioners and other frontliners including Polis Diraja Malaysia and the armed forces.



### Program Mentor Wanita Cukup Berani MAGGI

The brand's first-ever mentorship programme to empower Malaysian women from all walks of life with business, digital, cooking capabilities and knowledge, training **900** participants via a series of digital workshops.



### MILO Box of Hope

Joined forces with long-standing partners such as Dignity and The Lost Food Project to nourish B40 families by donating a total of **10,000** packs of MILO Kosong products.

### MAGGI Sah Malaysia Shop & Reward Contest

Donated over **50,000** meal kits to selected charity organisations in participants' regional states, in addition to spreading cheer to Malaysians by offering attractive prizes worth up to **RM500,000**.

### MILO #Skuad Kebaikan

Providing Malaysians with the opportunity to give back to society by purchasing MILO goodness bundle packs, Nestlé products worth **RM160,000** were successfully collected and donated to eight charitable organisations.



### KIT KAT Support for Frontliners

Appreciation for frontliners by donating products to over **12,000** healthcare workers in six hospitals in the Klang Valley, namely Hospital Tengku Ampuan Rahimah Klang, Hospital KPJ Selangor, Hospital Kuala Lumpur, Hospital Serdang, University Malaya Medical Centre and Hospital Sungai Buloh.



# Rural Development

Over the years, the issue of scarcity of food and resources has become increasingly critical, exacerbated by climate change coupled with the growing global population. In line with our CSV approach, supporting sustainable food systems has been a strong focus for Nestlé Malaysia for many years. To this end, our rural development initiatives are aimed at elevating the quality of life of local farmers, while securing a stable supply of responsibly-sourced raw ingredients.

The programmes we have established are targeted towards empowering farmers with the knowledge and skills to grow quality raw materials and increase productivity and yields, thereby enabling them to generate a source of sustainable income. This subsequently contributes to better livelihoods for our local farmers, as well as ensuring a sustainable and secure supply chain for Nestlé.

## 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

### WHY IT MATTERS

Consumers today are becoming increasingly discerning about the products they consume, with the expectation that these foods are responsibly sourced and ethically produced. Working closely with farmers within our supply chain provides an opportunity to ensure a supply of high-quality ingredients while also encouraging the development of communities.

### WHAT WE'RE DOING

#### OUR COMMITMENT:

#### Improve farm economics among the farmers who supply us

We continue to uphold best practices in responsible sourcing of our raw materials via our Farmer Connect programmes.

We currently have three contract farming schemes under Farmer Connect:



These initiatives help deliver socio-economic benefits for local farmers by increasing income and capacity-building, which in turn, improves livelihoods. We have also introduced environmentally-friendly methods through the Sustainable Agricultural Initiative toolkit, implementing good agricultural practices to ensure traceability and quality while preserving the environment.

Over the years, we have worked with various stakeholders to communicate and raise awareness on our Farmer Connect initiatives. We organised media familiarisation trips to NESTLÉ PADDY CLUB, NESTLÉ CHILLI CLUB and other CSV initiatives such as Project RiLeaf, which resulted in wide media coverage year-on-year. We also amplify the news of the projects through government bodies and associations related to the project such as Pertubuhan Peladang Kawasan Bukit Awang for chillies and Kedah State Department of Agriculture for paddy and coffee.

In 2020, the COVID-19 pandemic brought to light an even greater importance on strengthening local supply of raw ingredients. Demand remained stable and consistent for key locally sourced raw ingredients, namely chilli, rice and coffee beans. Measures were also put in place, which ensured an uninterrupted supply of these ingredients from our local farmers. We did not experience any disruption in delivery to processing facilities during the year.

### NESTLÉ CHILLI CLUB

Our focus towards maintaining sustainable local ingredients supply chain began early on when we created the NESTLÉ CHILLI CLUB (NCC) contract farming scheme in 1995. Established in partnership with Pertubuhan Peladang Kawasan Bukit Awang and the local farmers' association in Kelantan, we have widened our reach over the years to collaborate with the farming community in Dungun, Terengganu and Kuala Langat, Selangor.

Providing a stable supply of fresh chillies for our MAGGI Chilli Sauce, through the NCC programme, the Nestlé Agricultural Services Department empowers local farmers through a strong support programme of training and knowledge-sharing. This is aimed at improving farmers' agricultural expertise to meet global standards in quality, as well as to increase productivity, reduce farming costs, minimise environmental impacts and adopt better safety measures.

We have also applied the use of live mulch in planting practices, as an environmentally friendly alternative to plastic mulch. Utilising live mulch also offers greater benefits, such as enriching the soil with biological nitrogen fixation, naturally providing nitrogen to the crops. Furthermore, farmers are able to supplement their income by growing live mulch as a secondary crop before the harvesting season.

Additionally, we introduced paddy straws as an organic mulch to conserve soil moisture and reduce weed growth. The organic straws are converted into natural fertiliser for the soil, improving soil Cation Exchange Capacity and subsequently providing more nutrients for the plant.



### OUR PROGRESS:

In 2020, we worked with 60 farmers, harvesting 200 metric tonnes (MT) of chillies from 32 hectares of farmland meeting 80% of our target of 240 MT set for the programme. Moving forward, plans are in the pipeline to partner with more large-scale producers with 50 to 100 acres of fields. This will allow us to have a greater positive impact on local farmers and help uplift the lower-income community, as many of these producers engage farmers from the B40 and middle-income (M40) communities in rural areas.

# Rural Development



## NESTLÉ PADDY CLUB

High-quality raw ingredients are the benchmark we set for all our products. Strengthening the sustainability of our value chain and ensuring continuity of supply, our NESTLÉ PADDY CLUB (NPC) contract farming scheme allows us to source 100% of the finest quality white rice with higher grade requirements for our infant cereals. This has enabled us to uphold our role as a trusted manufacturer of infant cereals for the region.

Set up in 2012, the NPC has benefitted farmers in Kedah, helping them to increase productivity to earn better income, as well as upskilling them with Good Agricultural Practices, meeting Nestlé's strict global standards.

In order to help the farmers to increase their yield, we distribute agricultural inputs such as microbes and soil enhancer to the NPC farmers every season to boost their paddy yield, which contributes to higher yields of an average of 6.25 MT/ha which is higher than the national yield of around 4 MT/ha as well as reducing their operational cost and eventually increasing incomes.

## OUR PROGRESS:

In 2020, we helped 212 farmers achieve an average yield of 6.48 MT/ha across 580 hectares of field for the January and February growing season. For the August and September season, we worked with 216 farmers to achieve an average yield of 6.02 MT/ha across 611 ha of fields.

In addition, NPC farmers are trained to utilise a more sustainable paddy farming approach known as the Semi-Aerobic Rice Intensification (SARI) method which is practiced every season. This method significantly reduces consumption of irrigation water by 30% to 40% and produces less carbon emissions, contributing to our global pledge to achieve net zero emissions by 2050.

This year also marked an adjustment in our engagement with NPC farmers, as a result of COVID-19 restrictions requiring physical distancing for health and safety. Compared to previous years where NPC would assemble the farmers for training purposes and distribution of environmentally-friendly microbes and trace elements, we had to substantially reduce contact levels. Nevertheless, this paved the way for technological innovations, as we were able to offer the farmers the service of utilising drones to spray the agricultural input over their paddy fields. An appointed technician was assigned to conduct individual visits, removing the need for the farmers to gather.



## NESCAFÉ GROWN RESPECTFULLY

We launched Nescafé Grown Respectfully in Kedah in 2019 as part of our ongoing efforts to support the local farming communities, which play a critical role in our value chain. As a sustainable coffee farming initiative, the latest addition to our Farmer Connect programme aims to positively impact the livelihoods of the farmers and revitalise the local coffee sector in Malaysia, subsequently contributing to a sustainable coffee future.

Nescafé Grown Respectfully has already borne fruit, providing technical assistance and support to the farmers, while incorporating the latest sustainable agricultural techniques. This has enabled the farmers to produce high-quality yields and raise their income.

Testament to the success of this initiative, during the year, we launched our first 100% home-grown coffee, NESCAFÉ Classic Kopi Kedah, made with 100% locally-grown coffee beans from the programme.

We remain steadfast in our mission to contribute to the development of thriving communities, to help shape a more sustainable future for all.

## OUR PROGRESS:

We successfully completed the distribution of 70,000 Robusta plant seedlings to 100 coffee farmers and anticipate 100 MT of coffee beans will be purchased via this programme by 2022. In 2020, we also harvested 60 MT of coffee beans in the Sik and Baling districts in Kedah for our NESCAFÉ Classic Kopi Kedah product. Additionally, we achieved a significant milestone, marking the full transition to utilising only 100% 4C certified coffee beans for all products produced in Malaysia.

The 4C Code of Conduct is an internationally recognised sustainability standard for the entire coffee sector, aimed at driving sustainability in coffee supply chains.

### 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 Classic Kopi Kedah

NESCAFÉ Classic Kopi Kedah uses the high quality coffee beans that are grown with respect and selected with care by the coffee farmers from the Nescafé Grown Respectfully programme. Launched in December 2020, just over a year since the programme was established, the coffee powder from Kedah aims to deliver the smooth and authentic taste that homegrown coffee has to offer. Packaged in a printed traditional batik aluminium collectible tin can, the limited-edition range pays homage to our local heritage.



Nescafé Grown Respectfully farmer, Che Nai bin Hassan from Sik, Kedah.

Che Nai bin Hassan, a local farmer from Sik, Kedah, who recently joined the Grown Respectfully Programme shared that he has benefitted significantly from the training and knowledge-sharing sessions from Nestlé.

He said, "Through the wedge grafting technique and rejuvenation of old coffee trees method taught by Nestlé, my coffee trees are able to thrive. With increased potential to produce quality fruits, this will provide lucrative income."

"The new coffee seedlings provided by Nestlé are identical to the mother plant. With this, the coffee beans harvested from my farm are expected to increase significantly!" - Nescafé Grown Respectfully farmer, Romlah binti Hamid from Sik, Kedah.

# Rural Development

## RESPONSIBLE SOURCING

### WHY IT MATTERS

As the world's largest food and beverage manufacturer utilising a wide range of raw ingredients to produce our products, including coffee, cocoa, dairy and sugar, amongst others, we are committed towards ensuring that these ingredients are sourced responsibly across our supply chain. Our responsible sourcing program plays a key role toward achieving this. It helps us to know where our ingredients come from and how they are produced, and to address environmental and social issues such as deforestation, human rights and animal welfare. Through responsible sourcing practices, we can create a positive social and environmental impact on the communities with which we work.

### WHAT WE'RE DOING

#### OUR COMMITMENT:

- **Implement responsible sourcing in our supply chain**
- **Assess and address human rights impact across our business activities**
- **Improve workers' livelihoods and protect children in our agricultural supply chain**

Our responsible sourcing strategy and commitments provide assurance to our consumers of our dedication in supporting a sustainable and healthy food system. To facilitate this, all our upstream suppliers and other relevant third parties have been required to abide by the Nestlé Responsible Sourcing Standard (RSS) since 2018. The standard serves as a guide to allow for greater supply chain resiliency, in addition to encouraging continuous improvement in our sourcing and production activities. This helps accelerate our commitment to reduce our impact on the environment and on the planet's natural resources.

The RSS is executed jointly with the Nestlé Responsible Sourcing Guideline and the Nestlé Commitment on the Responsible Use of Materials from Agricultural Origin. In addition, it is benchmarked against international standards, including the Organisation for Economic Co-operation and Development Guidelines for Multinational Enterprises, the Core Conventions of the International Labour Organization and the SDGs.

The RSS also stipulates that all suppliers are screened through the Suppliers Ethical Data Exchange (SEDEX) platform. The SEDEX platform enables us to assess suppliers, providing a point of reference for best practices in labour, health and safety, as well as environmental and business impact.

#### OUR PROGRESS:

In 2020, a total of 65 suppliers were screened based on the Nestlé Responsible Sourcing Standard.



### 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

As part of our global commitment to improve 30 million livelihoods by 2030, we established the NESTLÉ COCOA PLAN in 2009 to support the cocoa-growing communities in cocoa producing countries such as Côte d'Ivoire and Ghana. The programme aims to achieve the following objectives:

- ▶ **Better Farming:** making cocoa more profitable for farmers.
- ▶ **Better Lives:** eliminating child labour from our supply chain.
- ▶ **Better Cocoa:** improving the transparency of our supply chain and the quality of our cocoa.

Under this plan, farmers receive training and technical assistance to adopt good agricultural practices and improve quality of yields. Equipping the farmers with resources to help manage their farms sustainably, the programme also ensures a steady supply of responsibly sourced cocoa to be utilised in Nestlé confectionery products, including the leading chocolate wafer brand in Malaysia, KIT KAT.

To date, the programme engages with 123,000 farmers, from which Nestlé sources a total of 202,000 tonnes of sustainable cocoa per annum. This is part of our global pledge to source 100% of the cocoa we use for confectionery worldwide from the NESTLÉ COCOA PLAN by 2025.

Further to this commitment, in 2020, we developed the Tackling Deforestation Progress Report which demonstrates our progress towards the Cocoa and Forest Initiative (CFI), aimed at ending deforestation in our cocoa supply chain and preserving and restoring existing forests. The CFI comprises three main priorities, namely forest protection and reforestation, sustainable production and farmers' livelihoods and community engagement and social inclusion.

### OUR PROGRESS:

Since 2016, all KIT KAT products manufactured in our Chembong factory in Negeri Sembilan are made with 100% sustainably-sourced cocoa.

We also export our sustainable and locally produced KIT KAT to regional markets, such as Singapore, Indonesia, Philippines, Thailand, Vietnam and Myanmar.

## NESPRESSO AAA SUSTAINABLE QUALITY PROGRAMME

### OUR COMMITMENT:

#### Continuously improve our green coffee supply chain

In collaboration with the Rainforest Alliance, the NESPRESSO AAA Sustainable Quality Programme was launched in 2003, with the aim to impart good agronomic practices to farmers, leading to the creation of a more sustainable coffee supply chain. To date, the programme has benefitted over 110,000 farmers across 14 countries, improving our green coffee supply chain.

### OUR PROGRESS:

Under our sustainable sourcing model, the NESPRESSO Reviving Origins initiative was established in 2019 to restore coffee production in countries affected by adverse conditions such as conflict, economic hardship and environmental disasters. The programme aims to rebuild coffee farming in these areas and create sustainable livelihoods for farmers. In 2020, NESPRESSO Reviving Origins was launched in Malaysia with three seasonal coffee blends, supporting coffee farming in these countries.

# Rural Development



## OUR COMMITMENT ON SUSTAINABLE PALM OIL

Agricultural raw materials are essential to the production of our foods and beverages, including palm oil. When produced responsibly, palm oil can support livelihoods across the globe, as well as reduce pressure on precious ecosystems. Our commitments on responsible palm oil and progress are as follows:

▶ **100% Responsibly sourced palm oil by 2020**

**Progress:** To date, 85% of our palm oil supply is considered responsibly sourced and we are committed to continue working towards the target.

▶ **100% RSPO-certified sustainable palm oil by 2023**

**Progress:** Our 2020 progress will be reported in May 2021 through the RSPO Annual Communication of Progress report submissions.

Promoting responsible growth for the palm oil industry requires collaborative effort and we work with our partners and other relevant stakeholders to drive innovation and industry-wide transformation. Our key focus areas are outlined below.

### Commitment to No Deforestation and No Peat Development

We have taken tangible steps to ensure that the palm oil we source is not connected to deforestation.

Testament to this and since 2019, we have utilised our Starling satellite monitoring platform, developed with our partners Airbus and the Earthworm Foundation, as a verification tool to ascertain that deforestation is not taking place in our global palm oil supply chains. Through this system, we conduct in-depth analyses of satellite imagery to detect signs of deforestation, identify suppliers who may be involved and carry out the necessary engagement to address this, all of which is also recorded in our palm oil Transparency Dashboard report.

## SDG SPOTLIGHT



### Goal 15: Life on Land

Target 15.2 -

Promoting sustainable management of forests and halting deforestation

### Scaling Up Reforestation

We embarked on a new reforestation initiative in 2020. Having successfully achieved our target of replanting one million trees in Sabah as part of our Kinabatangan Rileaf Project, we announced a new commitment to plant three million trees in Malaysia over the next three years under Project RELeaf.

This will see scaled up conservation and reforestation work by extending our reach in Sabah and expanding for the first time to Peninsular Malaysia. Our focus will be to restore riparian zones and forest ecosystems, establishing wildlife corridors and mitigating human-animal conflict while protecting critical water supplies. Further details on Project RELeaf can be found on page 102 of this report.

### Our Approach to Transparency

Our approach to transparency involves various initiatives, all of which contribute to building trust amongst our various stakeholders. We closely track the performance and progress of our suppliers in line with the RSS, monitoring any allegations of non-compliance by companies in our supply chain. With the support of our partners, we also work with our suppliers to address any gaps and take time-bound actions. If suppliers are unwilling to make improvements, we end our relationship with them.



Scan here for more information on our supply chain disclosures in line with our commitment to transparency

### Upholding Human Rights

Human and labour rights abuses are unacceptable to us and we take a proactive role in the development of programmes and incentives that are needed to help eliminate human and labor rights abuses within our supply chain. We also work closely with our direct suppliers to strengthen and protect the rights of workers, including families and children living in or near palm oil plantations.

In 2018, we collaborated with our long-standing partner Sime Darby Plantation Berhad (SDP) to establish an enhanced helpline for palm oil workers in Malaysia, providing an effective avenue for workers to report on any human or labour rights abuses. In 2020, we have expanded this helpline to reach more workers in SDP's operations across three regions, reaching 2,976 new workers at mills and estates. Training sessions on the helpline were conducted to support both Malaysian and foreign workers from various countries. The helpline was further promoted via other on-site trainings and digital marketing to ensure that workers were made fully aware of the accessibility and availability of the helpline.

We are aware of the circumstances of children of migrant workers living on palm oil plantations, who are often undocumented and lack access to basic necessities. To support these children, we continued to work with the Earthworm Foundation, publishing a Child Risk Assessment Framework aimed at helping palm grower companies to identify the common risks faced by children living in plantations and develop appropriate intervention strategies and preventive measures to mitigate these risks.

We also worked with suppliers to help improve their recruitment practices by adopting the Human Rights Based Due Diligence Tool on Ethical Recruitment to address deception in recruitment and debt bondage. The piloting of the Tool is targeted to commence in 2021.



Scan here to view the Child Risk Assessment Framework for palm oil suppliers

### Smallholder Inclusion

Smallholders contribute significantly towards the production of global palm oil and we are committed to helping them build resilience whilst ensuring responsible production practices. Adapting to the 'new normal' brought about by COVID-19, we continued engaging virtually with more than 440 participants including farmers, mills, government bodies, extension workers and NGOs. Over 200 participants also took part in five different webinars to exchange information on crop deliveries, government aid, pandemic updates, farm productivity, wildlife conflict management, sustainability requirements and income diversification opportunities.

Additionally, through farm visits and smallholder gatherings and trainings, 61 smallholders successfully obtained the Malaysian Sustainable Palm Oil Certification (MSPO) in 2020. Since the project began in 2016, 291 farmers were supported in the MSPO process and 85 have already been certified.

Through the Rurality project, we continued efforts to address the Human Elephant Conflict (HEC) in Sabah to protect elephants travelling through farms and plantations. A number of initiatives were also implemented by the HEC mitigation committee, such as patrols, data collection, elephant relocation and establishing wildlife corridors, as well as community awareness events. The Committee which comprises the Sabah Wildlife Department, smallholders, plantations and local NGOs, currently monitors 7,580 hectares of land in the Beluran district of Sabah.

# Our People

Our purpose of enhancing lives extends to all our stakeholders, including the members of the Nestlé Malaysia family comprising over 5,000 employees, who are the driving force behind all that we do.

We are committed to empowering all our people, and providing them with equal opportunities to continue thriving in their respective roles, professionally and personally.

We have comprehensive learning programmes for our employees to develop and upskill their capabilities. As part of our journey towards enhancing quality of life for all, we place equal importance on health and wellbeing, with a dynamic working environment that prioritises balanced lifestyles and encourages employee welfare.

Our employees are expected to share and contribute to our vision to be a force for good by embracing 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

## EMPLOYEE BENEFITS

In line with our commitment to fair and inclusive employment practices, we continue to provide attractive benefits for employees across the board. This includes both permanent employees and those on contract, covering relevant areas to ensure good quality of life. Key benefits are provided in accordance with employment status and include the benefits outlined below:

- Fixed and short-term bonuses
- Additional employer contribution to Employee Provident Fund
- Outpatient and inpatient medical coverage
- Insurance coverage
- Staff purchase discount for Nestlé products
- Higher annual leave allocation against industry benchmark

## DIVERSITY AND GENDER BALANCE

### WHY IT MATTERS

A healthy, diverse and engaged workforce forms the foundation of any successful organisation. Cultural and gender diversity makes businesses stronger, encourages richer ideas, and brings about more effective and innovative solutions. At Nestlé, we ensure equal opportunities and fair treatment of each employee, and this has allowed us to build a strong and diverse talent pool.

### WHAT WE'RE DOING

#### OUR COMMITMENT:

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

In striving to promote diversity, we implement inclusive and equitable policies throughout our organisation, creating a workplace where diverse values and perspectives are encouraged. This ultimately creates a positive work culture where all employees are treated with respect, regardless of background. To support gender diversity in our workforce, we maintain a Gender Balance Acceleration Plan, which sets out minimum requirements for female inclusion in succession planning and tracks gender diversity in leadership positions and training.

Nonetheless, we recognise that there is more progress to be made to ensure equality in the workplace. To remain at the forefront of inclusivity and diversity, we established three key pillars to help us achieve our gender balance commitments in 2020:

1

#### Increase number of female Heads of Departments in Sales, Supply Chain and Technical and Production

In line with our objective to increase the number of women in our workforce, we have made a concerted effort to ensure that this is a key priority at every level of our organisation.

#### OUR PROGRESS:

Testament to our commitment, our Sales, Supply Chain and Technical and Production divisions have seen a significant increase of 33%, 17% and 27% of female Heads of Departments and Direct Reports, respectively.

Division Heads of Departments and Direct Reports	2019 Female	2020 Female
Sales Division	+18%	<b>+33%</b>
Supply Chain	+17%	<b>+17%</b>
Technical and Production	+20%	<b>+27%</b>

2

#### Increase female representation of new hires in Sales, Supply Chain and Technical and Production

As we continue to build up our talent pipeline, we make a conscious effort to seek out promising female talent to encourage better diversity for conventionally male-oriented roles.

#### OUR PROGRESS:

We focused on recruiting fresh female talent in our sales division and have seen an increase in female representation in the function from 35% to 42% in 2020.

# Our People

3

## Remote and Flexible Working Arrangement

COVID-19 has transformed modern working life, triggering a permanent shift in work arrangements worldwide. In view of the new ways of working brought about in 2020, we took a big step to peg down the specifics of a work from home guideline for our employees, known as the Remote and Flexible Working Arrangement.

Through this initiative, we aim to create a more flexible environment where employees can realistically and effectively balance work and life priorities. Our intention is to encourage a workplace culture grounded on performance delivery, instead of the traditional presence-based approach.

### OUR PROGRESS:

Our Remote and Flexible Working Arrangement Policy offers numerous benefits to both the Company and employees, including:

▶ Facilitating work-life balance	▶ Preserving workplace safety and health
▶ Cultivating a performance-centred culture	▶ Ensuring business continuity
▶ Improving talent retention and employee productivity	

Moreover, in the context of the COVID-19 pandemic, it also allows us to facilitate office occupancy rates at the level required to ensure safe physical distancing is accomplished.

Through our Remote and Flexible Working Arrangement system, employees are provided the flexibility to work from the comfort of their own home up to eight days per month. The Flexible Working Arrangement is extended to all suitable head office-based employees in Malaysia and Singapore.

We see this arrangement as mutually beneficial, for both the business and our employees and urge managers to embrace the new working arrangements for their teams. Thus, we strongly encourage open dialogue between employees and line managers to ascertain individual needs and find a balanced working arrangement that optimises productivity and maintains high quality of work.

## PAY TRANSPARENCY

At Nestlé, our strength lies with our people. We are committed to building relationships founded on transparency and trust, in line with our values which are rooted in respect. Reflecting this commitment we implemented a Pay Transparency approach to provide employees with transparent information on compensation and remuneration. This encompasses the key elements of fixed pay, variable pay, benefits, personal growth and development, work-life balance and health and wellness.

### OUR PROGRESS:

Since 2017, we have gradually adopted Pay Transparency, where our People Managers attended the People Management Workshop for greater understanding on the approach. We have also completed a series of refresher sessions on Transparency for all our People Managers, on top of launching the Total Rewards Statement, an individualised statement on employees total compensation and benefits.

