



Nestlé® Good food, Good life

NESTLÉ IN SOCIETY REPORT 2021



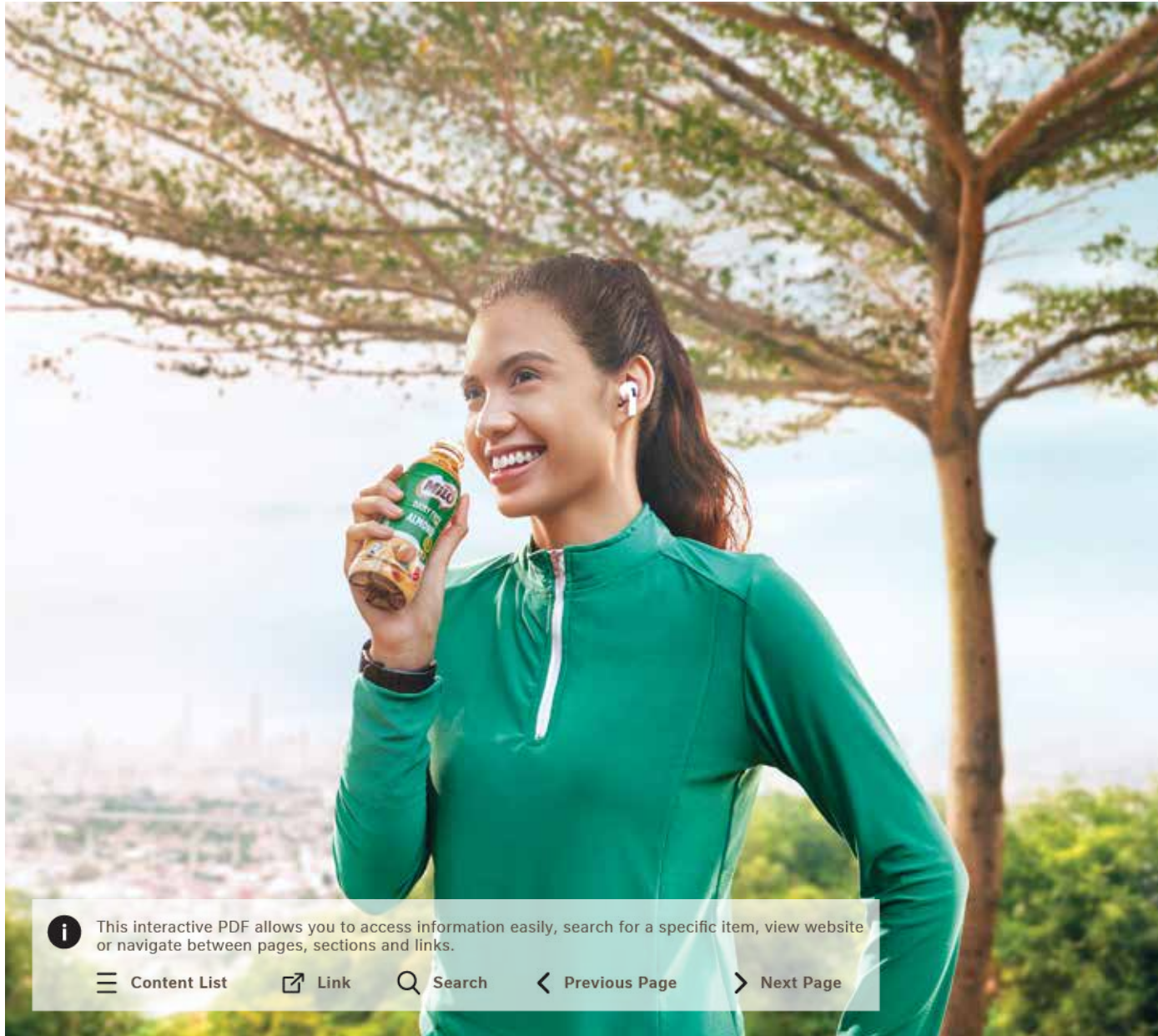
Good Food Good Life, everyday everywhere



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

Inside This Report

Throughout our journey, Nestlé (Malaysia) Berhad has been driven by our purpose of unlocking the power of food to enhance quality of life for everyone, today and for generations to come. This single-minded commitment has guided us forward since our establishment 110 years ago in 1912. Standing firm today as Malaysia's leading food and beverage manufacturer, we continue to work every day to bring our purpose to life.



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About This Report

Reflecting our continued efforts to accelerate our sustainability agenda, this Nestlé in Society Report contains detailed information on our progress and achievements during the year. This enables us to uphold transparent reporting to keep our shareholders and stakeholders apprised on where we stand in our sustainability journey.

Despite the multiple disruptions of 2021, we have continued to scale up our sustainability efforts to contribute positively to society and help shape a greener future, as detailed in our 16th dedicated sustainability report. As always, these efforts are guided by our Creating Shared Value (CSV) framework, which enables us to address material issues and bring about meaningful solutions with tangible results as we strive to fulfil our key sustainability targets.

REPORT SCOPE AND BOUNDARY

This Report covers the operations of Nestlé (Malaysia) Berhad ("Company") and its subsidiaries ("Group"), encompassing the reporting period of 1 January to 31 December 2021.

Presented in the Report are the various initiatives undertaken by the Company in relation to creating value in key impact areas for relevant stakeholders across the Company's end-to-end operations. The 2021 Materiality Review provides the basis for the Company's priorities during the year.

REPORTING FRAMEWORK

This Report was developed in line with the Comprehensive Option of the Global Reporting Initiative (GRI). In accordance with GRI Standards, we have reported on the material economic, environmental and social issues that hold greatest significance to our stakeholders.

Guided by our global reporting suite, our CSV Key Performance Data presents indicators that demonstrate our progress. This is also part of Nestlé S.A.'s annual submission of Communication on Progress (CoP) to the United Nation Global Compact, reflecting our firm dedication to the Global Compact and the Ten Principles on human rights, labour, environment and anti-corruption.

In alignment with the Integrated Reporting Framework, this Report is accompanied by our dedicated Annual Review, completing our Annual Reporting Suite. This Report also adheres to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad relating to Sustainability Statement in Annual Report.

As we strive to raise the bar in transparent climate-based reporting, we continue to proactively adopt the recommendations of the Task Force on Climate-Related Financial Disclosure (TCFD) in this Report. Globally, Nestlé remains fully supportive of TCFD, which is aligned with the interests of investors and advocates for robust risk management and risk mitigation frameworks.

INDEPENDENT ASSURANCE

We are committed to ensuring the accuracy, objectivity and transparency of the information presented in this Report. As such, a limited independent assurance on key material issues was conducted by PricewaterhouseCoopers (PwC). Further details on the scope of work and observations are available in the full independent assurance statement at the end of this Report.



ICONS IN THIS REPORT

- AR** Annual Review 2021
- CGFR** Corporate Governance & Financial Report 2021
- NIS** Nestlé in Society Report 2021
-  Directs the readers to pages or other supplementary reports with more information

CONTRIBUTED
RM11.6 MILLION
TOWARDS
COMMUNITY
RELIEF EFFORTS

20% OF OUR TOTAL PRODUCTION IS EXPORTED TO MORE THAN 50 COUNTRIES ACROSS THE WORLD



Winning the hearts and minds of Malaysians through our localised household brands and product offerings.

Employs 5,253 people as at 31 December 2021

Market capitalisation of
RM31.47
BILLION as at
31 December 2021

SPENT

RM93
MILLION

ON TOTAL COVID-19 OPERATIONAL EXPENDITURE IN 2021 (including on workforce protection efforts)

The biggest Halal producer in the Nestlé world



COMMERCIAL
OPERATIONS
IN MALAYSIA
SINCE 1912

OPERATING

6

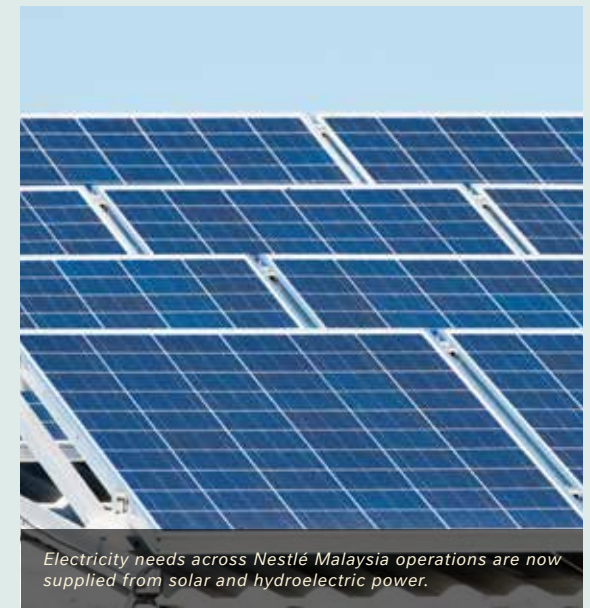
FACTORIES AND A NATIONAL DISTRIBUTION CENTRE

100% of our manufacturing workforce is Malaysian

Turnover of
RM5.7
BILLION in 2021

TRANSITIONING
TO 100%
RENEWABLE
ELECTRICITY

ACROSS ALL MALAYSIAN OPERATIONS BY 1 JANUARY 2022



Electricity needs across Nestlé Malaysia operations are now supplied from solar and hydroelectric power.

Message from Our Chairman and Our CEO



Dear shareholders,

As complex global challenges such as COVID-19, climate change and supply chain disruptions affect our planet and way of life, our Creating Shared Value (CSV) framework remains key to articulate Nestlé Malaysia's efforts to create a better future for all. It is companies like ours, with scale and a wide array of resources, who are capable of making a positive difference. Now is the time to be steadfast in our purpose of enhancing the quality of life for everyone, today and for generations to come.

It is our firm belief that our business must serve a purpose beyond financial success. We believe in the ethical obligation to ensure long-term, sustainable value creation for our shareholders while simultaneously addressing pressing societal concerns. Guided by our CSV approach, we strive to fulfil our role as a Good Food, Good Life company, both through our product portfolio and our interactions with all stakeholders in society.

INDIVIDUALS AND FAMILIES

We are dedicated to providing tastier and more nutritious food and beverages that empower individuals and families to make healthier choices. Testament to this, we continuously leverage our expertise to deliver healthier variants of our products. In 2021, we introduced Plant-Based Meal Solutions (PBMS) and expanded our offering of products that fulfil the requirements of the Ministry of Health's Healthier Choice Logo 2.0 (HCL 2.0). As a result, 36 of our products are HCL 2.0 certified, the largest number in the entire industry.

Under the new normal brought about by the pandemic, we inspired consumers to lead healthier lives at home, enabled by digital engagements. An example would be our Nestlé for Healthier Kids (N4HK) programme which enabled us to connect with over 25,000 children in 2021. This far surpassed our target for the year of 13,000 participants.

Building on the success of our virtual platforms in 2020, our brands strengthened outreach to consumers in 2021 by leveraging digital opportunities. This included the MILO Sports Programme and the NESTLÉ OMEGA PLUS Walk A Million Miles campaign, which saw Malaysians taking part virtually and exceeded our collective target of one million miles. The MAGGI Secondary School Cooking Competition (MSSCC) also made a comeback in 2021, marking its first edition as a virtual event.

OUR COMMUNITIES

Serving our objective of contributing positively to society, we continued to support communities in need in 2021. As part of our pandemic relief initiatives through Nestlé Cares, we worked diligently with the Ministry of Health Malaysia (MOH) and Selangor State Government to establish a Quarantine Transit Station, as well as being one of the first companies to take part in the Selangor Government's Preventing and Detecting Outbreaks at Ignition Sites Programme. Beyond this, our brands contributed food aid to vulnerable communities through various initiatives. When the year was about to end, we provided relief to more than 10,000 Malaysians nationwide who were victims of the unprecedented floods in December 2021.

During the year, we reaffirmed our commitment to enhance rural development and livelihoods by embarking on our transition towards regenerative agriculture. While there is still a long journey ahead of us, we look forward to helping farming communities across our global value chain become more sustainable, starting from our engagements with chilli, rice and coffee farmers, as well as through Project RELeaf.

Support for youths remains a key pillar for Nestlé. To this end, we successfully fulfilled our pledge made in 2020, to help 500 youths nationwide by 2021. Testament to our efforts to promote youth employability, we are pleased to share that we outperformed our target, with over 600 youths benefiting from decent employment. Brands also played a role such as MILO's stewardship of environmental education through MILO *Sayang Bumi*, and the MAGGI brand, fostering women empowerment through the *Wanita Cukup Berani* Programme.

We believe that unlocking the power of food means delivering great-tasting, healthy products that are also sustainably produced. To that end, we strive to cultivate a resilient supply chain of responsibly-sourced raw ingredients, respecting the human rights of all our people, partners and suppliers.

THE PLANET

We are guided by our commitment on Water Stewardship to protect one of the most critical resources on our planet. In line with this, we have implemented various water sustainability efforts, including treating the water we use in our operations through our wastewater treatment plants prior to releasing it into the environment.

To shape a waste-free future, we are driven to realise Nestlé's global commitment of achieving 100% recyclable or reusable packaging by 2025. To date, we have successfully increased the recyclability of our packaging with 90% of our total packaging produced from recyclable materials and many leading initiatives that pioneer this green packaging transition.

Stepping up our fight against plastic waste, we have expanded our pioneer Door-to-Door Collection and Recycling Programme to more areas in Petaling Jaya as well as adopted and launched the programme in Subang Jaya and Shah Alam. This enabled us to extend our reach across 28,000 households to collect 1,200 tonnes of recyclables in 2021. We have also started a new pilot plastic waste collection project in the Sungai Kandis River, successfully diverting six tonnes of PET from landfill. Additionally, we continued to lead the Malaysian Recycling Alliance (MAREA) and will work with policymakers, industry participants, consumers and other stakeholders to establish, expand and strengthen a circular value chain enabled by solid collection, sorting and recycling schemes.

Further augmenting our progress, we achieved a significant milestone with our transition to 100% renewable electricity across all of our Malaysian operations as of 1 January 2022. Further contributing to our commitment to halve our greenhouse gas emissions by 2030 and achieve net zero by 2050 is our reforestation programme, Project RELeaf. Despite limitations in accessing planting sites amidst lockdowns, we continued to move closer towards our goal of planting three million trees by 2023 by leveraging this period to nurture seedlings in preparation for upcoming planting activities. Coupled with our recent partnership with Sime Darby Plantation Berhad (SDP), which will see one million trees planted within SDP's oil palm plantation areas, we are on track to achieving our goal. We are also planning to further minimise greenhouse gas emissions from our agricultural practices with plans for regenerative agricultural trials underway.

COMMITMENT TO TRANSPARENCY

As we move forward in our sustainability commitments, transparent reporting is vital to clearly showcase our progress while determining key areas to focus on, ensuring that we maintain our trajectory towards our long-term sustainability objectives. In line with this, our sustainability approach is benchmarked against the United Nations' Sustainable Development Goals and our reporting framework is developed in accordance with the requirements of the GRI Standards – Comprehensive Option.

FORGING A RESILIENT PATH AHEAD

Whilst the COVID-19 pandemic has continued to challenge companies across the world in unprecedented ways, Nestlé Malaysia and its teams have proven to be strong and determined in maintaining a strong focus on driving sustainable growth and resilient financial result.

Reflecting this, we were honoured to win several awards, including The Edge Billion Ringgit Club for Best Corporate Responsibility Initiatives in the Big Cap Companies category and the Gold Award for Best Sustainability Reporting at the National Annual Corporate Reporting Awards 2021. We also received recognition within the Company as Pioneer Market of the Year and won in the Communications category for the launch of HARVEST GOURMET PBMS at Nestlé's Zone Asia, Oceania and sub-Saharan Africa (AOA) ExtrAOOrdinary Sustainability Awards.

Moving forward, headwinds will undoubtedly persist, especially those associated with supply chain disruption and high commodity cost. Nevertheless, we are single-minded in achieving our commitments. Driving the acceleration of our sustainability agenda is a keen awareness that there is no time to waste in progressing towards our goals. This has led us to embark on 2022 with a renewed spirit to create a brighter, more sustainable future for all.

YAM Tan Sri Dato' Seri Syed Anwar Jamalullail
Chairman (Right)

Juan Aranols
Chief Executive Officer (Left)

Nestlé In Society: Creating Shared Value

At Nestlé, our culture and core principles are centred on **Creating Shared Value (CSV)**. This approach drives our way of life and how we do business, and allows us to strengthen our presence in the world as a force for good. Through CSV, we strive to create a resilient and sustainable future for all, where both our stakeholders and society can prosper collectively, staying true to our purpose – to unlock the power of food to enhance quality of life for everyone, today and for generations to come.

As we strive to make a positive difference in tackling pivotal global challenges, our CSV approach is premised on three focus areas where we believe we can have the most beneficial impact:



To achieve our targets in each of these areas, we have set out long-term goals with tangible milestones in place to monitor our progress. Programme-specific indicators, our materiality assessment and evaluation from external stakeholders also ensure that each step taken supports our CSV objectives.

Given our leadership position in the food and beverage sector, both in Malaysia and globally, we aim to set new benchmarks for the industry by incorporating best practices across our operations end-to-end, be this in terms of compliance standards, corporate governance or strict adherence to local and international laws and regulations. This is complemented by the Nestlé Corporate Business Principles (NCBP), which play an integral role in our CSV strategy.



2021 HIGHLIGHTS

Despite the disruptions caused by lockdown periods during the pandemic, we were able to achieve progress for several of our key initiatives. Of particular focus was our commitment to addressing climate change, spearheaded by our reforestation efforts, ongoing initiatives to significantly reduce plastic waste and development of new products which support lifestyles that are better for the planet. Notable achievements for 2021 include:

- Expanded our Door-to-Door Collection and Recycling Programme to service a total of 28,000 households in Petaling Jaya, Subang Jaya and Shah Alam. With an average participation rate of 60% in these three areas, we have successfully collected 1,200 tonnes of recyclable waste.
- Mobilised 269 Nestlé volunteers in our annual nationwide beach clean-up, collecting over 1,000kg of waste from six locations across Malaysia, including an underwater clean-up and reef conservation activity on Tioman Island.
- Completed the planting of 236,508 seedlings for our Project RELeaf reforestation initiatives, despite pandemic lockdowns.
- Formalised Nestlé Malaysia's commitment to contribute to Nestlé S.A.'s Net Zero Roadmap, reflecting Nestlé's global pledge to halve carbon emissions by 2030 and reach net zero emissions by 2050.
- Developed new plant-based products, including the HARVEST GOURMET range and dairy-free versions of MILO and NESCAFÉ.
- Provided support to vulnerable communities as part of pandemic relief efforts.

Closing out the year on a high note, we also announced the transition to 100% renewable electricity by January 2022 for all our operations in Malaysia, from our factories to our Nestlé Distribution Centre. This announcement is reflective of our environmental stewardship efforts, and Nestlé looks forward to accelerating our sustainability agenda moving forward.

OUR PURPOSE

Since our establishment over 155 years ago, we have remained steadfast in our commitment to fulfilling our purpose of unlocking the power of food. This has become increasingly important given the growing awareness across the world on good health and nutrition. Going hand-in-hand with this is the global push for companies to take a more assertive stance in adopting responsible business practices and ensure sustainable development, to address critical social and environmental issues.

Driven by the conviction of our Good Food, Good Life philosophy, we strive to deliver high-quality, nutritious products that are accessible to individuals and families across the full spectrum of market segments. To further enhance quality of life and ensure a healthier future, we drive efforts that not only contribute to our communities, but the future of our planet.

Our commitment to sustainable business practices for the benefit of society is centred upon our core values which are rooted in **RESPECT**:

RESPECT	
Respect for ourselves	Respect starts with each of us, with self-respect and being true to ourselves, then acting with integrity, fairness and authenticity.
Respect for others	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 everything that we do.
Respect for diversity	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.
Respect for the future	Respect for the world's future and generations who follow us, compels us to act with responsibility and courage, even at difficult times.

Understanding that our partners and stakeholders are key pillars of our success, we promote these values across our entire value chain, ensuring that positive change takes place within and beyond our own operations.

In upholding these values, we adhere to a strict ethical code as outlined in our Corporate Business Principles and Code of Business Conduct. Embedded throughout our organisation, this code of conduct comprehensively encompasses a zero-tolerance policy for fraud, bribery and corruption, stringent personal data protection as well as relevant public policies.

CONTRIBUTING TO THE SUSTAINABLE DEVELOPMENT GOALS

Building on Nestlé's global long-term commitment and role in contributing to the development of the United Nations' (UN) 17 Sustainable Development Goals (SDGs), our global CSV framework focuses our efforts on three global ambitions across areas with the highest potential for positive change. This allows us to ensure continued alignment with the SDGs and guides us in benchmarking our progress against the UN's 2030 Agenda for Sustainable Development.