## UNCONSCIOUS BIAS TRAINING

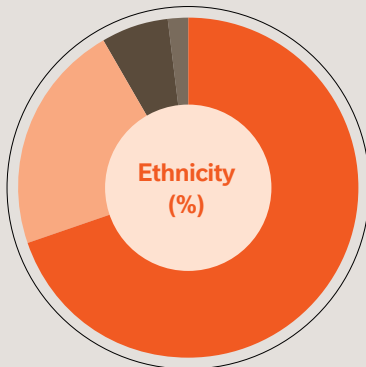
To further strengthen inclusivity within the organisation, we regularly conduct Unconscious Bias Trainings to ensure that our employees develop a genuine sense of awareness towards the subtleties of implicit biases. We encourage our people to challenge pre-conceived notions and understand ways to overcome them, and aim to create a more equitable workplace.

### OUR PROGRESS:

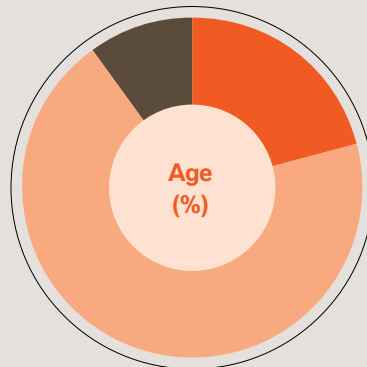
Employees undergo comprehensive training year-on-year, where they are taught to recognise the various types of workplace biases and its negative consequences. Through the training sessions, participants learned how to eliminate biased views to facilitate sound and impartial decisions, particularly pertaining to people and succession management and ensuring fair opportunities for all.



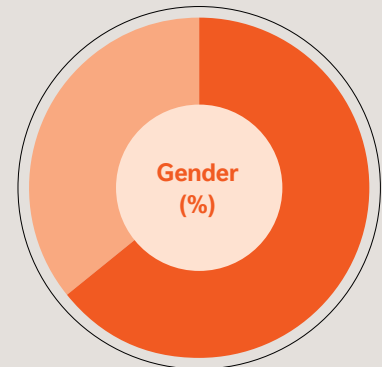
**Employee Breakdown by Ethnicity, Age and Gender**



● Bumiputera - **69.81**    ● Chinese - **21.80**  
● Indian - **6.68**        ● Others - **1.71**



● Below 30 - **20.94**    ● 30 -50 - **67.72**  
● Above 50 - **11.34**



● Male Employees - **64.59**  
● Female Employees - **35.41**



**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 WELLBEING

### WHY IT MATTERS

Prioritising the welfare of our people benefits both our employees as well as supporting the growth of the business. An organisational culture that focuses on employee wellbeing helps to drive performance and ensures that we continue to attract and retain a motivated and productive workforce.

### WHAT WE'RE DOING

#### OUR COMMITMENT:

#### Advocate for healthy workplaces and healthier employees



We adopt best practices in safety and health across our operations, with the aim of achieving zero work-related injuries and illnesses and this is aligned with Malaysian regulations as well as being in compliance with the global Nestlé Policy on Safety and Health at Work.

We utilise the mandatory Nestlé Occupational Safety and Health Management System to safeguard all our employees. The system is based on the ISO 45001:2018 standard, verified by an external certification body.

In order to evaluate potential issues and concerns, we have Safety, Health and Environment (SHE) Committees in place, at all locations where we are present. Gathering once every three months at a minimum, the SHE committee is responsible for identifying key risks and developing effective solutions to address them.

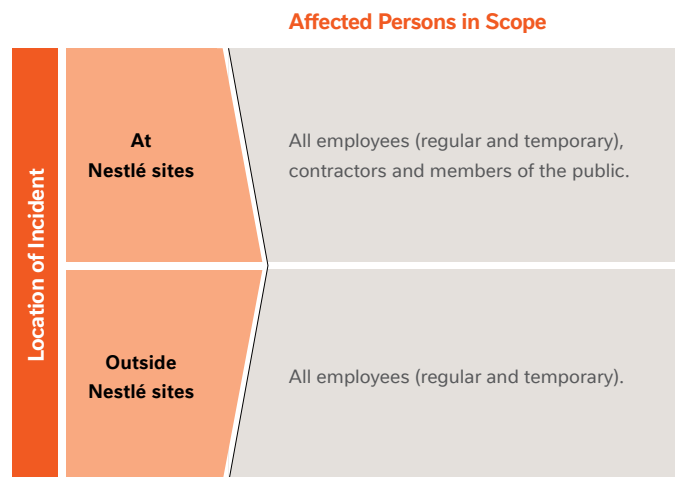
To strengthen hazard identification and control measures across the organisation, the principle of Area Ownership is adhered to, whereby each business function is coached and guided to utilise, implement and review risk management processes. This entails the full involvement of leadership teams to ensure robust risk management practices.

Employees are also empowered to raise concerns and report potential hazards related to safety. Through the use of tagging in our operations, employees can lodge reports through multiple avenues. This includes easily accessible specific locations, via the e-reporting form available on our website, or directly to their supervisors and line managers through various channels.

Supporting this, the Go See Think Do (GSTD) application allows us to investigate and identify work-related incidents that may occur. The GSTD approach allows us to carry out a root cause analysis of incidences or accidents.

We have established a Safety, Health and Environment Performance Monitoring (SHE-PM) database to maintain a detailed log of our safety and health track record. All workplace incidents which occur at a Nestlé site or an external site are recorded in the database at the time they occur. This encompasses first-aid cases and injuries, illnesses and environmental issues.

Factoring in the location of the incident, the scope of the Nestlé Occupational Safety and Health Management System is specified below:



### Machinery and Safety

Adopting a structured and systematic approach, we work to continuously improve our machine safety standards, specifically through enhancing machine guarding and applying safety interventions. Along with competency training on machinery for our people to ensure safe handling of machines and equipment, we have also introduced the Lock Out Tag Out procedure for moving machinery parts to protect workers from risk of harm during equipment service and maintenance.

### Slips, Trips and Falls

Slips, trips and falls (STF) remained the most common cause of workplace injuries in 2020, with the majority of cases occurring at our manufacturing facilities. The STF guideline and toolkit is used as a point of reference to identify and devise appropriate intervention to minimise risk exposure.

### Vehicles and Driving

Defensive Driving and Journey Management courses along with a Road Safety Day campaign were among the initiatives carried out in 2020, aimed at reducing vehicle-related injuries and raising awareness on safe driving behaviours. Participants included our

employees as well as our partners, including long-term distributors and third-party logistics service providers. During the year, we also rolled out our new mobile application solution to track driving behaviours and facilitate appropriate interventions.

### Caring Leadership in Safety

In 2020, we further enhanced our Caring Leadership in Safety (CLiS) framework. Encouraging involvement at all levels and strengthening engagement between the leadership team and employees in our day-to-day operations, this initiative is aimed at elevating performance at work and to inculcate a strong safety-oriented culture.

#### SDG SPOTLIGHT



**8** DECENT WORK AND ECONOMIC GROWTH

#### Goal 8: Decent Work and Economic Growth

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

## OUR ACTIONS TO PROTECT THE WORKFORCE DURING THE PANDEMIC

The onset of the COVID-19 pandemic required a rapid adjustment of our key priorities. This included ensuring the safety and wellbeing of our employees, especially those working on the frontlines.

### SAFETY MEASURES ACROSS OFFICES, MANUFACTURING SITES AND WAREHOUSE

To fulfil our responsibility as an essential supplier of foods and beverages for Malaysians, we quickly put stringent safety and health measures in place across our premises, allowing us to protect our people while operating seamlessly and ensuring business continuity. Key safety measures adopted within our offices, factories and distribution centres included:

- Compulsory usage of face masks;
- Physical distancing practices;
- Sanitisation at start and end of shifts for all work areas;
- Frequent hand washing and sanitisation routines;
- Clear traffic flow to control movement of people at all critical points to minimise people interface and maintaining physical distancing;
- Team segregation to ensure minimal contact;
- Daily e-declaration of employee health prior to any business entry points, including travelling, gatherings, and potential exposure to people living or working in cluster areas, amongst others.

Additionally, we frequently conducted detailed communications to all our employees on how to keep safe. As part of this effort, we issued three separate Employee Health and Hygiene Handbooks for all our employees, including head office, sales region as well as factory and distribution centre workers. The handbooks contain comprehensive information on our enhanced containment and preventive measures.

# Our People



Employees enjoying their lunch break whilst maintaining safe physical distance with the help of acrylic screen protectors installed in Nestlé factory canteens.

## ENCOURAGING REMOTE AND FLEXIBLE WORKING ARRANGEMENTS

In addition to fulfilling the Government's Safety Operating Procedures requirements on COVID-19 to limit the workforce present physically in offices, we also strongly encouraged office-based employees to work from home whenever possible.

We introduced the Remote and Flexible Working Arrangement guidelines aimed at creating a conducive environment for employees to work from home whilst realistically and effectively balancing work and life priorities.

The Remote and Flexible Working Arrangement guidelines were also aimed at helping keep office occupancy rates at the level required to ensure safe physical distancing is accomplished.



Merchandisers working hard while adhering to strict safety operating procedures to ensure supply of essential Nestlé products to Malaysians during the Movement Control Order.

### PROACTIVE ANTIGEN TESTING WITH RAPID TEST KITS

In the wake of the COVID-19 third wave from October 2020, we have been carrying out proactive COVID-19 antigen screenings utilising rapid test kits across our manufacturing work sites and distribution centre. This was also in line with government recommendations in the context of the Conditional Movement Control Order.

To mitigate the risk of COVID-19 positive workers entering the workplace, screenings are strategically set up outside of work site entrances in outdoor tents. To date, more than 180,000 antigen tests have been conducted since the programme was first introduced, with the results recording a low positivity rate of 0.1%.

### PROTECTING EMPLOYEE WELLBEING

Conscious of the potential adverse effects of the COVID-19 pandemic on mental health, through our employee assistance programme, we launched the Nestlé MY Careline. This offers employees support in the form of confidential coaching sessions to manage personal, work, family and health-related issues, with professional counsellors available via a 24/7 hotline. Those in need of further support are referred for treatment sessions.



Liyana sanitizing her hands with one of the many hand sanitizer units installed across the office.



Juan and Alessandro certified negative after undergoing their COVID-19 antigen testing before entering the factory.

### NESTLÉ FRAMEWORK FOR EMPLOYEE HEALTH

Our focus on promoting better nutrition, health and wellbeing extends to our people as well. At the start of the Communities section in this report, we have outlined the significant efforts we have done to safeguard employee health and safety throughout the COVID-19 pandemic. These efforts complement our existing initiatives to protect employees' health in the organisation beyond the pandemic.

We established a Nestlé Framework for Employee Health, utilising a structured approach to empower our Nestlé family to lead healthier and happier lifestyles. Emphasising greater ownership in personal health amongst our employees, we also introduced a framework of best practices with three key pillars: Learn, Feel and Choose, to better promote employee health and welfare.



'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.

### #HealthyLives

As part of our dedicated efforts to encourage our employees to make healthy changes in their lifestyles, we conducted our global training programme, #HealthyLives in Nestlé Malaysia and Singapore. The programme shed light on the multiple dimensions of health and wellness in a holistic manner covering areas such as physical activity, sleep, mental health and nutrition. Participants included both management and non-management employees, completing a total of 13 interactive videos on relevant topics via online and classroom training.

# Our People



Participants for the Walk-a-Million Miles campaign completing a warm-up at the finale ceremony.

## NESTLÉ OMEGA PLUS Walk A Million Mile Challenge 2020

To encourage good heart health, we took our annual NESTLÉ OMEGA PLUS Walk-A-Mile event to the digital sphere with our first-ever virtual Walk-A-Million-Miles Challenge 2020. This campaign also encouraged employees to join in and adopt a healthier lifestyle by walking to improve overall heart health. This initiative saw our people contributing a collective total of over 102 million miles, with over 110 employees reaching 150,000 steps and more than 150 employees achieving 300,000 steps.

## LUNCH N LEARN Session

In order to raise awareness and inculcate healthier practices among our employees, which was all the more pertinent as we navigated through the COVID-19 pandemic, we conducted virtual LUNCH N LEARN sessions. A total of 10 health talks were conducted by health specialists with different expertise and various topics were discussed, such as caring for mental health in the new normal, benefits of adopting a plant-based diet, information on influenza and many more. The talk was attended by more than 500 employees, and received a rating of 4.7 out of 5 based on employee feedback.

## Flu Vaccination

Protecting the health and safety of our employees continues to be our utmost priority. To this end, we offered the flu vaccination to all of our employees in Malaysia and Singapore for free, with more than 3,800 employees receiving the vaccine in 2020. We also extended this offering to family members at a special corporate rate. Besides this, we organised virtual health talks for employees, raising awareness on the importance of flu vaccination.

Aside from this, some of our annual health and wellness initiatives, including the Know Your Numbers Programme, Field Promotion Operator Wellness Programme, Health and Wellness Challenge 2020 were temporarily suspended this year due to the pandemic and will be resume in 2021.

## RECOGNITION

Over the years, we have consistently received recognition from AIA Vitality's Malaysia Healthiest Workplace Awards, reinforcing our position as the leading health and wellness company. However, due to the COVID-19 pandemic, these awards were postponed for the year and are set to be held in 2021.

## SDG SPOTLIGHT



### Goal 3: Good Health and Well-Being

Target 3.4 - Reducing premature mortality and promoting mental health and well-being  
Target 3.8 - Achieving universal health coverage

## TRAINING AND DEVELOPMENT

### WHY IT MATTERS

In an increasingly competitive landscape, our people remain vital to our continued growth and success. In order to push ahead, we empower and inspire our people to constantly hone their talents and broaden their knowledge and competencies.

### WHAT WE'RE DOING

Continuous learning is embedded in our culture, with extensive training and development programmes to upskill our employees' personal and professional capabilities and helping them excel in their respective roles, subsequently contributing to driving the Group forward.

This year demonstrated how the Company was able to swiftly adapt to the unprecedented changes brought by the global pandemic. We were able to leverage the significant acceleration towards digitalisation and create greater accessibility and connectivity for our workforce through digital platforms in 2020. Transforming the way our people access information and transitioning to a digital learning approach, we introduced virtual classroom training and re-launched our online learning platform, iLearn, with enhanced user interface and features, to make learning easily available for all.

Throughout 2020, we continued to roll out mandatory training programmes on anti-corruption, sexual harassment prevention, healthy lives, human rights, diversity and inclusion, data privacy as well as compliance, ensuring full alignment with our strict code of conduct.

### TRAINING AND LEARNING

Conducted by internal and external providers, our comprehensive suite of training and development initiatives are tailored to unlock the potential of our people. They have the opportunity to strengthen their skill sets and levels of competencies through our wide range of programmes, facilitating a high-performance culture. The success of our training and learning strategy is evaluated using a number of metrics, including participation rates, completion of training plans, total training hours and training effectiveness scores. These processes are overseen by our corporate training and learning division.

Key details of training programmes which took place in 2020 are as follows:

<b>Onboarding of New Hires</b>	<p>An in-depth orientation programme is held to onboard new talents, with the aim of:</p> <ul style="list-style-type: none"> <li>• Integrating them into the Nestlé family and assisting them in adapting to the working environment.</li> <li>• Imparting pertinent information for better understanding of their roles.</li> </ul>
<b>Mentoring Programme</b>	<p>Our mentoring programme creates a strong support system between our new employees and senior leaders through sharing of work experiences and insights as well as guidance. These relationships are nurtured, cultivating promising talent to help drive the Company forward. In 2020, 33 mentees and 30 mentors participated in the programme.</p>

In 2020, we invested RM514,000 into training and upskilling of our employees. This much smaller expenditure reflects the more extensive use of digital training available from the Group, such as the Business Academy, Healthy Lives and many others.

### TRANSITION ASSISTANCE PROGRAMME

Our career development efforts include practices to support those whose career journey is no longer with Nestlé. To support our employees who are transitioning to a role outside of Nestlé, we also offer support programmes and external consulting services to help employees find new gainful employment.

# Our People

## Mandatory Trainings

In 2020, 4,983 employees across Malaysia successfully completed the following training programmes, amounting to an average of 4.3 training hours per employee.

- All employees – Anti-Corruption, Sexual Harassment Prevention, Healthy Lives
- Management employees – Diversity and Inclusion, Data Privacy
- People managers – Compliance: A Leadership Responsibility

## Blended Learning Programme

In line with the new normal, the Blended Learning programme effectively combined virtual learning with an online module and live chat session, providing a knowledge base in tandem with real-time interaction. The virtual learning consisted of four topics, namely Business Acumen for Leaders, The 21<sup>st</sup> Century Leadership, Emotional Intelligence at Work, and Becoming an Effective Communicator.

In 2020, a total of 107 employees took part in the Blended Learning sessions, led by selected members of the Nestlé Leadership Team.

## New Corporate in-House (CiH) Programmes

With the aim of building a future-ready workforce, we implement a series of training programmes to build capabilities and upskill employees. In 2020, this included:

- Crafting Stories for Business Presentations
- Project Management Fundamentals
- Virtual Training Facilitation Skills

A total of 236 participants benefitted from our CiH programmes during the year.

## Global eBusiness Academy

The Global eBusiness Academy was established to ensure that our Marketing and Sales community is fully equipped with the relevant digital skill sets and knowledge to remain competitive in the global environment. By undergoing personalised learning paths, every learner is eligible for credentials and certifications related to their respective roles and career paths.

In 2020, 523 employees completed the training, reflecting 90% engagement. A total of 19% employees have also successfully completed the training curriculum and obtained their certification.

## Human Rights

Our Human Rights e-learning module aims to deepen our employees' understanding of human rights in business and it is in line with our commitment to assess and address human rights impacts across our business activities. In 2020, 3,448 employees completed this training, amounting to 7,380 total training hours.



## EMPLOYEE ENGAGEMENT

### WHY IT MATTERS

Our Nestlé Malaysia family, comprising more than 5,000 employees, is the cornerstone of the Company and we are committed to ensuring their well-being. Creating a positive difference in society is also fundamental part of Nestlé's culture, and our employees are with us every step of the way as we bring our philosophy of 'Good Food, Good Life' to life.

### WHAT WE'RE DOING

#### NESTLÉ & I EMPLOYEE SURVEY

Established in 2009, the Nestlé & I employee survey is utilised globally to gather input and perspectives from employees worldwide. More than a survey, Nestlé & I is an effective tool that enables us to glean insights and ensure strong alignment within our Nestlé family, providing our people with the opportunity to provide feedback and ensuring that their voices are being heard, subsequently fostering a positive, fulfilling and inclusive workplace.

#### Facilitating Open and Honest Feedback

We work with Willis Towers Watson, our trusted external partner, for data processing purposes, ensuring anonymity for all survey respondents. This also encourages employees to answer questions openly and honestly.

The survey is fully conducted online, in line with our commitment to tackle climate change and safeguard the environment. To facilitate this, we have created a user-friendly interface allowing employees to easily complete the survey via mobile phones or laptops. Promoting inclusivity in Malaysia, the survey is available in both English and Bahasa Melayu.

The Nestlé & I survey seeks to obtain employee feedback on key topics, including those on strategic direction and priorities of the organisation, management approaches of senior leadership, workplace safety and employee wellbeing, and numerous other categories. Through the survey, employee feedback in these areas are captured for individual functions, as well as for the organisation as a whole.

The survey results in 2020 for Nestlé Malaysia and Singapore recorded high levels of engagement among employees, good

understanding of the organisation's strategy and priorities, as well as strong belief in the Company's commitment to address environmental concerns, amongst others. These three categories recorded scores above 90%, which is also an improvement from the previous survey in 2016.

Marked improvement in scores were also recorded for other categories including those outlined below:

- Well-being – Belief that the organisation enables employees to balance work and personal life.
- Senior Leadership – Belief that the organisation's management style inspires employees to give their best.
- Long-term opportunities – Belief that the organisation offers long-term opportunities for employees.

The Nestlé & I survey also captured feedback on the need for better teamwork and collaboration as well as highlighted areas to improve efficiency for implementation of ideas, across the organisation. Action plans are then developed to address relevant focus areas and the progress on these areas are monitored.

#### OUR PROGRESS:

In 2020, we recorded our highest participation rate to date, whereby 100% of all our active employees including temporary and contract staff, took part in the survey. Understanding the importance of robust employee engagement, from 2020 onwards, the survey is set to be implemented on an annual basis.

# Our People

## NESTLÉ VOLUNTEER PROGRAMME

Making a positive difference in the world is an integral part of our promise to do good. To this end, we provide opportunities for our people to get involved through our employee volunteer programme, NESTLÉ CARES, dedicating 16 working hours every year for our employees to participate in various initiatives aimed at uplifting vulnerable communities, as well as safeguarding the environment.

In spite of the limitations to movement in 2020, NESTLÉ CARES was able to organise a number of initiatives safely, following strict COVID-19 Standard Operating Procedures. These included:



### Chinese New Year Visit to Old Folks Home

To ring in the Lunar New Year, our Nestlé volunteers brightened up En Yuan Old Folks Home in Kampung Tunku, treating 33 senior citizens to fun-filled exciting performances and activities, along with a delectable tea-time spread. We also contributed a total of RM31,088 to the home, comprising a cash contribution of RM10,000 and Nestlé products such as NESCAFÉ, NESTUM and NUTREN.



### COVID-19 Awareness & Prevention Session for the PPR Community

To raise awareness on safety and health practices in light of the COVID-19 pandemic, we organised a learning session for the *Projek Perumahan Rakyat* (PPR) community. This included a wide range of relevant topics such as personal and community hygiene, as well as the importance of wearing face masks, proper hand hygiene and physical distancing.



### Beach and Underwater Clean-up

As part of the ongoing fight against plastic waste and in conjunction with World Clean-up Day, we collaborated with a social enterprise, ImpactLution, to organise our annual beach clean-up in six locations concurrently across Malaysia. Stepping up our efforts, this included our first-ever underwater clean-up in Kota Kinabalu, Sabah. Collectively, 270 Nestlé volunteers along with their families gathered more than 1,500kg of waste.



### Back-to-School Programme

To help prepare children across Malaysia for the new school year, 50 Nestlé volunteers participated in packing Back-To-School kits, containing school supplies and necessities for students in Selangor, Kuala Lumpur, Putrajaya, Sabah, Pahang, Penang, Johor and Negeri Sembilan. We also contributed family care packs, which consisted of a range of Nestlé products for each family, with a total of 1,100 Back-To-School kits and family care packs distributed.

## PROMOTING YOUTH EMPLOYMENT AND EMPLOYABILITY

### WHY IT MATTERS

Over 267 million youths currently do not have any jobs, education or training. This means one in five youths globally are unable to develop valuable skills and capabilities that can help them secure stable and long-term employment.

We know that decent employment especially for youth is crucial in laying the foundation for decent livelihoods. This is even more critical as we navigate the challenges of a post-COVID-19 market environment. In view of this, there is a crucial need for proactive measures to ensure that a generation of talent is not left behind.

### WHAT WE'RE DOING

#### OUR COMMITMENT:

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

At Nestlé, we continued to spearhead various initiatives to equip young talent with essential skills to weather through the disruption of the pandemic. Our dedication to youth employment is articulated through initiatives such as apprenticeships, internships and training schemes, amongst others.

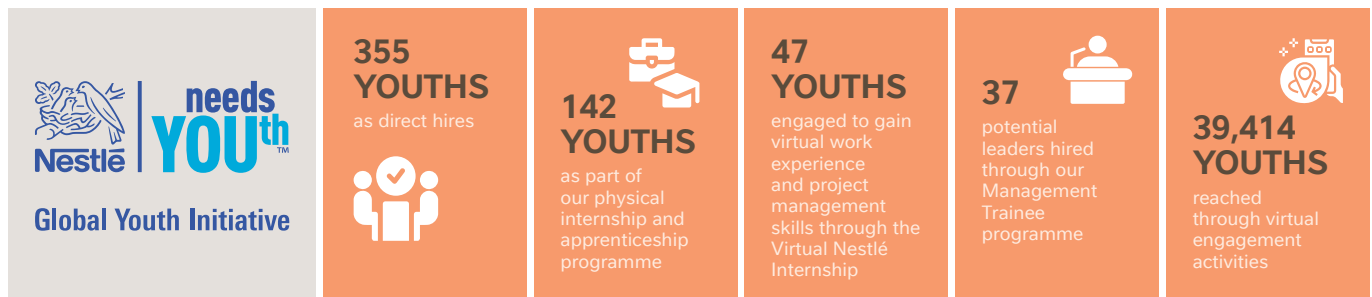
#### GLOBAL YOUTH INITIATIVE: Nestlé needs YOUth

Under the global umbrella of the Nestlé needs YOUth initiative, there are numerous programmes focused on upskilling youth and empowering them via professional development and career advancement.

Around the world, the livelihoods of millions of people have been disrupted due to the pandemic, especially young talents who have been impacted by the lack of prospects. To help address this, in 2020, we pledged to provide job opportunities for 500 youths by 2021, including those from the B40 communities. As part of this commitment and in line with our global ambition to help 10 million young people have access to economy opportunities by 2030, we introduced the Apprenticeship, Internship, and the Nestlé Virtual internship Programme.

#### OUR PROGRESS:

In 2020, we have recruited, trained and engaged close to 40,000 youths through various initiatives as below:



# Our People

As a result of our people practices, we continued to retain our position as the preferred employer of choice for graduates and mid-career hires. We engaged with youth from various universities and public engagement initiatives via virtual career fairs and talks. In 2020, we participated in eight virtual career fairs and 15 webinar career talks.

These virtual career fairs and student engagements included:

- Seeds Online Career Fair
- Lazada Online Career Fair
- M100 Virtual Fair
- Talentbank Digital Career Fair
- GRADUAN Aspire Virtual Fair
- GRADUAN Australia Virtual Fair
- GRADUAN and Nestlé International Youth Day Live Webinar

## SDG SPOTLIGHT



### Goal 8: Decent Work and Economic Growth

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

## International Youth Day Celebration 2020

In conjunction with International Youth Day, we partnered with GRADUAN, a leading Malaysian career and employment resource, for a live virtual discussion entitled 'Power of Potential'. The session was joined by industry leaders, entrepreneurs and social media influencers, who discussed the current landscape and shared their insights on viable opportunities for young professionals during and post COVID-19. The session garnered a total of more than 2,300 unique views.

Testament to our efforts, we were honoured to receive a number of accolades as an employer of choice in 2020:

- ▶ Graduates Choice Award winner for the FMCG Sector
- ▶ Malaysia's 100 Leading Graduate Employers Award winner for the FMCG Sector
- ▶ Randstad's Top 3 Most Attractive Employers Award



Panel speakers sharing insights during Nestlé's live webinar, 'Careers in Times of COVID-19' in conjunction with International Youth Day.

### NESCAFÉ Youth Entrepreneurship Programme

Representing the future of the nation, we are committed to empowering youths, offering them opportunities to realise their full potential. With this in mind, the NESCAFÉ Youth Entrepreneurship Programme (NYEP) allows university students to gain valuable experience by running a NESCAFÉ hub, a fully-equipped mobile café at their campuses. This platform helps them develop an entrepreneurial mindset and nurtures relevant real life skills, with a focus on the key areas of sales, marketing and supply chain management. On top of this, NYEP also provides an avenue for students to reap the rewards of their entrepreneurial spirit and hard work, by generating additional income for themselves through their own business.

This year did pose a challenge as universities for the most part transitioned to online classes. Nevertheless, participants took the initiative to tap into their creative side and explore new possibilities beyond a physical NESCAFÉ hub, including promoting their operations on digital platforms as well as taking orders online. To date, NYEP has successfully reached out to 921,000 youths and trained 5,200 young entrepreneurs.



## PROMOTING DECENT EMPLOYMENT

### MY OWN BUSINESS

The My Own Business (MYOWBU) programme, which is driven by our NESTLÉ PROFESSIONAL business, aims to empower and provide opportunities to Malaysians to set up their own businesses and become entrepreneurs.

Through MYOWBU, future entrepreneurs will obtain the necessary skills to become beverage operators, serving the out-of-home sector with MILO vehicles and pop-up kiosks. Programme participants 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.

Moving forward, the Group will be reviewing the MYOWBU programme for a relaunch in 2021, with the same guiding principle of helping the B40 communities and at the same time cultivating the entrepreneurial spirit amongst youths by enabling them to run their own business.

# Our People

## LABOUR RELATIONS

### WHY IT MATTERS

Since our inception, we have embedded the values of honesty, integrity and mutual respect in the foundations of our working culture. Guided by the Nestlé Employee Relations Policy, we ensure that this is firmly entrenched across our organisation, from management to non-management levels. To maintain good labour relations, this applies for both individual and collective interactions, including our relationships with trade unions and employee representatives.

### WHAT WE'RE DOING

#### COLLECTIVE BARGAINING AND FREEDOM OF ASSOCIATION

We are staunch advocates for collective bargaining and freedom of association as fundamental human rights, crucial to eliminating any form of forced labour. This is why we place such great importance on doing our utmost to enable all our employees to exercise their rights.

Recognising the crucial role of labour unions in our country's workforce, we are committed to maintaining the positive relationships that we have built, to maintain a healthy work environment for our people. To this end, we continue to uphold an open dialogue with all relevant parties, to address potential areas of concern and develop solutions together. Led by our people and employee representatives, all issues are managed in a fair and equitable manner.

Over the years, we have ensured that our workforce receives competitive remuneration above industry benchmarks. We remain committed to engaging with union representatives to arrive at positive outcomes that are mutually agreed upon, while supporting business continuity in the challenging environment brought about by COVID-19 pandemic.

Our collective bargaining agreements are as follows:

- The Collective Bargaining Agreement with the National Union of Commercial Workers (NUCW) was signed in 2019 and remains in effect until end of 2021.
- The Company is currently in negotiations with the Food Industry Employees Union (FIEU) for the Collective Bargaining Agreement 2020-2022.

Our Collective Agreements provide a detailed schedule of salaries and wages of non-management employees. In 2020, we adjusted our minimum hiring wage for employees to RM1,200, in line with the Minimum Wages Order 2020.

In total, 3,306 employees are covered under the Collective Bargaining Agreements, representing 65% of our workforce.



### 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

## OPERATING WITH INTEGRITY

### WHY IT MATTERS

A culture of strong business ethics is central to our ability to create shared value for shareholders, stakeholders, consumers and society at large. Doing the right thing with credibility and consistency both minimises risks and strengthens relationships.

### WHAT WE'RE DOING

#### OUR COMMITMENT:

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

We are guided by a set of ethical codes cultivating a culture of integrity and respect that permeates across the Group. This is instilled in our people, as well as in our partners and the stakeholders we work with throughout our value chain. Underpinned by uncompromising compliance standards, we have comprehensive principles in place throughout the organisation to ensure best practices are adhered to by all.

With our NCBP as a clear reference point with specific policies in place, this provides a strong ethical framework for employees to base their conduct on. Their adherence to this is carefully tracked, with audits undertaken on a regular basis.



# Our People

## ANTI-CORRUPTION

Corruption in the workplace does not only negatively affect a company's reputation, but it also takes a toll on employees' performance and morale. In order to encourage an anti-corruption mindset, we embed anti-bribery and anti-corruption policies within our organisation, ensuring clear and effective communication across our supply chain.

In 2020, new corporate liability provisions were established under the Malaysian Anti-Corruption Commission Act 2009. In line with this, we undertook a thorough review conducted by an independent third party to ascertain our readiness in to implement the Adequate Procedures principles set forth by the new provisions.

Ensuring our full compliance with these provisions, we further enhanced our internal processes and awareness on corporate corruption, supplementing our existing Nestlé Malaysia Anti-Corruption, Gifts and Entertainment Guidelines which provide a clear code of conduct and guidance for employees, customers and suppliers. Following an in-depth assessment of our existing measures in order to identify and close gaps, we introduced a new due diligence process for the engagement of suppliers, as well as implemented an extensive Group-wide training for management and employees at all levels and departments of the organisation.

Additionally, through regular updates, we continue to communicate with employees on expected conduct and best practices. All of our employees, including management and non-management participated in a mandatory eLearning session on anti-corruption. In 2020, 5,006 employees, or 99.7% of our workforce received training in anti-corruption. The remaining 0.3% represents employees hired in November and December who have yet to complete their training as of year-end as well as employees on extended or maternity leave and those serving notice. All our Board of Directors have also received training in anti-corruption.

We continued to evaluate selected business units for potential corruption-related risks. In 2020, four audits were performed, covering key processes and functions.

## PRIVACY

In today's digital age, data privacy is crucial for all companies. This is why we place great importance on protecting the data of our consumers, employees, vendors, suppliers and other stakeholders, implementing robust measures to safeguard personal data. With this data in hand, we are able to offer meaningful experiences for our consumers and most importantly, peace of mind that their personal data is safe. More information on our Privacy Policy is available on our website.

## ANTI-DISCRIMINATION

Any form of discrimination or harassment in the workplace is strictly prohibited and will not be tolerated. We strive to promote a positive workplace culture where all our people are treated with the utmost dignity and respect, regardless of origin, nationality, religion, race, gender, age or sexual orientation. No incidences of discrimination were reported in 2020.

## GRIEVANCE MECHANISMS AND REMEDIATION

Effective grievance mechanisms play a key role in protecting the rights of all our employees, providing a platform for expressing concerns or resolving potential issues. This applies to any breach or infringement to our NCPB, Code of Business Conduct or corporate policies.

We encourage all of our people as well as those in our value chain to report any suspected violations or inappropriate or illegal behaviour, whereupon corrective action will be taken following an investigation. All reports are thoroughly and impartially investigated without fear of reprisal of any kind.

To facilitate this, we have established a whistleblowing hotline for reporting of non-compliance incidents in Nestlé Malaysia. By engaging with an independent third-party to manage the hotline, we maintain anonymity and confidentiality of whistle-blowers.

**CGFR** Further details can be found in the Corporate Governance Statement on page 6 of the Corporate Governance & Financial Report.

## 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 nondiscriminatory policies



# Performance Data

## FARMER CONNECT

Description	2016	2017	2018	2019	2020
<b>NESTLÉ CHILLI CLUB</b>					
a. Number of farmers	112	79	81	76	60
b. Total production (MT)	506	200	400	400	200
c. Total number of hectares	32	32	62	62	32
<b>NESTLÉ PADDY CLUB</b>					
a. Number of farmers					
i. Jan - Feb	299	285	270	251	212
ii. Aug - Sept	290	272	263	235	216
b. Average yield (MT/ha)					
i. Jan - Feb	6.10	5.27	5.43	5.23	6.48
ii. Aug - Sept	6.44	5.71	5.58	5.50	6.02
c. Total number of hectares					
i. Jan - Feb	798	762	739	690	580
ii. Aug - Sept	762	732	723	654	611

## RESPONSIBLE SOURCING

Description	2016	2017	2018	2019	2020
<b>SUPPLIER ASSESSMENTS</b>					
a. Number of suppliers screened based on Nestlé Responsible Sourcing Guideline	118	147	107	105	65

## OUR WORKFORCE

Description	2016	2017	2018	2019	2020
<b>WORKFORCE OVERVIEW</b>					
a. Total number of employees	5,505	5,338	5,267	4,686	5,018
b. Total number of employees Nestlé Products Sdn. Bhd.	1,571	1,543	1,512	1,462	1,520
c. Total number of employees Nestlé Manufacturing (Malaysia) Sdn. Bhd. (NMM)	3,934	3,795	3,755	3,224	3,498
i. NMM Shah Alam	873	849	774	754	852
ii. NMM Petaling Jaya*	564	511	494	-	-
iii. NMM Batu Tiga	854	880	833	886	966
iv. NMM Kuching	224	174	164	161	163
v. NMM Chembong & Chembong Ice Cream	967	917	883	952	1,071
vi. NMM Sri Muda	168	187	182	186	182
vii. NMM Head Office	70	65	53	61	60
viii. NMM Nestlé Distribution Centre	214	209	233	224	204

\* NMM Petaling Jaya was divested in 2019

# Performance Data

Description	2016	2017	2018	2019	2020
<b>WORKFORCE OVERVIEW</b>					
d. Employee breakdown (%)					
i. Permanent	99	99	98	96	96
ii. Contract	1	1	2	4	4
e. Number of new employees by gender					
i. Male	220	316	224	278	292
ii. Female	183	223	216	241	162
f. Number of employees leaving employment by gender					
i. Male	189	222	256	129	114
ii. Male (%)	3.40	4.20	4.86	2.75	2.27
iii. Female	149	162	281	109	82
iv. Female (%)	2.70	3.00	5.33	2.30	1.63
g. Number of employees leaving employment by location					
i. Nestlé Products Sdn. Bhd.	186	178	262	136	76
ii. Nestlé Products Sdn. Bhd. (%)	3.40	3.33	4.97	2.90	1.51
iii. Nestlé Manufacturing (Malaysia) Sdn. Bhd.	152	206	275	101	120
iv. Nestlé Manufacturing (Malaysia) Sdn. Bhd. (%)	2.80	3.86	5.22	2.16	2.39
<b>WORKFORCE DIVERSITY</b>					
a. Workforce by gender					
i. Male employees (%)	65	66	66	64	65
ii. Female employees (%)	35	34	34	36	35
b. Workforce by ethnicity (%)					
i. Bumiputera	68.72	70.19	70.53	68.25	69.81
ii. Chinese	20.97	21.48	20.94	22.39	21.80
iii. Indian	6.74	6.71	6.89	6.53	6.68
iv. Others	3.57	1.65	1.63	2.84	1.71
c. Workforce by age (%)					
i. Below 30	26.10	22.63	19.48	19.93	20.94
ii. 30 - 50	64.20	67.42	70.46	70.25	67.72
iii. Above 50	9.70	9.95	10.06	9.82	11.34
d. Leadership positions held by women	45	48	51	50	52
e. Leadership positions held by women in Nestlé Malaysia's Board of Directors (%)	25	25	29	21	43
<b>TRAINING AND DEVELOPMENT</b>					
a. Average training hours by gender and category (hours)					
i. Male	14.70	13.14	11.83	15.44	11.77
ii. Female	18.20	16.27	14.15	18.95	15.88
iii. Management	27.41	22.63	20.82	31.57	23.83
iv. Non-management	11.31	11.08	10.19	10.31	8.84
b. Total spent on Training and Development annually (RM)	11,094,860	4,913,337	3,401,378	6,166,205	514,281 <sup>-</sup>
c. Attendance breakdown (headcount)					
i. Local training	11,431	10,465	8,372	17,375	45,424
ii. Overseas training	127	100	80	105	0
d. Employees receiving nutrition training	4,598	4,680	4,814	4,971	4,983
e. Employees receiving performance review and career development review (%)	100	100	100	100	100

<sup>-</sup> Reduced expenditure for physical training sessions due to COVID-19 movement restrictions. Training sessions were conducted virtually.

Description	2016	2017	2018	2019	2020
<b>OCCUPATIONAL HEALTH AND SAFETY INCIDENTS</b>					
a. Lost Time Injury Frequency Rate	1.7	1.6	1.4	1.2	1.5*
b. Injury rate					
i. Nestlé Head Office	0.5	1.1	0	0.6	0
ii. NMM Shah Alam	1.8	1.1	0	1.2	1.4
iii. NMM Petaling Jaya	2.2	2.8	2.5	1.3	-
iv. NMM Batu Tiga	3.3	2.5	3.3	2.2	2.6
v. NMM Kuching	1.8	6.1	0	0	2.0
vi. NMM Chembong	0.4	1.5	2.6	1.4	1.1
vii. NMM Chembong Ice Cream	5.6	0	2.8	2.9	4.5
viii. Nestlé Distribution Centre	0	0.6	0.6	0.0	0.8
ix. Sales & Marketing	2.7	0.6	0.7	0.7	0
c. Lost day rate (LDR)					
i. Nestlé Head Office	3.1	1.7	0	1.3	0
ii. NMM Shah Alam	5.6	4.7	0	119.8	37.0
iii. NMM Petaling Jaya	21.0	182.3	59.5	119.5	-
iv. NMM Batu Tiga	44.7	94.8	22.0	43.3	93.0
v. NMM Kuching	1.9	13.3	0	0	29.0
vi. NMM Chembong	1.3	8.8	46.9	25.6	21.0
vii. NMM Chembong Ice Cream	137.8	0	0	4.4	24.0
viii. Nestlé Distribution Centre	0	0	0	0	0
ix. Sales & Marketing	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. Nestlé Distribution Centre	0	0	0	0	0
ix. Sales & Marketing	0	0	0	0	0
Number of hours worked	-	-	-	-	6,115,379
Number of high-consequence work-related injuries	-	-	-	-	2
Number of recordable work-related injuries	-	-	-	-	23
<b>COLLECTIVE BARGAINING</b>					
a. Employees covered by collective bargaining agreement (%)	72	70	70	70	65

\* This data has been independently audited. Please refer to the Assurance Report on pages 148 and 149



## FOR THE PLANET

For the growth of our business to be sustainable, it must occur in tandem with the acceleration of operating practices that lead into a greener future economy. We are focused on finding a path forward that addresses urgent and mounting environmental pressures, with a view towards preserving our natural resources for generations to come.

*We act on climate change to protect biodiversity and preserve natural capital*



# For the Planet





## TO STRIVE FOR ZERO ENVIRONMENTAL IMPACT IN OUR OPERATIONS BY 2030

### NESTLÉ'S GLOBAL IMPACT AREAS

-  **CARING FOR WATER**
-  **ACTING ON CLIMATE CHANGE**
-  **SAFEGUARDING THE ENVIRONMENT**

### OUR PROGRESS IN 2020

<p>REDUCED OUR WATER CONSUMPTION PER TONNE OF PRODUCTS BY</p> <p><b>4.4%</b></p> 	<p>CONTINUED TO SEND</p> <p><b>ZERO WASTE</b> TO LANDFILL</p> 	<p>PILOTED DOOR-TO-DOOR RECYCLING COLLECTION SERVICE FOR MORE THAN</p> <p><b>8,000 HOUSEHOLDS</b></p>	<p>LAUNCHED PROJECT RELEASE, WITH A COMMITMENT TO PLANT</p> <p><b>3 MILLION TREES IN THE NEXT 3 YEARS</b></p>
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### CONTRIBUTIONS TO SDGs

<b>6</b> CLEAN WATER AND SANITATION	<b>7</b> AFFORDABLE AND CLEAN ENERGY	<b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION	<b>15</b> LIFE ON LAND
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At Nestlé, we are conscious that the longevity of our business is tied to the ecosystems that sustain our operations and the societies where we operate. In order to ensure the continued wellbeing of the natural environments that we impact, it is essential that we act to minimise impacts across our value chain and cultivate responsible behaviours among our stakeholders. Our overarching ambition is to achieve zero environmental impact across our operations, with our key focus areas including water management, minimising solid waste, optimising our product packaging, tackling climate change, practising environmental conservation and protecting biodiversity. Through ambitious targets and firm commitments, Nestlé is driving solutions for a greener future.

Our Action Areas:	Our Key Commitments:
Caring for Water	<ul style="list-style-type: none"> <li>• Work to achieve water efficiency and sustainability across our operations</li> <li>• Advocate for effective water policies and stewardship</li> <li>• Treat the water we discharge effectively</li> <li>• Raise awareness on water conservation and improve access to water</li> <li>• Engage with suppliers, especially those in agriculture</li> </ul>
Acting on Climate Change	<ul style="list-style-type: none"> <li>• Provide climate change leadership</li> <li>• Improve resource efficiency in our operation</li> </ul>
Safeguarding the Environment	<ul style="list-style-type: none"> <li>• Improve the environmental performance of our packaging</li> <li>• Assess and optimise the environmental performance of our products</li> <li>• Reduce food loss and waste</li> <li>• Preserve natural capital, including forests</li> </ul>

Our environmental strategy is grounded in sound management of the operational impacts of our business. This is achieved through adherence to the Nestlé Policy on Environmental Sustainability and evaluated via the Nestlé Environmental Management System. Through these controls, we are continuously improving our oversight and management of environmental impacts via a process called Nestlé Continuous Excellence.

### Nestlé Continuous Excellence Cycle Reflecting Our Sustainability Strategy



The Nestlé Continuous Excellence (NCE) cycle establishes a flow of ongoing improvement to our environmental management approach. It contains the following components:

- ▶ **General Requirements**
- ▶ **Environmental Policy**
- ▶ **Planning**  
Identifying environmental impact, aligning with legal and other requirements and setting up objectives, targets and programmes.
- ▶ **Implementation and Operation**  
Setting out roles, responsibility and authority as well as ensuring competence, training and awareness. Ensuring adequate communication, documentation and control of documents. Includes sound operation control and emergency preparedness and response.
- ▶ **Checking**  
Monitoring and measuring project outcomes so as to evaluate compliance and identify non-conformity. Corrective and preventative actions to be carried out as needed. Conduct internal audit and ensure control of records.
- ▶ **Management Review**  
Assess opportunities to improve and the need to change the management system, policy or objectives.

In addition to the enhancements driven by the NCE cycle, Nestlé locations around the world actively share environmental initiatives that have proven successful in their operations through the Nestlé Environmental Target Setting programme. Through this centralised platform for knowledge sharing, the Company is able to achieve widespread improvements in environmental efficiency, driving shared progress towards zero impact.

This culture of collective progress is further reflected by Nestlé Malaysia in our commitment to transparent reporting and active industry engagement, including dialogue with regulators, communities and other stakeholder groups on environmental topics.

# Caring for Water

Water is a vital resource for both our business and the communities in which we operate. In recognition of this, we remain committed to minimising our impact on water resources, including the water we consume as well as the water we discharge. Our approach involves proactive monitoring of water quality and withdrawal as well as regular engagement with external parties to promote water conservation. We are guided at all times by the Commitment on Water Stewardship in the Nestlé Policy on Environmental Sustainability, as well as by the Nestlé Water Stewardship Ladder, which provides a roadmap for the effective shared management of water resources.

Our water consumption practices involve the sourcing of water from municipal water supplies and the discharge of treated wastewater to local rivers. Our stewardship efforts are therefore primarily focused on ensuring that we consume as little water as necessary and that we effectively manage all discharge. Our municipal supplies, which include Pengurusan Air Selangor Sdn. Bhd., Syarikat Bekalan Air Negeri Sembilan Sdn. Bhd. and Lembaga Air Kuching, are not sourced from sensitive or protected water bodies that are part of the Ramsar Wetlands list.

## 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 54.

## WATER EFFICIENCY

### WHY IT MATTERS

As a shared resource, the responsible withdrawal and usage of water is critical to an equitable society. As Nestlé sources water from municipal suppliers, our water efficiency efforts' primary impact is to avoid undue stress on water infrastructure and to drive process improvements in our operations.

### WHAT WE'RE DOING

#### OUR COMMITMENT:

**Work to achieve water efficiency and sustainability across our operations**

#### OUR TARGET:

**Reduce our specific water usage (m<sup>3</sup>/tonne of product) by 4% compared to 2019**

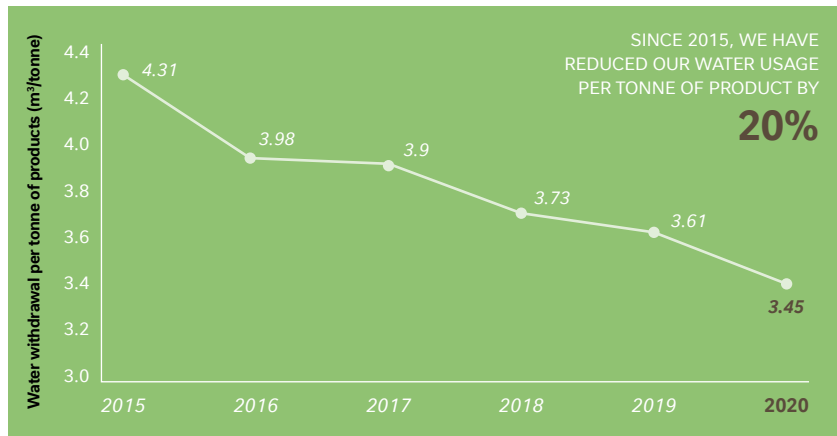
#### OUR PROGRESS:

Our efforts to improve water efficiency are driven by ongoing innovation and guided by annual targets. Our approach focuses on reusing, recycling and optimising the water used within our operations in order to lower our water consumption.

In 2020, we continued to realise reductions in our specific water consumption, reducing the amount of water required to produce one tonne of finished products to 3.45m<sup>3</sup>. Representing an overall reduction in specific water usage of 4.4% compared to 2019, this surpasses our target for the year.



This year, we continued engaging stakeholders closely to obtain knowledge and insights on ways to further reduce water consumption across our value chain. These include leveraging agricultural insights from rice suppliers on various methods, which enabled us to reduce water consumption by up to 40% this year.



**62,128 m<sup>3</sup>**  
WATER SAVINGS IN 2020

EQUIVALENT TO THE ANNUAL WATER CONSUMPTION OF APPROXIMATELY **1,134 PEOPLE**

**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 ADVOCACY

### WHY IT MATTERS

As a resource which is vital to all stakeholders, water must be governed both equitably and effectively. Sound stewardship of the planet’s water resources requires multi-stakeholder governance in which the needs of all communities, individuals and organisations are recognised.