Towards this end, at Nestlé Malaysia, we have honed in on localised initiatives that we believe will have the most value. Complementing this focused approach, we have framed our CSV actions and their contributions towards the SDGs as a way to meaningfully measure tangible results, ensuring that Nestlé Malaysia remains true to our purpose.

Nestlé In Society: Creating Shared Value



OUR PURPOSE

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

OUR 2030 GLOBAL AMBITIONS

 <p>FOR INDIVIDUALS AND FAMILIES Enabling healthier and happier lives</p> <p>To help 50 million children lead healthier lives</p>	 <p>FOR OUR COMMUNITIES Helping develop thriving, resilient communities</p> <p>To help improve 30 million livelihoods in communities directly connected to our business activities</p>	 <p>FOR THE PLANET Stewarding resources for future generations</p> <p>To strive for zero environmental impact in our operations</p>
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OUR IMPACT AREAS

Offering tastier and healthier choices	Enhancing rural livelihoods	Caring for water
Inspiring people to lead healthier lives	Respecting and promoting human rights	Acting on climate change
Building, sharing and applying nutrition knowledge	Promoting decent employment and diversity	Safeguarding the environment

OUR CSV PILLARS

Nutrition, Health and Wellness	Rural Development, Our People	Water, Environment, Climate
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THROUGH OUR AMBITIONS, WE ARE SUPPORTING THE SDGs



Creating Shared Value Governance

Underpinned by our purpose and values, our governance structure and ethical principles form the backbone of Nestlé’s legacy of trust. This guides how we function within the Company as well as our actions throughout our value chain.

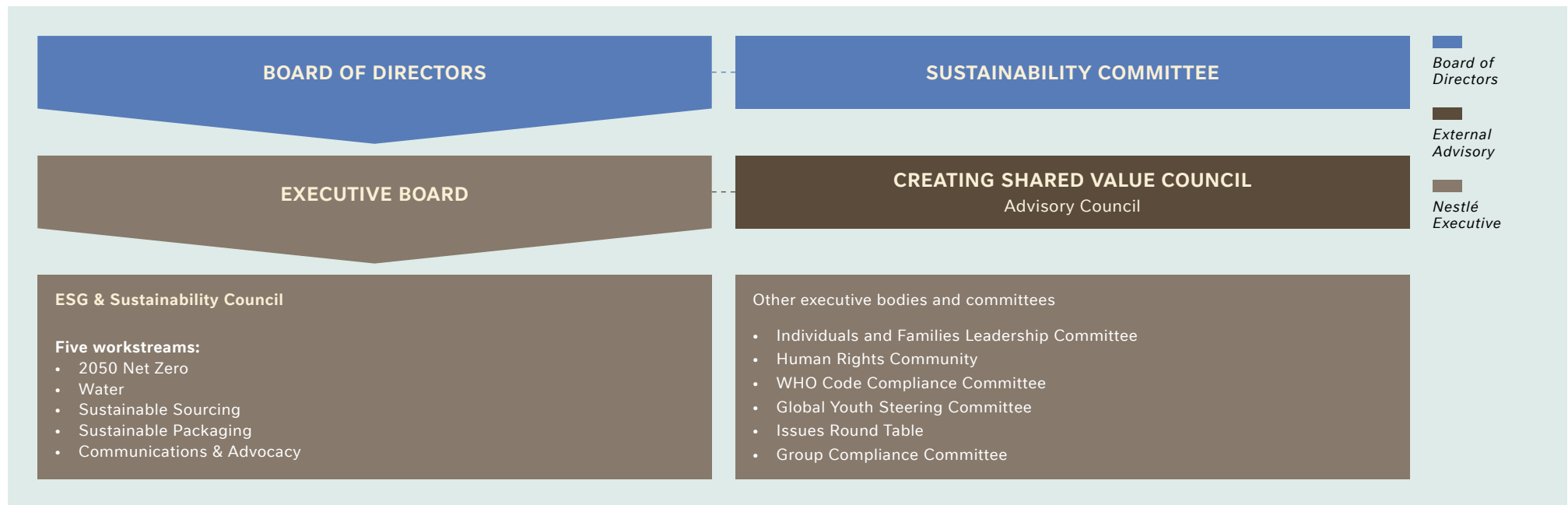
Nestlé Corporate Business Principles (NCBP)

Along with being the foundation of our culture, values and CSV strategy, the NCBP act as a compass for our business operations. In accordance with the United Nations Global Compact (UNGC) Principles, the NCBP ensure that we uphold best practices in sustainable and socially responsible policies and reporting standards.

All Nestlé employees are required to observe these principles, which are guided by established business codes, policies, processes and tools. To ensure full compliance and evaluate the efficacy of the NCBP, we regularly assess our employees through various platforms. Chief among these are our CARE (Nestlé Corporate Compliance Assessment Programme of Human Rights and Labour Practices, Business Integrity, Safety & Health, Environmental Sustainability and Security) audits.

GOVERNANCE STRUCTURE AT GLOBAL LEVEL

As Nestlé’s Global leadership team, the Nestlé S.A. Board of Directors, Chairman, Chief Executive Officer (Group CEO) and Executive Board act as key drivers in determining and governing our CSV strategy and initiatives. Supporting them are internal management bodies and relevant Committees that are responsible for mapping out our goals and ambitions. Reflecting the significance of sustainability within our governance structure, Nestlé also established a dedicated Sustainability Committee to further drive the Company’s global aspirations.



External Advisory Groups – The Nestlé CSV Council

As part of our robust governance framework, the Company’s internal governance structure has been reinforced by external advisory groups since 2009. This includes the Nestlé CSV Council, which currently consists of nine members who impart expertise on key areas such as corporate social responsibility, strategy, sustainability, nutrition, water and rural development. The role of the Council is to advise Nestlé’s management team on the implementation of CSV and assess progress achieved.

● Details on the experts that we engage are available on the Nestlé S.A. website at www.nestle.com.

Creating Shared Value Governance



GOVERNANCE STRUCTURE AT NESTLÉ MALAYSIA

The Group Corporate Affairs Department spearheads and is responsible for managing CSV and sustainability initiatives under the supervision of the CEO. The Board of Directors also provide strategic guidance and counsel on the alignment of the Company's CSV and sustainability strategy with long-term business objectives, alongside conducting a bi-annual review of the progress of initiatives benchmarked against targets.

HIGHLIGHTS OF CSV AND SUSTAINABILITY TOPICS ASSESSED BY THE BOARD IN 2021 INCLUDE:

Nutrition, health and wellness initiatives such as the Nestlé for Healthier Kids programme roll-out and Healthier Choice Logo certification update

Progression of Farmer Connect programmes to support rural farmers

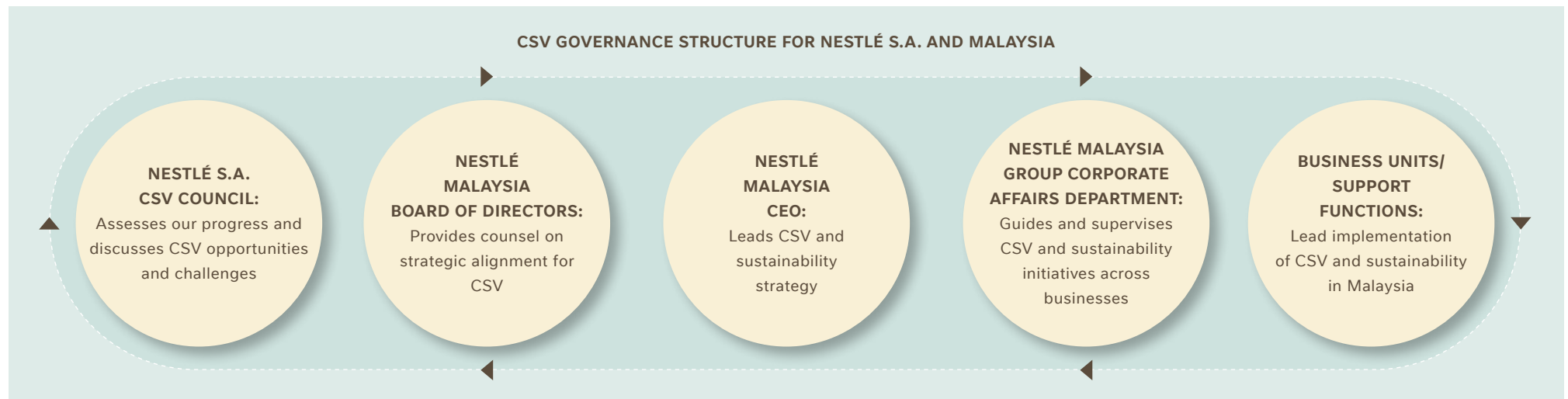
Environmental initiatives including the Project RELeaf reforestation programme and progress in plastic reduction through improved packaging design and recovery efforts

Subject matter experts from the Company's business units and support functions are entrusted with driving relevant CSV and sustainability initiatives. To ensure targets are achieved, subject matter experts provide regularly scheduled reports to, and undergo reviews with, the Group Corporate Affairs Department as well as the CEO.

Beyond this, the Group Corporate Affairs Department closely tracks any local or global developments in sustainability that may impact business outcomes and informs the CEO of any pertinent matters. Additionally, since 2021, the Group Corporate Affairs Department organises and monitors a monthly Sustainability Steering Committee meeting, where the top management are provided monthly progress updates on all sustainability projects as well as quarterly updates on CSV initiatives.

Meanwhile, Nestlé Zone Asia, Oceania and sub-Saharan Africa (Zone AOA) receives monthly update reports on all our sustainability projects including Project RELeaf, plastic recovery and reduction projects as well as initiatives focused on reducing water usage and GHG emissions. Meetings with the Board of Directors are organised on a bi-annual basis, serving as a platform for sharing updates and progress on all matters pertaining to sustainability, including CSV initiatives.

Together, these internal engagements and updates ensure that we remain on track for our CSV and sustainability commitments.



Stakeholder Engagement and Material Issues

Creating shared value for all has been fundamental in enabling Nestlé to maintain our reputation as a trusted food and beverage provider in Malaysia for over 100 years. We are deeply committed to meaningfully engaging with those who are impacted by our business. As such, we continuously work to build, strengthen and maintain strong relationships with our consumers, shareholders and stakeholders.

We actively work to build robust and long-lasting relationships with our stakeholders, facilitating open two-way communication between ourselves and our employees, consumers, shareholders and suppliers, as well as the broader network of individuals and entities whom our business affects and is affected by. This includes the Government and relevant authorities, non-governmental organisations (NGOs), industry and trade associations, and academia. Our commitment to fostering strong relationships has enabled us to better understand stakeholders' concerns and collate thoughtful insights about the issues that are material to our business; this in turn allows us to tailor our strategy, approach and business practices to better respond to stakeholders' concerns and expectations.

Active engagement with our stakeholders was of particular importance throughout 2021, given the challenges and uncertainties brought about by the COVID-19 pandemic. As far as possible, we adapted our engagement efforts in order to remain connected with our stakeholders throughout this trying period, leveraging online communication platforms, as well as conducting in-person activities with adherence to stringent COVID-19 health and safety procedures.



Given the complex and multi-dimensional nature of our relationships with our stakeholders, we utilise a range of communication channels to engage with them throughout the year. The insights shared with us through these channels help guide our business strategy and shape our sustainability disclosures.

STAKEHOLDER ENGAGEMENT PROCESS

IDENTIFYING

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

MAPPING AND DEFINING

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

ENGAGEMENT LEVEL

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

Stakeholder Engagement and Material Issues

The table summarises our standard methods of engagement for each of our stakeholder groups, as well as their key areas of interest. Despite the limitations and restrictions of the COVID-19 pandemic, Nestlé Malaysia nevertheless endeavoured to connect with stakeholders throughout the year, ensuring that we adhered to COVID-19 safety procedures.

	ENGAGEMENT METHODS	PRIORITY ISSUES	OUR RESPONSES	
STAKEHOLDER GROUPS	Employees	<ul style="list-style-type: none"> Ongoing education and training programmes People Development and Performance Intranet, newsletters and internal e-announcements Townhall meetings and roadshows Safety, health and environment initiatives Employee volunteer programme Employee events Employee survey Nestlé Recreational Club 	<ul style="list-style-type: none"> Employee satisfaction and well-being Diversity, inclusion and equal opportunity Training and development Occupational health and safety Fair compensation Employee engagement 	<ul style="list-style-type: none"> Employee Engagement, page 61 Diversity and Gender Balance, page 55 Training and Development, page 58 Safety, Health and Well-being, page 67 Employee Benefits, page 70 Nestlé Cares Employee Volunteer Programme, page 64
	Consumers and General Public	<ul style="list-style-type: none"> Corporate and brand websites Consumer relationship marketing Social media channels Corporate and brand campaigns Consumer research Advertisements and promotions Exhibitions and showcases Product packaging 24/7 Consumer Services Hotline 	<ul style="list-style-type: none"> Food safety and quality Halal Nutrition, health and wellness Responsible labelling and marketing Innovation Transparency and integrity Environmental impact Affordability Consumer feedback and queries 	<ul style="list-style-type: none"> Product Safety and Quality, page 33 Our Halal Commitment, page 35 Our Nutrition, Health and Wellness Strategy, page 17 Responsible Marketing and Advertising, page 30 Enhancing Biomedical Science Through Nutritional Therapy, page 23 Building, Sharing and Applying Nutrition Knowledge, page 32 Operating with Integrity, page 53 Safeguarding the Environment, page 88
	Shareholders and Investors	<ul style="list-style-type: none"> Annual and Sustainability Reports Annual General Meeting Analyst briefings Announcements to Bursa Malaysia Securities Berhad One-on-one and group investor meetings and calls Disclosures on corporate website 	<ul style="list-style-type: none"> Business performance Integrity and governance Business strategy Regulatory compliance Reporting Risk management Environment, social and governance updates 	<ul style="list-style-type: none"> Fast Facts, page 3 Operating with Integrity, page 53 Creating Shared Value Governance, page 9 Nestlé In Society: Creating Shared Value, page 6 About This Report, page 2
	Local Communities	<ul style="list-style-type: none"> Community development programmes CSV projects Monthly food contribution programmes Corporate Social Responsibility initiatives Farmer Connect programmes Food bank programmes Initiatives supporting lower-income, hardcore poor and vulnerable communities 	<ul style="list-style-type: none"> Employee volunteerism Community engagement Rural development and empowerment Sustainable agriculture Environmental impact Food security Nutrition, health and wellness Supporting B40 group and other vulnerable communities 	<ul style="list-style-type: none"> Employee Engagement, page 61 Enriching Lives in Our Communities, page 43 Rural Development, page 45 Transitioning to a Regenerative Food System, page 100 Safeguarding the Environment, page 88 Our Nutrition, Health and Wellness Strategy, page 17 SME Mentoring Programme, page 37 Responding to COVID-19, page 42 Access to Water, page 82 Reducing Food Waste, page 97
	Non-Governmental Organisations	<ul style="list-style-type: none"> Stakeholder engagement dialogues and materiality assessments Roundtable discussions Strategic partnerships and agreements Memberships Monthly food contribution programmes Key Opinion Leaders survey Corporate Social Responsibility support 	<ul style="list-style-type: none"> Nutrition, health and wellness Responsible labelling and marketing Sustainable agriculture Labour conditions and standards Environmental and climate change impact Community engagement 	<ul style="list-style-type: none"> Our Nutrition, Health and Wellness Strategy, page 17 Responsible Marketing and Advertising, page 30 Transitioning to a Regenerative Food System, page 100 Diversity and Gender Balance, page 55 Safety, Health and Well-being, page 67 Acting on Climate Change, page 83 Safeguarding the Environment, page 88 Enriching Lives in Our Communities, page 43

		ENGAGEMENT METHODS	PRIORITY ISSUES	OUR RESPONSES
STAKEHOLDER GROUPS	Government	<ul style="list-style-type: none"> • Advocacy meetings • Roundtable issue discussions • Ministerial engagements and dialogues • Regulatory filings • Exhibitions and showcases • Key Opinion Leaders survey • Materiality assessments • Industry and regulatory working groups 	<ul style="list-style-type: none"> • Food safety and quality • Responsible labelling and marketing • Regulatory compliance • Nutrition, health and wellness • Environmental impact • Job creation • Economic development • Regulatory reporting 	<ul style="list-style-type: none"> • Product Safety and Quality, page 33 • Responsible Marketing and Advertising, page 30 • Operating with Integrity, page 53 • Our Nutrition, Health and Wellness Strategy, page 17 • Safeguarding the Environment, page 88 • Rural Development, page 45 • SME Mentoring Programme, page 37
	Media	<ul style="list-style-type: none"> • Face-to-face engagements • Dialogues and forums • Media familiarisation trip to CSV project sites • Corporate and brand events • Key Opinion Leaders survey 	<ul style="list-style-type: none"> • Food safety and quality • Nutrition, health and wellness • Responsible labelling and marketing • Transparency and integrity • Environmental and climate change impacts • Rural and community development • Business performance 	<ul style="list-style-type: none"> • Product Safety and Quality, page 33 • Responsible Marketing and Advertising, page 30 • Our Nutrition, Health and Wellness Strategy, page 17 • Operating with Integrity, page 53 • Acting on Climate Change, page 83 • Safeguarding the Environment, page 88 • Rural Development, page 45 • SME Mentoring Programme, page 37 • Enriching Lives in Our Communities, page 43 • Fast Facts, page 3
	Industry and Trade Associations	<ul style="list-style-type: none"> • Key associations • Advisory panelists • Key Opinion Leaders survey • Exhibitions and showcases 	<ul style="list-style-type: none"> • Responsible labelling and marketing • Sustainable agriculture • Labour conditions and standards • Environmental and climate change impact • Economic development • Regulatory compliance • Job creation 	<ul style="list-style-type: none"> • Responsible Marketing and Advertising, page 30 • Responsible Sourcing, page 49 • Transitioning to a Regenerative Food System, page 100 • Acting on Climate Change, page 83 • Safeguarding the Environment, page 88 • SME Mentoring Programme, page 37 • Operating with Integrity, page 53 • Rural Development, page 45 • Promoting Youth Employment and Employability, page 65
	Suppliers	<ul style="list-style-type: none"> • Supplier Engagement Day • Training on Responsible Sourcing Standard and Anti-Corruption • Small and Medium Enterprise Mentoring Programme 	<ul style="list-style-type: none"> • Occupational health and safety • Human rights • Responsible sourcing • Sustainable agriculture • Regulatory compliance • Rural development and empowerment 	<ul style="list-style-type: none"> • Safety, Health and Well-being, page 67 • Rural Development, page 45 • Responsible Sourcing, page 49 • Our Commitment on Sustainable Palm Oil, page 51 • Transitioning to a Regenerative Food System, page 100 • Operating with Integrity, page 53
	Customers/ Retailers	<ul style="list-style-type: none"> • Product campaigns • Consumer engagement activities • Customer relationship management • Corporate Social Responsibility support 	<ul style="list-style-type: none"> • Innovation • Responsible labelling and marketing • Nutrition, health and wellness • Food safety and quality • Customer satisfaction 	<ul style="list-style-type: none"> • Enhancing Biomedical Science Through Nutritional Therapy, page 23 • Building, Sharing and Applying Nutrition Knowledge, page 32 • Responsible Marketing and Advertising, page 30 • Our Nutrition, Health and Wellness Strategy, page 17 • Product Safety and Quality, page 33
	Academia	<ul style="list-style-type: none"> • Partnership programmes • Talks and forums • Employer branding activities (e.g. career fair) • Key Opinion Leader survey 	<ul style="list-style-type: none"> • Nutrition, health and wellness • Food safety and quality • Responsible labelling and marketing • Environmental and climate change impact 	<ul style="list-style-type: none"> • Our Nutrition, Health and Wellness Strategy, page 17 • Product Safety and Quality, page 33 • Responsible Marketing and Advertising, page 30 • Acting on Climate Change, page 83 • Safeguarding the Environment, page 88

Stakeholder Engagement and Material Issues



ENGAGING WITH PURPOSE

Consumers today have become increasingly interested in the environmental and social impacts associated with the food and beverages they consume – ranging from the pollution caused by plastic packaging to the product's nutritional content and even the socioeconomic impacts arising from food supply chains. Nestlé recognises that we have a responsibility to educate our consumers, providing them with a deeper understanding of the health and wellness benefits of our products, as well as to provide transparent information on the impact of our business activities on society and the environment. Additionally, we are committed to engaging our stakeholders to accelerate positive change and create meaningful impact on communities and the environment.