### WHAT WE’RE DOING

#### OUR COMMITMENT:

#### Advocate for effective water policies and stewardship

Nestlé is committed to supporting equitable water governance and regularly engages with relevant regulators and industry players to support the development of sound water-related policy and practices. Our engagement in such advisory is grounded in our depth of industry experience and includes proactive water advocacy and sharing industry insights and best practices on improving water stewardship. In 2020, we supported the Department of Environment’s (DOE) efforts to build capacity in water stewardship in the private sector by offering our facilities as training locations for their waste water management training programme. During the training sessions, Nestlé also shared our best practice water management efforts, helping to deepen participants’ understanding with real industry examples.



Nestlé employee monitoring water quality using the Direct Potable Reuse System (DPRS)

# Caring for Water

## WASTEWATER TREATMENT PLANT

### WHY IT MATTERS

Our operations generate significant volumes of wastewater. It is essential that this water be adequately treated using appropriate processing technology to remove organic compound prior to its reuse or release into the environment.

### WHAT WE'RE DOING

#### OUR COMMITMENT:

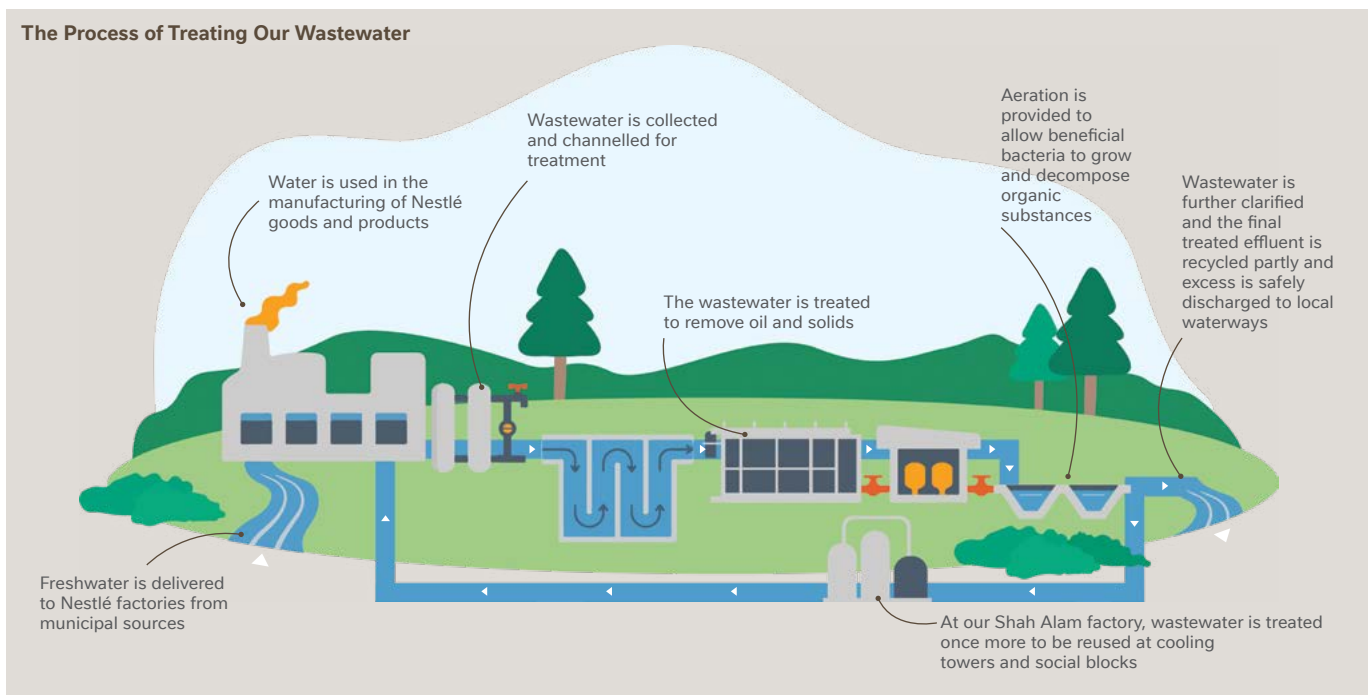
#### Treat the water we discharge effectively

We endeavour at all times to conduct our operations in line with strict water quality requirements. All water discharged by Nestlé is treated in line with applicable water quality standards and local environmental regulations. We maintain wastewater treatment plants at all of our factory complexes, which use biological treatment processes to remove approximately 96% of organic load prior to the discharge of wastewater. We also adhere to Nestlé's global standards for environmental impacts, the Nestlé Environmental Requirements, which set out exacting standards for wastewater management.

In 2020, we received financial penalties for an incident of non-compliant effluent release in 2019. On 21 May 2019, our Shah Alam Factory recorded industrial effluent discharge levels above the permissible parameters set by the DOE. This was inadvertently caused by an accidental discharge at the wastewater treatment plant

triggered by a human error. Once this isolated incident was detected, we took immediate action to rectify this. The resulting impact from the industrial effluent discharge was fully remedied, bringing back effluent discharge quality rapidly to within the parameters prescribed by the DOE. Since then, our industrial effluent discharge continues to remain below these parameters. Nestlé Malaysia has settled the penalty relating to this incident and the matter has been resolved.

Our wastewater management strategy is closely tied to our efforts to reduce our water consumption. At our Shah Alam factory, we use a Direct Potable Reuse System (DPRS), to treat wastewater in accordance with WHO standards, allowing the treated water to be used at cooling towers and social blocks. The DPRS reduces water usage by 25% at non-production areas.



## ACCESS TO WATER

### WHY IT MATTERS

Access to water, sanitation and hygiene (WASH) is a fundamental human right and essential for living a good quality of life. Yet, there are communities around the world, particularly those in rural areas, that lack access even to clean drinking water or water for sanitation and hygiene, which plays an important role now more than ever.

### WHAT WE'RE DOING

#### OUR COMMITMENT:

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

In a bid to help address the lack of access to clean water and understanding of safe water practices, we work with the Global Peace Foundation Malaysia to distribute water filtration systems to underserved *orang asli* communities via our Safe Water, Safe Communities project. Despite challenges in 2020, such as movement restrictions due to the COVID-19 pandemic as well as the seasonal monsoon, we were able to continue supplying clean and safe drinking water to more than 120 houses and provide water access to 16 houses in *orang asli* communities in Pahang and Perak. Youth and adults from a total of 284 families also benefitted from WASH and nutritional training.

#### OUR PROGRESS:

Since inception in 2018, more than 3,100 villagers have benefitted from a total contribution of 319 water filtration systems through this programme.

### SDG SPOTLIGHT



#### Goal 6: Clean water and sanitation

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



# Acting on Climate Change

Coordinated global action is required to address climate change and mitigate the risks associated with rising greenhouse gas (GHG) emissions. To ramp up our impact in this area, Nestlé has set ambitious targets to halve our global GHG emissions by 2030 and achieve net zero emissions by 2050. Guided by this net zero ambition, we are making ongoing efforts to reduce climate impacts across our value chain.

## Our Key Commitments:

- Provide climate change leadership
- Improve resource efficiency in our operation

In 2020, Nestlé launched its global Net Zero Roadmap, a document which outlines the steps we will take to transition towards carbon neutrality. The roadmap is comprehensive and far-reaching, setting out priority action items across the entirety of our value chain, from ingredients sourcing to transporting finished goods. Beyond our direct operations, the roadmap also details our intended approach to work with customers, regulators and other stakeholders to accelerate societal shifts towards a climate-friendly future.

## CLIMATE-RELATED DISCLOSURES

In line with our pledge towards climate leadership, we are committed to transparent reporting on the ways in which we manage the risks and opportunities associated with climate change. This report marks our second year of disclosing against the recommendations of the TCFD.

<p><b>Governance</b></p>	<p>Governance of climate-related matters is provided by the Board of Directors, who meet twice yearly to discuss updates and progress on CSV initiatives, including Nestlé Malaysia's climate strategy. Group Corporate Affairs is further responsible for enacting the CSV strategy and ensuring that climate change and other sustainability issues are taken into account across all business operations. The CEO provides strategic guidance and overview of Group Corporate Affairs' CSV efforts.</p>
<p><b>Strategy</b></p>	<p>Nestlé Malaysia's climate strategy is guided by the direction received from Nestlé S.A., including through the Net Zero Roadmap. Strategic directives from Nestlé S.A. are adapted by Nestlé Malaysia for our local operating context and implemented across all business operations, guided by Group Corporate Affairs.</p>
<p><b>Risk Management</b></p>	<p>Our exposure to climate-related risks is managed by the Nestlé Policy on Environmental Sustainability, which sets out a framework for our 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 responsibly-sourced palm oil.</p> <p>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 &amp; Financial Report 2020.</p>
<p><b>Metrics and Targets</b></p>	<p>We monitor our climate-related performance using the following metrics:</p> <ul style="list-style-type: none"> <li>• Scope 1, 2 and 3 emissions</li> <li>• Operation-specific emissions</li> <li>• Consumption of ozone-depleting substances</li> </ul> <p>Climate-related targets, including year-on-year reductions in emissions, are established by Nestlé S.A. based on performance. In 2020, our target was to reduce specific GHG emissions by 2.2% relative to 2019.</p>

## MANAGING OUR CARBON FOOTPRINT

### WHY IT MATTERS

In order to address climate change effectively, significant interventions are necessary to minimise the climate impacts of industrial value chains. To achieve global reductions in GHG emissions, concerted action is required to better understand and address our carbon footprint.

### WHAT WE'RE DOING

#### OUR TARGET:

#### Reduce specific GHG emissions (kg GHG/tonne of product) by 2.2% in comparison to 2019

The most significant source of GHG emissions within our operations are during the manufacturing and distribution stages of our activities. We monitor these emissions, as well as those generated at other stages across our value chain, using the SHE-PM platform, which tracks our consumption of fuel and energy at our sales offices and during the manufacturing, import, export and distribution of our products in Malaysia.

Our specific emissions intensity increased by 1.2% in 2020, falling short of our 2020 target. This is primarily due to the divestment of our Petaling Jaya factory in 2019, which carried out operations that were lower in energy consumption, and therefore were lower in emissions intensity compared to the rest of our manufacturing sites. In December 2020, we commissioned the production of our new Plant-Based Meal Solutions plant, which also contributed to the emissions intensity. We nevertheless achieved a net reduction in our total carbon footprint in 2020, recording total direct and indirect GHG emissions of 139,642 tonnes of CO<sub>2</sub>, equivalent to a reduction of 2.8% compared to 2019 levels.

Compared against a 2019 scope which excludes the divested factory, we achieved a 3.2% reduction in specific GHG emissions in 2020.

### TRANSPORTATION AND DISTRIBUTION

Transportation of our finished goods and products is by nature, a fuel-intensive activity. To minimise the GHG emissions associated with this stage of our value chain, we work with third-party logistics partners to track and reduce our mileage, fuel consumption and noise.

In 2020, Nestlé Malaysia rolled out a digital platform to optimise transportation management as part of a global initiative to further optimise transportation planning, carbon emissions and costs.

The project, named the Transportation Hubs Programme (THUB), uses state-of-the-art analytics to further optimise the usage of trucks and containers, resulting in fewer trucks on the road moving the same amount of products.

Since THUB's launch in October 2020, we have recorded approximately 12% better utilisation of vehicles, equating to an approximate reduction of 10% in transportation-related emissions, or 60 tonnes of CO<sub>2</sub> per annum.

### REFRIGERANT MANAGEMENT

Refrigerants are widely recognised to have significant impact on climate change and their usage at Nestlé is governed by strict purchasing policies. We are currently working towards the use of natural refrigerants throughout 100% of our operations, as these substances have been shown to be innocuous to the ozone layer and to have negligible impact on climate change. We track our consumption of refrigerants on a monthly basis and regularly replace old refrigeration equipment.

#### OUR PROGRESS:



**65%**

OF ICE CREAM CHESTS, UPRIGHT AND ISLAND FREEZERS HAVE BEEN REPLACED SINCE 2015



**3.2%**

REDUCTION IN SPECIFIC GHG EMISSIONS IN 2020\*  
\*EXCLUDING DIVESTED FACTORY

# Acting on Climate Change

## REDUCING OUR ENERGY CONSUMPTION

### WHY IT MATTERS

As one of the largest sources of GHG emissions, energy consumption is an important area of focus to achieve global climate goals. For long-term business sustainability, it is vital that businesses work to maximise energy efficiency through investments in new knowledge, processes and technology.

### WHAT WE'RE DOING

#### OUR COMMITMENT:

#### Improve resource efficiency in our operations

We endeavour to reduce our energy consumption through the use of energy-efficient technology and by encouraging process efficiency within our employees. In 2020, our energy usage per tonne of product was 3.31 GJ, a 4.4% increase compared to energy usage in 2019. This increase is primarily a result of the divestment of our Petaling Jaya factory in 2019, which carried out operations that were lower in energy consumption compared to the rest of our manufacturing sites. To drive future reductions in energy consumption, we continued to invest in new equipment and strengthen our energy oversight in 2020. We continue to work towards increased energy efficiency and the use of renewable energy, such as through future plans for the installation of on-site biomass boilers and solar panels at our factories.



# Safeguarding the Environment

Environmental impact on our forests, land, oceans and on the climate affects more than just our value chain – it impacts the sustainability of the planet and the ecosystem we live in. We are conscious of the urgent need to halt the impact of the unsustainable use of the planet's natural resources and we aim to be a driving force in shaping a greener future for all. In accordance with this, we look at every aspect of our operations and supply chain and implement wide-ranging measures to manage our environmental footprint, including enhancing efficiency, minimising waste and working towards net zero emissions. Our continual quest for better environmental performance also entails collaboration with various stakeholders such as industry experts, NGOs, the authorities, our vendors and other relevant partners.

To help us achieve desired outcomes, we implemented the SHE-PM system to monitor the environmental impact of our manufacturing facilities. In addition to strictly adhering to local laws and regulations set by the Malaysian Government, our factories and Nestlé Distribution Centre continued to maintain the certification for environmental management under ISO 14001. Assessments for Environmental Aspect and Environmental Impact are also carried out on a regular basis to measure the performance of our operations and along the value chain, with third-party validation by ISO auditors.

Our efforts are in line with our commitment to halve our greenhouse gas emissions by 2030 and realise our net zero global ambition by 2050.

## Our Key Commitments:

- Improve the environmental performance of our packaging
- Assess and optimise the environmental performance of our products
- Reduce food loss and waste
- Preserve natural capital, including forests

## TACKLING PLASTIC WASTE

### WHY IT MATTERS

While food and beverage packaging plays an important role in ensuring that our products are safe for consumption and keeping consumers informed, it also contributes undeniably to the growing volume of single-use materials that have become commonplace in society. There is an urgent need to reduce such materials through changes to both business practices and consumer behaviour.

### WHAT WE'RE DOING

#### OUR COMMITMENT:

**Improve the environmental performance of our packaging**


#### OUR TARGET:

- **100% recyclable or reusable packaging by 2025**
- **To assess and optimise the environmental performance of our products**
- **One third reduction in use of virgin plastics by 2025**

Moving towards the circularity of our value chain remains a priority for Nestlé, and Nestlé Malaysia has made a commitment to achieve plastic neutrality by 2025.


# Safeguarding the Environment

Recognising the multi-dimensional nature of the global plastic crisis, our approach to managing our impacts includes not only redesigning our own plastic packaging for better recyclability but also working to transform broader waste systems and stakeholder behaviours. As a leader in Malaysia’s food and beverage industry, we are leveraging our expertise, impact and passion to champion a waste-free future for the country.



**OUR VISION**

**NONE OF OUR PACKAGING INCLUDING PLASTICS, ENDS UP IN LANDFILLS OR AS LITTER**



**OUR AMBITION**

**100% OF OUR PACKAGING IS RECYCLABLE OR REUSABLE BY 2025**

Since 2019, our plastic and waste reduction initiatives have been driven by the Nestlé Green Gladiators (GG), a taskforce made up of over 150 employees who carry out strategic actions across our value chain. The GG’s efforts address a range of plastic and waste-related initiatives, including packaging design, stakeholder engagement and end-of-life processes. Their efforts are guided by Nestlé’s three action areas for addressing plastic waste: developing packaging for the future, shaping a waste free future and driving new behaviours and understanding.

## Our Action Areas for Addressing Plastic Waste



Develop packaging for the future



Help shape a waste free future



Drive new behaviour and understanding

**SDG SPOTLIGHT**

**12**  
RESPONSIBLE CONSUMPTION AND PRODUCTION

**Goal 12: Responsible consumption and production**

Target 12.2 – Achieve sustainable management and efficient use of natural resources

## DEVELOPING PACKAGING FOR THE FUTURE

To support our vision to ensure that none of our packaging, including plastics, ends up in landfills or as litter and our commitment to reusable and recyclable packaging, we are rethinking and transforming our packaging as per Nestlé S.A.’s Rules of Sustainable Packaging. Established in 2020, these rules provide a comprehensive set of guidelines to drive Nestlé’s sustainable packaging transformation. The Rules of Sustainable Packaging set out required attributes for packaging design now and in the future, as well as the materials that the Company considers obsolete in the short term.

The Rules of Sustainable Packaging are applied to all our packaging innovation and renovation efforts in order to improve packaging design for recycling and overall environmental performance. 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 the product lifecycle.





## OUR PROGRESS:

### REDUCING PLASTICS:

#### 100% PAPER STRAWS IMPLEMENTATION ACROSS READY-TO-DRINK RANGE

In 2019, Nestlé achieved an industry first for ASEAN with the introduction of paper straws for our 125ml MILO UHT drink cartons. In 2020, we expanded the impact of this initiative by introducing 100% paper straws across our entire UHT range, including u-shaped paper straws in our 200ml MILO UHT carton drink. In doing so, we have prevented the usage of millions of plastic straws which would otherwise end up in landfills. With the export of our 200ml MILO UHT with paper straws to countries in Asia, Africa and Europe, this initiative will further drive reductions in plastic consumption around the world.

**Impact:** Prevented the usage of 113 million\* plastic straws, equivalent to 45.4 tonnes\* of plastic since we achieved the 100% target in October 2020.

#### NESCAFÉ IPOH WHITE COFFEE MIXES

Reduced the amount of empty space inside the packaging for three additional products in the NESCAFÉ Beverage Mixes IPOH WHITE COFFEE range.

**Impact:** Reduction of 1.3 tonnes of plastic per year.

#### NESCAFÉ 3-IN-1 LATTE

Successfully completed reduction of packaging of four products in NESCAFÉ 3-in-1 Latte range by 2cm.

**Impact:** These four products have contributed to a plastic reduction of 2.6 tonnes per year.

#### MILO AND NESCAFÉ READY TO DRINK PET

All seven MILO and NESCAFÉ RTD PET, including export products to Indonesia and Singapore, have been successfully converted to lightweight PET bottles, with weight reduced from 18g to 15g.

**Impact:** These seven products have contributed to a plastic reduction of 45.5 tonnes\* since project kick-off in March, 2020.

#### MILO RTD TETRAPAK SHRINKWRAP TRAY

Removed polyethylene film and converted Tetra Pak 24-pack and 40-pack shrinkwrap trays to 100% wraparound carton.

**Impact:** Eliminated 40.4 tonnes\* plastics since project kick-off in August 2020.

\* This data has been independently audited. Please refer to the Independent Assurance Report on pages 148 and 149

# Safeguarding the Environment

## MATERIAL SIMPLIFICATION

### NESCAFÉ 3-IN-1 LATTE TROPICAL PARADISE

Switched outer packs to recyclable material in January, thus fulfilling our commitment to achieve 100% recyclable material for all MILO and NESCAFÉ 3-in-1 outer bags.

**Impact:** The total amount of packaging converted to recyclable materials amounts to 269 tonnes.

### NESTUM AND NESTLÉ OMEGA PLUS OUTER BAGS

All dairy products outer bags such as NESTUM 3-in-1 Original, NESTUM Special Edition Kurma & Prun and NESTLÉ OMEGA PLUS ACTICOL range, have been converted to recyclable material.

**Impact:** A total of 113 tonnes of packaging converted to mono-material designed for recycling.

## ALTERNATIVE PACKAGING SOLUTIONS

### NESCAFÉ CUPS 250ML RELAUNCH

Replace plastic straws with recyclable strawless lid, which resulted in NESCAFÉ Cups becoming fully recyclable.

**Impact:** Prevented the usage of 689,800 plastic straws, equivalent to 0.5 tonnes of plastic per annum.


### NESPRESSO CAPSULES

In May 2020, NESPRESSO announced the launch of the first coffee capsules in the market made using 80% recycled aluminium, as part of the Company’s continued journey towards circularity in minimising waste and maximising the reuse of product materials. This was first rolled out for the Master Origin Colombia coffee, made available from September 2020 in Malaysia. By the end of 2021, NESPRESSO aims to have its full range of coffee capsules made using recycled aluminium.

Due to the composition of the aluminium alloy required to produce NESPRESSO capsules, 80% is the current maximum amount of recycled content that can be used today. However, NESPRESSO continues to look at solutions that will increase that percentage.

## NEGATIVE LIST

Nestlé has identified several plastic material types that it will avoid using in new product packaging and immediately begin phasing out from existing packaging.

<p>PHASING OUT THE USE OF <b>PLASTIC STRAWS</b> IN OUR UHT CARTONS</p> 	<p>REMOVING <b>DARK PIGMENTS</b> FROM MILO AND KIT KAT ICE CREAM TUBS</p> 	<p><b>100% OF POLYSTYRENE</b> HAS BEEN ELIMINATED FROM ALL PRODUCTS</p> 	<p><b>REMOVAL OF PVC</b> TO BEGIN BY END 2020</p> 
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## SHAPING A WASTE-FREE FUTURE

In order for the future to be waste-free, it is essential that adequate systems exist to support circularity and redirect materials for recycling and reuse. We are working towards managing our products' end-of-life treatment through innovative initiatives and partnerships which ensure that our packaging is collected, recycled and disposed of responsibly. Through these recycling initiatives, we collected a total of 238 tonnes of post-consumer plastics in 2020.

### Supporting Household Recycling

This year, we launched two new pilot programmes to collect recyclables from residents at three housing areas – Ara Damansara and Bandar Sri Damansara via our newly-formed partnership with MBPJ (Petaling Jaya City Council), as well as at the PPR (People's Housing Project) Lembah Subang 1 via our partnership with iCYCLE. These initiatives piloted the segregation at source and collection of mixed recyclable materials so as to drive new behaviour and explore the feasibility of household collection.

Through the door-to-door collection programme, Nestlé is working to ensure that none of our packaging, including plastics will end up in the landfill or as litter.

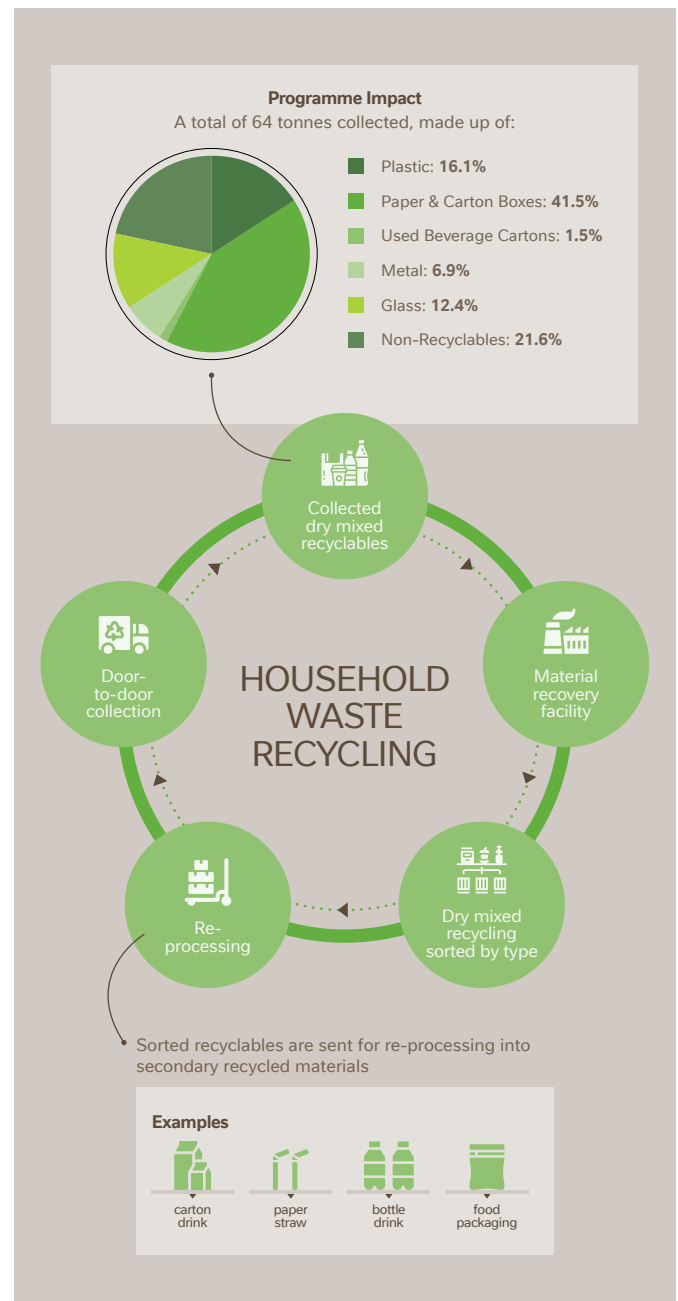
### The Nestlé and MBPJ Door-to-Door Collection and Recycling Programme

In 2020, Nestlé partnered with MBPJ to launch kerbside recycling collection for more than 8,000 households in Bandar Sri Damansara and Ara Damansara. Working together with our operations partner, Nestlé executed the on-ground collection of mixed recycling, including glass, plastic, paper, aluminium and used beverage cartons from these households, channelling the material to appropriate recycling facilities. Collection at Ara Damansara began in October while the collection started in Bandar Sri Damansara in November. The programme was a resounding success, collecting over 60 tonnes of material and receiving strong support from the residents, with 45% of households participating.

**“On behalf of the residents of Bandar Sri Damansara, allow me to record our utmost appreciation and gratitude to MBPJ, Nestlé, KPT and Tetra Pak in selecting our township for this noble initiative. This collaboration will certainly bring about greater awareness in which BSDRA will continue to play our part together with all the sector representatives to educate, guide and encourage as many households here in being involved.**

***Terima kasih* once again. Looking forward to the start on 18 Nov and in obtaining updates on the tonnage in the months to come.”**

**Zohrab Chong** – President, Bandar Sri Damansara Resident Association 2020 - 2021



# Safeguarding the Environment

## **Nestlé and iCYCLE Recycling and Separation at Source Programme**

This year, Nestlé Malaysia also launched a recycling collection programme at PPR Lembah Subang 1 in Taman Putra Damai in partnership with waste separation and recycling solutions provider, iCYCLE. Under this programme, collection bins are placed at strategic and convenient locations to collect dry mixed recyclable material from residents. iCYCLE focuses on separation at source through regulating recycling collection bins in various communities using a dedicated tracking app with a reward system; wherein points collected for separating waste correctly can be used to redeem shopping vouchers.

Residents were briefed and encouraged to participate in the programme through programme ambassadors - designated representatives from each block of the PPR building. A total of 1,450kg of recyclables were collected through the initiative, including over 200kg of plastics.

**“This initiative aims to provide sustainable waste separation and community engagement in reducing total waste of the community. This has brought many benefits to the community, the environment and sustainable lifestyle via the Nestlé and iCYCLE partnership.”**

**Dr. Tan Ching Seong** - Founder of iCYCLE Malaysia

## **Industry Engagement**

In 2020, we continued to serve as founding members of the Malaysia Sustainable Plastic Alliance (MaSPA), previously known as the Malaysian Plastic Pact, as well as the Malaysian Recycling Alliance (MAREA). MaSPA is a collaborative initiative that aims to bring together all parties across the plastics value chain to team up with the Government and NGOs to tackle the plastic waste challenge. MAREA is a voluntary Extended Producer Responsibility (EPR) organisation, where its ten founding members consisting of brand owners are united in driving circularity of post-consumer packaging waste. With the recent legal incorporation of the EPR organisation in January 2021, MAREA hopes to accelerate our efforts 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.

Nestlé Malaysia also joined the CEO Action Network (CAN) as a Steering Committee member, aimed at shaping future-ready and ESG-integrated business models and ecosystems.

## **The CAREton Project**

Since 2012, the CAREton Project has been transforming empty drink cartons into construction materials for house-building projects in disadvantaged communities. Delivered in partnership with Tetra Pak (Malaysia) Sdn. Bhd., the CAREton Project sees used beverage cartons recycled into poly aluminium panel boards and roofing tiles and donated to EPIC Homes for use in the construction of homes for disadvantaged *orang asli* families. Consumers can recycle their used drink packs at any CAREton collection point, at nearly 500 locations across Malaysia. As part of Nestlé’s efforts to drive recycling behavioural changes, the CAREton programme also features regular engagement with schoolchildren and the community.

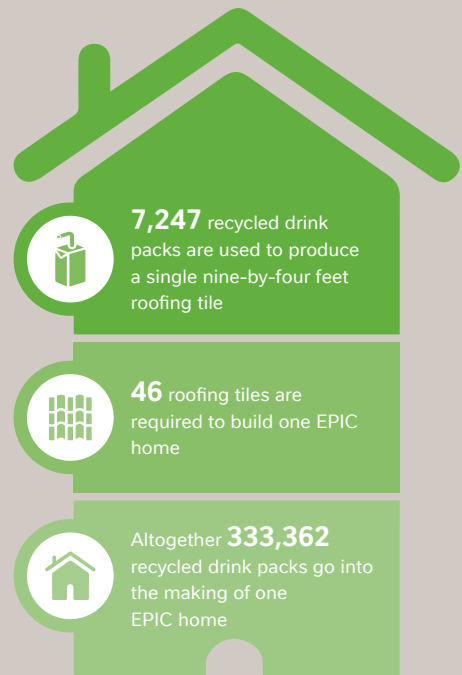
This year the CAREton Project launched the first drop-off programme, allowing MBPJ residents to drop off their used drink cartons at PJ Eco Recycling Plaza. The Plaza,

which serves as a hub for environmental initiatives in Petaling Jaya, was itself constructed using 1,000 recycled CAREton poly aluminium panel boards, which were utilised for the building interior.

The CAREton Project also formed a new partnership with 99 Speedmart in 2020 to establish 100 CAREton recycling bins at 99 Speedmart outlets throughout Klang Valley. Through the partnership, CAREton hopes to inculcate recycling practices among the local community and 99 Speedmart customers, and encourage them to recycle used beverage cartons. Collection volumes were hampered by the implementation of the Movement Control Order in response to COVID-19, however the programme will continue into 2021 with an expected increase in numbers collected with the easing of movement restrictions.

In all, 40.3 million used beverage cartons were collected via the CAREton Project in 2020. Due to school closures as a result of the COVID-19 pandemic, the programmes’ engagement with schoolchildren was limited, influencing 130 schools in the Klang Valley for the CAREton school outreach programme. To further expand the programme’s reach, in 2020 we placed permanent recycling booths at local shopping malls to raise awareness on the CAREton Project and encourage used drink packs recycling. We also established a walk-in educational booth for mall goers to understand the CAREton recycling process.

### **Building a Home with Used Beverage Carton**





# Safeguarding the Environment

## MINIMISING SOLID WASTE

### WHY IT MATTERS

Waste generated through manufacturing processes not only represents an inefficient use of resources, but can contribute to increased landfill pressures or harmful environmental impacts if not disposed of correctly. Reducing waste throughout manufacturing processes, including the efficient consumption of resources as well as the reuse, recycling and responsible disposal of all waste generated, is vital to operational sustainability.

### WHAT WE'RE DOING

#### OUR TARGET:

**Maintain zero waste to landfill status for our factories**

Since 2017, none of our Nestlé Malaysia factories have directed waste to landfills. All recyclable waste produced at factories, including paper, plastic, glass and rejected products, are instead sorted at source and sent for appropriate recycling methods, while organic waste is converted to animal feed or organic fertilisers. Remaining non-recyclable material – primarily damaged packaging and rejected products – is evaluated once again by our waste management contractor to ensure it contains no recyclable material, before being delivered as fuel for energy recovery facilities. Our waste management process is managed by appointed licensed contractors holding relevant permits from local authorities.

Since 2019, all Nestlé Malaysia locations have been free from single-use plastic, with items such as individual bin liners, coffee cups and plastic stirrers eliminated from our facilities.

## REDUCING FOOD WASTE

### WHY IT MATTERS

According to the Solid Waste and Public Cleansing Management Corporation, more than 16,000 tonnes of food is wasted in Malaysia each day. This wasted food not only presents a missed opportunity to ease malnutrition and hunger, but contributes significantly to climate change through the generation of methane during decomposition.

#### OUR COMMITMENT:

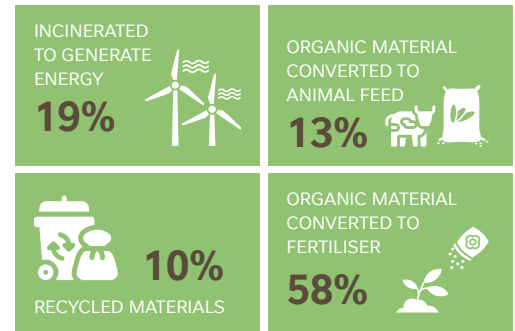
**Reduce food loss and waste**

Nestlé endeavours to harness opportunities to redistribute surplus food to our communities. Since 2019, we have been collaborating with Yayasan Food Bank Malaysia and the Lost Food Project through our food bank programme, aimed at providing food and beverage products to families and individuals from lower-income groups, as well as reducing food waste.

Through our collaboration with Yayasan Food Bank Malaysia, we distributed surplus nutritious Nestlé products that are safe to be consumed to lower-income households, hardcore poor communities, welfare homes and underprivileged university students.

Additionally, working with the Lost Food Project, we recovered safe, edible food and redistributed them to 55 charities and PPR communities, subsequently minimising food loss and waste.

### Where Our Waste Goes



#### OUR PROGRESS:

To date, we have channelled more than RM1.3 million worth of products to both initiatives, benefitting more than 190,000 disadvantaged communities and families.



Staff from The Lost Food Project distributing high-quality and safe Nestlé products.

## PROTECTING BIODIVERSITY

### WHY IT MATTERS

Forests are vital to life. They cover 30% of the earth's land surface and play a vital role in ecosystems, as carbon sinks and as a source of biodiversity. Forests are also critical for billions of people, including many vulnerable farmers, who rely upon them for their livelihoods.

According to the United Nations Food and Agriculture Organization, an estimated 7.3 million hectares of forest are lost each year. When forests are cleared, species are driven to extinction, climate change effects worsen, and people's livelihoods are destroyed – along with the natural ecosystems that we all rely on for the food we eat.

### WHAT WE'RE DOING

#### OUR COMMITMENT:

#### Preserve natural capital, including forests

#### KINABATANGAN RILEAF PROJECT

To preserve Malaysia's rich natural heritage, we established the Kinabatangan RiLeaf Project in 2011, a reforestation initiative along Sabah's Kinabatangan River. Partnering with Yayasan Sime Darby in 2014 as well as the Sabah Forestry Department, our primary aim was to mitigate water contamination in the Kinabatangan River caused by agricultural activities, by restoring the riparian buffer zone.

In 2020, we marked a significant milestone with the completion of this project, fulfilling our extended goal of replanting one million trees. This was in succession of our achievement of surpassing the initial target of replanting more than 700,000 trees over 2,500 hectares of degraded forest, equivalent to over 3,500 football fields in 2017.

We also engaged with Komuniti Anak Pokok Kinabatangan (KAPOK), a community-based forest seedling producer. This presented them with opportunities such as capacity building and income generation, subsequently uplifting the community.

With the completion of the Kinabatangan RiLeaf Project, we continued to accelerate our progress to achieve zero net greenhouse gas emissions by 2050, embarking on our new programme, Project RELeaf.



# Safeguarding the Environment



## PROJECT RELEAF

As part of our commitment in the fight against climate change and to protect threatened ecosystems, we pledged to plant three million trees across Malaysia in the next three years through Project RELeaf. Through Project RELeaf, we will be able to scale up nature-based solutions to tackle climate change and reduce our carbon footprint. The initiative will contribute significantly to Nestlé's global pledge to achieve net zero greenhouse gas emissions by 2050.

An evolution of our pioneer Kinabatangan RiLeaf Project, this programme will expand our reach, with two million trees to be planted in Sabah's Kinabatangan Wetlands, Merisuli Forest Restoration area and Bintulu Sarawak. Another million will be planted in Peninsular Malaysia including areas along the Central Forest Spine by 2023.

Focusing on three key pillars: REforest, REstore and REspect, Project RELeaf will scale up our efforts towards restoring riparian and forest ecosystems, contributing to establishing wildlife corridors and mitigate human-animal conflict and protecting critical water supplies.

The project is a collaboration with the Malaysian Ministry of Energy and Natural Resources, the Forestry Department of Peninsular Malaysia, the Sabah Forestry Department, the Malaysian Nature Society, the Tropical Rainforest Conservation and Research Center, palm growers, as well as local communities and entrepreneurs for community-based seedling production and tree-planting operations. Community engagement will also promote greater awareness on environmental topics, on top of improving livelihoods by providing additional sources of income.

Project RELeaf serves as an important nature-based pilot project that can positively support our pledge to be carbon neutral by 2050. A detailed carbon accounting Project Design and Documentation (PDD) is already in place to ensure transparency and accountability right from the beginning. Besides technical matters, this PDD also encompasses social matters such as SDGs, women empowerment, and environmental aspects such as flora and fauna monitoring.

Project RELeaf also contributes towards the 'Plant 100 Million Trees' campaign by the Ministry of Energy and Natural Resources, which is part of the national Greening Malaysia Programme.



## Creating Shared Value Through Reforestation



### SDG SPOTLIGHT



#### Goal 6: Clean water and sanitation

Target 6.6 – Protect 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



# NESTLÉ TEAM IN ACTION FOR THE PLANET





1

NESTLÉ CARES volunteers working to successfully collect 1,534kg of waste in six locations for the 2020 beach clean-up activity.

2

Showcasing how to flip, flap, flat a used beverage carton for the CAREton Project at the Nestlé Shaping a Waste Free Future Launch.

3

An employee testing the quality of wastewater treated in our factories. All of Nestlé factory complexes have wastewater treatment plants to treat water discharged.

4

Juan Aranols [left] and Noor Misbah [right] conducting the first underwater clean-up expedition in Sepanggar Island, Sabah as part the NESTLÉ CARES Beach Clean-up activity across Malaysia.

5

Eye-catching point of sales materials in supermarkets communicating on the roll-out of 100% paper straws across our Ready-to-Drink UHT range.

6

Collection of household waste for recycling through our kerbside recycling programme in partnership with Majlis Bandaraya Petaling Jaya.

7

Reaching out to supply clean water to new *orang asli* communities in Pahang and Perak through our Safe Water, Safe Communities programme.

8

Optimising processes of how we transport finished goods which will result in reduced CO<sub>2</sub> emissions.

9

Yong Lee Keng explaining on our future reforestation plans for Project RELeaf to the Minister of Energy and Natural Resources during the project launch.

10

Our MILO Ready-to-Drink team conducting educational sessions to teach schoolchildren how to recycle, as part of our CAREton Project.

11

Staff from The Lost Food Project Malaysia receiving surplus nutritious, high-quality Nestlé products for distribution to charities and communities in need.

# Performance Data

Note that in 2020 we updated our key environmental performance data metrics to start tracking indicators which better reflect the reporting requirements of the GRI Standards.

## WATER

Description	2016	2017	2018	2019	2020
<b>WATER WITHDRAWAL</b>					
a. Total water withdrawal from all areas <sup>o</sup> (ML)	1,699	1,660	1,666	1,459	<b>1,339*</b>
<b>WATER DISCHARGED, RECYCLED AND REUSED</b>					
a. Total water discharged (ML)	824	912	908	805	<b>545<sup>#</sup></b>
b. Total water discharge to surface water (ML)	-	912	908	805	<b>393<sup>^</sup></b>
c. Total water discharge to third-party water (ML)	-	-	-	-	<b>152<sup>^</sup></b>
d. Volume of water recycled and reused (ML)	121	150	189	183	<b>216</b>
e. Percentage of water recycled and reused (%)	7.1	9.1	11.3	12.6	<b>16.1</b>
f. Total water consumption from all areas (ML)	875	733	758	654	<b>794<sup>§</sup></b>

<sup>o</sup> Consists of water used in manufacturing only.

\* This data has been independently audited. Please refer to the Independent Assurance Report on pages 148 and 149.

<sup>#</sup> Total water discharged decreased by 32% as a result of the divestiture of our Petaling Jaya factory and an increase in the DPRS recycling of effluent water.

<sup>^</sup> Total water discharge to surface water decreased due to the decrease in the total water discharged.

<sup>^</sup> Started to discharge water to third part for treatment in 2020 only.

<sup>§</sup> Total water consumption from all areas increased due to increase in production and the commissioning of our new Plant-Based Meal Solutions manufacturing site, resulting in higher water usage at utility areas.

## WASTE MANAGEMENT AND MATERIALS CONSUMPTION

Description	2016	2017	2018	2019	2020
<b>WASTE BY TYPE AND DISPOSAL METHOD</b>					
a. Total waste generated (tonnes)	11,270	13,322	15,789	19,313	<b>23,398<sup>▲</sup></b>
b. Total waste diverted from disposal (tonnes)	11,270	13,282	15,752	19,283	<b>23,360</b>
i. Coffee grounds converted to fuel onsite (tonnes)	-	3,032	3,203	4,758	<b>4,419</b>
ii. Organic fertiliser composted offsite (tonnes)	6,138	5,903	7,480	9,267	<b>13,458</b>
iii. Recycling offsite (tonnes)	5,132	4,347	5,069	5,258	<b>5,483</b>
c. Waste recycled offsite (tonnes)	11,270	10,250	12,549	14,525	<b>18,941</b>
<b>MATERIALS USED</b>					
a. Total weight of material used <sup>◊,§</sup> (tonnes)	432,049	431,000	452,000	439,855	<b>405,046</b>
b. Recycled materials <sup>  </sup> (tonnes)	16,000	16,000	16,500	16,157	<b>14,878</b>
c. Percentage of recycled materials (%)	3.75	3.75	3.65	3.70	<b>3.70</b>

<sup>▲</sup> Total waste generated increased following an increase in waste materials resulting from higher treatment of wastewater within the factories.

<sup>◊</sup> Estimated based on Packaging Technologist report.

<sup>§</sup> Includes non-renewable materials, direct materials and gases.

<sup>||</sup> Figures calculated using scheduled waste reports provided by contractors to DOE Malaysia.

# Performance Data

## EMISSIONS<sup>o</sup>

Description	2016	2017	2018	2019	2020
<b>EMISSIONS DATA</b>					
a. Total direct and indirect GHG emissions (Scope 1 & 2) (tonnes CO <sub>2</sub> )	166,264	166,660	165,641	140,760	<b>136,786</b>
b. Total direct GHG emissions (Scope 1) (tonnes CO <sub>2</sub> )	58,883	59,653	60,862	56,389	<b>55,177</b>
c. Total indirect GHG emissions (Scope 2) (tonne CO <sub>2</sub> )	107,380	107,007	104,779	83,373	<b>81,609</b>
d. Total indirect GHG emissions (Scope 3) (tonne CO <sub>2</sub> )	3,055	3,404	3,942	3,928	<b>2,856</b>

<b>EMISSIONS INTENSITY</b>					
a. Emissions intensity per tonne of finished goods (Scope 1 & 2) (kg CO <sub>2</sub> /tonne)	390	392	371	349	<b>353</b>
b. Emissions intensity per tonne of finished goods (Scopes 1, 2 & 3) (kg CO <sub>2</sub> /tonne)	397	400	380	356	<b>360</b>

<b>EMISSION REDUCTIONS</b>					
a. GHG emission reductions <sup>†</sup> (tonnes CO <sub>2</sub> )	12,437	(1,193)	8,938	9,610	<b>4,680</b>
b. Specific GHG reductions (%)	6.30	-0.70	5.01	6.27	<b>3.20</b>

<b>OZONE DEPLETING SUBSTANCES</b>					
a. Imports of ozone-depleting substances (tonnes of CFC-11 equivalent)	353	541	352	191	<b>128</b>

<b>NO<sub>x</sub>, SO<sub>x</sub>, AND OTHER SIGNIFICANT AIR EMISSIONS (TYPE AND WEIGHT)</b>					
a. SO <sub>x</sub> (tonnes)	144	147	145	135	<b>141</b>
b. NO <sub>x</sub> (tonnes)	161	154	165	154	<b>153</b>
c. Particulate Matter (tonnes)	44	43	44	44	<b>43</b>

<sup>o</sup> Includes 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.

<sup>†</sup> Includes carbon dioxide (CO<sub>2</sub>) and hydrofluorocarbon HFC emissions from refrigerants.

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 only.

## ENERGY

Description	2016	2017	2018	2019	2020
<b>ENERGY CONSUMPTION</b>					
a. Total energy consumption <sup>°</sup> (GJ)	1,340,303	1,325,815	1,364,798	1,281,739	<b>1,286,818</b>
b. Total fuel consumption within the organisation from non-renewable sources (GJ)	-	881,834	941,470	859,453	<b>871,585</b>
c. Total fuel consumption within the organisation from renewable sources (GJ)	-	9,112	5,683	11,817	<b>18,622</b>
d. Electricity consumption (in GJ)	-	434,869	417,645	410,469	<b>396,612</b>
f. Energy consumption outside the organisation (GJ)	113,610	127,587	150,811	124,296	<b>90,382</b>
<b>ENERGY EFFICIENCY</b>					
a. Total amount of energy per tonne <sup>°</sup> (GJ/tonne)	3.14	3.12	3.06	3.17	<b>3.31</b>
b. Energy saved due to improvements (GJ)	93,243	10,942	26,950	83,058	<b>(5,079)</b>

<sup>°</sup> Consists of total energy used in manufacturing only.

# Awards and Achievements



1 NATIONAL ANNUAL CORPORATE REPORT AWARDS 2020

2 GRADUATES CHOICE AWARD 2020

3 ASIA LEGAL BUSINESS MALAYSIA LAW AWARDS 2020

4 MALAYSIA'S 100 LEADING GRADUATE EMPLOYERS AWARD 2020

1 The National Annual Corporate Report Awards (NACRA), a collaboration between Bursa Malaysia, the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants, celebrates best practices in annual corporate reporting. Reflecting our commitment to excellence, Nestlé Malaysia was the recipient of three awards in 2020, which included Platinum for Best Sustainability Reporting, Gold for Best Designed Annual Report and Silver for the Excellence Award in the “Companies with more than 10 Billion in Market Capitalisation” category.

2 The Graduates Choice Award (GCA) recognises companies that demonstrate exceptional employer branding, with over 24,000 students across universities in Malaysia voting for their preferred employer brands. At the 2020 GCA, Nestlé Malaysia emerged as a frontrunner once again, selected as the Graduate Employer of Choice for the Fast-Moving Consumer Goods (FMCG) category for the third consecutive year.

3 Jointly organised by Asian Legal Business (ALB) and Thomson Reuters, the prestigious Asia Legal Business Malaysia Law Awards pays tribute to outstanding legal practitioners and in-house legal teams. Due to the exceptional calibre of our Legal & Secretarial team, Nestlé Malaysia was honoured as the winner of the Malaysia In-House Team of the Year Award in the 7<sup>th</sup> annual edition of the awards in 2020.

4 Every year, Malaysia's 100 Leading Graduate Employers Award (M100) gives recognition to the top graduate employers in the country, based on votes from university and graduate students through the largest and most established national career surveys, the Malaysia Graduate Barometer. In 2020, for the eighth year running, Nestlé Malaysia won Graduate Employer of Choice for the Fast-Moving Consumer Goods category.



5 **PUTRA BRAND AWARDS 2020**



6 **RANDSTAD EMPLOYER OF CHOICE AWARD**



7 **BEST TAX PAYERS IN 2020**



8 **MSWG-ASEAN CORPORATE GOVERNANCE AWARDS 2019**



5 The Putra Brand Awards recognises top brands across a wide range of industry categories in Malaysia. Based on consumer votes, well-loved brands under Nestlé Malaysia emerged victorious in 2020, with MILO once again winning Platinum for the Beverage (Non-Alcoholic) category, with NESCAFÉ and NESTUM bagging the Silver and Bronze awards respectively. In addition, MAGGI (Foodstuff) won Silver while NESTLÉ OMEGA PLUS (Beverage – Dairy) and KIT KAT (Foodstuff) received Bronze awards.

6 The Randstad Employer of Choice Award recognises and honours Malaysia's most outstanding employers based on the opinions and votes of a cross section of relevant respondents, representing more than 2,500 employees and job-seekers between the ages of 18 to 65. Nestlé Malaysia's robust employer brand was established once again as the Group retained its position as one of the top three Most Attractive Employers, for the fourth consecutive year.