Encouraging Good Recycling Habits

Through a collaboration with Majlis Bandaraya Petaling Jaya (MBPJ), in 2020, we launched a pilot Door-to-Door Collection and Recycling Programme in Ara Damansara and Bandar Sri Damansara, where we saw an average participation rate of 60% within the first six months, successfully collecting over 190 tonnes of recyclable waste. Building on the success of this pilot phase, in 2021, we expanded the programme to an additional seven townships in Petaling Jaya, reaching approximately 20,000 households in total. Through the programme, we are able to educate households on the importance of separation at source, encouraging them to clean and sort their recyclables appropriately for collection.

To encourage participation among residents and to drive behavioural change within the community, a range of engagement activities are regularly carried out. This includes distributing multilingual leaflets and recycling education materials, communicating with residents via WhatsApp groups and engaging with representatives from residents' associations.

Spurred by the high – over 80% – participation rates we recorded in Petaling Jaya, in 2021, we also collaborated with Majlis Bandaraya Subang Jaya (MBSJ) to expand the Door-to-Door and Recycling Programme in Subang Jaya, reaching communities in Zone 1, 3, 4 and 6. Additionally, we launched a pilot Strata Housing Collection and Recycling Programme in Shah Alam, to provide recycling collection for 540 households in high-density residential buildings. As of December 2021, our recycling programmes collectively reached 28,000 households, providing us with the opportunity to more deeply engage with individuals in the communities we serve. By enhancing their awareness on the importance of recycling, we aim to ultimately build a stronger recycling culture and consequently, safeguard the environment.

NIS For more information on the Door-to-Door Collection and Recycling Programme, please refer to page 91.



[From Right] YAB Dato' Seri Amirudin Bin Shari, Juan Aranols and Dato' Adnan Pawanteh, at the Menteri Besar Selangor's Office for a sharing session on SOPs we adopted to prevent COVID-19 outbreak at our sites.

Multi-Stakeholder Partnerships

Throughout 2021, we continued to be an active player in several multi-stakeholder partnerships, working collaboratively to achieve positive outcomes. This included our ongoing partnership with the Federation of Malaysian Manufacturers (FMM) and other industry players, where Nestlé chairs the sustainable development committee.

We continued to engage in various partnerships to tackle plastic such as our partnership with the Malaysian Recycling Alliance Berhad (MAREA). Nestlé Malaysia is also a Steering Committee member of the CEO Action Network (CAN). CAN is a closed-door peer-to-peer informal network of CEOs and Board members, focusing on sustainability advocacy, capacity-building and taking action with the aim of building business models that enable a more sustainable future for all.

MATERIAL ISSUES

Nestlé conducts biennial materiality assessments to guide our CSV strategy and ensure that we are addressing the environmental, economic and social issues that are most important to our stakeholders. Through these assessments, we are able to keep abreast of our stakeholders' evolving priorities, gain a deeper understanding of their interests and expectations, and prioritise our actions accordingly. Our most recent materiality assessment was carried out in 2020.

Nestlé Malaysia's Material Topics

FOR INDIVIDUALS AND FAMILIES

- Nutrition, Health and Wellness
- Food Safety and Quality
- Halal
- Responsible Product Marketing and Advertising
- Integrity and Governance
- Innovation
- Supporting Healthier Lifestyles
- Industry Engagement and Collaboration

FOR OUR COMMUNITIES

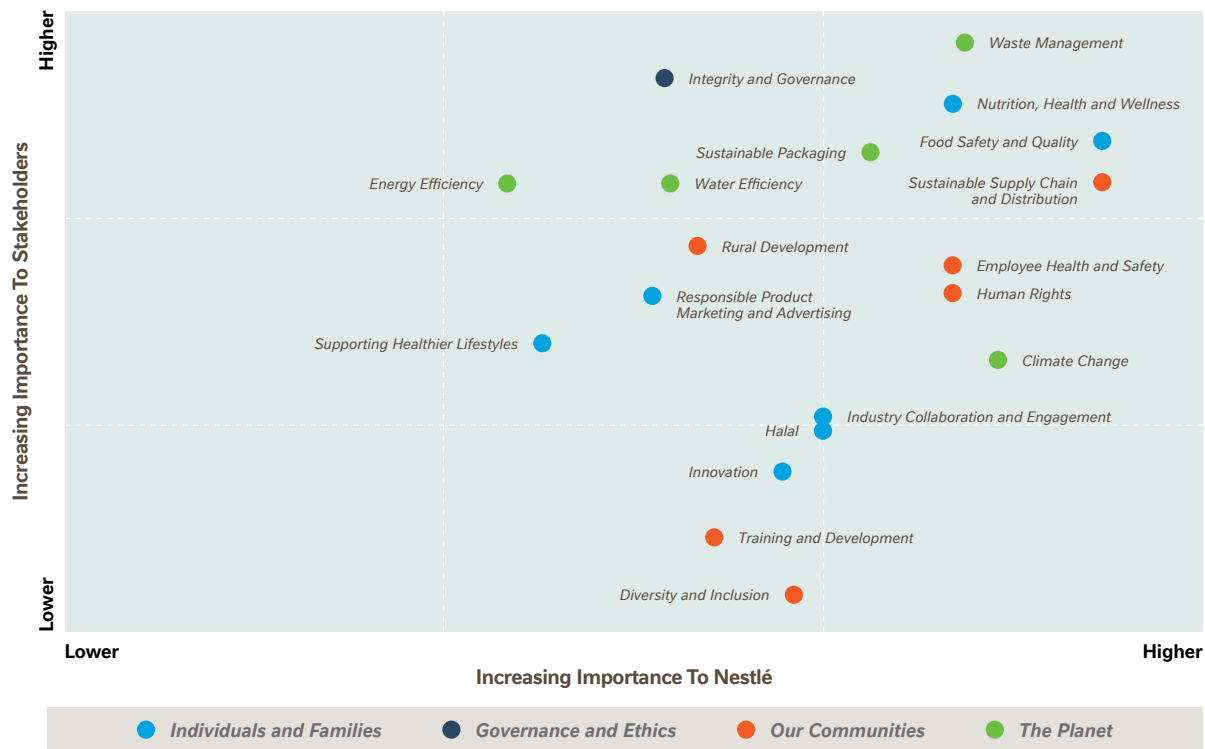
- Rural Development and Empowerment
- Employee Health and Safety
- Training and Development
- Diversity and Inclusion
- Human Rights
- Sustainable Supply Chain and Distribution

FOR THE PLANET

- Climate Change
- Sustainable Packaging
- Waste Management
- Water Efficiency
- Energy Efficiency

Nestlé 2020 Materiality Matrix

To ensure the continued relevance of our material topics, the 2020 materiality matrix was reviewed against key trends across the industry at the local, regional and global scales. Following this review, the 2020 materiality matrix was deemed sufficiently reflective of stakeholders' current interests. As such, the 2020 materiality matrix has been maintained as follows:



Given the high level of importance placed by our stakeholders on Waste Management, in 2021, we have continued to deliver on our commitment to maintaining zero waste to landfill status for our Malaysian factories. Additionally, we continue to promote the transition to a more circular economy via our efforts to reduce virgin plastic usage, as well as increase the recyclability of our product packaging. Beyond this, we have expanded and enhanced our recycling programmes in 2021, recognising the importance of community engagement for effective waste management.

Acknowledging the importance of Nutrition, Health and Wellness, Nestlé has continued to provide healthy and nutritious food and beverage options to consumers throughout 2021. Notably, this year marked the introduction of our plant-based HARVEST GOURMET line, as well as dairy-free versions of our beloved MILO and NESCAFÉ products. We remain committed to meeting the diverse dietary needs of our consumers and endeavour to develop and provide attractive options for everyone.

FOR INDIVIDUALS AND FAMILIES



Reflecting our purpose to contribute to a healthier future for all, we are dedicated to nourishing individuals and families. We do this through our diverse portfolio of great-tasting and nutritious products, with relevant offerings that cater to the unique needs and preferences of a wide spectrum of consumers, while empowering them with access to information on good nutrition and health to make better consumption choices. This allows us to stay true to our position as a trusted global leader in the food and beverage industry.

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

**NESTLÉ'S
GLOBAL
AMBITION**

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 2021

ACHIEVED SUGAR
AND SODIUM
REDUCTIONS IN
21 PRODUCTS

EXCEEDED
ONE MILLION MILES
AS A NATION IN
NESTLÉ OMEGA PLUS
WALK A MILLION
MILES

MORE THAN
100,000
SCHOOLCHILDREN
BENEFITTED FROM
THE NESTLÉ FOR
HEALTHIER KIDS
PROGRAMME

872 SMEs
REACHED
THROUGH OUR
SME MENTORING
PROGRAMME

CONTRIBUTIONS TO SDGs



Nestlé is a firm believer in the power of food and the role it plays in nurturing healthy and happy communities across the globe. Reflecting our promise of Good Food, Good Life, we strive to deliver nutritious and sustainable products that are accessible for all segments of society, in line with our purpose of enhancing quality of life and contributing to a healthier future.

To this end, we have championed Nutrition, Health and Wellness for over 150 years globally. This has enabled us to continue supporting the well-being of generations of Malaysians from all walks of life, by providing innovative products and services that fulfil the diverse preferences of individuals and families.

Our wide-ranging portfolio includes products that cater to the nutritional needs of consumers of varying income levels across their lifespan, always ensuring Halal-certified, high-quality, great-tasting and nutritious offerings.

This is achieved via our broad knowledge base and nutrition expertise coupled with advanced technology, which allows us to consistently expand our portfolio with more affordable nutritious foods and beverages, while meeting taste preferences of Malaysians from all walks of life. In tandem, we empower consumers to make more informed healthier choices by ensuring transparency in our advertising and marketing communications. We also regularly engage and collaborate with the wider healthcare community, pooling together our insights to amplify our efforts in shaping healthier lives for all.

Our Action Area:

Nutrition, Health and Wellness

Our Key Commitments:

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

Our Nutrition, Health and Wellness Strategy

NUTRITIOUS PRODUCTS FOR CHILDREN AND ADULTS



WHY IT MATTERS

With health-conscious consumer preferences on the rise, we are committed to delivering better nutrition through our products to help support good health and well-being.



WHAT WE'RE DOING

OUR COMMITMENT:

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

Since our inception more than 109 years ago, we have built a well-established track record of developing healthier and tastier products that cater to the nutritional needs of Malaysians. We uphold this commitment through progressively improving the nutritional content of our wide range of offerings, driven by our product innovation efforts as well as renovation of our existing foods and beverages.

Underpinning this is the Nestlé Nutritional Profiling System (NNPS), a stringent assessment tool to ensure that all our products adhere to high nutritional standards. The NNPS sets specific criteria for essential nutrients such as calcium, protein, fibre and whole grains, alongside careful consideration of other important nutritional factors including sugars, saturated fats, trans fats, sodium and energy content as we develop our products.

With the aim of assuring consumers through transparency, all products that meet the requirements of the NNPS are granted Nestlé Nutritional Foundation (NF) 'Yes' status. In 2021, 69% of our total product sales achieved this status.

OUR PROGRESS:

BREAKFAST CEREAL



KOKO KRUNCH DHA

Malaysia's first breakfast cereal fortified with DHA. With wholegrains as the main ingredient, as well as a high content of fibre, calcium, iron and B vitamins, it supports both the nutritional and educational needs of children, with fun alphabet-shaped cereals to encourage learning. KOKO KRUNCH DHA also contains 37% less sugar compared to the regular KOKO KRUNCH.

DAIRY



NESPRAY Full Cream Milk Powder

As the only full cream milk powder in Malaysia enriched with 15[#] vitamins and minerals, this product is an ideal nutritious solution to help children reach their full potential. High in protein, calcium, iron and zinc as well as Healthier Choice certified, NESPRAY Full Cream Milk Powder delivers the goodness of milk for healthy growth and development.

[#] Based on Nielsen's Data (October 2020) on full cream milk.

BABY CEREAL

CERELAC CITARASA IBU

Rice porridges that use rice as the base, with vegetable flakes such as onions and carrots, and chicken (for Chicken Porridge) for a natural savoury taste. The porridge – which is available in two variants, namely chicken and vegetables – is also packed with 15 vitamins and minerals and is rich in iron, protein and calcium to support children’s growth and development.

DAIRY FREE BEVERAGE

MILO Dairy Free Almond

Supporting the needs of lactose-intolerant consumers and those seeking out plant-based options, MILO Dairy Free Almond is Nestlé Malaysia’s first-ever dairy-free MILO, made from almond and soy. This innovation provides a good source of plant-based protein which is low in fat and cholesterol-free, while maintaining the much-loved MILO taste and natural goodness of malt barley, cocoa and key vitamins and minerals. Having attained the HCL certification by the MOH, this nutritious product is available in a 225ml PET format as well as a 1 litre pack.


NESCAFÉ Dairy Free Almond Latte and Oat Latte

Malaysia’s favourite coffee beverage, NESCAFÉ, now comes in a dairy-free PET (225ml) option. Consumers can choose from two variants – almond latte and oat latte – which are low in fat and certified Healthier Choice. The protein source of the almond latte comes from almonds and peas, while for the oat latte, the protein comes from oats and soy.

PLANT-BASED MEAL SOLUTION

HARVEST GOURMET

Catering to ‘flexitarians’ and consumers opting for plant-based foods, the HARVEST GOURMET plant-based range of products is made with high-quality, responsibly-sourced plant-based ingredients such as soy, wheat, beetroot, carrot, pomegranate and blackcurrant. With choices ranging from the Sensational Burger, Schnitzel, Chargrilled Pieces, Ground Mince to Stir Fry Mince, all products are meat-free, high in protein and a good source of fibre, making it a ‘better-for-you’ choice. As plant-based products, they are also better for the planet as they require a lower environmental footprint to produce.


LOOKING AHEAD

We will keep innovating to create more accessible, affordable and nutritious products that are good for people. In this way, we will live up to our purpose of unlocking the power of food to enhance quality of life for everyone, today and for generations to come.

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 and Wellness Strategy

ADDRESSING OUR CONSUMPTION OF SUGAR AND SODIUM



WHY IT MATTERS

Diets that are high in sugar and sodium can be detrimental to good health and well-being. We support consumers pursuing healthier lifestyles by consistently reducing the levels of sugar and sodium in our foods and beverages where relevant.



WHAT WE'RE DOING

OUR COMMITMENT:

Further decrease added sugars and sodium

In 2007, Nestlé S.A. established the first Nestlé Policy on Sugars, corresponding with the World Health Organization's (WHO) recommendations on daily sugar intake. Taking this commitment further, we pledged to reduce sugar levels in our products by a minimum average of 5% over a four-year period (2017-2020). This global sugar reduction commitment ended in 2020 with an achievement of 4.5%. In 2021, this commitment was extended to close the gap of 0.5%. The final achievement as reported by Nestlé S.A. is 5.1%, achieved through the joint efforts of multiple markets including Nestlé Malaysia. Supporting this was our newly developed patented technology that significantly reduces sugar while enriching products with healthy fibres.

In line with WHO guidelines, we are also committed to lower sodium levels in our food and beverages through our Nestlé Sodium Policy. To strengthen support for consumers in managing sodium consumption, we set a target to reduce sodium content in our products by an average of no less than 10% over four years (2017-2020). This commitment ended in 2020 with achievement of 3.8%.

While both of these global commitments concluded in 2020, we continue to work towards developing products with less added sugar and sodium with the aim of being equal or better than the industry average, leveraging scientific approaches to create healthier recipes that deliver the same great taste.

SINCE 2018:

40%

of our coffee mixes portfolio underwent added sugar reduction ranging between 10-32% per serving

50%

of our instant noodle portfolio underwent sodium reduction ranging between 4-32% per serving

SINCE 2017:

48

products have undergone added sugar reduction

34

products have undergone sodium reduction

OUR PROGRESS:

Added sugar reduction in 2021

NESCAFÉ Iced Chococino PET 500ml	12.2%	KOKO KRUNCH Cookie	16.4%
MILO Ice can	41.3%	GOLD Honey Flakes	11.8%
NESCAFÉ Iced Cappuccino PET 500ml	20.0%	FITNESSE Red Berries Bar	8.4%
NESCAFÉ Ice can	9.8%	NESCAFÉ GOLD Flat White	32.9%
KOKO KRUNCH Bar	10.4%		

Sodium reduction in 2021

NESTUM Grains & More Chocolate	28.6%	FITNESSE Original	6.1%
NESTUM Grains & More Honey	18.9%	FITNESSE Honey & Almond	15.3%
MAGGI Pedas Giler Ayam Bakar (Bag)	4.8%	FITNESSE Fruits	6.0%
MAGGI Pedas Giler Ayam Bakar (Bowl)	9.9%	GOLD Honey Flakes	9.8%
MAGGI HOT MEALZ Kari Kaw Extra	31.0%	KOKO KRUNCH MAXX	24.8%
MAGGI Tom Yam Kaw Extra	17.4%	KOKO KRUNCH Cookie	60.4%

Malaysia's Healthier Choice Logo

The Ministry of Health Malaysia introduced the Healthier Choice Logo (HCL) in 2017, as a nutrition labelling system aimed at achieving the following goals:

- To help consumers make informed decisions on food and beverage products by presenting pertinent information on the front label of product packaging.
- To guide consumers towards healthier choices across food and beverage categories.
- To spur greater innovation among food and beverage industries in creating healthier product options.
- To equip Malaysians with knowledge on good nutrition and healthy food choices in order to cultivate smarter eating habits.

The HCL guidelines set a high nutritional standard, outlining stringent requirements pertaining to sugar, sodium, fibre, calcium and fat content, among others. To further facilitate good dietary habits among Malaysians, the Government introduced more stringent HCL guidelines in 2020.

Reflecting our continuous efforts to develop healthier and tastier product innovations for consumers, a total of 36 Nestlé Malaysia products are HCL certified to date, with **13* products attaining HCL certification in 2021**. Comprising 30% of our products, we are able to offer the largest Healthier Choice certified product portfolio within relevant categories in the F&B industry to date.



LOOKING AHEAD

We will continue to accelerate work towards reducing added sugar and sodium, leveraging on technological advances to create healthier recipes that deliver the same great taste.

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

NIS

* This data has been independently assured. Please refer to the Independent Assurance Report on pages 152 to 153.

IMPROVING NUTRITION THROUGH FIBRE-RICH GRAINS AND VEGETABLES



WHY IT MATTERS

It is widely known that vegetables, grains, pulses, nuts and seeds are excellent sources of essential nutrients such as vitamins, minerals and dietary fibre. Despite this, fibre and whole grain continue to be lacking in the diets of many Malaysians across various age groups, leaving them vulnerable to potential health risks.



WHAT WE'RE DOING

OUR COMMITMENT:

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

To help Malaysians increase their daily intake of whole grains and dietary fibre, we prioritise whole grains, fruits, vegetables, nuts and seeds as key ingredients in some of our products.

Today, all of our breakfast cereal products are made with whole grains as the main ingredient. Illustrating this is the 'Whole Grain Tick' on the packaging of our products that contain a minimum of 8g of whole grains per serving.

To encourage consumption, we also strive to educate Malaysian consumers on the recommended daily amount of fibre and whole grains, as well as the associated benefit to their overall health.

OUR PROGRESS:

To date, close to 40% of our relevant product portfolio contains wholegrains, fruits, vegetables, nuts or seeds.

Complementing this, in 2021, we launched new products made with plant-based ingredients – MILO and NESCAFÉ Dairy Free range and HARVEST GOURMET. Both MILO Dairy Free Almond, and NESCAFÉ Dairy Free Almond Latte and Oat Latte are low in fat, have no cholesterol and are certified as Healthier Choice. MILO Dairy Free Almond is also a good source of protein. Meanwhile, our new HARVEST GOURMET range is high in protein and a source of fibre, with soy and wheat as core ingredients.



LOOKING AHEAD

Achieving our commitments in this area is only the start. We will draw on our experiences so far to continue on this journey in the coming years and promote plant-based meal and drink solutions to support awareness on 'better for you, better for the planet' options.

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
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Our Nutrition, Health and Wellness Strategy

MICRONUTRIENT FORTIFICATION



WHY IT MATTERS

According to the 2021 Global Nutrition Report, progress towards global nutrition targets experienced a slowdown in most countries during the year, with poor diets as a primary underlying cause, further impacted by the effects of the COVID-19 pandemic. Consequently, malnutrition in children remains a major challenge across the world.

Similarly in Malaysia, a 2019 UNICEF report indicated that children face the double burden of stunting and obesity in the country, with 0.7% of children under the age of five suffering from stunting and 11.5% from wasting, while 12.7% of children aged five to 19 years old are obese. The National Health and Morbidity Survey 2019 found malnutrition to be an issue among Malaysian adults as well, with diabetes rates growing from 13.4% in 2015 to 18.3% in 2019 and approximately one in two Malaysian adults being either overweight or obese. The survey also revealed that 29.9% of women of reproductive age (15-49) suffer from anemia due to iron deficiency.