7 The Inland Revenue Board aimed to recognise taxpayers' continued commitment towards high compliance of tax payment and awarded Nestlé Malaysia as one of the Best Tax Payers in 2020 based on tax records.

8 The Minority Shareholder Watch Group (MSWG)-ASEAN Corporate Governance Awards aims to promote the adoption of best corporate governance practices. Listed companies are evaluated based on the ASEAN Corporate Governance Scorecard, benchmarked against the Principles of Corporate Governance set forth by the Organisation for Economic Co-operation and Development. In recognition of our robust corporate governance framework and standards, Nestlé Malaysia received the Excellence Award in the Long Term-Value Creation category in the MSWG-ASEAN Corporate Governance Awards 2019.

9 The GRADUAN Brand Awards 2019 aims to identify and celebrate exceptional employers in Malaysia across different industries as seen through the lens of 14,000 graduates. In 2020, Nestlé Malaysia was once again acknowledged as one of the Top 10 preferred employers for the Fast-Moving Consumer Goods category.

# GRI Content Index

Disclosure	Page number(s) and/or URL(s)	Omission
<b>GRI 102: General Disclosures 2016</b>		
<b>ORGANIZATIONAL PROFILE</b>		
102-1 Name of the organization	<b>NiS:</b> About this Report, p2	-
102-2 Activities, brands, products, and services	<b>NiS:</b> About Us, p3 <b>AR:</b> Our Business, p4-9	-
102-3 Location of headquarters	<b>AR:</b> Corporate Directory, p70	-
102-4 Location of operations	<b>NiS:</b> About Us, p3 <b>AR:</b> Corporate Directory, p70-71	
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 GRI102-45. 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"> <li>• Limited by shares</li> <li>• Public Limited</li> </ul>	
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"> <li>Central 1 (Kuala Lumpur and Selangor);</li> <li>Central 2 (Negeri Sembilan and Melaka);</li> <li>Northern 1 (Pulau Pinang, Kedah and Perlis);</li> <li>Northern 2 (Perak);</li> <li>Southern (Johor);</li> <li>East Coast (Pahang, Terengganu and Kelantan); and</li> <li>East Malaysia (Sabah, Sarawak and Brunei)</li> </ol>	
102-7 Scale of the organization	<b>NiS:</b> About Us, p3 <b>NiS:</b> CSV Key Performance Data, p18-19 <b>CGFR:</b> Statements of Financial Position, p54-55	
102-8 Information on employees and other workers	<b>NiS:</b> Performance Data (For Our Communities), p79-81  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).  Information on employees and other workers is compiled using internal records.	
102-9 Supply chain	<b>NiS:</b> About this Report, p2 <b>NiS:</b> Rural Development, p52-59	

Disclosure	Page number(s) and/or URL(s)	Omission
<b>GRI 102: General Disclosures 2016</b>		
<b>ORGANIZATIONAL PROFILE</b>		
102-10 Significant changes to the organization and its supply chain	In 2020, Nestlé S.A., the ultimate holding company of Nestlé (Malaysia) Berhad and Société des Produits Nestlé S.A., transferred its entire equity interest in Nestlé (Malaysia) Berhad to Société des Produits Nestlé S.A.. (Announced on Bursa in 18 Jan 2020).  <b>AR:</b> Organisation Structure, p5	
102-11 Precautionary Principle or approach	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 (NCBP).  <b>CGFR:</b> Corporate Governance Overview Statement p2-7  <b>NCBC:</b> <a href="https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/code_of_business_conduct_en.pdf">https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/code_of_business_conduct_en.pdf</a>	
102-12 External Initiatives	<b>NiS:</b> Contributing to the Sustainable Development Goals, p8 <b>NiS:</b> Stakeholder Engagement and Material Issues, p16 <b>NiS:</b> Responsible Marketing and Advertising, p36 <b>NiS:</b> Responsible Marketing of Breast-milk Substitutes, p37 <b>NiS:</b> Responsible Sourcing, p56-59 <b>NiS:</b> Shaping a Waste-Free Future, p97  Nestlé Malaysia signed and supports, amongst others: <ul style="list-style-type: none"> <li>• UN Global Compact (29 March 2007)</li> <li>• Responsible Advertising to Children (5 August 2013)</li> </ul>	
102-13 Membership of associations	The Company deems our membership in the associations below as strategic: <ul style="list-style-type: none"> <li>• Federation of Malaysian Manufacturers (FMM)</li> <li>• International Chambers of Commerce Malaysia (ICC Malaysia Berhad)</li> <li>• Global Standards Body (GS1) Malaysia</li> <li>• Federation of Malaysian Manufacturers Infant Formula Ethics Committee (FIFEC)</li> <li>• Swiss Malaysia Business Association (SMBA)</li> <li>• Malaysian Recycling Alliance Berhad (MAREA)</li> </ul> The Company does not provide any additional substantive funding beyond routine membership fees/dues.	

# GRI Content Index

Disclosure	Page number(s) and/or URL(s)	Omission
<b>GRI 102: General Disclosures 2016</b>		
<b>STRATEGY</b>		
102-14 Statement from senior decision-maker	<b>NiS:</b> A Message from Our Chairman and CEO, p4-5	
102-15 Key impacts, risks, and opportunities	<b>NiS:</b> A Message from Our Chairman and CEO, p4-5 <b>AR:</b> Management Discussion and Analysis, p14-19	
<b>ETHICS AND INTEGRITY</b>		
102-16 Values, principles, standards, and norms of behavior	<b>CGFR:</b> Corporate Governance Overview Statement p2-25 <b>NCBP:</b> <a href="https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/corporate-business-principles-en.pdf">https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/corporate-business-principles-en.pdf</a> <b>NCBC:</b> <a href="https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/code_of_business_conduct_en.pdf">https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/code_of_business_conduct_en.pdf</a>	
102-17 Mechanisms for advice and concerns about ethics	<b>CGFR:</b> Corporate Governance Overview Statement, p4 <b>CGFR:</b> Statement on Risk Management and Internal Control, p39 <b>NCBP:</b> <a href="https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/corporate-business-principles-en.pdf">https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/corporate-business-principles-en.pdf</a> <b>NCBC:</b> <a href="https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/code_of_business_conduct_en.pdf">https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/code_of_business_conduct_en.pdf</a>	
<b>GOVERNANCE</b>		
102-18 Governance structure	<b>NiS:</b> Creating Shared Value Governance, p10-11 <b>CGFR:</b> Corporate Governance Overview Statement, p2-25	
102-19 Delegating authority	<b>NiS:</b> Creating Shared Value Governance, p10-11	
102-20 Executive-level responsibility for economic, environmental, and social topics	<b>NiS:</b> Creating Shared Value Governance, p10-11	
102-21 Consulting stakeholders on economic, environmental, and social topics	<b>NiS:</b> Creating Shared Value Governance, p10-11 <b>NiS:</b> Stakeholder Engagement and Material Issues, p12-15	

Disclosure	Page number(s) and/or URL(s)	Omission
<b>GRI 102: General Disclosures 2016</b>		
<b>GOVERNANCE</b>		
102-22 Composition of the highest governance body and its committees	There are a total of seven directors, with a composition of 57% (four) men and 43% (three) women. Of the seven directors, one is Non-Independent Non-Executive Director, four are Independent Non-Executive Directors and the remaining two are Executive Directors.  <b>AR:</b> Our Leadership, p48-57	
102-23 Chair of the highest governance body	<b>AR:</b> Our Leadership, p50  <b>CGFR:</b> 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	<b>CGFR:</b> Corporate Governance Overview Statement, p14-15	
102-25 Conflicts of interest	<b>CGFR:</b> Corporate Governance Overview Statement, p25	
102-26 Role of highest governance body in setting purpose, values, and strategy	<b>NiS:</b> Creating Shared Value Governance, p10-11 <b>CGFR:</b> 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.  <b>CGFR:</b> Training and Development, p16-17  <b>NCBP:</b> <a href="https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/corporate-business-principles-en.pdf">https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/corporate-business-principles-en.pdf</a>  <b>NCBC:</b> <a href="https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/code_of_business_conduct_en.pdf">https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/code_of_business_conduct_en.pdf</a>	
102-28 Evaluating the highest governance body's performance	<b>CGFR:</b> Corporate Governance Overview Statement, p18-19	
102-29 Identifying and managing economic, environmental, and social impacts	<b>NiS:</b> Creating Shared Value Governance, p10-11 <b>NiS:</b> Stakeholder Engagement and Material Issues, p12-17 <b>CGFR:</b> Corporate Governance Overview Statement, p2-5	

# GRI Content Index

Disclosure	Page number(s) and/or URL(s)	Omission
<b>GRI 102: General Disclosures 2016</b>		
<b>GOVERNANCE</b>		
102-30 Effectiveness of risk management processes	<b>NiS:</b> Creating Shared Value Governance, p10-11 <b>CGFR:</b> Corporate Governance Overview Statement, p2-3 <b>CGFR:</b> Statement on Risk Management and Internal Control, p34-39	
102-31 Review of economic, environmental, and social topics	<b>NiS:</b> 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.  <b>CGFR:</b> Corporate Governance Overview Statement, p11-13	
102-34 Nature and total number of critical concerns	<b>AR:</b> Management Discussion & Analysis, p14-19	
102-35 Remuneration policies	<b>CGFR:</b> Corporate Governance Overview Statement (Directors' Compensation), p20-21  The performance criteria in our remuneration policies for our Board of Directors and senior executives does not currently include objectives for environmental or social topics. The policy is publicly available at: <a href="https://www.nestle.com.my/sites/g/files/pydnoa251/files/2020-03/Remuneration-Policy-2020.pdf">https://www.nestle.com.my/sites/g/files/pydnoa251/files/2020-03/Remuneration-Policy-2020.pdf</a>  Remuneration policies related to bonuses, termination, clawbacks and retirement benefits are not publicly available considerations towards personal data privacy.	
102-36 Process for determining remuneration	<b>CGFR:</b> Governance, Nomination and Compensation Committee Report, p31-32  We engage a third party agency to conduct annual external benchmarks of our remuneration practices. The feedback provided by the agency is used to ensure that we remain competitive and to guide any necessary increase in salaries.	
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 AGM.	
102-38 Annual total compensation ratio	<b>CGFR:</b> Corporate Governance Overview Statement (Board Remuneration), p20-21	
	Annual base pay for CEO (RM)	1,318,740
	Median annual total compensation for all employees (excluding CEO) (RM)	43,295
	Ratio of annual base pay for CEO to median total annual compensation for all employees	30.7
102-39 Percentage increase in annual total compensation ratio	<b>CGFR:</b> Corporate Governance Overview Statement (Board Remuneration), p20-21  In 2020, the ratio of the percentage increase in annual total compensation for the CEO to the median percentage increase in annual total compensation for all employees (excluding CEO) was 1.2.	

Disclosure	Page number(s) and/or URL(s)	Omission
<b>GRI 102: General Disclosures 2016</b>		
<b>STAKEHOLDER ENGAGEMENT</b>		
102-40 List of stakeholder groups	<b>NiS:</b> Stakeholder Engagement and Material Issues, p12-17	
102-41 Collective bargaining agreements	<b>NiS:</b> Labour Relations, p76	
102-42 Identifying and selecting stakeholders	<b>NiS:</b> Stakeholder Engagement and Material Issues, p12-17	
102-43 Approach to stakeholder engagement	<b>NiS:</b> Stakeholder Engagement and Material Issues, p12-17	
102-44 Key topics and concerns raised	<b>NiS:</b> Stakeholder Engagement and Material Issues, p12-17	
<b>REPORTING PRACTICE</b>		
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"> <li>• Nestlé Products Sdn. Bhd. (100%)</li> <li>• Nestlé Manufacturing (Malaysia) Sdn. Bhd. (100%)</li> <li>• Nestlé Asean (Malaysia) Sdn. Bhd. (100%)</li> <li>• Nestlé Foods (Malaysia) Sdn. Bhd. (100%; struck off from registrar on 13 September 2019)</li> <li>• Nihon Canpack (Malaysia) Sdn. Bhd. (20%)</li> </ul>	
102-46 Defining report content and topic Boundaries	<b>NiS:</b> About this Report, p2 <b>NiS:</b> Stakeholder Engagement and Material Issues, p12-17	
102-47 List of material topics	<b>NiS:</b> Material Issues, p16-17	
102-48 Restatements of information	Significant restatements of data compared to prior years are noted in the sections where they appear.	

# GRI Content Index

Disclosure	Page number(s) and/or URL(s)	Omission
<b>GRI 102: General Disclosures 2016</b>		
<b>REPORTING PRACTICE</b>		
102-49 Changes in reporting	<b>NiS:</b> Material Issues, p16-17	
102-50 Reporting period	<b>NiS:</b> About this Report, p2	
102-51 Date of most recent report	The Company's Annual Report 2019, 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 2019 can be found online at <a href="https://www.nestle.com.my/investors/annual_report">https://www.nestle.com.my/investors/annual_report</a>	
102-52 Reporting cycle	<b>NiS:</b> About This Report, p2	
102-53 Contact point for questions regarding the report	<b>AR:</b> Corporate Directory, p70-71  For more information, please contact us through our headquarters: Nestlé (Malaysia) Berhad 198301015532 (110925-W) 22-1, 22 <sup>nd</sup> Floor, Menara Surian No. 1, Jalan PJU 7/3 Mutiara Damansara 47810 Petaling Jaya Selangor Darul Ehsan, Malaysia Tel (+603) 7965 6000 Fax (+603) 7965 6767  All information within this report is available online at <a href="http://www.nestle.com.my">www.nestle.com.my</a>	
102-54 Claims of reporting in accordance with the GRI Standards	<b>NiS:</b> About This Report, p2	
102-55 GRI content index	<b>NiS:</b> GRI Content Index, p112-147	
102-56 External assurance	<b>NiS:</b> About This Report, p2	



Disclosure	Page number(s) and/or URL(s)	Omission
<b>GRI 200: Economic</b>		
<b>GRI 201: ECONOMIC PERFORMANCE 2016</b>		
103-1 Explanation of the material topic and its Boundary	-	
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	-	
201-1 Direct economic value generated and distributed	<b>NiS:</b> CSV Key Performance Data, p18-19 <b>CGFR:</b> Statements of Financial Position, p54-55 <b>CGFR:</b> Statements of Profit or Loss and Other Comprehensive Income, p56	
201-2 Financial implications and other risks and opportunities due to climate change	<b>NiS:</b> Acting on Climate Change, p90-92 <b>NiS:</b> Performance Data (For The Planet), p106-109	
201-3 Defined benefit plan obligations and other retirement plans	<b>CGFR:</b> Employee Benefits, p79-80 <b>CGFR:</b> Notes to the Financial Statements, p102-105 Nestlé Management Employee Handbook (internal circulation)	
201-4 Financial assistance received from government	Nestlé does not receive any financial assistance from the Government.	
<b>GRI 202: MARKET PRESENCE 2016</b>		
103-1 Explanation of the material topic and its Boundary	-	
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	-	

# GRI Content Index

Disclosure	Page number(s) and/or URL(s)	Omission
<b>GRI 200: Economic</b>		
<b>GRI 202: MARKET PRESENCE 2016</b>		
202-1 Ratios of standard entry level wage by gender compared to local minimum wage	<p><b>NiS:</b> Labour Relations, p76</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 the right traits 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: <b>AR:</b> Our Presence, p4</p> <p>Breakdown of Nestlé Malaysia's senior management employees based on nationality:</p> <ul style="list-style-type: none"> <li>• Malaysian: 61 (67.03%)</li> <li>• Non-Malaysian: 30 (32.97%)</li> </ul> <p>Breakdown of Nestlé Malaysia's senior management employees based on gender:</p> <ul style="list-style-type: none"> <li>• Male: 53 (58.24%)</li> <li>• Female: 38 (41.76%)</li> </ul>	
<b>GRI 203: INDIRECT ECONOMIC IMPACTS 2016</b>		
103-1 Explanation of the material topic and its Boundary	<p><b>NiS:</b> Creating Shared Value, p6-9</p> <p><b>NiS:</b> Our Halal Commitment, p41-43</p> <p><b>NiS:</b> Rural Development, p52</p> <p><b>NiS:</b> Protecting Biodiversity, p101-102</p>	
103-2 The management approach and its components	<p><b>NiS:</b> Creating Shared Value, p6-9</p> <p><b>NiS:</b> Our Halal Commitment, p41-43</p> <p><b>NiS:</b> Rural Development, p52</p> <p><b>NiS:</b> Protecting Biodiversity, p101-102</p>	
103-3 Evaluation of the management approach	<p><b>NiS:</b> Creating Shared Value, p6-9</p> <p><b>NiS:</b> Our Halal Commitment, p41-43</p> <p><b>NiS:</b> Rural Development, p52</p> <p><b>NiS:</b> Protecting Biodiversity, p101-102</p>	

Disclosure	Page number(s) and/or URL(s)	Omission
<b>GRI 200: Economic</b>		
<b>GRI 203: INDIRECT ECONOMIC IMPACTS 2016</b>		
203-1 Infrastructure investments and services supported	<p><b>NiS:</b> Rural Development (NESTLÉ CHILLI CLUB), p53</p> <p><b>NiS:</b> Rural Development (NESTLÉ PADDY CLUB), p54</p> <p><b>NiS:</b> Rural Development (Nescafé Grown Respectfully), p55</p> <p><b>NiS:</b> Access to Water, p89</p> <p><b>NiS:</b> Shaping a Waste-Free Future, p97-98</p> <p><b>NiS:</b> Protecting Biodiversity, p101-102</p>	
203-2 Significant indirect economic impacts	<p><b>NiS:</b> Our Halal Commitment, p41-43</p> <p><b>NiS:</b> Rural Development, p52-59</p> <p><b>NiS:</b> Promoting Youth Employment &amp; Employability, p73-75</p> <p><b>NiS:</b> Access to Water, p89</p> <p><b>NiS:</b> Tackling Plastic Waste, p93-99</p> <p><b>NiS:</b> Protecting Biodiversity, p101-102</p>	
<b>GRI 204: PROCUREMENT PRACTICES 2016</b>		
103-1 Explanation of the material topic and its Boundary	<b>NiS:</b> Responsible Sourcing, p56-59	
103-2 The management approach and its components	<b>NiS:</b> Responsible Sourcing, p56-59	
103-3 Evaluation of the management approach	<b>NiS:</b> Responsible Sourcing, p56-59	
204-1 Proportion of spending on local suppliers	<b>RSS:</b> <a href="https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/suppliers/nestle-responsible-sourcing-standard-english.pdf">https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/suppliers/nestle-responsible-sourcing-standard-english.pdf</a>	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.

# GRI Content Index

Disclosure	Page number(s) and/or URL(s)	Omission
<b>GRI 200: Economic</b>		
<b>GRI 205: ANTI-CORRUPTION 2016</b>		
103-1 Explanation of the material topic and its Boundary	<p><b>NiS:</b> Operating with Integrity, p77-78</p> <p><b>CGFR:</b> Corporate Governance Overview Statement, p4-7</p> <p><b>NCBC:</b> <a href="https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/code_of_business_conduct_en.pdf">https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/code_of_business_conduct_en.pdf</a></p>	
103-2 The management approach and its components	<p><b>NiS:</b> Operating with Integrity, p77-78</p> <p><b>CGFR:</b> Corporate Governance Overview Statement, p4-7</p> <p><b>NCBC:</b> <a href="https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/code_of_business_conduct_en.pdf">https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/code_of_business_conduct_en.pdf</a></p>	
103-3 Evaluation of the management approach	<p><b>NiS:</b> Operating with Integrity, p77-78</p> <p><b>CGFR:</b> Corporate Governance Overview Statement, p4-7</p> <p><b>NCBC:</b> <a href="https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/code_of_business_conduct_en.pdf">https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/code_of_business_conduct_en.pdf</a></p>	
205-1 Operations assessed for risks related to corruption	<p><b>NiS:</b> Operating with Integrity, p77-78</p> <p>Nestlé does not report on total number of operations assessed specifically for corruption risks or what the identified risks are; however, in 2020 we conducted four audits to assess risks on key processes and functions.</p>	Information unavailable for (a) and (b). Due to the complexity of our value chain it is not possible to quantify our operations as a number and percentage of discrete units.
205-2 Communication and training about anti-corruption policies and procedures	<p><b>NiS:</b> Operating with Integrity, p77-78</p> <p>The Nestlé Malaysia Anti-Corruption, Gifts and Entertainment Guidelines (For Customers &amp; Suppliers) is communicated to all suppliers via the Nestlé website: <a href="https://www.nestle.com.my/aboutus/business-principles/gift-guides">https://www.nestle.com.my/aboutus/business-principles/gift-guides</a>.</p> <p>In 2020 the Guidelines were communicated to 100% of suppliers, including 65 suppliers which assessed based on the Nestlé Responsible Sourcing Standard, which includes anti-corruption.</p>	
205-3 Confirmed incidents of corruption and actions taken	There were no incidents reported for 2020.	

Disclosure	Page number(s) and/or URL(s)	Omission
<b>GRI 200: Economic</b>		
<b>GRI 206: ANTI-COMPETITIVE BEHAVIOR 2016</b>		
103-1 Explanation of the material topic and its Boundary	<p><b>NiS:</b> Nestlé in Society: Creating Shared Value, p6</p> <p><b>CGFR:</b> Corporate Governance Overview Statement, p6</p> <p><b>NCBP:</b> <a href="https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/corporate-business-principles-en.pdf">https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/corporate-business-principles-en.pdf</a></p> <p><b>NCBC:</b> <a href="https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/code_of_business_conduct_en.pdf">https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/code_of_business_conduct_en.pdf</a></p>	
103-2 The management approach and its components	<p><b>NiS:</b> Nestlé in Society: Creating Shared Value, p6</p> <p><b>CGFR:</b> Corporate Governance Overview Statement, p6</p> <p><b>NCBP:</b> <a href="https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/corporate-business-principles-en.pdf">https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/corporate-business-principles-en.pdf</a></p> <p><b>NCBC:</b> <a href="https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/code_of_business_conduct_en.pdf">https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/code_of_business_conduct_en.pdf</a></p>	
103-3 Evaluation of the management approach	<p><b>NiS:</b> Nestlé in Society: Creating Shared Value, p6</p> <p><b>CGFR:</b> Corporate Governance Overview Statement, p6</p> <p><b>NCBP:</b> <a href="https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/corporate-business-principles-en.pdf">https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/corporate-business-principles-en.pdf</a></p> <p><b>NCBC:</b> <a href="https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/code_of_business_conduct_en.pdf">https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/code_of_business_conduct_en.pdf</a></p>	
206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	There were no incidents reported in 2020.	
<b>GRI 207: TAX 2019</b>		
103-1 Explanation of the material topic and its Boundary		
103-2 The management approach and its components	<b>Taxation:</b> <a href="https://www.nestle.com/csv/what-is-csv/taxation">https://www.nestle.com/csv/what-is-csv/taxation</a>	
103-3 Evaluation of the management approach		

# GRI Content Index

Disclosure	Page number(s) and/or URL(s)	Omission
<b>GRI 200: Economic</b>		
<b>GRI 207: TAX 2019</b>		
207-1 Approach to tax	<b>Taxation:</b> <a href="https://www.nestle.com/csv/what-is-csv/taxation">https://www.nestle.com/csv/what-is-csv/taxation</a>	
207-2 Tax governance, control, and risk management	<b>Taxation:</b> <a href="https://www.nestle.com/csv/what-is-csv/taxation">https://www.nestle.com/csv/what-is-csv/taxation</a>	
207-3 Stakeholder engagement and management of concerns related to tax	<b>Taxation:</b> <a href="https://www.nestle.com/csv/what-is-csv/taxation">https://www.nestle.com/csv/what-is-csv/taxation</a> <b>NiS:</b> Stakeholder Engagement and Material Issues, p12-14	
207-4 Country-by-country reporting	<b>Taxation:</b> <a href="https://www.nestle.com/csv/what-is-csv/taxation">https://www.nestle.com/csv/what-is-csv/taxation</a>	
<b>GRI 300: Environmental</b>		
<b>GRI 301: MATERIALS 2016</b>		
103-1 Explanation of the material topic and its Boundary	<b>NiS:</b> For The Planet, p84-85 <b>NiS:</b> Refrigerant Management, p91 <b>NiS:</b> Tackling Plastic Waste, p93-94	
103-2 The management approach and its components	<b>NiS:</b> For The Planet, p84-85 <b>NiS:</b> Refrigerant Management, p91 <b>NiS:</b> Tackling Plastic Waste, p93-94	
103-3 Evaluation of the management approach	<b>NiS:</b> For The Planet, p84-85 <b>NiS:</b> Refrigerant Management, p91 <b>NiS:</b> Tackling Plastic Waste, p93-94	
301-1 Materials used by weight or volume	<b>NiS:</b> Performance Data (For the Planet), p107	We are unable to provide a breakdown of materials consumed by renewable and non-renewable materials owing to the complexity of our material inputs. This information will be made available in 2022.
301-2 Recycled input materials used	<b>NiS:</b> Performance Data (For the Planet), p107	
301-3 Reclaimed products and their packaging materials	<b>NiS:</b> Shaping a Waste-Free Future, p97-98  Nestlé manufactures and distributes a wide variety of products on a significant geographic scale. At this time, we have no formal system or programme in place to reclaim our product packaging across our markets of operation. We do operate a number of initiatives to reclaim our product packaging on a local scale, as described on pages 97-98 of this report.	

Disclosure	Page number(s) and/or URL(s)	Omission
<b>GRI 300: Environmental</b>		
<b>GRI 302: ENERGY 2016</b>		
103-1 Explanation of the material topic and its Boundary	<b>NiS:</b> Acting on Climate Change, p90 <b>NiS:</b> Transportation and Distribution, p91 <b>NiS:</b> Reducing Our Energy Consumption, p92	
103-2 The management approach and its components	<b>NiS:</b> Acting on Climate Change, p90 <b>NiS:</b> Transportation and Distribution, p91 <b>NiS:</b> Reducing Our Energy Consumption, p92	
103-3 Evaluation of the management approach	<b>NiS:</b> Acting on Climate Change, p90 <b>NiS:</b> Transportation and Distribution, p91 <b>NiS:</b> Reducing Our Energy Consumption, p92	
302-1 Energy consumption within the organization	<b>NiS:</b> Reducing Our Energy Consumption, p92 <b>NiS:</b> Performance Data (For the Planet), p109	Nestlé consumes fuel in the form of diesel, natural gas and biomass. Our internal energy is monitored using our internal monitoring system, SHE-PM, which tracks energy in reporting units.  Nestlé does not purchase any energy in the form of heating, cooling or steam and does not sell any electricity, heating, cooling or steam energy.
302-2 Energy consumption outside of the organization	<b>NiS:</b> Performance Data (For the Planet), p109	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	<b>NiS:</b> Performance Data (For the Planet), p109	
302-4 Reduction of energy consumption	<b>NiS:</b> Performance Data (For the Planet), p109	Reductions are calculated based on year-on-year reduction in consumption of electricity and fuel as monitored via our internal monitoring system, SHE-PM.
302-5 Reductions in energy requirements of products and services	<b>NiS:</b> Reducing our Energy Consumption, p92	Changes in energy requirements for the production of products is based on year-on-year comparison using data obtained via our internal monitoring system, SHE-PM.

# GRI Content Index

Disclosure	Page number(s) and/or URL(s)	Omission
<b>GRI 300: Environmental</b>		
<b>GRI 303: WATER AND EFFLUENTS 2018</b>		
103-1 Explanation of the material topic and its Boundary	<b>NiS:</b> For The Planet, p84-85 <b>NiS:</b> Caring for Water, p86	
103-2 The management approach and its components	<b>NiS:</b> For The Planet, p84-85 <b>NiS:</b> Caring for Water, p86	
103-3 Evaluation of the management approach	<b>NiS:</b> For The Planet, p84-85 <b>NiS:</b> Caring for Water, p86	
303-1 Interactions with water as a shared resource	<b>NiS:</b> Caring for Water, p86 <b>NiS:</b> Water Efficiency, p86-87 <b>NiS:</b> Water Advocacy, p87 <b>NiS:</b> Performance Data (For the Planet), p106	
303-2 Management of water discharge-related impacts	<b>NiS:</b> Caring for Water, p86 <b>NiS:</b> Water Efficiency, p86-87 <b>NiS:</b> Wastewater Treatment Plant, p88	
303-3 Water withdrawal	<b>NiS:</b> Caring for Water, p86 <b>NiS:</b> Water Efficiency, p86-87 <b>NiS:</b> Performance Data (For the Planet), p106	
		All water is withdrawn from third-party sources. Nestlé does not source water from areas with water stress, as defined by the World Resources Institute's Aqueduct Water Risk Atlas. The company's water storage is not significant.
303-4 Water discharge	<b>NiS:</b> Caring for Water, p86 <b>NiS:</b> Wastewater Treatment Plant, p88 <b>NiS:</b> Performance Data (For the Planet), p106	
		All water discharged from Nestlé Malaysia factories is treated and are 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. Nestlé does not discharge water to areas with water stress, as defined by the World Resources Institute's Aqueduct Water Risk Atlas.
303-5 Water consumption	<b>NiS:</b> Performance Data (For the Planet), p106	



Disclosure	Page number(s) and/or URL(s)	Omission
<b>GRI 300: Environmental</b>		
<b>GRI 304: BIODIVERSITY 2016</b>		
103-1 Explanation of the material topic and its Boundary	<b>NiS:</b> For The Planet, p84-85 <b>NiS:</b> Protecting Biodiversity, p101-102	
103-2 The management approach and its components	<b>NiS:</b> For The Planet, p84-85 <b>NiS:</b> Protecting Biodiversity, p101-102	Not applicable as it does not reach our materiality threshold.
103-3 Evaluation of the management approach	<b>NiS:</b> For The Planet, p84-85 <b>NiS:</b> Protecting Biodiversity, p101-102	
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 our Project RiLeaf, reforestation of the Kinabatangan area, and our new reforestation initiative, Project RELeaf	Not applicable as it does not reach our materiality threshold.
304-2 Significant impacts of activities, products, and services on biodiversity	<b>NiS:</b> Responsible Sourcing, p56-59	Not applicable as it does not reach our materiality threshold.
304-3 Habitats protected or restored	<b>NiS:</b> Protecting Biodiversity, p101-102	
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.  <b>The Nestlé Policy on Environmental Sustainability:</b> <a href="https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/environmental_sustainability/nestl%C3%A9%20policy%20on%20environmental%20sustainability.pdf">https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/environmental_sustainability/nestl%C3%A9%20policy%20on%20environmental%20sustainability.pdf</a>	

# GRI Content Index

Disclosure	Page number(s) and/or URL(s)	Omission
<b>GRI 300: Environmental</b>		
<b>GRI 305: EMISSIONS 2016</b>		
103-1 Explanation of the material topic and its Boundary	<b>NiS:</b> For The Planet, p84-85 <b>NiS:</b> Acting on Climate Change, p90-92	
103-2 The management approach and its components	<b>NiS:</b> For The Planet, p84-85 <b>NiS:</b> Acting on Climate Change, p90-92	
103-3 Evaluation of the management approach	<b>NiS:</b> For The Planet, p84-85 <b>NiS:</b> Acting on Climate Change, p90-92	
305-1 Direct (Scope 1) GHG emissions	<b>NiS:</b> Performance Data (For the Planet), p108  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 <sub>2</sub> emissions  GWP Source: Greenhouse Gas Protocol 2015, Global Warming Potentials AR5	
305-2 Energy indirect (Scope 2) GHG emissions	<b>NiS:</b> Performance Data (For the Planet), p108  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	<b>NiS:</b> Performance Data (For the Planet), p108  Nestlé's operations do not produce biogenic CO <sub>2</sub> 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	
305-4 GHG emissions intensity	<b>NiS:</b> Performance Data (For the Planet), p108	
305-5 Reduction of GHG emissions	<b>NiS:</b> Performance Data (For the Planet), p108 <b>NiS:</b> Managing our Carbon Footprint, p91	

Disclosure	Page number(s) and/or URL(s)	Omission
<b>GRI 300: Environmental</b>		
<b>GRI 305: EMISSIONS 2016</b>		
305-6 Emissions of ozone-depleting substances (ODS)	<b>NiS:</b> Performance Data (For the Planet), p108 <b>NiS:</b> Refrigerant Management, p91  We do not produce or export ozone-depleting substances, including CFC-11 at all our operation sites.  GWP source of R22: Greenhouse Gas Protocol 2015, Global Warming Potentials AR5	
305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	<b>NiS:</b> Performance Data (For the Planet), p108  NOx and SOx emissions are monitored in reporting units using our internal monitoring system, SHE-PM. Particulate Matter is estimated based on Air Emission Monitoring. POP, VOC and HAP are not relevant to Nestlé's operations.	
<b>GRI 306: WASTE 2020</b>		
103-1 Explanation of the material topic and its Boundary	<b>NiS:</b> For The Planet, p84-85 <b>NiS:</b> Safeguarding the Environment, p93 <b>NiS:</b> Minimising Solid Waste, p100	
103-2 The management approach and its components	<b>NiS:</b> For The Planet, p84-85 <b>NiS:</b> Safeguarding the Environment, p93 <b>NiS:</b> Minimising Solid Waste, p100	
103-3 Evaluation of the management approach	<b>NiS:</b> For The Planet, p84-85 <b>NiS:</b> Safeguarding the Environment, p93 <b>NiS:</b> Minimising Solid Waste, p100	
306-1 Waste generation and significant waste-related impacts	<b>NiS:</b> Safeguarding the Environment, p93 <b>NiS:</b> Minimising Solid Waste, p100	
306-2 Management of significant waste-related impacts	<b>NiS:</b> Tackling Plastic Waste, p93-99 <b>NiS:</b> Minimising Solid Waste, p100 <b>NiS:</b> Reducing Food Waste, p100  All of our waste is managed by appointed licensed contractors holding relevant permits from local authorities. Contractors' compliance with applicable regulations is managed by only appointing those who hold valid permits.	
306-3 Waste generated	<b>NiS:</b> Performance Data (For The Planet), p107  Nestlé monitors the composition of waste generated based on the mechanism of disposal used. Please refer to disclosures 306-4 and 306-5 for a breakdown of waste by composition based on disposal type.	

# GRI Content Index

Disclosure	Page number(s) and/or URL(s)	Omission												
<b>GRI 300: Environmental</b>														
<b>GRI 306: WASTE 2020</b>														
306-4 Waste diverted from disposal	<p><b>NiS:</b> Performance Data (For the Planet), p107</p> <p>Nestlé did not import or export any hazardous waste in 2020.</p> <table border="1"> <thead> <tr> <th>Description</th> <th>2016</th> <th>2017</th> <th>2018</th> <th>2019</th> <th>2020</th> </tr> </thead> <tbody> <tr> <td>Hazardous waste disposed of offsite by legal third-party vendor (tonne)</td> <td>-</td> <td>39.8</td> <td>37.0</td> <td>29.9</td> <td><b>37.9</b></td> </tr> </tbody> </table>	Description	2016	2017	2018	2019	2020	Hazardous waste disposed of offsite by legal third-party vendor (tonne)	-	39.8	37.0	29.9	<b>37.9</b>	
Description	2016	2017	2018	2019	2020									
Hazardous waste disposed of offsite by legal third-party vendor (tonne)	-	39.8	37.0	29.9	<b>37.9</b>									
306-5 Waste directed to disposal	<p><b>NiS:</b> Performance Data (For the Planet), p107</p> <p>Nestlé did not import or export any hazardous waste in 2020.</p>													
<b>GRI 307: ENVIRONMENTAL COMPLIANCE 2016</b>														
103-1 Explanation of the material topic and its Boundary	<p><b>NiS:</b> For The Planet, p84-85</p> <p><b>NiS:</b> Safeguarding the Environment, p93</p>													
103-2 The management approach and its components	<p><b>NiS:</b> For The Planet, p84-85</p> <p><b>NiS:</b> Safeguarding the Environment, p93</p>													
103-3 Evaluation of the management approach	<p><b>NiS:</b> For The Planet, p84-85</p> <p><b>NiS:</b> Safeguarding the Environment, p93</p>													
307-1 Non-compliance with environmental laws and regulations	<p><b>NiS:</b> Caring for Water, p86</p> <p>On 21 May 2019, our Shah Alam Factory recorded industrial effluent discharge levels above the permissible parameters set by the DOE. This was inadvertently caused by an accidental discharge at the wastewater treatment plant triggered by a human error.</p> <p>Once this isolated incident was detected, we took immediate action to rectify this. Results from the industrial effluent discharge was fully restored to be below the parameters prescribed by the DOE. Since then, our industrial effluent discharge continues to remain below these parameters.</p> <p>Following this incident, in 2020, we received financial penalties of RM90,000 for an incidence of noncompliant effluent release in May 2019.</p>													

Disclosure	Page number(s) and/or URL(s)	Omission
<b>GRI 300: Environmental</b>		
<b>GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT 2016</b>		
103-1 Explanation of the material topic and its Boundary	<b>NiS:</b> Responsible Sourcing, p56 <b>RSS:</b> <a href="https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/suppliers/nestle-responsible-sourcing-standard-english.pdf">https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/suppliers/nestle-responsible-sourcing-standard-english.pdf</a>	
103-2 The management approach and its components	<b>NiS:</b> Responsible Sourcing, p56 <b>RSS:</b> <a href="https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/suppliers/nestle-responsible-sourcing-standard-english.pdf">https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/suppliers/nestle-responsible-sourcing-standard-english.pdf</a>	
103-3 Evaluation of the management approach	<b>NiS:</b> Responsible Sourcing, p56 <b>RSS:</b> <a href="https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/suppliers/nestle-responsible-sourcing-standard-english.pdf">https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/suppliers/nestle-responsible-sourcing-standard-english.pdf</a>	
308-1 New suppliers that were screened using environmental criteria	<b>NiS:</b> Responsible Sourcing, p56 <b>NiS:</b> Performance Data (For Our Communities), p79  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.  In 2020, 9 new suppliers, amounting to 100% of new suppliers were screened based on the Nestlé Responsible Sourcing Guideline which includes environmental criteria.	
308-2 Negative environmental impacts in the supply chain and actions taken	<b>NiS:</b> Responsible Sourcing, p56-59  As part of our commitment to reduce GHG in transportation, we have in place a few programmes, including the newly launched Transportation Hubs, to optimise the distance travelled as well as the use of high-capacity trucks. 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.  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. Information regarding the potential and actual negative environmental impacts is not disclosed due to confidentiality constraints as it is not our company policy to disclose third-party data.	

# GRI Content Index

Disclosure	Page number(s) and/or URL(s)	Omission																																	
<b>GRI 400: Social</b>																																			
<b>GRI 401: EMPLOYMENT 2016</b>																																			
103-1 Explanation of the material topic and its Boundary	<b>NiS:</b> Our Communities, Rural Development and People Strategy, p48-49 <b>NiS::</b> Our People, p60																																		
103-2 The management approach and its components	<b>NiS:</b> Our Communities, Rural Development and People Strategy, p48-49 <b>NiS:</b> Our People, p60																																		
103-3 Evaluation of the management approach	<b>NiS:</b> Our People, p60																																		
401-1 New employee hires and employee turnover	<b>NiS:</b> Performance Data (For Our Communities), p80																																		
	<table border="1"> <thead> <tr> <th>Indicator</th> <th>Total number</th> <th>Rate (%)</th> </tr> </thead> <tbody> <tr> <td colspan="3"><b>New employees by gender:</b></td> </tr> <tr> <td>• Male</td> <td>292</td> <td>64</td> </tr> <tr> <td>• Female</td> <td>162</td> <td>36</td> </tr> <tr> <td colspan="3"><b>New employees by age group:</b></td> </tr> <tr> <td>• Below 30</td> <td>341</td> <td>75</td> </tr> <tr> <td>• 30 – 50</td> <td>104</td> <td>23</td> </tr> <tr> <td>• Above 50</td> <td>9</td> <td>2</td> </tr> <tr> <td colspan="3"><b>New employees by region:</b></td> </tr> <tr> <td>• Nestlé Products Sdn. Bhd.</td> <td>336</td> <td>74</td> </tr> <tr> <td>• Nestlé Manufacturing (Malaysia) Sdn. Bhd</td> <td>118</td> <td>26</td> </tr> </tbody> </table>	Indicator	Total number	Rate (%)	<b>New employees by gender:</b>			• Male	292	64	• Female	162	36	<b>New employees by age group:</b>			• Below 30	341	75	• 30 – 50	104	23	• Above 50	9	2	<b>New employees by region:</b>			• Nestlé Products Sdn. Bhd.	336	74	• Nestlé Manufacturing (Malaysia) Sdn. Bhd	118	26	
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	<p>New hire rates are calculated based on newly hired employees per category as a percentage of total new hires.</p> <table border="1"> <thead> <tr> <th>Indicator</th> <th>Total number</th> <th>Rate (%)</th> </tr> </thead> <tbody> <tr> <td colspan="3"><b>Employees leaving employment by gender:</b></td> </tr> <tr> <td>• Male</td> <td>114</td> <td>58.2</td> </tr> <tr> <td>• Female</td> <td>82</td> <td>41.8</td> </tr> <tr> <td colspan="3"><b>Employees leaving by age group:</b></td> </tr> <tr> <td>• Below 30</td> <td>67</td> <td>34.2</td> </tr> <tr> <td>• 30 – 50</td> <td>106</td> <td>54.1</td> </tr> <tr> <td>• Above 50</td> <td>23</td> <td>11.7</td> </tr> <tr> <td colspan="3"><b>Employees leaving by region:</b></td> </tr> <tr> <td>• Nestlé Products Sdn. Bhd.</td> <td>76</td> <td>38.8</td> </tr> <tr> <td>• Nestlé Manufacturing (Malaysia) Sdn. Bhd</td> <td>120</td> <td>61.2</td> </tr> </tbody> </table> <p>Turnover rates are calculated based on employees per category leaving employment as a percentage of total turnover.</p>	Indicator	Total number	Rate (%)	<b>Employees leaving employment by gender:</b>			• Male	114	58.2	• Female	82	41.8	<b>Employees leaving by age group:</b>			• Below 30	67	34.2	• 30 – 50	106	54.1	• Above 50	23	11.7	<b>Employees leaving by region:</b>			• Nestlé Products Sdn. Bhd.	76	38.8	• Nestlé Manufacturing (Malaysia) Sdn. Bhd	120	61.2	
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<b>GRI 400: Social</b>																												
<b>GRI 401: EMPLOYMENT 2016</b>																												
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	<table border="1"> <thead> <tr> <th>Indicator</th> <th>Total number</th> </tr> </thead> <tbody> <tr> <td colspan="2"><b>Total number of employees that are entitled to Parental Leave by gender</b></td> </tr> <tr> <td>• Male</td> <td>3,069</td> </tr> <tr> <td>• Female</td> <td>1,727</td> </tr> <tr> <td colspan="2"><b>Total number of employees that took Parental Leave by gender</b></td> </tr> <tr> <td>• Male</td> <td>210</td> </tr> <tr> <td>• Female</td> <td>111</td> </tr> <tr> <td colspan="2"><b>Total number of employees that returned to work after leave ended by gender</b></td> </tr> <tr> <td>• Male</td> <td>209</td> </tr> <tr> <td>• Female</td> <td>108</td> </tr> <tr> <td colspan="2"><b>Percentage of employees that returned to work after leave ended by gender</b></td> </tr> <tr> <td>• Male</td> <td>99</td> </tr> <tr> <td>• Female</td> <td>97</td> </tr> </tbody> </table>	Indicator	Total number	<b>Total number of employees that are entitled to Parental Leave by gender</b>		• Male	3,069	• Female	1,727	<b>Total number of employees that took Parental Leave by gender</b>		• Male	210	• Female	111	<b>Total number of employees that returned to work after leave ended by gender</b>		• Male	209	• Female	108	<b>Percentage of employees that returned to work after leave ended by gender</b>		• Male	99	• Female	97	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.
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<b>GRI 402: LABOUR/ MANAGEMENT RELATIONS 2016</b>																												
103-1 Explanation of the material topic and its Boundary	-																											
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	-																											
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)																											

# GRI Content Index

Disclosure	Page number(s) and/or URL(s)	Omission
<b>GRI 400: Social</b>		
<b>GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018</b>		
103-1 Explanation of the material topic and its Boundary	<b>NiS:</b> Safety, Health and Wellbeing, p64-68	
103-2 The management approach and its components	<b>NiS:</b> Safety, Health and Wellbeing, p64-68	
103-3 Evaluation of the management approach	<b>NiS:</b> Safety, Health and Wellbeing, p64-68	
403-1 Occupational health and safety management system	<b>NiS:</b> Safety, Health and Wellbeing, p64-68	
403-2 Hazard identification, risk assessment, and incident investigation	<b>NiS:</b> Safety, Health and Wellbeing, p64-68	
403-3 Occupational health services	<b>NiS:</b> Safety, Health and Wellbeing, p64-68	

The below table summarises the assistance programmes provided to the below recipients:

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	✓			✓		✓		✓

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.

(Source: Chemical Health Risk Assessments: Year 2009 through 2013)



Disclosure	Page number(s) and/or URL(s)	Omission
<b>GRI 400: Social</b>		
<b>GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018</b>		
403-4 Worker participation, consultation, and communication on occupational health and safety	<b>NiS:</b> Safety, Health and Wellbeing, p64-68  100% of collective agreements contain Health and Safety topics  As indicated in the Collective Agreement 2019-2021 between Nestlé Products Sdn. Bhd. and the National Union of Commercial Workers: <ul style="list-style-type: none"> <li>• 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;</li> <li>• Article 20 describes the terms and conditions, under which an employee shall or shall not be entitled to paid sick leave.</li> </ul>	
403-5 Worker training on occupational health and safety	<b>NiS:</b> Safety, Health and Wellbeing, p65	
403-6 Promotion of worker health	<b>NiS:</b> Nestlé Framework for Employee Health, p67-68 <b>NiS:</b> Employee Engagement, p71-72	
403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	<b>NiS:</b> Safety, Health and Wellbeing, p64-65	
403-8 Workers covered by an occupational health and safety management system	<b>NiS:</b> Safety, Health and Wellbeing, p64	

# GRI Content Index

Disclosure	Page number(s) and/or URL(s)	Omission
<b>GRI 400: Social</b>		
<b>GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018</b>		
403-9 Work-related injuries	<p><b>NiS:</b> Performance Data (For Our Communities), p81</p> <p>Our calculation on injuries and lost-day rate are as follows:</p> $\frac{\text{Number of recordable injuries or lost days}}{\text{Total number of hours worked}} \times 1,000,000$	Occupational health and safety information relating to work-related hazards is not currently available as we do not track this information in a format that is suitable for reporting. It is not possible to determine at this time when the information will be available.
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.
<b>GRI 404: TRAINING AND EDUCATION 2016</b>		
103-1 Explanation of the material topic and its Boundary	<p><b>NiS:</b> Our Communities, Rural Development and People Strategy, p48-49</p> <p><b>NiS:</b> Our People, p60</p> <p><b>NiS:</b> Training and Development, p69</p>	
103-2 The management approach and its components	<p><b>NiS:</b> Our Communities, Rural Development and People Strategy, p48-49</p> <p><b>NiS:</b> Our People, p60</p> <p><b>NiS:</b> Training and Development, p69-70</p>	
103-3 Evaluation of the management approach	<p><b>NiS:</b> Our People, p60</p> <p><b>NiS:</b> Training and Development, p69-70</p>	
404-1 Average hours of training per year per employee	<b>NiS:</b> Performance Data (For Our Communities), p80	
404-2 Programs for upgrading employee skills and transition assistance programs	<p><b>NiS:</b> Training and Development, p69-70</p> <p>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.</p>	
404-3 Percentage of employees receiving regular performance and career development reviews	<b>NiS:</b> Performance Data (For Our Communities), p80	