WHAT WE'RE DOING

OUR COMMITMENT:

Address under-nutrition through micronutrient fortification

Tackling the issue of micronutrient deficiencies is critical to prevent under-nutrition among Malaysians. Towards this end, we fortify our products with essential micronutrients that are lacking in daily diets. This allows us to help both children and adults across the nation lead happier and healthier lives. In 2021, we delivered 3 billion servings of micronutrient fortified products to our consumers.

Among the products that are fortified with important micronutrients include:



**CERELAC
CITARASA IBU**
High in iron,
protein, calcium,
15 vitamins and
minerals



EVERYDAY
High in calcium
and Vitamins
A & C



NESTUM
High in
calcium, iron,
and Vitamins
C & D



**LACTOGROW
AKTIF**
High in Vitamins
A, C and D and
calcium and
iron



**KOKO
KRUNCH**
High in iron,
calcium and the
B Vitamins
(B2, B3, B6 & B9)

In 2021, we remained steadfast in our commitment to ease the challenges faced by vulnerable and low-income communities, including urban poor women and children, who are among the most severely impacted by the challenges of the COVID-19 pandemic. Through our various COVID-19 relief programmes, we delivered nutritious food and beverages to B40 households and families during the year.

NIS More information on these initiatives can be found on pages 43 to 44 of the For Our Communities section of this report.



LOOKING AHEAD

We will continue to fortify relevant products such as dairy and cereal-based products with micronutrients to help address nutrient gaps in Malaysians.

SDG SPOTLIGHT



Goal 2: Zero Hunger

Target 2.1 - Ensure access to nutritious food by all people

ENHANCING BIOMEDICAL SCIENCE THROUGH NUTRITIONAL THERAPY



WHY IT MATTERS

Biomedical science plays a critical role in the management and prevention of chronic diseases, including obesity and diabetes. To cater to specific nutritional needs across life stages, we adopt a scientific approach in the development of our products, factoring in relevant nutrition profiles. Ultimately, this helps us to create personalised nutritional solutions that support better quality of life.



WHAT WE'RE DOING

OUR COMMITMENT:

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

Nestlé Health Science (NHS) has enabled us to build a diverse portfolio of nutritional products that fulfil specialised dietary requirements for various conditions and diseases. Clinical studies have demonstrated that our nutritional therapies are able to promote disease recovery and support healthier lifestyle choices. We aim to continue utilising cutting-edge research to develop science-based nutrition products that empower people to manage their health.

Among the nutritional therapies that we offer include:



New products launched in 2021:

NUTREN GLUCOSMART

A novel food supplement, NUTREN GLUCOSMART can be sprinkled over meals without altering the taste of food. The product contains mulberry leaf extract – a clinically-studied ingredient that has been scientifically-proven to support healthy blood glucose levels – to help pre-diabetic consumers gain better control over their health.

OPTIFAST Bar

Packed with protein along with 24 vitamins and minerals, the OPTIFAST Bar is a convenient and low-calorie nutritionally complete solution, ideal for those aiming to achieve their weight loss objectives while on the go.



SDG SPOTLIGHT



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



LOOKING AHEAD

Living with chronic diseases can have detrimental effects on quality of life. To help address this, our continuous innovation efforts will enable us to leverage evolving biomedical science and offer relevant nutrition solutions that address targeted needs.

Our Nutrition, Health and Wellness Strategy

PROVIDING NUTRITIONAL INFORMATION



WHY IT MATTERS

With rising health awareness, people are actively seeking out information on the nutritional values of the products they consume. In support of this, we empower consumers with accurate and transparent information to guide them in making better choices for healthier lifestyles.



WHAT WE'RE DOING

OUR COMMITMENT:

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

To make an informed decision on food and beverage products, consumers must have a clear understanding of their ingredients and nutritional qualities. As such, our products display nutritional information in a consumer-friendly manner. To ensure that the nutritional content and energy contribution of our products are transparently presented, the Guideline Daily Amount (GDA) is featured on the front-of-pack, outlining important information such as the amount of energy one serving of the product contributes to the recommended daily amount for an average adult. In 2021, the GDA label was displayed on 94% of total products sold for which the label was applicable.

This is complemented by our NESTLÉ NUTRITIONAL COMPASS (NNC) which presents key nutritional data, including energy, protein, carbohydrate and fat content outlined in a Nutrition Information Panel (NIP), contact details for consumer queries and concerns, as well as nutrition and health tips. In 2021, 98% of total products sold displayed the NNC. Additionally, key nutritional information can also be accessed by consumers through our corporate website, brand sites and e-commerce platforms.

BRAND COMMUNICATION ON NUTRITIONAL INFORMATION

THE 15 ESSENTIAL VITAMINS & MINERALS

- Vitamin A**
for healthy skin and eyes
- Vitamin C**
aids in Iron absorption from food
- Vitamin E**
protects tissue fat from oxidising
- Folic Acid & Vitamin B12**
to form red blood cells to transport oxygen throughout the body
- Vitamin B1 & Vitamin B2**
is for energy release
- Vitamin D & Magnesium**
aids Calcium absorption for strong bones and teeth
- Zinc & Protein**
is vital for growth

Also contains
**Phosphorous
Vitamin B3 & Vitamin B6**

Nestlé NESPRAY PENUH KRIM

Membekalkan **15 VITAMIN & MINERAL**

VITAMIN A, C & E & ZAT BESI

Best Fruit & Vitamin A

Kaya dengan Protein 3.5g & Lemak

Susu Tepung Penuh Krim Berkhasiat

100% Laktosa
100% Tanpa Glutaman

100% Laktosa
100% Tanpa Glutaman

NESTLÉ NUTRITIONAL COMPASS

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

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

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

Contact Us
Contact details to learn more about products and nutrition tips

GUIDELINE DAILY AMOUNT

Satu hidangan (100mL) mengandungi
Tenaga 78kcal
4%
Berdasarkan 2000kcal

Satu hidangan (60ml) mengandungi
Tenaga 39kcal
2%
Berdasarkan 2000kcal

LOOKING AHEAD

We aim to continuously improve our on-pack nutrition labelling strategy to effectively convey nutritional guidance to consumers. Through consumer research, we have gleaned meaningful insights into how our presentation of information influences consumer understanding, allowing us to enhance our on-pack nutrition labelling approach in the future.

SDG SPOTLIGHT



Goal 3: Good Health and Well-Being
Target 3.4 - Reduce premature mortality from non-communicable diseases

Our Nutrition, Health and Wellness Strategy



PORTION GUIDANCE



WHY IT MATTERS

A balanced meal is determined not just by its nutritional value, but also by its portioning. With an understanding that there is a gap in awareness among Malaysians on ideal portion sizes, Nestlé aims to guide consumers to practice and achieve more balanced eating habits.



WHAT WE'RE DOING

OUR COMMITMENT:

Offer guidance on portions for our products

To promote increased awareness among individuals and families, our voluntary Nestlé Portion Guidance initiative encourages healthy portion consumption, particularly in relation to energy-dense food and beverage categories. With the Nestlé Portion Guidance displayed on-pack, consumers are able to easily determine the right portion sizes for our products.

These guidelines are aligned with recommendations from WHO, relevant experts in the scientific and healthcare fields, as well as policymakers and national food guides.



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

The Malaysian Healthy Plate campaign was launched by the MOH in 2017, promoting the ‘Quarter-Quarter-Half’ or ‘Suku-Suku Separuh’ concept as an easy-to-use tool in eating healthily. The campaign leverages simple visuals to improve understanding on the right portion sizes for a balanced meal, which constitutes:

- 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

In support of this campaign and to educate consumers, we have utilised the Healthy Plate model in several of our programmes over the years, including Nestlé for Healthier Kids, MILO Malaysia Breakfast Day, the MAGGI Secondary School Cooking Competition and MAGGI Sajian Seimbang Tanda Sayang Campaign.



LOOKING AHEAD

We will continue to roll out the voluntary Nestlé Portion Guidance initiative that promotes age-appropriate portion sizes and re-evaluate the portion guidance in our products should the recommended consumption frequency and quantity evolve.

SDG SPOTLIGHT



Goal 3: Good Health and Well-Being

Target 3.4 - Reduce premature mortality from non-communicable diseases

PROMOTING HEALTHIER LIFESTYLES IN CHILDREN



WHY IT MATTERS

Inculcating good habits early in life enables children to grow up healthier and happier. Building on our legacy as a trusted household name, we aim to utilise our expansive reach within local communities to encourage healthy and active lifestyles among children and families across the nation.



WHAT WE'RE DOING

OUR COMMITMENT:

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

Nestlé for Healthier Kids Programme

Fostering healthy behaviours during one's formative years is key to helping children become healthy adults. In line with this, we aim to empower Malaysian children through our Nestlé for Healthier Kids (N4HK) programme.

Introduced in 2019 as a collaborative effort between Nestlé Malaysia, the Ministry of Education Malaysia and the Nutrition Society of Malaysia, the N4HK programme delivers nutrition education to students aged 7 to 12 years old. The programme engages students through virtual teaching sessions on key topics such as the Malaysian Food Pyramid, Food Portioning and Healthy Food Choices as well as physical activities. We also incorporated COVID-19 Prevention and Advice for Kids as a new topic within the N4HK modules in 2021.

As a result of our efforts, we were able to engage 24,986 schoolchildren in 2021 through N4HK. This contributes to a total of 110,000 schoolchildren throughout Malaysia who have benefitted from this programme since it began in 2010, with an investment of RM1.1 million to date.

In 2021, we also continued to support Nestlé's global #HealthierKids digital campaign. Aimed at encouraging parents to get their kids involved in preparing healthy meals, we strengthened engagement with consumers on social media by sharing fun and simple recipes.

International Chefs Day

As part of our commitment to nourish Malaysians, our annual International Chefs Day celebration with NESTLÉ PROFESSIONAL and Nestlé for Healthier Kids returned this year with the theme of Healthy Food for the Future.

A key initiative to inculcate healthy eating habits among children, in 2021, 70 kids from Rumah KIDS – *Persatuan Kanak-kanak Ini Disayangi* – were treated to a meal at Ali Bian Dang restaurant.

The event was jointly organised by Professional Culinaire Association (PCA) of Malaysia and 12 chefs took part by cooking meals for the kids.



Educating children on healthy food portioning through our NH4K virtual sessions.



LOOKING AHEAD

We are developing our future activities based on the learnings we have gained from the COVID-19 pandemic, which has highlighted the need to be flexible and embrace new methods of engagement. We will continue to run our education programmes virtually so that children can receive nutrition information wherever they are as we progress toward our wider ambition to support 50 million children every year by 2030.

SDG SPOTLIGHT



Goal 3: Good Health and Well-Being

Target 3.4 - Reduce premature mortality from non-communicable diseases

Our Nutrition, Health and Wellness Strategy



ENCOURAGING HEALTHY COOKING, EATING AND LIFESTYLES



WHY IT MATTERS

To help Malaysians form a strong foundation of good health, help children grow into healthy adults and support people's overall well-being, we are committed to raising awareness on the importance of good nutrition and active lifestyles. To this end, we continue to build on our long-standing partnerships and collaborations with local authorities and nutrition organisations to nurture a culture of health and wellness within our communities.



WHAT WE'RE DOING

MILO Sports Programme

For over 70 years, MILO has been a key driver in the development of Malaysia's grassroots sports to help children lead healthier lives. Over the years, we have taken the nutrition and energy provided by our MILO products further by spearheading programmes that promote sports and active lifestyles.

In 2021, under our MILO Sports Programme, we continued to organise virtual initiatives to encourage Malaysians to stay fit while keeping safe amidst the pandemic. This included e-Coaching via our MILO Champions Clinic, enabling parents to provide their children with the opportunity to learn a sport in a safe environment through training modules accompanied by video calls with licensed coaches.

Complementing this were our online sports competitions, the MILO All Star Challenge and MILO *e-ActivJam Senam Aerobik* in collaboration with the Ministry of Education Malaysia. These provided platforms for young Malaysians to showcase their football talent and skills in aerobic exercise respectively by submitting videos to take part in the challenges, thus overcoming the limitations to on-ground activities due to COVID-19.

Additionally, to further reinforce our commitment to grassroots-level sports, we embarked on a partnership with the Football Association of Malaysia (FAM) in December 2021. This will see us providing training to 5,000 football coaches and 100,000 children nationwide over the next five years.

MAGGI Secondary School Cooking Competition (MSSCC)

Since 1997, MAGGI has been inspiring and nurturing young Malaysians to make the right choices for nutritious and balanced meals. We invited students to get creative with home cooking through our annual MAGGI Secondary School Cooking Competition (MSSCC), in partnership with the Ministry of Education Malaysia. Not only does this competition provide students with the opportunity to hone their culinary skills, it also builds their confidence and equips them with valuable life skills.

The 25th edition of the MSSCC was held in 2021. This marked the first time that the competition was held completely virtual, whereby participants submitted their recipes in video format and were judged based on their creative use of ingredients, cooking skills, presentation and culinary inspiration. To support their learning, four online modules were introduced through a collaboration with celebrity chefs and cooking personalities. The four learning modules comprised:

- 'Healthy and Balanced Cooking' with MAGGI Chef, Chef Sharifah Hamidah and Nestlé Nutritionist;
- 'Learning Food Safety and Hygiene' with MAGGI Chef, Chef Muluk;
- 'Professional Food Styling Tips' with celebrity chef and television host, Chef Sherson Lian; and
- 'Building Your Self-Confidence' with Brand Ambassador for MAGGI CukupRasa, Datin Paduka Eina Azman.

MSSCC successfully garnered over 1,000 students from more than 300 schools nationwide in 2021, discovering outstanding young talent who displayed not only extraordinary culinary skills, but creativity and prowess in presentation. This has further fueled MAGGI's passion and purpose to continue inspiring and empowering young Malaysians to cook the difference, enriching their knowledge in making tasty and balanced meals for themselves and their families.



[From Left] Ng Su Yen and Saifuddin Abu Bakar commemorate MILO and FAM's partnership.

NESTLÉ OMEGA PLUS Walk A Million Miles

As a leading heart health brand in Malaysia, NESTLÉ OMEGA PLUS continued to champion healthy habits for good heart health through its second virtual Walk A Million Miles event. In celebration of World Heart Month, for the 21st year, the 30-day event encouraged Malaysians to take charge of their heart health journey. By leveraging our digital capabilities, we were once again able to amplify our reach to Malaysians nationwide, galvanising them to walk for their own health, walk for those in need and walk for a healthier nation.

With 12,988 participants tracking and clocking in their steps digitally throughout the month, we were able to achieve 1.18 million miles collectively, surpassing our goal of achieving one million miles as a nation.

In honour of our pledge to reach one million miles, we donated a total of RM100,000 to two well-established heart health associations, Institut Jantung Negara Foundation and Yayasan Jantung Malaysia, to support heart patients in need.



Presenting charitable contributions to Yayasan Jantung Malaysia and Institut Jantung Negara Foundation in conjunction with NESTLÉ OMEGA PLUS Walk A Million Miles event.



MAGGI Sajian Seimbang Tanda Sayang helps families enjoy balanced meals together.

MAGGI Sajian Seimbang Tanda Sayang

Inspired by the Malaysian Healthy Plate concept introduced by the MOH, MAGGI's *Sajian Seimbang Tanda Sayang* campaign was aimed at helping parents prepare well-balanced meals for their families, even with a simple bowl of noodles.

To cultivate healthy eating habits at home, our campaign inspired mothers to incorporate fresh ingredients such as egg and vegetables, ensuring their families consume essential nutrients. Conscious that time constraints or picky eaters can pose a challenge, we created easy tips and creative ideas to help mothers prepare tasty and balanced home cooked meals, utilising digital platforms to share these ideas. As the most loved brand of noodles in Malaysia, MAGGI 2-MINUTE Noodles is the foundation that supports this creativity and encourages mothers to serve a balanced bowl - an integration of noodles, fresh ingredients and love.

LOOKING AHEAD

As we strive to instil good nutrition among Malaysians, we will continue to roll out initiatives that effectively encourage and educate our consumers to embrace healthier lifestyles.

SDG SPOTLIGHT

3 GOOD HEALTH AND WELL-BEING

Goal 3: Good Health and Well-Being
 Target 3.4 - Reduce premature mortality from non-communicable diseases

4 QUALITY EDUCATION

Goal 4: Quality Education
 Target 4.7 - Ensuring all learners acquire the knowledge and skills for a sustainable lifestyle

Our Nutrition, Health and Wellness Strategy

RESPONSIBLE MARKETING AND ADVERTISING



WHY IT MATTERS

We are conscious that marketing and advertising play a significant role in the lifestyle choices of consumers. As such, we have strict standards in place for responsible marketing of our products to consumers, ensuring accuracy and transparency to support informed decision-making.



WHAT WE'RE DOING

OUR COMMITMENT:

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

Our consumers trust us to stay true to our commitment of marketing to children responsibly. This guides all our communications materials, across all our marketing and advertising platforms.

All our marketing and advertising initiatives are benchmarked against the Nestlé Consumer Communication Principles, which require stringent compliance when promoting any product. This is reinforced by our Nestlé Marketing Communication to Children Policy, which outlines strict standards for marketing food and beverages to children. There were no reports of non-compliance relating to marketing communications and product and service information and labelling in 2021.

This policy is premised on two core elements:



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.



LOOKING AHEAD

We will continue to review our own marketing to children practices, especially across our digital platforms. We understand the sensitivity of this topic and strive to lead the industry in responsibly marketing to children.



Our transparency in communications helps individuals and families make informed decisions.

RESPONSIBLE MARKETING OF BREAST-MILK SUBSTITUTES



WHY IT MATTERS

As an ideal source of nutrition to provide babies with the best start in life, breast-milk offers significant benefits, including enabling infants to build tolerance to disease, stimulating hormone production and helping mothers form a maternal bond with their child. With this in mind, and in line with recommendations from the World Health Organization (WHO) and the Ministry of Health Malaysia (MOH), Nestlé fully supports exclusive breastfeeding for the first six months, and continued breastfeeding in combination with safe and nutritious complementary foods for up to two years. We also acknowledge that infant formula is recognised by the WHO International Code of Marketing of Breast-Milk Substitutes (WHO Code) as a safe and 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 is a long-standing advocate of breastfeeding, given its essential role in delivering optimal nutrition to infants and young children during the first 1,000 days of life. To that end, we uphold responsible marketing standards and transparency across our range of BMS products. We believe that parents have the right to choose how their babies are fed based on adequate and objective information.

Reflecting this, Nestlé has been a strong proponent of the WHO Code since it was established in 1981. In fact, we had an active role in pioneering its implementation, which in turn drove the development of the first Nestlé Instructions in 1982 as guidelines to help our employees implement the WHO Code. Subsequent to the revisions made to the Nestlé Instructions guideline in 1996, 2004 and 2010, we further updated our Nestlé Policy and Procedures in 2017, which continues to be a guiding principle for Nestlé today.

Our responsible conduct through appropriate marketing and distribution practices is supported by a robust framework that ensures all our operations abide by international and local regulations, including the WHO Code and the Malaysia Code of Ethics for Marketing of Infant Foods and Related Products. To effectively monitor the implementation of our framework and ensure full compliance, we have established a global management system. The system provides an avenue for internal and external stakeholders to raise relevant concerns about marketing practices or report non-compliance to the WHO Code and Malaysia Code of Ethics, through our Ombudsperson system for Nestlé employees and the 'Speak Up' platform on our corporate websites for external stakeholders. This is complemented by stringent internal and independent external audits, the results of which are published on our corporate websites in line with our commitment to transparency. We have also established strategic protocols to proactively address any reports of potential non-compliance with our BMS marketing.

We are cognisant of the important role that our workforce plays in ensuring responsible marketing across our BMS products. Towards this end, we require all our employees connected to BMS business activities to complete a global training exercise on the WHO Code and the Nestlé Policy and Procedure on the implementation of the WHO Code. As part of our efforts to ensure best practices throughout our value chain, we have expanded this requirement to include our partners such as distributors and third-party agencies.

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

Testament to our steadfast commitment to best practices, Nestlé Global was the first BMS manufacturer to be listed under the FTSE4Good Index Series in 2011, which evaluates the Environmental, Social and Governance performance of companies based on rigorous standards. Given the stringent verification requirements for industry rankings and indices, we are proud to maintain our strong standing as a responsible company. This is reflected by our second-place achievement in the BMS sub-ranking of the 2021 Global Access to Nutrition Index (ATNI™), which assesses the marketing policies and practices of the world's six largest baby food companies.



LOOKING AHEAD

We encourage other manufacturers to follow our lead in complying with the FTSE4Good BMS criteria and improve their performance in the ATNI™ BMS sub-index. As we go forward, we will push for more robust industry action, encouraging other BMS producers to meet these requirements.

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 and Wellness Strategy

BUILDING, SHARING AND APPLYING NUTRITION KNOWLEDGE



WHY IT MATTERS

To support good health, it is essential to have a good understanding of nutritional needs for different life stages, from pre-conception to healthy aging. This is why we continuously broaden our health and nutrition knowledge base through innovative scientific research, as well as sharing our findings with others. This approach enables us to deliver nutritional solutions that help to shape good health and development for all ages. We are also expanding our first-party digital knowledge to gather all the necessary data points to provide meaningful solutions to meet Malaysian needs and expectations.



WHAT WE'RE DOING

OUR COMMITMENT:

Build and share nutrition knowledge throughout all life stages



Nestlé champions nutritional solutions to build happier and healthier lives.

Conscious that the COVID-19 pandemic has spurred Malaysians to become more proactive with self-care, we worked to support consumers in line with our commitment to empower healthier lives through science-based nutrition. We accomplished this via community outreach initiatives to raise awareness amongst Malaysians on prevention and management of non-communicable diseases. This contributed to our goal of nourishing those who need extra care, filling nutrition gaps and providing innovative solutions for a healthier future.

To this end, we partnered with The Star Media Group, a leading media house, for a public webinar in conjunction with World Diabetes Day. Attracting 1,800 participants, the webinar focused on the impact of prediabetes, the benefits of *NUTREN untuk Diabetik* in helping to manage blood glucose levels, as well as sharing diabetic-friendly recipes.

Meanwhile, our OPTIFAST campaign, 'Real Goals, Real Change: Start Losing Weight The Scientific Way', was launched in support of World Obesity Day, featuring a spotlight story on local personality Chef Zam, who highlighted how Nestlé's OPTIFAST programme helped him in his weight loss journey. The campaign also featured a series of educational digital advertorials, which enabled us to increase awareness on managing obesity in Malaysia.



LOOKING AHEAD

Our commitment to driving nutrition knowledge is key to our promise of delivering Good Food, Good Life. We will continue to pursue scientific research that will aid in the development of more innovative science-based solutions that help to nourish consumers across the spectrum.

SDG SPOTLIGHT



Goal 3: Good Health and Well-Being

Target 3.4 - Reduce premature mortality from non-communicable diseases

PRODUCT SAFETY AND QUALITY



WHY IT MATTERS

Conscious of our responsibility as a world-leading manufacturer of foods and beverages, we strive to uphold the trust of our consumers by delivering products that adhere to the highest standards of quality and safety.



WHAT WE'RE DOING

We uphold consumers' trust by adhering to a stringent set of global guidelines encapsulated in Nestlé's 10 Corporate Business Principles, including our commitment to never compromise on the safety of any product. This commitment to providing the best to our consumers is reflected across our entire value chain, encompassing our manufacturing operations to our customer services and consumer engagement.

Our actions to ensure quality and food safety are guided by the company's Quality Policy which describes our commitment to:

1

Fostering a quality mind-set with the objective of developing, manufacturing and providing products and services with zero defects that are trusted and preferred by individuals and families and deliver on our promise to enable healthier and happier lives

2

Complying with relevant laws and regulations as well as internal requirements

3

Improving quality management systems to guarantee product safety, prevent quality incidents and eliminate defects through the review of quality objectives and results

4

Encouraging participation and promotion of quality responsibilities amongst all employees and third parties through standards, education, training and coaching, supervision and effective communication

Nestlé Management System

To deliver the high standards of safety and quality that have become synonymous with Nestlé, we utilise the Nestlé Management System as a comprehensive tool to ensure compliance with food safety and quality assurance requirements.

To guarantee that internal policies, ISO standards, laws and regulations are upheld throughout the Company, we regularly assess compliance by engaging independent certification bodies to audit and verify the Nestlé Management System.



Employees across Nestlé Malaysia adhere to the highest standards of safety and quality to deliver safe and quality products to consumers.

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

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24-Hour Consumer Engagement Services

With COVID-19 persisting throughout 2021, we maintained our new norm of working from home (WFH) as we continued to serve the needs of consumers.

The digital communication tools and modifications to our complaint handling procedures, which we adopted in the earlier stages of the pandemic, ensured that our Consumer Engagement Services team was well-equipped to adapt to WFH.

We also continued to conduct Social Media Listening (SML), which generated daily monitoring reports and monthly summary reports that provided crucial insights into consumer feedback on our products.

This enabled us to keep a pulse on current sentiments, as well as to address potential issues proactively and efficiently, thus protecting the Group and our businesses from potential negative impact. Additionally, our internal stakeholders also received monthly SML reports across our product categories, ensuring all our business streams were able to benefit from this insightful data.

Our persistent and proactive consumer engagements through social media platforms resulted in positive feedback on our consumer interaction services. Demonstrating this, we recorded a 4.3% jump in compliments shared via social media in 2021, compared with the previous year.

LOOKING AHEAD

Achieving our quality objectives requires everybody to be engaged, understand their responsibility and be empowered to take action in order to protect individuals and families, our customers and our brands. To this end, we will continue to provide the required leadership, management and resources and ensure that the Quality Policy is communicated to employees and third parties.

IN 2021:

92.7% (19,899) 
of calls were answered within 20 seconds, with an abandon rate of 3.5%

96.2% 
consumer satisfaction rating - an improved score for both our online and offline services

OUR HALAL COMMITMENT



WHY IT MATTERS

As the biggest Halal producer in the Nestlé world, the integrity of our Halal practices has earned the trust of consumers. We remained dedicated to our Halal commitment, allowing consumers to enjoy our foods and beverages with peace of mind.



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 other relevant recognised Islamic authorities

Pioneering Halal standards for Nestlé globally, Halal has been a way of life for Nestlé Malaysia since our inception. Today, our Halal commitment is a cornerstone of our social responsibility to provide Halal assurance to all our consumers.

Nestlé Malaysia was the first food and beverage company in the country to integrate Halal practices across our operations in the 1970s. To enhance our expertise, we contributed to the development of Malaysia's Halal certification by working hand in hand with the Government. This was followed by yet another milestone when we became among the first company to be granted Halal certification by JAKIM in 1994.

This collaborative spirit has continued, as we work closely with relevant stakeholders to ensure that Halal best practices are established within the Nestlé Group and across the nation. Among the key joint efforts that we have undertaken is the establishment of the Malaysian Halal Standards as well as the Malaysian Standard on Halal Food (MS 1500) along with its revisions. Beyond Malaysia, the MS 1500 has been instrumental in shaping global Halal standards.

As the Global Halal Centre of Excellence for the Nestlé Group, Nestlé Malaysia stands as a reference point for other Nestlé markets. With in-depth knowledge and expertise on all Halal matters, we provide guidance by sharing technical know-how and policy guidelines. With all our manufacturing facilities 100% Halal-certified, we also support global Nestlé markets by exporting made-in-Malaysia Halal products to over 50 countries worldwide.

OUR HALAL COMMITMENT THROUGHOUT THE VALUE CHAIN



Our Nutrition, Health and Wellness Strategy

OUR PROGRESS:

Throughout the COVID-19 pandemic, we remained committed to ensure continued Halal compliance in our value chain. While the movement restrictions hampered our ability to conduct Halal audits and assessments of our suppliers, we quickly adapted by restructuring our audit procedures and assessments. Our supplier audits were conducted virtually combined with training and technical assistance to enhance understanding of best practices for Halal controls.

In 2021, we continued to implement stringent health and safety protocols for all our in-person engagements, to safeguard our employees, stakeholders and the community at large. Moreover, digital tools enabled us to expand our Halal engagements through online meetings, programmes and virtual events. This included:

- Attending the virtual Technical Committee meeting of the Standards and Metrology Institute for Islamic Countries that was held in Istanbul, Turkey, where we represented Malaysia as a committee member. We also joined the delegation for the Technical Committees on Halal Supply Chain.
- Sharing our industry-leading Halal knowledge and expertise on numerous local television programmes, including MyHalal on RTM, as well as Bernama TV and RTM news programmes. Interviews with news publications such as Harian Metro also allowed us to discuss current Halal-related topics, while reassuring the public on the integrity of the Halal industry.
- Engaging with students through an online Halal talk with Universiti Kebangsaan Malaysia (UKM), Universiti Teknologi MARA (UiTM) and Universiti Sains Islam Malaysia (USIM). This saw the participation of 100 students from UKM's Science Technology Faculty, 430 students from UiTM and 488 students from USIM. Centred on the theme of 'Introduction to the Food Industry with Nestlé Malaysia', focus areas included Halal best practices and challenges in the food industry during the COVID-19 pandemic.
- Raising awareness on Halal best practices via five public talks at UiTM, USIM and UKM as well as the National Halal Conference alongside other industry leaders and subject matter experts from JAKIM. The conference saw the participation of 982 individuals.
- Contributing to the development of the latest Halal Standard with the Department of Standards Malaysia by representing the industry as a leading member of the working group. This is aimed at refining Halal Standards in relation to Halal meat production.
- We continued to guide Small and Medium Enterprises (SMEs) in their application for Halal certification by providing technical assistance and know-how. This will equip them with the capabilities to manufacture Nestlé products once they are successfully certified by JAKIM and Majelis Ulama Indonesia.



We continue to spearhead Halal best practices across our value chain.

SME Mentoring Programme




In line with our CSV approach, we are strong proponents of providing opportunities for Malaysian SMEs to grow within the Halal F&B market. Reflecting this, we collaborated with key industry players, the Halal Industry Development Corporation and SME Corp, to establish the SME Mentoring Programme in 2009.

With up to four sessions a year, this programme acts as a platform for local SMEs to enhance their capabilities by leveraging Nestlé’s extensive knowledge on Halal best practices. Given our experience and expertise within the global Halal industry, we also use this initiative as an opportunity to guide SMEs with the potential to become suppliers for multinational companies by sharing insights on the relevant standards and requirements, as well as providing training and technical assistance. Beyond this, the programme also allows SMEs to build connections that will further advance their growth and development within the industry.



Building the capabilities of local SMEs through our webinar series.

In 2021, we once again hosted our mentoring programme virtually with a second Webinar Series on Halal Best Practices. This series featured content on:

 <p>Application Procedures for Malaysia Halal Certification</p>	 <p>Halal Assurance System</p>	 <p>Challenges in Halal Certification</p>
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The webinar was attended by 157 participants representing 55 companies.

Since the SME programme began in 2009, over 1,230 participants across 872 SMEs have taken part. In future, we aim to continue joining forces with like-minded organisations to ensure the successful execution of our programme, be it virtually or through in-person engagements, to inculcate best Halal practices and encourage the participation of local SMEs and entrepreneurs in the Halal industry.

LOOKING AHEAD

We will continue to share Halal best practices with industries so that everyone will benefit and be able to enhance Halal operations in Malaysia in line with the country’s aspiration to become a leading Halal hub in the world over.

SDG SPOTLIGHT



Goal 8: Decent Work and Economic Growth

- Target 8.2 - Achieve higher levels of economic productivity through diversification, technological upgrading and innovation
- Target 8.3 - Encouraging the growth of micro-, small and medium-sized enterprises

Performance Data



NUTRITION, HEALTH AND WELLNESS

Description	2019	2020	2021
PRODUCT NUTRITION AND LABELLING			
a. Products meeting or exceeding Nutritional Foundation profiling criteria (% of sales)	75	72	69
b. Products displaying the Nestlé Nutritional Compass (% of sales)	98	98	98
c. Products with Guideline Daily Amount labelling (% of sales)	97	95	94

PROMOTING HEALTHIER LIFESTYLES IN CHILDREN

Description	2019	2020	2021
NESTLÉ FOR HEALTHIER KIDS PROGRAMME			
a. Number of schools involved	118	19	134
b. Number of students involved	30,631	5,337	24,986

NESTLÉ KOKO KRUNCH JUNIOR TAEKWONDO CHAMPIONSHIP

a. Number of students involved	1,783	Temporarily Suspended [#]	Temporarily Suspended [#]
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HALAL@SCHOOL

a. Number of schools impacted	6	Temporarily Suspended [#]	Temporarily Suspended [#]
b. Number of students involved	1,600	Temporarily Suspended [#]	Temporarily Suspended [#]

ENCOURAGING HEALTHY COOKING, EATING AND LIFESTYLES[~]

Description	2019	2020	2021
NESTLÉ OMEGA PLUS WALK A MILLION MILES			
a. Number of participants	4,000	16,000	12,988
MILO MALAYSIA BREAKFAST DAY			
a. Number of participants	88,049	Temporarily Suspended [#]	Temporarily Suspended [#]

Description	2019	2020	2021
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MILO SPORTS PROGRAMME

a. Number of participants	2,000,000	60,000 ^o	100,000 ^o
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MAGGI SECONDARY SCHOOL COOKING COMPETITION

a. Number of schools involved	576	Temporarily Suspended [#]	300
b. Number of students involved	1,728	Temporarily Suspended [#]	1,000

PRODUCT SAFETY AND QUALITY

Description	2019	2020	2021
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CONSUMER ENGAGEMENT SERVICES

a. Number of cases handled	61,220	45,877	41,557
b. Number of enquiries	52,287	39,421	32,696
c. Feedback on marketing programmes and non-product related complaints	6,591	3,522	5,153
d. Product-related complaints	2,342	2,934	3,708 [^]

OUR HALAL COMMITMENT

Description	2019	2020	2021
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SME MENTORING PROGRAMME

a. Number of companies	116	130	55
b. Number of participants	148	150	157

[#] Programme roll-out impacted due to COVID-19 movement restrictions.

^o Virtual engagements only.

[^] Increase in total product-related consumer enquiries, feedback and grievances specifically under the period during the Movement Control Order. These relate to topics including feedback on product quality e.g. taste, other sensory issues, filling quantity as well as on packaging integrity.

[~] For number of participants for other virtual engagements, please refer to pages 28 to 29.

NIS * This data has been independently assured.
Please refer to the Independent Assurance Report on pages 152 to 153.

FOR OUR COMMUNITIES



The success of our business relies on our extensive value chain, encompassing the farmers and suppliers that we work with, to our employees and other partners. With this in mind, we strive to shape a sustainable ecosystem within our communities and supply chain, focused on key areas such as responsible sourcing, supporting rural development, promoting the health and safety of our employees and developing the capabilities of our people across the organisation.

We are committed to supporting better livelihoods for rural communities, including through our Farmer Connect programmes.

**NESTLÉ'S
GLOBAL
AMBITION**

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 2021

**556 FARMERS
IMPACTED
THROUGH OUR
FARMER CONNECT
PROGRAMME**

**RM11.6 MILLION
INVESTED IN
COMMUNITY RELIEF
SUPPORT**

**5,011 (95%)
EMPLOYEES
TRAINED IN
ANTI-CORRUPTION**

**ALMOST 17,000
YOUTHS WERE
RECRUITED,
TRAINED AND
ENGAGED**

CONTRIBUTIONS TO SDGs



To contribute positively to society as a force for good in the world, we strive to support the stakeholders and communities we are a part of throughout our value chain. This includes our employees as well as the farmers and suppliers that are integral to the success of our business.

In line with this focus, we work closely with local farmers to improve their livelihoods through our rural development programmes, which equip them with knowledge on best agricultural practices. In addition to contributing to the nation's food security, these programmes provide us with a stable supply of responsibly-sourced raw ingredients for our products.

In tandem, we recognise that our people are the driving force of our business and that their well-being determines our future. As such, we aim to cultivate a culture founded in diversity, equality and inclusivity, to provide our people with a safe space to grow and succeed both within and beyond the workplace.

Our Action Area:

Rural Development

Our Key Commitments:

- Improve farm economics among the farmers who supply us
- Implement responsible sourcing in our supply chain
- Roll out the Nestlé Cocoa Plan with cocoa farmers
- Continuously improve our green coffee supply chain
- Assess and address human rights impact across our business activities
- Improve workers' livelihoods and protect children in our agricultural supply chain

Our Action Area:

Our People

Our Key Commitments:

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

For Our Communities

RESPONDING TO COVID-19

As the challenges caused by COVID-19 persisted in 2021, we remained determined in our commitment to bring aid to Malaysians through various pandemic relief programmes, particularly with the aim of assisting vulnerable communities that were most affected. To amplify collective efforts, we partnered with local authorities and other key stakeholders, including NGOs and business partners.

Joining the Fight to Stop the Spread

Since the onset of the pandemic, extending a helping hand to Malaysians to the best of our ability has been a top priority for Nestlé. To this end, we continued to deploy efforts to support the Government in tackling the spread of COVID-19.



[From left] Juan Aranols, YAB Dato' Seri Amirudin Bin Shari and Dato' Adnan Pawanteh at the NQTS launch in Pegasus Hotel, Shah Alam.

Quarantine Transit Station

Aimed at easing the burden on healthcare facilities in Selangor which were reaching full capacity due to the population density of the State, we collaborated with the Selangor State Government and the MOH to set up the Nestlé Quarantine Transit Station (NQTS) in Pegasus Hotel, Shah Alam. For those without the means or suitable facilities for at-home quarantine, the NQTS enabled Persons Under Surveillance or 'close contact' cases to self-quarantine safely, with costs covered by Nestlé, providing free hotel room accommodation and nutritious meals.

The NQTS was open to all Nestlé employees, partners in our value chain and their families, as well as for communities in Selangor. Priority was given to those most impacted, including B40 families and lower-income groups who lacked the capacity to home quarantine. This was also aligned with the Government's call for the establishment of more quarantine transit stations, particularly for those living in People's Housing Projects (PPR).



[From right] YAB Dato' Seri Amirudin Bin Shari presenting the POIS certificate to Juan Aranols at the Nestlé manufacturing factory in Shah Alam, Selangor.

Preventing and Detecting Outbreaks at Ignition Sites (POIS) Programme

Due to our proactive and comprehensive measures to prevent the transmission of COVID-19 at our operations, Nestlé Malaysia was one of the first companies to join the Government's Preventing and Detecting Outbreaks at Ignition Sites (POIS) Programme. A cross-sectoral partnership between the Government and private sector, this was aimed at reducing the risk of COVID-19 outbreaks in large worker communities or 'ignition sites'.

Leveraging a three-pronged approach, the programme was premised on encouraging adoption of enhanced public health measures, strengthening early detection testing regimes and facilitating health education. Guided by this, we continued to implement efficient and effective measures in our factories, offices, distribution centres and across our sales operations to minimise the risk of infection. This enabled us to protect our people and maintain a consistently low positivity rate as we continued to operate safely, abiding by strict Standard Operating Procedures (SOPs).

Supporting the National Vaccination Drive

In addition to curbing the spread of the COVID-19 pandemic, the National COVID-19 Immunisation Programme is a crucial pillar for Malaysia's recovery. To this end, we mobilised our support for the vaccination drive and encouraged Malaysians to get vaccinated via contests and campaigns.



Meals for frontliners and Nestlé Cares Goodness Packs for vaccine recipients were distributed at IDCC in Shah Alam.

Aiding Vaccination Administration Centres

Conscious of the tireless efforts of healthcare frontliners working around the clock amidst the pandemic, we distributed more than 10,500 wholesome meals to nourish 250 frontliners on duty at the Vaccination Administration Centre for AstraZeneca at the Ideal Convention Centre (IDCC) in Shah Alam. In addition, 42,000 Nestlé Cares Goodness Packs were distributed to vaccine recipients at IDCC, in appreciation for setting an example for others to follow suit.



A digital communications campaign encouraged vaccination among Malaysians.

Digital Campaign to Encourage Vaccination

To further incentivise Malaysians, we launched a communication campaign themed 'Join the Fight, Stop COVID-19!'. As part of this, free e-wallet vouchers worth a total of RM500,000 were distributed to those who registered for the COVID-19 vaccination.

ENRICHING LIVES IN OUR COMMUNITIES

Staying true to our purpose, we aspire to be a force for good within our communities by driving positive changes that help to enrich the lives of individuals and families. In addition to providing nourishment, through our active engagement and community outreach programmes, we strive to give back to those in need while creating opportunities to improve livelihoods.

As underprivileged communities continued to be among the most hard-hit by the pandemic, we stepped up our efforts to provide relief to struggling individuals and families with a focus on marginalised families as well as frontliners. This is reflected in the various programmes undertaken, with over RM7.6 million invested in community support initiatives in 2021.

Nourishing the Community

We provided food and nourishment to underprivileged Klang Valley residents in collaboration with nine local NGOs, including the Development of Human Resources for Rural Areas, Empire Project, Happy Bank Crew, Hunger Hurts Malaysia, INSAF Malaysia, Kechara Soup Kitchen, PERTIWI Soup Kitchen, The Lost Food Project and Yayasan Food Bank. A total of RM6.2 million worth of Nestlé products were distributed through the project.