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103-1 Explanation of the material topic and its Boundary	<b>NiS:</b> Our Communities, Rural Development and People Strategy, p48-49 <b>NiS:</b> Our People, p60 <b>NiS:</b> Diversity and Gender Balance, p61																																																																																																																																								
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405-1 Diversity of governance bodies and employees	<b>NiS:</b> CSV Key Performance Data, p19 <b>NiS:</b> Diversity and Gender Balance, p61-63																																																																																																																																								
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Below 30	327	6.52	537	10.70	187	3.73	1,051	20.94																																																																																																																																	
30-50	970	19.33	2,402	47.87	26	0.52	3,398	67.72																																																																																																																																	
Above 50	161	3.21	400	7.97	8	0.16	569	11.34																																																																																																																																	
Total	1,458	29.06	3,339	66.54	221	4.40	5,018	100																																																																																																																																	
Gender	Mgt	%	N-Mgt	%	Temp.	%	Total	%																																																																																																																																	
Male	661	13.17	2,409	48.01	171	3.41	3,241	64.59																																																																																																																																	
Female	797	15.88	930	18.53	50	1.00	1,777	35.41																																																																																																																																	
Total	1,458	29.06	3,339	66.54	221	4.40	5,018	100																																																																																																																																	
	Breakdown of Nestlé Malaysia's Board of Directors in terms of ethnic composition, age group and gender																																																																																																																																								
	<table border="1"> <thead> <tr> <th>Ethnic</th> <th>%</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Bumiputera</td> <td>57</td> <td>4</td> </tr> <tr> <td>Chinese</td> <td>0</td> <td>0</td> </tr> <tr> <td>Indian</td> <td>14</td> <td>1</td> </tr> <tr> <td>Others</td> <td>29</td> <td>2</td> </tr> <tr> <td>Total</td> <td>100</td> <td>7</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th>Age</th> <th>%</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Below 30</td> <td>0</td> <td>0</td> </tr> <tr> <td>30-50</td> <td>14</td> <td>1</td> </tr> <tr> <td>Above 50</td> <td>86</td> <td>6</td> </tr> <tr> <td>Total</td> <td>100</td> <td>7</td> </tr> </tbody> </table> <table border="1"> <thead> <tr> <th>Gender</th> <th>%</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Male</td> <td>57</td> <td>4</td> </tr> <tr> <td>Female</td> <td>43</td> <td>3</td> </tr> </tbody> </table>	Ethnic	%	Total	Bumiputera	57	4	Chinese	0	0	Indian	14	1	Others	29	2	Total	100	7	Age	%	Total	Below 30	0	0	30-50	14	1	Above 50	86	6	Total	100	7	Gender	%	Total	Male	57	4	Female	43	3																																																																																														
Ethnic	%	Total																																																																																																																																							
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Below 30	0	0																																																																																																																																							
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Male	57	4																																																																																																																																							
Female	43	3																																																																																																																																							

# GRI Content Index

Disclosure	Page number(s) and/or URL(s)	Omission								
<b>GRI 400: Social</b>										
<b>GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016</b>										
405-2 Ratio of basic salary and remuneration of women to men	<table border="1"> <thead> <tr> <th>Employee Category</th> <th>Female to Male Salary Ratio</th> </tr> </thead> <tbody> <tr> <td>Top Management</td> <td>0.86</td> </tr> <tr> <td>Management</td> <td>0.85</td> </tr> <tr> <td>Non-Management</td> <td>0.94</td> </tr> </tbody> </table> <p>Significant locations of operation include operations in Malaysia.</p>	Employee Category	Female to Male Salary Ratio	Top Management	0.86	Management	0.85	Non-Management	0.94	
Employee Category	Female to Male Salary Ratio									
Top Management	0.86									
Management	0.85									
Non-Management	0.94									
<b>GRI 406: NON-DISCRIMINATION 2016</b>										
103-1 Explanation of the material topic and its Boundary	<p><b>NiS:</b> Our People, p60 <b>NiS:</b> Diversity and Gender Balance, p61-62</p> <p><b>NCBP:</b> <a href="https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/corporate-business-principles-en.pdf">https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/corporate-business-principles-en.pdf</a></p>									
103-2 The management approach and its components	<p><b>NiS:</b> Our People, p60 <b>NiS:</b> Diversity and Gender Balance, p61-62</p> <p><b>NCBP:</b> <a href="https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/corporate-business-principles-en.pdf">https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/corporate-business-principles-en.pdf</a></p>									
103-3 Evaluation of the management approach	<p><b>NiS:</b> Our People, p60 <b>NiS:</b> Diversity and Gender Balance, p61-62</p> <p><b>NCBP:</b> <a href="https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/corporate-business-principles-en.pdf">https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/corporate-business-principles-en.pdf</a></p>									
406-1 Incidents of discrimination and corrective actions taken	There were no incidents of discrimination reported in 2020.									
<b>GRI 407: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING 2016</b>										
103-1 Explanation of the material topic and its Boundary	<p><b>NiS:</b> Labour Relations, p76</p> <p><b>NCBP:</b> <a href="https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/corporate-business-principles-en.pdf">https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/corporate-business-principles-en.pdf</a></p>									
103-2 The management approach and its components	<p><b>NiS:</b> Labour Relations, p76</p> <p><b>NCBP:</b> <a href="https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/corporate-business-principles-en.pdf">https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/corporate-business-principles-en.pdf</a></p>									
103-3 Evaluation of the management approach	<p><b>NiS:</b> Labour Relations, p76</p> <p><b>NCBP:</b> <a href="https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/corporate-business-principles-en.pdf">https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/corporate-business-principles-en.pdf</a></p>									
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 2020.									

Disclosure	Page number(s) and/or URL(s)	Omission
<b>GRI 400: Social</b>		
<b>GRI 408: CHILD LABOR 2016</b>		
103-1 Explanation of the material topic and its Boundary	<p><b>RSS:</b> <a href="https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/suppliers/nestle-responsible-sourcing-standard-english.pdf">https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/suppliers/nestle-responsible-sourcing-standard-english.pdf</a></p> <p><b>Nestlé Commitment on Child Labour:</b> <a href="https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_social_responsibility/nestle-commitment-child-labour.pdf">https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_social_responsibility/nestle-commitment-child-labour.pdf</a></p> <p><b>Tackling Child Labour Report 2019</b> <a href="https://www.nestle.com/sites/default/files/2019-12/nestle-tackling-child-labor-report-2019-en.pdf">https://www.nestle.com/sites/default/files/2019-12/nestle-tackling-child-labor-report-2019-en.pdf</a></p>	
103-2 The management approach and its components	<p><b>RSS:</b> <a href="https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/suppliers/nestle-responsible-sourcing-standard-english.pdf">https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/suppliers/nestle-responsible-sourcing-standard-english.pdf</a></p> <p><b>Nestlé Commitment on Child Labour:</b> <a href="https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_social_responsibility/nestle-commitment-child-labour.pdf">https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_social_responsibility/nestle-commitment-child-labour.pdf</a></p> <p><b>Tackling Child Labour Report 2019</b> <a href="https://www.nestle.com/sites/default/files/2019-12/nestle-tackling-child-labor-report-2019-en.pdf">https://www.nestle.com/sites/default/files/2019-12/nestle-tackling-child-labor-report-2019-en.pdf</a></p>	
103-3 Evaluation of the management approach	<p><b>RSS:</b> <a href="https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/suppliers/nestle-responsible-sourcing-standard-english.pdf">https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/suppliers/nestle-responsible-sourcing-standard-english.pdf</a></p> <p><b>Nestlé Commitment on Child Labour:</b> <a href="https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_social_responsibility/nestle-commitment-child-labour.pdf">https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_social_responsibility/nestle-commitment-child-labour.pdf</a></p> <p><b>Tackling Child Labour Report 2019</b> <a href="https://www.nestle.com/sites/default/files/2019-12/nestle-tackling-child-labor-report-2019-en.pdf">https://www.nestle.com/sites/default/files/2019-12/nestle-tackling-child-labor-report-2019-en.pdf</a></p>	
408-1 Operations and suppliers at significant risk for incidents of child labor	<b>NiS:</b> Nestlé Cocoa Plan, p57	

# GRI Content Index

Disclosure	Page number(s) and/or URL(s)	Omission
<b>GRI 400: Social</b>		
<b>GRI 409: FORCED OR COMPULSORY LABOR 2016</b>		
103-1 Explanation of the material topic and its Boundary	<p><b>NiS:</b> Responsible Sourcing, p56</p> <p><b>RSS:</b> <a href="https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/suppliers/nestle-responsible-sourcing-standard-english.pdf">https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/suppliers/nestle-responsible-sourcing-standard-english.pdf</a></p> <p><b>Nestlé Commitment on Labour Rights in Agricultural Supply Chains:</b>  <a href="https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_social_responsibility/nestle-commitment-labour-rights-agricultural-supply-chains.pdf">https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_social_responsibility/nestle-commitment-labour-rights-agricultural-supply-chains.pdf</a></p>	
103-2 The management approach and its components	<p><b>NiS:</b> Responsible Sourcing, p56</p> <p><b>RSS:</b> <a href="https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/suppliers/nestle-responsible-sourcing-standard-english.pdf">https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/suppliers/nestle-responsible-sourcing-standard-english.pdf</a></p> <p><b>Nestlé Commitment on Labour Rights in Agricultural Supply Chains:</b>  <a href="https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_social_responsibility/nestle-commitment-labour-rights-agricultural-supply-chains.pdf">https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_social_responsibility/nestle-commitment-labour-rights-agricultural-supply-chains.pdf</a></p>	
103-3 Evaluation of the management approach	<p><b>NiS:</b> Responsible Sourcing, p56</p> <p><b>RSS:</b> <a href="https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/suppliers/nestle-responsible-sourcing-standard-english.pdf">https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/suppliers/nestle-responsible-sourcing-standard-english.pdf</a></p> <p><b>Nestlé Commitment on Labour Rights in Agricultural Supply Chains:</b>  <a href="https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_social_responsibility/nestle-commitment-labour-rights-agricultural-supply-chains.pdf">https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_social_responsibility/nestle-commitment-labour-rights-agricultural-supply-chains.pdf</a></p>	
409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	<p><b>NiS:</b> Responsible Sourcing, p56-59</p> <p>We do not accept any form of forced or compulsory labour in our value chain.</p> <p><b>Nestlé Commitment on Labour Rights in Agricultural Supply Chains:</b>  <a href="https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_social_responsibility/nestle-commitment-labour-rights-agricultural-supply-chains.pdf">https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_social_responsibility/nestle-commitment-labour-rights-agricultural-supply-chains.pdf</a></p>	

Disclosure	Page number(s) and/or URL(s)	Omission
<b>GRI 400: Social</b>		
<b>GRI 410: SECURITY PRACTICES 2016</b>		
103-1 Explanation of the material topic and its Boundary	<b>RSS:</b> <a href="https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/suppliers/nestle-responsible-sourcing-standard-english.pdf">https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/suppliers/nestle-responsible-sourcing-standard-english.pdf</a>	
103-2 The management approach and its components	<b>RSS:</b> <a href="https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/suppliers/nestle-responsible-sourcing-standard-english.pdf">https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/suppliers/nestle-responsible-sourcing-standard-english.pdf</a>	
103-3 Evaluation of the management approach	<b>RSS:</b> <a href="https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/suppliers/nestle-responsible-sourcing-standard-english.pdf">https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/suppliers/nestle-responsible-sourcing-standard-english.pdf</a>	
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.	
<b>GRI 411: RIGHTS OF INDIGENOUS PEOPLES 2016</b>		
103-1 Explanation of the material topic and its Boundary		
103-2 The management approach and its components	All factories are located in Industrial Estates designated by the respective States, which are 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		
411-1 Incidents of violations involving rights of indigenous peoples	All factories are located in Industrial Estates designated by the respective States, which are 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 the Safe Water, Safe Communities Project, p89 and our reforestation efforts, p101.  There were no incidents reported in 2020.	

# GRI Content Index

Disclosure	Page number(s) and/or URL(s)	Omission
<b>GRI 400: Social</b>		
<b>GRI 412: HUMAN RIGHTS ASSESSMENT 2016</b>		
103-1 Explanation of the material topic and its Boundary	<b>NCBP:</b> <a href="https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/corporate-business-principles-en.pdf">https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/corporate-business-principles-en.pdf</a>	
103-2 The management approach and its components	<b>NiS:</b> Responsible Sourcing, p56  <b>NCBP:</b> <a href="https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/corporate-business-principles-en.pdf">https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/corporate-business-principles-en.pdf</a>	
103-3 Evaluation of the management approach	<b>NiS:</b> Responsible Sourcing, p56  <b>NCBP:</b> <a href="https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/corporate-business-principles-en.pdf">https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/corporate-business-principles-en.pdf</a>	
412-1 Operations that have been subject to human rights reviews or impact assessments	<b>NiS:</b> Operating with Integrity, p77  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	<b>NiS:</b> Training and Learning, p69	
412-3 Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	<b>NiS:</b> Responsible Sourcing, p56 <b>NiS:</b> Our Commitment on Sustainable Palm Oil, p58-59  Human rights violations have no place in our supply chain. We consider all engagements with third-party suppliers to be significant with respect to upholding human rights. Nestlé's approach is that 100% of suppliers must be signed up to our Responsible Sourcing Standard, which covers human rights, or undergo human rights screening.	



Disclosure	Page number(s) and/or URL(s)	Omission
<b>GRI 400: Social</b>		
<b>GRI 413: LOCAL COMMUNITIES 2016</b>		
103-1 Explanation of the material topic and its Boundary	<p><b>NiS:</b> Promoting Healthier Behaviour in Children, p33</p> <p><b>NiS:</b> Encouraging Healthy Cooking, Eating and Lifestyles, p34</p> <p><b>NiS:</b> Our Communities, Rural Development and People Strategy, p48-49</p> <p><b>NiS:</b> Rural Development, p52</p> <p><b>NiS:</b> Responsible Sourcing, p56</p> <p><b>NiS:</b> Protecting Biodiversity, p101-102</p>	
103-2 The management approach and its components	<p><b>NiS:</b> Promoting Healthier Behaviour in Children, p33</p> <p><b>NiS:</b> Encouraging Healthy Cooking, Eating and Lifestyles, p34</p> <p><b>NiS:</b> Our Communities, Rural Development and People Strategy, p48-49</p> <p><b>NiS:</b> Rural Development, p52</p> <p><b>NiS:</b> Responsible Sourcing, p56</p> <p><b>NiS:</b> Protecting Biodiversity, p101-102</p>	
103-3 Evaluation of the management approach	<p><b>NiS:</b> Promoting Healthier Behaviour in Children, p33</p> <p><b>NiS:</b> Encouraging Healthy Cooking, Eating and Lifestyles, p34</p> <p><b>NiS:</b> Our Communities, Rural Development and People Strategy, p48-49</p> <p><b>NiS:</b> Rural Development, p52</p> <p><b>NiS:</b> Responsible Sourcing, p56</p> <p><b>NiS:</b> Protecting Biodiversity, p101-102</p>	
413-1 Operations with local community engagement, impact assessments, and development programs	<p><b>NiS:</b> Promoting Healthier Behaviour in Children, p33</p> <p><b>NiS:</b> Encouraging Healthy Cooking, Eating and Lifestyles, p34</p> <p><b>NiS:</b> Rural Development, p52</p> <p><b>NiS:</b> Responsible Sourcing, p56-59</p> <p><b>NiS:</b> Employee Engagement, p71-72</p> <p><b>NiS:</b> Promoting Youth Employment and Employability, p73-75</p> <p><b>NiS:</b> Access to Water, p89</p> <p><b>NiS:</b> The CAREton Project, p98</p> <p><b>NiS:</b> Protecting Biodiversity, p101-102</p>	<p>Our facilities are subject to all local building codes, regulations and requirements, including environmental impact studies.</p> <p>Nestlé Malaysia Group Corporate Affairs Department guides and supervises CSV initiatives on behalf of all of Nestlé Malaysia's operations. These initiatives are described in detail throughout the report, including through the use of year-on-year data and other measurements. Nestlé does not quantify these initiatives as a percentage of operations.</p>
413-2 Operations with significant actual and potential negative impacts on local communities	There were no incidents reported in 2020	

# GRI Content Index

Disclosure	Page number(s) and/or URL(s)	Omission
<b>GRI 400: Social</b>		
<b>GRI 414: SUPPLIER SOCIAL ASSESSMENT 2016</b>		
103-1 Explanation of the material topic and its Boundary	<p><b>NiS:</b> Responsible Sourcing, p56</p> <p><b>NiS:</b> Operating with Integrity, p77</p> <p><b>RSS:</b> : <a href="https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/suppliers/nestle-responsible-sourcing-standard-english.pdf">https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/suppliers/nestle-responsible-sourcing-standard-english.pdf</a></p>	
103-2 The management approach and its components	<p><b>NiS:</b> Responsible Sourcing, p56</p> <p><b>NiS:</b> Operating with Integrity, p77</p> <p><b>RSS:</b> <a href="https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/suppliers/nestle-responsible-sourcing-standard-english.pdf">https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/suppliers/nestle-responsible-sourcing-standard-english.pdf</a></p>	
103-3 Evaluation of the management approach	<p><b>NiS:</b> Responsible Sourcing, p56</p> <p><b>NiS:</b> Operating with Integrity, p77</p> <p><b>RSS:</b> <a href="https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/suppliers/nestle-responsible-sourcing-standard-english.pdf">https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/suppliers/nestle-responsible-sourcing-standard-english.pdf</a></p>	
414-1 New suppliers that were screened using social criteria	<p><b>NiS:</b> Responsible Sourcing, p56</p> <p>In 2020, 9 new suppliers, amounting to 100% of new suppliers were screened based on the Nestlé Responsible Sourcing Guideline which includes social criteria. 100% of our new suppliers were informed on the Nestlé Responsible Sourcing Standard and were required to sign an acknowledgement form.</p> <p><b>RSS:</b> <a href="https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/suppliers/nestle-responsible-sourcing-standard-english.pdf">https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/suppliers/nestle-responsible-sourcing-standard-english.pdf</a></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><b>NCBP:</b> <a href="https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/corporate-business-principles-en.pdf">https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/corporate-business-principles-en.pdf</a></p> <p><b>NCBC:</b> <a href="https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/code_of_business_conduct_en.pdf">https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/code_of_business_conduct_en.pdf</a></p>	
414-2 Negative social impacts in the supply chain and actions taken	<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. Information regarding the potential and actual negative environmental impacts is not disclosed due to confidentiality constraints as it is not our company policy to disclose third-party data.</p>	

Disclosure	Page number(s) and/or URL(s)	Omission
<b>GRI 400: Social</b>		
<b>GRI 415: PUBLIC POLICY 2016</b>		
103-1 Explanation of the material topic and its Boundary	Nestlé does not contribute to political parties, politicians, and/or related institutions by country.	
103-2 The management approach and its components	Under Section 10, Page 6 of the Nestlé Code of Business Conduct, political contributions are not allowed.	
103-3 Evaluation of the management approach	<b>NCBC:</b> <a href="https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/code_of_business_conduct_en.pdf">https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/code_of_business_conduct_en.pdf</a>	
415-1 Political contributions	Nestlé does not contribute to political parties, politicians, and/or related institutions by country.  Under Section 10, Page 6 of the Nestlé Code of Business Conduct, political contributions are not allowed.  <b>NCBC:</b> <a href="https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/code_of_business_conduct_en.pdf">https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/code_of_business_conduct_en.pdf</a>	
<b>GRI 416: CUSTOMER HEALTH AND SAFETY 2016</b>		
103-1 Explanation of the material topic and its Boundary	<b>NiS:</b> Our Nutrition, Health & Wellness Strategy, p22-23	
103-2 The management approach and its components	<b>NiS:</b> Our Nutrition, Health & Wellness Strategy, p22-23 <b>NiS:</b> Product Safety and Quality, p39-40	
103-3 Evaluation of the management approach	<b>NiS:</b> Our Nutrition, Health & Wellness Strategy, p22-23 <b>NiS:</b> Product Safety and Quality, p39-40	
416-1 Assessment of the health and safety impacts of product and service categories	<b>NiS:</b> Product Safety and Quality, p39-40  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 2020.	

# GRI Content Index

Disclosure	Page number(s) and/or URL(s)	Omission
<b>GRI 400: Social</b>		
<b>GRI 417: MARKETING AND LABELING 2016</b>		
103-1 Explanation of the material topic and its Boundary	<b>NiS:</b> Providing Nutritional Information, p30 <b>NiS:</b> Responsible Marketing and Advertising, p36 <b>NiS:</b> Responsible Marketing of Breast-milk Substitutes, p37	
103-2 The management approach and its components	<b>NiS:</b> Providing Nutritional Information, p30 <b>NiS:</b> Responsible Marketing and Advertising, p36 <b>NiS:</b> Responsible Marketing of Breast-milk Substitutes, p37	
103-3 Evaluation of the management approach	<b>NiS:</b> Providing Nutritional Information, p30 <b>NiS:</b> Responsible Marketing and Advertising, p36 <b>NiS:</b> Responsible Marketing of Breast-milk Substitutes, p37	
417-1 Requirements for product and service information and labeling	<b>NiS:</b> Performance Data (For Individuals & Families), p44-45 <b>NiS:</b> Providing Nutritional Information, p30 <b>NiS:</b> Portion Guidance, p32	
417-2 Incidents of non-compliance concerning product and service information and labeling	There were no incidents reported in 2020.	
417-3 Incidents of non-compliance concerning marketing communications	In 2020, we were made aware of isolated incidences which occurred in 2019. These incidences are currently undergoing an appeal process with the authorities.	
<b>GRI 418: CUSTOMER PRIVACY 2016</b>		
103-1 Explanation of the material topic and its Boundary	<b>Privacy Policy:</b> <a href="https://www.nestle.com.my/info/privacy_notice">https://www.nestle.com.my/info/privacy_notice</a>	
103-2 The management approach and its components	<b>Privacy Policy:</b> <a href="https://www.nestle.com.my/info/privacy_notice">https://www.nestle.com.my/info/privacy_notice</a>	
103-3 Evaluation of the management approach	<b>Privacy Policy:</b> <a href="https://www.nestle.com.my/info/privacy_notice">https://www.nestle.com.my/info/privacy_notice</a>	
418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	There were no incidents reported in 2020.	

Disclosure	Page number(s) and/or URL(s)	Omission
<b>GRI 400: Social</b>		
<b>GRI 419: SOCIOECONOMIC COMPLIANCE 2016</b>		
103-1 Explanation of the material topic and its Boundary	<b>NiS:</b> Providing Nutritional Information, p30 <b>NiS:</b> Responsible Marketing and Advertising, p36 <b>NiS:</b> Responsible Marketing of Breast-milk Substitutes, p37	
103-2 The management approach and its components	<b>NiS:</b> Providing Nutritional Information, p30 <b>NiS:</b> Responsible Marketing and Advertising, p36 <b>NiS:</b> Responsible Marketing of Breast-milk Substitutes, p37	
103-3 Evaluation of the management approach	<b>NiS:</b> Providing Nutritional Information, p30 <b>NiS:</b> Responsible Marketing and Advertising, p36 <b>NiS:</b> Responsible Marketing of Breast-milk Substitutes, p37	
419-1 Non-compliance with laws and regulations in the social and economic area	There were no incidents reported in 2020.	



## **Independent Assurance Report To Management of Nestlé (Malaysia) Berhad (2020)**

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 2020 as reported by Nestlé Malaysia in its Nestlé in Society Report 2020.

### **Management’s Responsibility**

Management of Nestlé Malaysia is responsible for the preparation of the Selected Information included in the Nestlé in Society Report 2020 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 2020 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 2020 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 2020:
  1. Number of products with Healthier Choice Logo (“HCL”) certification for the financial year ended 31 December 2020;
  2. Reduction in sodium and added sugar (%) for the financial year ended 31 December 2020;
  3. Lost Time Injury Frequency Rate (“LTIFR”) for the financial year ended 31 December 2020;
  4. Volume of Water Withdrawal (m<sup>3</sup>/year) for the financial year ended 31 December 2020;
  5. Packaging source reduction (tonne) for Milo UHT, Milo and Nescafe Ready to Drink PET and Milo RTD Tetrapak for the financial year ended 31 December 2020;
  6. Female to male salary ratio for top management as at 31 December 2020.
- Nestlé Malaysia’s declaration that Nestlé in Society Report 2020 is prepared in accordance with the GRI standards.



## Criteria

The selected subject matter needs to be read and understood together with the reporting criteria, which Nestlé Malaysia is solely responsible for selecting and applying. The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measurement techniques and can affect comparability between entities and over time.

The reporting criteria used for the reporting of the Selected Information are as follows:

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

## 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 2020 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 2020 in accordance with the GRI standards.

## Independence and Quality Control

We have complied with the independence and other ethical requirements of the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("MIA") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards), which is 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 maintain a 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 2020 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 2020. 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 2020 and to be disclosed online at [www.nestle.com.my](http://www.nestle.com.my), in respect of the financial year ended 31 December 2020, 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.

A handwritten signature in black ink that reads 'PricewaterhouseCoopers PLT'.

PRICEWATERHOUSECOOPERS PLT  
LLP0014401-LCA & AF 1146  
Chartered Accountants

Kuala Lumpur  
22 March 2021



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**NESTLÉ (MALAYSIA) BERHAD**

Registration No.: 198301015532 (110925-W)

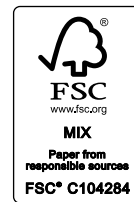
22-1, 22<sup>nd</sup> Floor, Menara Surian  
No. 1, Jalan PJU 7/3  
Mutiara Damansara  
47810 Petaling Jaya  
Selangor Darul Ehsan  
Malaysia

Tel (+603) 7965 6000  
Fax (+603) 7965 6767

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

Facebook  
**[www.facebook.com/Nestle.Malaysia](http://www.facebook.com/Nestle.Malaysia)**

Website  
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