For Our Communities

These efforts were further complemented by our iconic brands such as MAGGI and MILO, rallying together to uplift Malaysians and investing over RM1.4 million to help support livelihoods.



1



2



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6

1 **Program Mentor Wanita Cukup Berani MAGGI**

The MAGGI brand's flagship mentorship initiative featured a series of online workshops and a personal mentorship programme, empowering more than **2,000 women** with opportunities to upskill their digital, entrepreneurial and cooking skills, as well as building up their confidence.

2 **MAGGI Sah Malaysia**

Celebrating 50 years of bringing Malaysians together through food, we distributed **50,000 meal kits** to B40 communities with the return of the *MAGGI Sah Malaysia Shop & Reward Contest*.

3 **MAGGI Bubur Lambuk**

With support from Jasmine Food Corporation, ALIF, BHPetrogas and Kara Malaysia, we distributed **130,000 bowls** of *bubur lambuk* to COVID-19 frontliners, B40 communities, **52 Program Perumahan Rakyat (PPR)**, orphanages and welfare homes across **135 locations** throughout Malaysia.

4 **Nestlé EVERYDAY – Bekalan Nutrisi**

The Nestlé EVERYDAY brand collaborated with Persatuan Empayar Kebajikan Malaysia to distribute **20,000 Bekalan Nutrisi packs**, as part of efforts to provide immediate nutritional support to the urban poor and vulnerable B40 communities.

5 **MILO #skwadkebaikan**

Channelling the generosity of Malaysians who purchased *#ParcelKebaikan* (food bundle packs), the MILO *#skwadkebaikan* campaign resulted in a total of **RM120,000** worth of Nestlé products being distributed to communities in need through seven charity organisations.

6 **Sajian Dikongsi, Kebahagiaan Dirai Chinese New Year Campaign**

With one million campaign entries and **RM100,000** raised through the MAGGI brand's *Sajian Dikongsi, Kebahagiaan Dirai* Chinese New Year campaign, we upgraded the living facilities of **11 elderly care homes** and contributed food supplies and household items.

7 **Kaamatan and Gawai Dayak Festivities**

In conjunction with Tadau Ka'amatan and Gawai Dayak celebrations, we donated **20,000 MAGGI Hot Cups** via the Malaysian Red Crescent Society as a special tribute to healthcare and frontline heroes across Sabah and Sarawak.

Rural Development

As the rapid global population growth rate and the impact of climate change continue to pose long-term risks to food supply chains, it is clear that sustainable farming is vital to improve food security, as well as to protect livelihoods and natural ecosystems. Nestlé Malaysia aims to help address this by driving the transformation of current food systems into sustainable, resilient supply chains.

In line with our CSV strategy, we are leveraging this opportunity to uplift local farming communities through our rural development initiatives. With these targeted programmes, farmers are able to benefit from knowledge and skills to improve their productivity and yield of high-quality raw materials. Ultimately, we aim to help farming communities lead better lives through improved economic stability, while at the same time securing a supply of responsibly-sourced raw ingredients for our products.

OUR KEY COMMITMENTS:

- ▶ Improve farm economics among the farmers who supply us
- ▶ Implement responsible sourcing in our supply chain
- ▶ Continuously improve our green coffee supply chain
- ▶ Assess and address human rights impact across our business activities
- ▶ Roll out the Nestlé Cocoa Plan with cocoa farmers
- ▶ Improve workers' livelihoods and protect children in our agricultural supply chain

FARMER CONNECT



WHY IT MATTERS

With awareness of the importance of sustainability ramping up on a global scale, today's consumers are increasingly looking for product choices that are responsibly and ethically produced. To this end, we engage directly with local farmers to ensure responsible sourcing in our supply chain, while supporting community development and environmental preservation. This is also part of our commitment to transition towards regenerative agriculture food systems to maximise benefits to the environment.



WHAT WE'RE DOING

OUR COMMITMENT:

Improve farm economics among the farmers who supply us

With our Farmer Connect programmes in place, we continue to implement responsible practices in our supply chain of raw materials.

We currently have three projects under Farmer Connect:



Through Farmer Connect, we provide local farming communities with greater access to skills and training, leading to more sustainable income generation and better quality of life. Our programmes are accompanied by our Sustainable Agricultural Initiative toolkit, which equips farmers with the necessary capabilities to utilise environmentally-friendly methods in their farming activities. With farmers upholding best agricultural practices, we are able to ensure traceability without compromising on the quality of our raw materials.

Rural Development

Our Farmer Connect contract farming schemes are a multi-stakeholder endeavour. Over the years, we have undertaken close engagements with a wide range of stakeholders to improve understanding and awareness of our initiatives. This has included inviting stakeholders to experience our initiatives first-hand with media familiarisation trips to Nestlé Paddy Club, NESCAFÉ Grown Respectfully and Nestlé Chilli Club, in addition to our reforestation initiatives, the Kinabatangan RiLeaf Project which concluded in 2020, and our ongoing Project RELeaf. As a result of our efforts, our Farmer Connect programmes have been prominently featured in leading local media publications, helping to raise awareness on the importance of sustainable supply chains. This was complemented by engagements with Government agencies and relevant organisations such as Pertubuhan Peladang Kawasan Bukit Awang (PPKBA) for chillies and the Kedah State Department of Agriculture for coffee. These engagements allowed us to work with stakeholders to further expand and enhance our initiatives in line with our goal to uplift local communities.

In 2021, Nestlé Malaysia remained focused on ensuring a steady supply of all those locally-sourced raw ingredients such as chilli, rice and coffee beans, meeting the solid demand for our products despite the continued challenges of the COVID-19 pandemic and national lockdown periods. We took steps to prevent disruptions to our supply chain, such as closely monitoring fresh chilli supply from different farmers and ensuring a higher stock cover at Nestlé factories, all of which enabled smooth delivery from our local farmers to processing facilities throughout the year.

Nestlé Chilli Club



Building a resilient supply chain that empowers local farmers through the NCC.

Our commitment to cultivating a sustainable local supply chain for raw ingredients stems back to 1995, with the establishment of the Nestlé Chilli Club (NCC) contract farming scheme. Starting off as a partnership with PPKBA and the local farmers' association in Kelantan, the NCC has since expanded across agricultural communities in Kelantan, Terengganu, Selangor and other localities in Peninsular Malaysia.

With the aim of creating a localised, traceable and responsibly-sourced supply chain that meets our global standards for quality raw ingredients, NCC participants undergo training and knowledge-sharing programmes with the Nestlé Agricultural Services Department. This enables farmers to increase their productivity while reducing farming expenses, incorporate smart farming practices with the mechanisation of farming tools, reduce their environmental footprint and enhance their safety practices. Ultimately, this empowers our local farming communities to lead better lives, while providing a sustainable supply of fresh ingredients for our MAGGI Chilli Sauce.

In line with our environmental sustainability drive, we are gradually replacing plastic mulch with live mulch as an eco-friendly alternative. Live mulch enables greater nitrogen fixation, hence improving soil health and fertility, and providing nutrients to crops for better yields. Alongside safeguarding the environment, live mulch also helps to improve the livelihood of farmers as it can be grown as a secondary crop to generate additional income before harvesting seasons.

To complement the benefits of live mulch, we utilise paddy straws as organic mulch to retain soil moisture and control weed growth. Additionally, decomposed organic straws helps fertilise soil by increasing the soil Cation Exchange Capacity, which in turn, provides crops with more nutrients.

Regenerative Agriculture

In 2021, as part of our efforts in the fight against climate change and our global ambition to achieve net zero emissions by 2050, Nestlé launched plans to accelerate our transition to regenerative agriculture.

Still on a learning curve, we are working closely with local farmers to support them in adopting regenerative farming practices through cutting-edge technology, alongside providing technical assistance, investment support and paying premiums for regenerative agricultural goods.

NIS For further information on regenerative agriculture, please refer to page 100 of this report.

OUR PROGRESS:

Through the NCC, we worked with **93* farmers** in 2021, successfully producing **300.5 metric tonnes (MT)*** of chillies, representing 125% of our target of 240MT per annum. Additionally, our plans to partner with more large-scale producers have materialised, with one-third of our chillies procured from large producers in 2021, thus ensuring a consistent supply of chillies while allowing us to maintain our partnerships with smallholders.

With the majority of our raw ingredients sourced from small-scale producers, we remain focused on empowering these farmers, who largely consist of B40 and middle-income (M40) communities in rural areas. By mobilising more local farmers to contribute to our supply chain, we are able to improve traceability and reduce our carbon footprint.

Furthermore, despite market volatility caused by the pandemic, our direct engagement with local farmers has provided them with a stable market to sell their produce, with contract pricing ensuring profitable income. Testament to the success of the programme, the NCC contributed to protecting livelihoods and job security for local farmers despite the pandemic, while simultaneously providing a stable supply of fresh chillies for Nestlé Malaysia’s factories.

Nestlé Paddy Club

As the leading manufacturer of infant cereals for the region, we uphold the trust of our consumers with products that utilise high-quality raw ingredients. In line with our focus on enhancing sustainability throughout our value chain, our Nestlé Paddy Club (NPC) contract farming scheme supplies us with the highest quality white rice, which fulfil the trusted standards that we have established for our infant cereals.

Since 2012, we have worked with NPC farmers in Kedah to enhance the productivity of their paddy farming and ensure that our supply of rice meets Nestlé’s rigorous global requirements.

As a result of our training on Good Agricultural Practices and provision of agricultural inputs such as microbes and soil enhancers, NPC farmers have successfully produced greater paddy yields averaging 5.31 to 6.13 MT/ha, which is higher than the national yield of approximately 4 MT/ha. The NPC also helps reduce the burden of operational costs on local farmers, allowing them to earn higher incomes.

We have also invested in helping NPC farmers adopt more sustainable practices with the Semi-Aerobic Rice Intensification (SARI) method. Through the use of SARI, farmers are able to reduce consumption of irrigation water by as much as 30% to 40%, which leads to lower carbon emissions.

In view of the ongoing COVID-19 pandemic, we continued to minimise direct contact with NPC farmers for training purposes in 2021 by conducting visits to provide technical support on a one-on-one basis. Meanwhile, distribution of agricultural inputs including environmentally-friendly microbes and trace elements have resumed with strict adherence to COVID-19 safety and physical distancing requirements.

OUR PROGRESS:

In 2021, our engagement with 235 farmers led to an average yield of 5.31 MT/ha across 647 hectares of paddy fields for the January and February harvesting season. For the August and September season, 228 farmers produced an average yield of 6.13 MT/ha across 627 hectares of fields.

NIS * This data has been independently assured. Please refer to the Independent Assurance Report on pages 152 to 153.



The NPC ensures high-quality sustainably produced raw materials, while uplifting livelihoods of local farmers.

Rural Development

NESCAFÉ Grown Respectfully

As important contributors to our value chain, ensuring the resilience of local coffee-growing communities is a key priority for Nestlé. To this end, we established the NESCAFÉ Grown Respectfully initiative in Kedah in 2019. In line with the objectives of Farmer Connect, NESCAFÉ Grown Respectfully strives to improve the livelihoods of farmers by helping them produce more profitable crops, and subsequently revive Malaysia's coffee industry.

In two years, we have already seen tangible success as our technical expertise and propagation training have enabled local farmers to access good quality Robusta coffee seedling, leading to higher yields of the finest coffee beans for the years to come. Additionally, the farmers are also able to sell this high-quality coffee seedling to the State Department of Agriculture and Federal Land Development Authority (FELDA), hence further increasing their income.

Beyond this, we have been able to produce our first ever home-grown Malaysian coffee, NESCAFÉ Classic Kopi Kedah, made with 100% locally sourced coffee beans grown by Kedah farmers.

Through this initiative, we continue to uphold our commitment to uplifting local farming communities and enabling better quality of life.

OUR PROGRESS:

Since 2019, a total of 170,000 Robusta coffee seedlings have been raised with technical support from Nestlé. This year, we purchased 100MT of Kedah-grown coffee beans for our locally crafted NESCAFÉ Classic Kopi Kedah.



Shaping a green coffee supply chain via NESCAFÉ Grown Respectfully.



NESCAFÉ Classic Kopi Kedah

A product of our efforts to continuously improve our green coffee supply chain, NESCAFÉ Classic Kopi Kedah utilises carefully selected coffee beans grown under the care and expertise of our local farmers, offering coffee lovers a unique Malaysian experience, with signature taste and aroma.

In 2021, we procured 100MT of Kedah-grown coffee beans to bring back our NESCAFÉ Classic Kopi Kedah as a limited-edition range, packaged in an aluminium tin can with a brand-new design.



LOOKING AHEAD

We are committed to achieving net zero emissions by 2050. Meeting this vital goal will depend on significantly scaling up regenerative agriculture, integrating it in greater depth into our Farmer Connect programmes.

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

RESPONSIBLE SOURCING



WHY IT MATTERS

As a leading food and beverage company with a presence in global markets, we recognise our responsibility to ensure that our products are made with sustainable raw ingredients, produced with care and respect for individuals, communities and the planet. To this end, we extend our commitment to responsible sourcing to our entire supply chain, enabling us to identify and address potential environmental and social risks present within the communities connected to our operations. In addition to avoiding deforestation, this includes the protection of human rights and tackling labour rights issues such as child labour and excessive working hours, particularly in line with our commitment to sustainable palm oil.



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

Since 2018, the Nestlé Responsible Sourcing Standard (RSS) has guided us towards consistent improvements in our sourcing practices, helping us build a more resilient and sustainable supply chain. In addition to mitigating our impact on the environment, this also contributes to the preservation of our planet and its precious natural resources.

The RSS is implemented together with the Nestlé Responsible Sourcing Guideline and the Nestlé Commitment on the Responsible Use of Materials from Agricultural Origin. To meet relevant requirements, the RSS is aligned with international standards such as the Organisation for Economic Co-operation and Development Guidelines for Multinational Enterprises, the Core Conventions of the International Labour Organization and the SDGs.

As part of our best practices under RSS, we screen all our suppliers and their agents, employees and subcontractors through regular audits utilising Suppliers Ethical Data Exchange (SEDEX) principles which are globally recognised and Sedex Members Ethical Trade Audit (SMETA) methodology. Audits are held at Tier 1 suppliers' sites to ensure they adhere to the expectations set out in the RSS. Where instances of non-compliance are found, we then work with the supplier to agree on a plan of action to close these gaps. Some categories of suppliers will not be required to conduct on-site audits but are required to demonstrate compliance to our standard using the Ecovadis online assessment tool. These audits combined with online assessment tools allow us to monitor suppliers' compliance with non-negotiable standards in the areas of labour, health and safety, the environment as well as business integrity.

OUR PROGRESS:

In 2021, a total of 67 suppliers were screened based on the Nestlé Responsible Sourcing Standard.



Rural Development

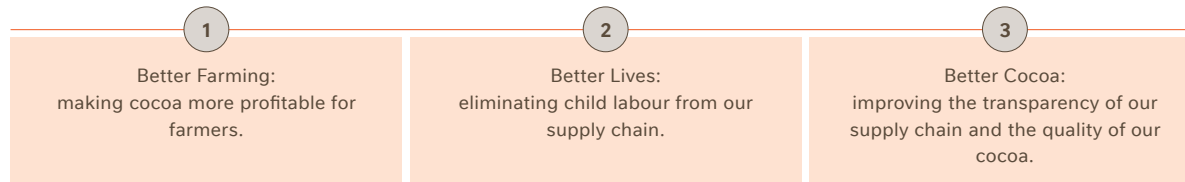
Nestlé Cocoa Plan

OUR COMMITMENT:

Roll out the NESTLÉ COCOA PLAN with cocoa farmers

The NESTLÉ COCOA PLAN was created in 2009, with a view towards cultivating a responsible cocoa supply chain. Providing support for farmers in cocoa producing countries, including Côte d'Ivoire and Ghana, this programme contributes to Nestlé's global commitment to improve 30 million livelihoods in communities directly connected to our business activities by 2030.

The key objectives of the programme include:



Among the initiatives executed under the NESTLÉ COCOA PLAN are training programmes and technical assistance to guide farmers towards good agricultural practices that will enhance the quality of their yields. Additionally, we equip farmers with targeted resources that enable them to farm sustainably, providing us with a long-term secure supply of responsibly-sourced cocoa to produce our widely loved confectionery products such as KIT KAT, which remains Malaysia's well-loved chocolate brand.

As of 2021, the Nestlé group, including Malaysia, sources a total of 202,000 tonnes of sustainable cocoa per annum through 124,000 farmers that we engage under this programme.

Nestlé S.A. also continued to report the progress towards ending deforestation and promoting forest conservation under the Cocoa and Forest Initiative (CFI) through our Tackling Deforestation Progress Report. The CFI focuses on the three key areas of forest protection and reforestation, sustainable production and farmers' livelihoods and community engagement and social inclusion.

OUR PROGRESS:

90% of Nestlé Malaysia's cocoa needs for confectionery products are fulfilled by certified sustainable sources in 2021 and we plan to move to 100% by 2025 in line with Nestlé S.A.'s ambition. Our sustainable and Malaysian-made KIT KAT products are also exported to regional markets, including Singapore, Indonesia, Philippines, Thailand, Vietnam and Myanmar.



AAA SUSTAINABLE QUALITY™ PROGRAMME



Sustainably sourced coffee is used for all our NESPRESSO coffee

OUR COMMITMENT:

Continuously improve our green coffee supply chain

Established in 2003, the AAA SUSTAINABLE QUALITY™ PROGRAMME aims to cultivate best agronomic practices among our coffee farmers to create a green coffee supply chain. In partnership with Rainforest Alliance, we have engaged with over 120,000 farmers across 320,000 hectares of sustainably managed farmland, driving forward efforts to enhance responsible coffee farming.

OUR PROGRESS:

Guided by our sustainable sourcing model, we created the NESPRESSO Reviving Origins programme in 2019 to revive coffee farming in countries facing hardship due to political, economic and environmental issues. In 2021, we introduced the programme's first organic blend, KAHAWA ya CONGO, contributing towards the revitalisation of the coffee farming community at Lake Kivu of the Democratic Republic of the Congo.

Our Commitment On Sustainable Palm Oil

In line with our responsible sourcing practices, we are dedicated to creating a traceable and sustainable supply chain of agricultural raw materials - such as palm oil - that safeguards human rights, generates minimal impact on the environment and supports the livelihoods of farming communities.

In line with our commitment to sourcing palm oil sustainably, we have achieved tangible progress thus far, namely:

<p>1</p> <p>100% assessed deforestation-free by end of 2022 Progress: For 2021, 91% of the palm oil we sourced came from lands not deforested.</p>	<p>2</p> <p>100% RSPO-certified sustainable palm oil by 2023 Progress: As at 2021, 71.1% of our palm oil and palm oil products are RSPO-certified as reported through the RSPO Annual Communication of Progress report submissions.</p>
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We are mindful that responsible sourcing of palm oil requires a multifaceted approach to ensure that the palm oil industry pivots toward sustainable growth. To this end, we work closely with key stakeholders and partners to drive collective action and engagement through our key initiatives. These are aligned with our Forest Positive strategy which was launched in June 2021, aimed at not only identifying where deforestation has taken place and responding to it, but also engaging our suppliers and other stakeholders to actively conserve and regenerate natural ecosystems. We also work closely with our partners and suppliers to address root causes of labour rights issues in the palm oil sector, underpinned by Nestlé’s Labor Rights Action Plan for Palm Oil that was launched in April 2021.

Commitment to No Deforestation in Our Supply Chains

In 2010, the Nestlé group committed to ending deforestation within our global palm oil supply chains. To help us realise this goal, we have undertaken global satellite monitoring since 2019 using Starling, a tool developed in collaboration with Airbus and Earthworm Foundation that allows us to analyse satellite images to detect indicators of deforestation. This subsequently enables us to engage with suppliers to address deforestation risks, which are also documented in our palm oil Transparency Dashboard report.

To date, we have utilised Starling for in-depth analysis of over 9,000 concession boundaries and 50km radius area around over 1,760 mills within our global supply chains. As a result, in 2021, we successfully verified that 91% of the palm oil used in our products are sourced from lands that have been deforestation-free since 31 December 2015, representing a significant increase from 70% in 2020. With the remaining 9% currently pending verification, we are confident of verifying the origins of the palm oil throughout our global supply chains as fully deforestation-free by end 2022.

Our Approach to Transparency

With the aim of raising the bar for transparency within the agri-food sector, Nestlé globally has taken the proactive move of disclosing information on our supply chain by making our disclosure documents accessible via our website, including a list of our suppliers for key raw materials such as palm oil, as well as other relevant data. As part of our best practices in transparency, we also monitor the performance and progress of our suppliers to ensure that they abide by the RSS. In the event of any non-compliance, we, together with our partners, engage with our suppliers to develop action plans to resolve these issues. Reflecting our firm stance on this commitment, we terminate partnerships with suppliers who are unwilling to address gaps.

Smallholder Inclusion

Cognisant that smallholders are an essential component of the global palm oil supply chain, we strive to help them adopt responsible practices, which subsequently contributes to creating more sustainable livelihoods.

Among our smallholder inclusion projects include the Rurality project, which aims to mitigate Human Elephant Conflict (HEC) in Sabah, supporting the conservation of elephants that travel through farms and plantations due to habitat loss. Under this project, the HEC mitigation committee conducts patrols, data collection and elephant relocation alongside establishing wildlife corridors. To strengthen our relationship with smallholders, community awareness events are also organised. Members of the committee include representatives from the Sabah Wildlife Department, smallholders, plantations and local NGOs. The Committee currently monitors 7,580 hectares of land in the Beluran district of Sabah.

In 2021, we reviewed our smallholder inclusion initiative in Sabah to enhance the impact. We look forward to supporting the initiative in 2022.

Forest and Peat Conservation and Restoration

Building on the successful completion of our Kinabatangan Rileaf Project in 2020 which saw one million trees planted, we set a higher target to plant three million trees in Malaysia by 2023 under Project RELeaf. This is part of our efforts to scale up conservation and reforestation of forests and peatlands in and around our palm oil supply chains.

While we experienced delays in progress due to COVID-19-related movement restrictions in 2021, we nevertheless partnered with local communities and seedling nurseries to produce nearly one million seedlings and saplings, with the aim of accelerating planting activities in 2022 and 2023. Through Project RELeaf, we hope to restore riparian zones and forest ecosystems, which will help establish wildlife corridors and reduce human-animal conflicts while preserving water sources. More details on Project RELeaf can be found on page 98 of this report.

Rural Development

Further supporting our efforts is the Rimba Collective, an initiative for long-term sustainable conservation and restoration of forests around our palm oil sourcing regions. The collective aim is to protect or restore 500,000 hectares of forest, supporting 32,000 individuals in forest communities in Southeast Asia over 30 years. In 2021, we worked with other consumer goods manufacturers and a palm oil supplier to develop and launch this mechanism. The financial model of the Rimba Collective is linking costs to procurement volumes. Funding goes into a Special Purpose Vehicle to manage the funds for long-term conservation and restoration funding. This type of investment is critical to the Nestlé strategy as long-term sustainable financing for Forest Positive action is necessary for sustained impact.

Investing in sustainable landscapes: production, protection and resiliency

Working with other brands, producers and traders in the region, Nestlé served as the lead sponsor for the Southern Central Forest Spine Landscape initiative, which in 2021, focused on co-designing the multi-year work plan, establishing key stakeholder partnerships, and initiating the first year of project activities. Desktop and field diagnostics were conducted, with 100% of deforestation hotspots and drivers mapped. The initiative built collaborations at the national and district level with companies, Government and civil society organisations. A three-year partnership between Earthworm and the Malaysia Palm Oil Board (MPOB) was established, as was a multi-stakeholder partnership to cooperate on managing Human Elephant Conflict in Johor. Earthworm and MPOB district officers identified smallholder farmers for scaling sustainable farming practices and income diversification via Malaysia Sustainable Palm Oil certification engagement.

In the field, Earthworm teams successfully forged a relationship with a group of independent smallholder farmers, in order to explore priority interventions. While remote engagement via WhatsApp was the only way to communicate due to the COVID-19 restrictions, farmers were keen to collaborate. Human Elephant Conflicts were identified as a key critical concern. To address labor rights, a pilot of the Earthworm Ethical Recruitment Human Rights-Based Due Diligence Tool was launched, and a large training event was held with a Nestlé supplier and 25 of their upstream suppliers.

Protecting Human Rights

We stand firm as a staunch advocate of human rights across our value chain. Recognising that communities in the palm oil supply chain are vulnerable to human and labour rights abuses, we launched an upgraded 2021-2025 Labour Rights Action Plan for Palm Oil in April 2021 to address prevalent issues and risks. To implement this, a framework was established to prioritise supplier engagement and systematically take action based on the risk profile of suppliers, as well as to work with external partners to develop corrective action plans and set up monitoring systems to track key performance indicators.

Together with our NGO partner, Verité, we also developed a Program Assurance Framework. This risk-based, evidence-driven, Human Rights Due Diligence (HRDD) management system-oriented framework, equips suppliers with the necessary systems to tackle endemic and long-standing labour issues in a sustainable manner. The framework was piloted at seven refineries in Indonesia and Malaysia.

Additionally, to guide palm oil producers in upholding human and labour rights, we supported several key initiatives to provide palm oil producers the relevant tools and resources in 2021. This included the development of a Toolkit for Palm Oil Producers on Labour Rights available in four languages including

Bahasa Malaysia, a self-assessment questionnaire and the compilation of a digital library of tools to be utilised by palm oil companies to adopt HRDD approaches within their operations and supply chains.

With our partner, SDP, we support a dedicated helpline that continues to be a platform for palm oil workers in Malaysia to safely report any incidents of human or labour rights abuses. Serviced by live operators providing support in eight languages, there are various channels for the helpline including a toll-free line in Malaysia, SMS, chat-based applications, along with Whatsapp and online webform channels which were added in 2021. During the year, we extended our reach by extending the helpline to encompass all of SDP's operations, comprising about 35,000 workers. To date, more than 4,500 workers have undergone in-person training, and we have also raised awareness via informational posters, videos and other forms of outreach. In light of the pandemic, the scope of the helpline was broadened to help workers navigate issues related to health and safety, economic vulnerability, social well-being and movement restrictions in Malaysia.

As part of our ongoing efforts to eliminate risks for children in the palm oil supply chain, we collaborated with the Earthworm Foundation on a training session with IOI Corporation Berhad (IOI) third-party suppliers, represented by 16 upstream palm oil companies. Through this engagement, we equipped participants with the necessary skills and tools to implement child protection interventions for children living on their plantation sites.

We also continued to support the implementation of ethical recruitment practices by organising follow-up training sessions for assessors who we sponsored to participate in Verité's Ethical Recruitment Auditor workshops in 2019. Furthering this, we worked with the Earthworm Foundation to train Wilmar International Limited's third-party suppliers on ethical recruitment, to help upstream palm oil companies understand and identify social issues arising from unethical recruitment practices.

Consumer Goods Forum

Nestlé S.A. is a Board Member of the Consumer Goods Forum, an industry association that brings together manufacturers and retailers to address challenges within the palm oil sector. We actively participated in the Palm Oil Working Group, which led to the development and release of Version 1.6 of the Palm Oil Roadmap in 2021 to address sustainability issues.

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



Goal 15: Life on Land

Target 15.2 - Promoting sustainable management of forests and halting deforestation



Our People

Staying true to our purpose of enhancing quality of life for everyone, we are committed to empowering and protecting the welfare of all our people, encompassing more than 5,000 Nestlé Malaysia employees.

Providing equal opportunities for growth and development – both professionally and personally – remains one of our top priorities. This allows us to cultivate a conducive working environment that ensures all our people are able to unlock their full potential and perform to the best of their ability. This is balanced with a strong emphasis on health and well-being, with a supportive organisational culture that accommodates for evolving lifestyle needs.

Our employees drive us forward as a force for good and reflect 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

OPERATING WITH INTEGRITY



WHY IT MATTERS

By establishing a culture founded in strict ethical standards, we are able to create shared value within the Group and across our supply chain. This helps us to mitigate risks and build trust with our shareholders, stakeholders, consumers and society, delivering on our pledge to be a force for good.



WHAT WE'RE DOING

OUR COMMITMENT:

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

The values of integrity and respect are rooted in our ethical code, which is upheld both internally by our employees as well as externally by our partners and stakeholders within our value chain.

Compliance standards are paramount to building a strong foundation of integrity for the organisation. As such, we have implemented comprehensive principles and conduct regular audits to track and ensure adherence to best practices across all levels of the organisation. Supporting this, our NCBP details specific policies which act as a frame of reference for our employees' behaviour in the workplace.

Our People

Anti-Corruption

A corruption-free culture is essential to retain the trusted relationships we have built with our employees, consumers and stakeholders. Corruption is a crime and in the workplace is detrimental to both our employees' morale and performance in relation to business outcomes. Fighting against all forms of corruption, we have put in place anti-corruption policies aimed at instilling an anti-corruption mindset within our organisation.

Following new corporate liability provisions introduced under the Malaysian Anti-Corruption Commission Act 2009 in 2020, we carried out the necessary due diligence by employing an independent third party to assess our policies. This allowed us to ensure alignment with the Adequate Procedures principles stipulated by the new provisions.

In tandem with our Nestlé Malaysia Anti-Corruption, Gifts and Entertainment Guidelines which set parameters for employers, customers and suppliers, we refined our internal processes and increased awareness on corporate corruption. As part of our efforts to impart best practices, on International Anti-Corruption Day 2021, we organised training sessions on anti-corruption and the impact of the new corporate liability provisions on the Company.

As of 2021, a total of 5,011 employees representing 95% of our workforce, including management and non-management employees, completed our mandatory anti-corruption training. Meanwhile, the eLearning module on anti-corruption remains a compulsory part of our onboarding curriculum for all new hires. In addition to regular updates, our efforts not only ensure strict compliance with the new provisions, but helps our employees, customers and suppliers better understand our policies and code of conduct against corruption.

Additionally, we continued to mitigate potential corruption-related risks by conducting audits of selected business units. In 2021, we conducted five audits to assess compliance within our key processes and functions.

Privacy

Conscious of the role that digital communications play in our business today, we consider data privacy to be of the utmost importance. Our comprehensive data protection solutions allow us to glean meaningful insights to craft enhanced experiences for our consumers, while keeping their personal data safe. Further details on our Privacy Notice can be found on our website.

Anti-Discrimination

At Nestlé, we have a zero-tolerance policy for any form of discrimination or harassment, and we champion the value of respect across our organisation. This creates a workplace that is a safe space for all employees, regardless of their origin, nationality, religion, race, gender, age or sexual orientation. No incidences of discrimination were reported in 2021.

Grievance Mechanisms and Remediation

To protect the rights of our people, we have established effective grievance mechanisms for employees to report concerns or potential issues. This includes suspected non-compliance of our NCBP Code of Business Conduct or corporate policies as well as inappropriate or illegal behaviour. Through our grievance mechanisms, our employees and those in our supply chain are able to lodge reports without fear of retaliation. All allegations are swiftly investigated with impartiality and appropriate action is subsequently taken.

To encourage our people to speak up, we have put in place a whistleblowing hotline called SPEAK UP, which is managed by an independent third party to ensure anonymity and confidentiality. Through this hotline, we provide a safe platform to report potential non-compliance issues.



LOOKING AHEAD

We are focused on implementing best practices to maintain our trusted reputation and ensuring that our employees benefit from a healthy working environment. As we move forward, we will continue to evaluate our existing policies, regulations and practices to align with the latest standards.

CGFR

Further details can be found in the Corporate Governance Statement on pages 4 to 5 of the Corporate Governance & Financial Report.



Cultivating a safe and conducive working environment rooted in respect for all.

DIVERSITY AND GENDER BALANCE



WHY IT MATTERS

As a multinational company, our innate understanding of the vast benefits of nurturing a diverse and gender-balanced organisation underpins our commitment to provide equal opportunities and ensure fair treatment of all employees. In addition to culminating in a healthier and more engaged workforce, a talent pool with diverse skill sets and perspectives also contributes to the sustainability and success of the business.



WHAT WE'RE DOING

OUR COMMITMENT:

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

As part of our ongoing efforts to foster diversity at Nestlé, we have put in place inclusive and equitable practices that act as guiding principles. Our aim is to create a truly inclusive organisational culture, where people from all walks of life are respected and differences are celebrated. To empower women in the workforce, our Gender Balance Acceleration Plan is an integral part of our succession planning to ensure that a proportionate number of women hold leadership roles in the organisation. This is aligned with our global target of 30% women within the top 200 positions in Nestlé.

We are committed to further advancing equality and inclusivity within our workplace. To achieve this, in 2021, we remained focused on three areas where opportunities to improve gender balance exist:

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

Supporting our Gender Balance Acceleration Plan, we continued to increase the number of women in senior positions throughout the organisation.

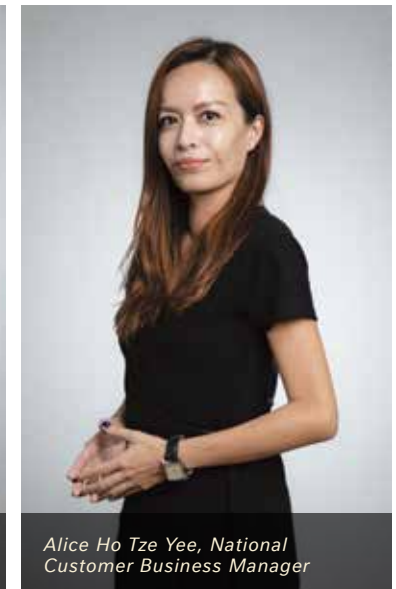
Division Heads of Departments and Direct Reports to Leadership Team	2019 Female	2020 Female	2021 Female
Sales Division	18%	33%	33%
Supply Chain	17%	17%	17%
Technical and Production	20%	27%	31%

OUR PROGRESS:

Reflecting our efforts, in 2021, we recorded an increase of 4% in female Heads of Departments and Direct Reports for our Technical and Production divisions.



Lim Kim Wui, Head of Commercial Development



Alice Ho Tze Yee, National Customer Business Manager

2. Remote and Flexible Working Arrangement

The COVID-19 pandemic sparked a paradigm shift for workforces around the world, transforming the way we communicate and interact with one another. More importantly, it also provided us with an opportunity to further support diversity and inclusion within the workplace.

Guided by our Remote and Flexible Working Arrangement Guidelines introduced in 2020, the establishment of a hybrid working environment has allowed us to cater to the diverse life circumstances, ways of living and personal needs of our employees. By moving away from the conventional presence-based approach to one that emphasises performance delivery, this also helps them to achieve a healthier work-life balance.

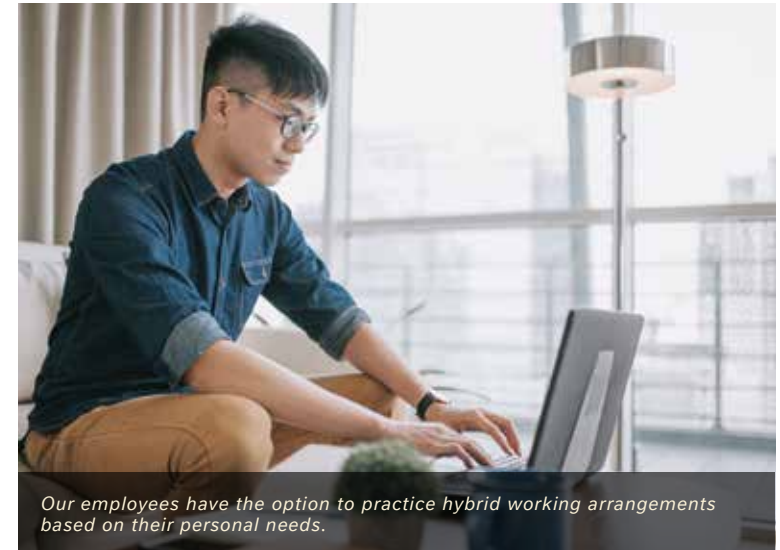
OUR PROGRESS:

Beneficial for both the Company and employees, our Remote and Flexible Working Arrangement Guideline supports us in the following areas:

- 1 Facilitating work-life balance
- 2 Preserving workplace safety and health
- 3 Cultivating a performance-centred culture
- 4 Ensuring business continuity
- 5 Improving talent retention and employee productivity

To support the hybrid transition, we conducted training sessions on managing and leading remotely, complemented by meeting guidelines to assist our employees in navigating the post-pandemic era.

In 2021, we relocated our headquarters to a new office at 1 Powerhouse, Bandar Utama. Incorporating purposeful workplace design, our new headquarters facilitates flexible working environments and hybrid working arrangements. We also emphasise open communication between employees and line managers, to enable each person to benefit from an optimised working arrangement that supports flexibility and openness for collaboration, which will enable them to excel in their roles. Importantly, the new office also builds on key learnings throughout the COVID-19 pandemic, ensuring compliance with standard operating procedures to keep our people safe.



Our employees have the option to practice hybrid working arrangements based on their personal needs.

3. Enhanced Parental Policy

The Nestlé Global Parental Support Policy was established in 2019 to support new parents and their children, in line with our objective of fostering a healthier environment that empowers our employees, both in their professional and personal lives.

OUR PROGRESS:

Reinforcing our commitment, we enhanced our Parental Support Policy in 2021. As of 1 January 2022, paid maternity leave, primary caregiver leave and child adoption leave were increased to 112 calendar days, with the option of extending leave for an additional 68 days of unpaid leave. Encouraging a more inclusive workforce, the enhanced policy also increased paid paternity leave to 21 calendar days.

Pay Transparency

Upholding the trust of our employees is a key priority for Nestlé, as we firmly believe that healthy relationships contribute to a more resilient organisation. To this end, our Pay Transparency approach equips all employees with access to information on compensation and remuneration, including elements of fixed pay, variable pay, benefits, personal growth and development, work-life balance and health and wellness.

OUR PROGRESS:

We have made steady progress in the implementation of Pay Transparency through People Management Workshops and a series of refresher sessions to enhance our People Managers' understanding of Transparency. We also launched the Total Rewards Statement to provide greater visibility on total compensation and benefits through individualised statements. Furthermore, we have also launched an online system whereby employees are able to view their pay positioning.

Unconscious Bias Training

To encourage inclusivity across all levels of our organisation, we hold Unconscious Bias Trainings at regular intervals to educate our employees on implicit biases and their negative impact. This helps them to become more aware of discriminatory thinking and learn how to overcome this in order to foster a more equitable working environment for themselves as well as their colleagues.

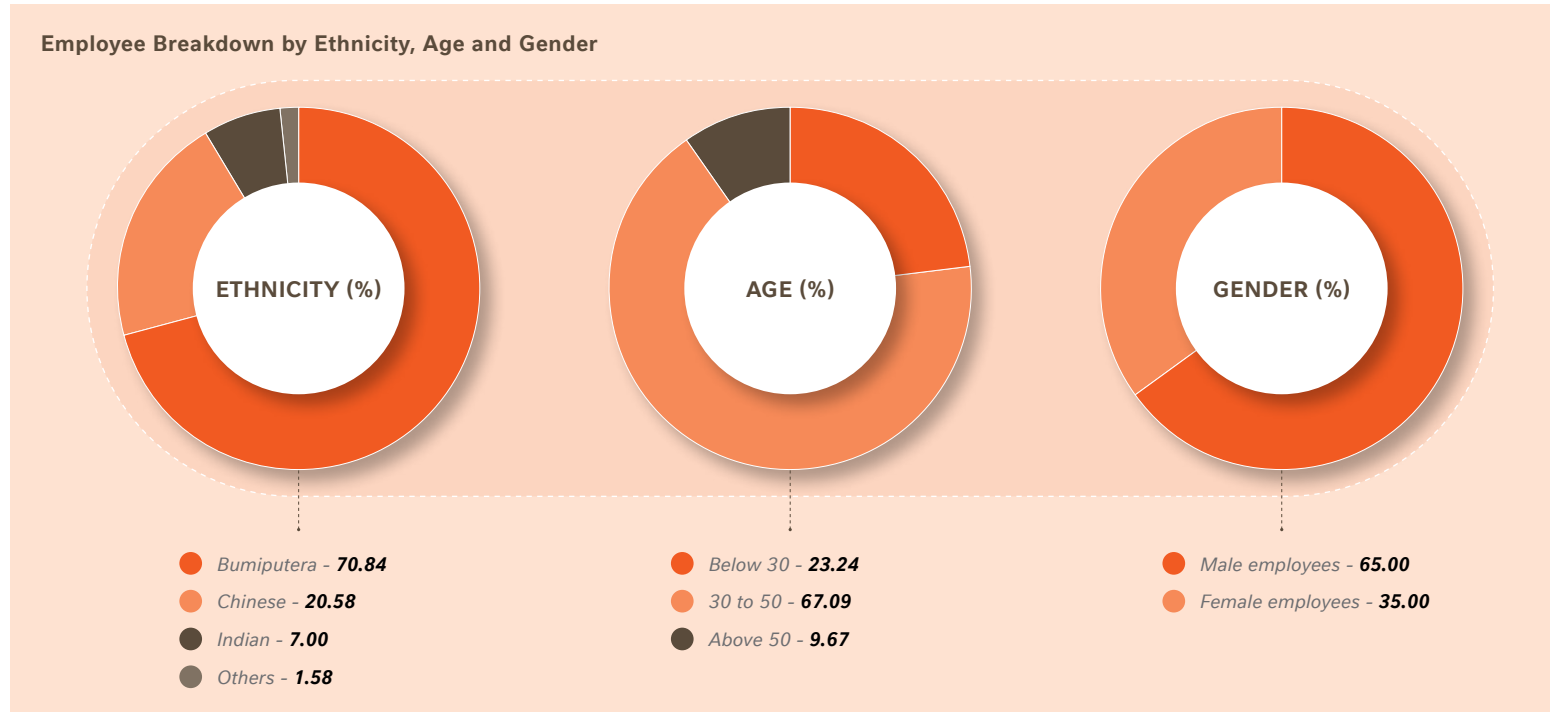
OUR PROGRESS:

We require our employees to participate in comprehensive training sessions, teaching them to deconstruct common workplace biases as well as ways to counter them. This also raises awareness on how to avoid prejudice in decision-making, with a focus on providing fair and equal opportunities for all. In 2021, 4,032 employees participated in unconscious bias training.



LOOKING AHEAD

Building on our achievements thus far, we look forward to continue contributing towards Nestlé's global target of having women comprise 30% of our top 200 positions, as outlined by our Gender Balance Acceleration Plan.



SDG SPOTLIGHT

5 GENDER EQUALITY

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

8 DECENT WORK AND ECONOMIC GROWTH

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

10 REDUCED INEQUALITIES

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

TRAINING AND DEVELOPMENT



WHY IT MATTERS

Our people are key pillars of the Company, as their efforts ensure that we retain our leadership position as a global manufacturer of high-quality foods and beverages. To cultivate a high-performance culture, we equip our employees with essential tools and training to facilitate their growth and development.



WHAT WE'RE DOING

OUR COMMITMENT:

Provide training on Corporate Business Principles, nutrition and environmental sustainability

Mindful that learning is a life-long journey, we support our employees as they progress along their individual paths through comprehensive talent development initiatives. These continuous learning programmes enable our people to enhance their skills to achieve greater outcomes, both within the workplace and on a personal level. Ultimately, the development of our employees contributes to the overall growth of the Group.

In 2021, we continued to adapt to the evolving conditions and challenges of the global pandemic. Building on the significant digital acceleration achieved in 2020, we further enhanced our digital platforms to ensure sufficient accessibility and connectivity. Key among our efforts included virtual classroom training and our relaunched online learning platform, iLearn. Through iLearn, our employees enjoy seamless access to learning with improved user interface and features, including enhancements to the Global email and Microsoft Teams integration, alongside a new platform, Nestlé Academies, to explore personalised learning paths. In 2021, 2,988 unique learners made use of the iLearn platform.

Despite the restrictions of the pandemic, we successfully executed mandatory training programmes, which highlighted important topics such as compliance, human rights and sexual harassment prevention. This was complemented by two additional trainings on data privacy as well as diversity and inclusion for our non-management employees, and the introduction of four new mandatory trainings meant for all employees, namely Nestlé Corporate Business Principles, Sustainable Packaging, Security at Nestlé and SecureIT.

As a result of our extensive use of digital platforms for training, which also covered other key areas such as Functional Academies, our investment in the training and upskilling of our employees was much optimised in 2021, with investment up to RM385,000.



Nestlé employees benefit from training and development initiatives that empower them to reach their full potential.

Training and Learning

Leveraging the expertise of both internal and external providers, we deliver a wide range of purposeful training and development programmes to empower our employees through upskilling and competency building. The effectiveness of these initiatives is benchmarked against key indicators, such as participation rate, completion of training plans, total training hours and training effectiveness scores. We also evaluate training with reference to the Kirkpatrick Model, where we measure the reaction, learning and behaviour of the participants.

Our training and development initiatives are managed by our corporate training and learning division. Key details of training programmes which took place in 2021 are as follows:

Onboarding of New Hires	<p>A comprehensive orientation programme is held to welcome new recruits, guided by the following objectives:</p> <ul style="list-style-type: none"> Facilitate integration of new talents into the Nestlé family and familiarise them with the working culture. Deliver the necessary information to enable new employees to better understand their roles. <p>Engagement guidelines for new hires are also in place to support their transition into the organisation.</p>
Mentoring Programme	<p>Our annual mentoring programme provides new talents with the opportunity to develop leadership and functional skills through the sharing of work experiences, insights and guidance from senior leaders in the organisation. We encourage the nurturing of these relationships as a way to develop talent that will support the future growth of the Company. In 2021, the programme involved 35 mentees and 25 mentors.</p>
Mandatory Trainings	<p>In 2021, 4,912 Nestlé Malaysia employees successfully underwent the following programmes, with each participant completing an average of 3.5 training hours:</p> <ul style="list-style-type: none"> All employees - Sexual Harassment Prevention, Data Privacy, Diversity & Inclusion, Sustainable Packaging, Nestlé Corporate Business Principles, Security at Nestlé and SecureIT People Managers - Compliance: A Leadership Responsibility
Blended Learning Programme	<p>Taking into consideration new ways of working, the Blended Learning Programme comprises virtual learning via online modules complemented by live chat sessions, thus delivering knowledge together with real-time interaction.</p> <p>In 2021, a total of 107 employees took part in the Blended Learning sessions, led by selected members of the Nestlé Leadership Team who covered four topics:</p> <ul style="list-style-type: none"> Business Acumen for Leaders, where 25 individuals were trained 21st Century Leadership, where 26 individuals were trained Becoming an Effective Communicator, where 29 individuals were trained Emotional Intelligence at Work, where 27 individuals were trained
New Corporate in-House (CiH) Programmes	<p>To future-proof our workforce towards driving the long-term sustainable growth of the Group, we conduct a series of training programmes to equip our employees with relevant skills and capabilities. In 2021, this included:</p> <ul style="list-style-type: none"> Change Cycle Mastering Storytelling for Business Leaders <p>We also introduced new leadership programmes for those holding managerial roles in the Company, namely:</p> <ul style="list-style-type: none"> LEAders Ready Now (LEARN) Assessment Center - 4 cohorts completed and 21 People Managers assessed People Management Fundamentals - 2 cohorts completed and 35 new People Managers trained <p>A total of 363 participants underwent our CiH programmes during the year.</p>

Our People

Global eBusiness Academy

Our Global eBusiness Academy provides our Marketing and Sales community with digital skills and the necessary knowledge base to strengthen their competitiveness within the global landscape. All participants who complete personalised learning paths are awarded credentials and certifications related to their respective roles and career paths.

In 2021, 487 employees completed the training, equivalent to 95% engagement for the relevant teams, with 54% of participants receiving accreditation after successful completion of the training curriculum. As a result, we ranked second overall in Zone Asia, Oceania and sub-Saharan Africa (AOA) for Total Certified, reflecting our efforts to develop the potential of our employees.

Brand Building the Nestlé Way (BBNW) 4.0

Launched in April 2021, BBNW 4.0 builds our capabilities to win with customers, consumers and shoppers in the new normal through training programmes such as:

- Know Your Consumers Deeply
- Design a Sustainable and Innovative Portfolio People Love
- Inspire with Purpose, Guide with Brand Essence
- Create Engaging Brand Experiences
- Plan and Execute Flawlessly

In 2021, 217 marketers were identified for BBNW 4.0 training plans, of which 82% successfully completed the competency development assessment tool. Meanwhile, a total of 135 marketers participated in the Blue Room Training for Know Your Consumers Deeply in December 2021.

Human Rights

As part of our firm stance to protect human rights, the Human Rights e-learning module raises awareness among our employees on human rights in business. In 2021, we provided human rights training for 1,400 employees, totalling 1,400 training hours.

Transition Assistance Programme

We are committed to caring for the needs of all our employees, including those who wish to pursue their careers beyond Nestlé. Through support programmes and external consulting services, employees transitioning to roles outside of Nestlé are provided with assistance to embark on new career paths.



LOOKING AHEAD

As the industry continues to evolve and remain highly competitive, we are committed to continue delivering training solutions for the empowerment and upskilling of our Nestlé Malaysia family to propel the Group forward.

EMPLOYEE ENGAGEMENT



WHY IT MATTERS

The strength of our Company is contingent upon the well-being of our people, as they are the greatest contributors to our success. To deliver on our promise of Good Food, Good Life, we are committed to ensuring that our over 5,000 employees are well cared for. We also provide our employees with opportunities to contribute in our efforts to extend this culture of care to the communities in which we have a presence.



WHAT WE'RE DOING

OUR COMMITMENT:

Advocate for healthy workplaces and healthier employees

Nestlé & I Employee Survey

Since 2009, the Nestlé & I employee survey has served as an effective global platform for employees to provide valuable feedback. By gathering insightful data, this survey facilitates a better understanding of our employees' perspectives on the Company and their views on our working culture. Importantly, it enables us to respond proactively to ensure strategic alignment within the Nestlé family, as well as address any concerns raised by employees. Ultimately, this helps to continuously strengthen employee engagement to build a healthier and more inclusive working environment for our people.

Facilitating Open and Honest Feedback

To encourage honest and open feedback from our employees, survey data is collated by our external partner, Willis Towers Watson, maintaining the anonymity of the responses. Conducted via an online platform as part of our efforts to minimise environmental impact, the survey features an easy-to-use interface, providing our employees with greater accessibility to complete the survey from any location using their mobile devices or laptops. In Malaysia, the survey is available in both English and Bahasa Malaysia, enabling all employees to have their voices heard.

The Nestlé & I survey is aimed at gathering insights on important areas which include, among others, the strategic direction and priorities of the organisation, management approaches of senior leadership, workplace safety and employee well-being. As the survey has been designed to collect input on these topics for both individual functions and the organisation as a whole, we are able to analyse the results holistically and develop targeted action plans.

The results of the survey conducted in 2020 for Nestlé Malaysia and Singapore were positive, with improvements across all dimensions compared to 2016. In particular, we received high scores of 90% for engagement among employees, good understanding of the organisation's strategy and priorities and confidence in the Company's commitment to tackle local environment sustainability concerns.

Besides this, we also recorded a significant improvement in other categories, such as:

- 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 survey findings also enabled us to identify targeted areas for further improvement, including collaboration and teamwork, efficiency, long-term opportunities and employee well-being.

Based on the results of the survey, we have developed an action plan to address the following focus areas:

- Strengthen line manager capability in coaching and empowerment
- Review of key processes to improve efficiency in marketing
- Establish effective meeting guidelines
- Track and accelerate talents' movements
- Prioritise internal employees to fill vacancies
- Develop critical functional and leadership capabilities
- Create opportunity for talent exposure and visibility in cross-functional platforms
- Roll out mental health, stress and resilience campaign

OUR PROGRESS:

We recorded our highest participation rate in the 2020 Nestlé & I employee survey with 100% participation from of all our active employees, including temporary and contract staff. While the survey was initially intended to be implemented annually, Nestlé globally pivoted towards undertaking the next survey in 2023, with initiatives to be undertaken to act on key touchpoints identified in the 2020 survey results.

Our People



To this end, in 2021, we made significant progress in the implementation of our action plan as outlined below:

	Progress
Strengthen line manager capability in coaching and empowerment	<p>Status: </p> <p>We launched two new leadership programmes, namely the People Managers Workshop targeted for new line managers and the LEARN assessment centre, which caters to seasoned line managers. As of December 2021, we have completed six training sessions and we look forward to continuing this effort in 2022.</p>
Review of key processes to improve efficiency in marketing	<p>Status: </p> <p>Focus areas and action plans have been established and discussed with the stakeholders to facilitate improvement.</p>
Establish effective meeting guidelines	<p>Status: </p> <p>We successfully established effective meeting guidelines, which were communicated to all our employees in the second quarter of 2021.</p>
Track and accelerate key talents' movements	<p>Status: </p> <p>By tracking key talents within Nestlé, we are able to accelerate their career development by ensuring that talents who have retained the same position for over three years have moved into new roles or have planned movements in the next one to two years.</p>
Prioritise internal employees to fill vacancies	<p>Status: </p> <p>To date, 78% of middle management 1 and above level positions have been filled with internal candidates, providing our employees with opportunities for continued professional growth within Nestlé.</p>
Develop critical functional and leadership capabilities	<p>Status: </p> <p>Under this initiative, we have achieved tangible progress in developing the capabilities of our talent in Sales, Marketing Academy via Brand Building the Nestlé Way, e-Business, Digital Introduction to Marketing & Sales, Product and Process Mastership as well as Desk Free Employees.</p>
Create opportunity for talent exposure and visibility in cross-functional platforms	<p>Status: </p> <p>In 2021, we provided opportunities for talent exposure and visibility through corporate projects, such as the Marketing Taskforce and Green Gladiators.</p>
Roll out mental health, stress and resilience campaign	<p>Status: </p> <p>The mental well-being of our employees is key to their ability to perform in the workplace and personal lives. To help them care for their mental health, we rolled out our Mental Health Talks and Training in 2021.</p> <p>Additionally, following the launch of the Nestlé MY Careline in April 2020, to date, 44 employees have used the hotline and 63 employees have received professional assistance from trained experts.</p>

Ongoing Complete

Our New Corporate Headquarters

In line with our shift towards flexible working arrangements since 2020, our new corporate headquarters at 1 Powerhouse was designed to support the transition to a hybrid work model, featuring modern, functional, highly adaptable and smart spaces for enhanced interactivity and engagement. With open collaborative spaces and a hot desking seating system, we encourage teamwork and connectivity, while enabling employees to remain safe and healthy by complying with COVID-19 SOPs. Additionally, the new office is well equipped with innovative digital tools to help our employees adapt to the new ways of working brought about by the pandemic, which call for stronger digital presence and communications.



Our People

Nestlé Cares Employee Volunteer Programme

In line with our drive to be a force for good, we encourage our employees to contribute positively to local communities and the planet through our employee volunteer programme, Nestlé Cares. Under Nestlé Cares, our employees are allocated a total of 16 working hours every year to participate in community outreach, humanitarian and environmental preservation activities.

Overcoming the challenges of the pandemic, we successfully executed several initiatives under Nestlé Cares, with strict adherence to COVID-19 SOPs and safety measures, as outlined below:

- 1 **RELeaf@Home** - Contributing towards our Project RELeaf pledge to plant three million trees by 2023, Nestlé Cares kickstarted the RELeaf@Home Planting Activity in June 2021. This initiative was done in two phases and in total saw **356 participants** nurturing their own seedlings at home. The participants comprised our employees, Nestlé Retirees, Nestlé YOUth Influencers and members of the Board of Directors. To accommodate lockdown restrictions, we delivered RELeaf@Home Planting Kits directly to the participants.

As a result of this effort, **199 plants** cultivated during Phase 1 were collected in November 2021 and have since been transferred to nurseries. The plants from Phase 2 are set to be collected in the first half of 2022.

- 2 **Nestlé Cares Beach Clean-Up & Underwater Conservation 2021** - We organised the annual Nestlé Cares Beach Clean-Up activity in conjunction with World Clean-Up Day, to help tackle littering and plastic waste in Malaysia. In October 2021, **269 volunteers** collected and segregated a total of **1,013kg of waste**, out of which **560kg was plastic waste**, from **six beaches** throughout Malaysia. This was complemented by an underwater conservation effort on Pulau Tioman, Pahang, involving **12 Nestlé Cares divers**, led by the CEO of Nestlé Malaysia, Juan Aranols, where they collected debris and undertook efforts to protect the coastal reefs.

- 3 **Mangrove Replanting** - As part of our reforestation drive and contributing to Project RELeaf, we embarked on a mangrove restoration activity in partnership with the FMM Sustainability Committee. This saw **35 volunteers** planting **300 *Rhizophora Mucronata* (pokok bakau kurap)** saplings at the Sijangkang Mangrove Recreational Park (*Taman Rekreasi Paya Bakau Sijangkang*).

Amplifying this effort, we also collaborated with Impact Revolution Enterprise and the Malaysian Nature Society at the Kuala Selangor Nature Park. With the aim of restoring the area's precious mangrove ecosystem, a total of **100 volunteers** planted over **500 *Rhizophora Apiculata* (pokok bakau minyak)** saplings.

- 4 **Nestlé Cares Back-2-School Programme** - To help children start the new school year on a bright note, we collaborated with NGO, Empire Project, to donate school uniforms and supplies, COVID-19 safety kits and Family Care Packs containing nutritional Nestlé products worth more than **RM500,000** in total. The programme benefitted **2,200 students** across Sabah, Sarawak, Kedah, Kelantan, Melaka, Negeri Sembilan, Perak, Perlis, Terengganu and the Klang Valley.

- 5 **Nestlé Cares Post-Flood Clean-Up** - Following the devastating floods which hit Malaysia at the end of 2021, Nestlé Cares mobilised **103 volunteers** to assist in cleaning up **23 homes** of affected employees in the Padang Jawa and Meru regions. Furthering this effort, we also contributed financial assistance and Nestlé Care Packs worth more than **RM500,000** to more than **10,000 Malaysians** who were affected by the flood.

LOOKING AHEAD

The feedback of our employees is crucial to create an organisational culture that is supportive and responsive to the needs of our workforce. We aim to continue leveraging these insights, to allow us to positively impact our people, as well as our communities and the planet.



Nestlé Cares volunteers taking part in the Beach Clean-Up.



Nestlé Cares volunteers planting mangrove saplings under Project RELeaf.



Juan Aranols presenting donations to beneficiaries of Nestlé Cares Back-2-School Programme.

PROMOTING YOUTH EMPLOYMENT AND EMPLOYABILITY



WHY IT MATTERS

As COVID-19 continues to affect the global labour market, young people remain among the most at risk of being excluded from employment prospects. Reflecting this, the International Labour Organization reported that youth employment declined by 8.7% globally in 2020, compared with 3.7% for adults. If youth unemployment continues to rise, this will adversely impact prospects for young people, as well as the overall economy and society in the long-run.

Recognising that gainful employment is a necessity to build decent livelihoods, we aim to empower young talent through education and training opportunities, equipping them with capabilities to enhance their employability. This is all the more important to mitigate the socioeconomic challenges of the pandemic.



WHAT WE'RE DOING

OUR COMMITMENT:

Roll out our Nestlé needs YOUth initiative across all our operations in Malaysia

To help young people kickstart their career, we equip them with beneficial skills that will enable them to build a stable livelihood. This includes initiatives such as apprenticeships, internships and training schemes amongst others.

GLOBAL YOUTH INITIATIVE: Nestlé needs YOUth

Youth unemployment is a global issue which has been further exacerbated due to COVID-19. To help address this in Malaysia, we engage with youths to promote and accelerate their professional development and career advancement under the global umbrella of the Nestlé Needs YOUth initiative.

These initiatives include our Nestlé Management Trainee Programme, apprenticeships and internships both virtually and on site and direct hire opportunities for youths, which also contributed to our 2020 pledge to employ 500 youths by 2021.

OUR PROGRESS:

As of November 2021, we have exceeded our commitment to employ 500 youths by 2021 resulting in employment of a total of 660 youths. We have also trained and engaged close to 17,000 youths through various initiatives as highlighted below:



Our People

As one of the leading employers in Malaysia, we remained a top company of choice for graduates and mid-career hires in 2021. We reached out to youths through various university career fairs and public engagement initiatives via 12 virtual career fairs and 38 webinar career talks such as:

- M100 Virtual Fair
- Talentbank Digital Career Fair
- Graduan Aspire Virtual Fair
- Graduan Australia Virtual Fair
- Graduan x Nestlé International Youth Day Live Webinar

International Youth Day Celebration 2021

In partnership with GRADUAN, a well-established and trusted career resource for local graduates, we conducted a live virtual discussion featuring various industry leaders, entrepreneurs and social media influencers as part of our International Youth Day Celebration in August 2021. Under the theme, 'It Starts with YOUth', we shared insights on potential opportunities to kickstart careers with the aim of inspiring young talents to become impactful future leaders.

In the lead-up to International Youth Day: Conquer the NEST, we also organised several events with exciting challenges for youths, encouraging them to develop key skills such as creativity, innovation and problem-solving.

These opportunities are part of our efforts to support vulnerable communities during the pandemic, in line with the Nestlé Needs YOUth global ambition to help 10 million young people have access to economic opportunities by 2030.

As an employer of choice in 2021, we received notable Employer Brand Awards including:

- Graduate Choice Award Winner for the FMCG Sector
- Malaysia's 100 Leading Graduate Employer Award Winner for the FMCG Sector
- Randstad's Top 3 Most Attractive Employer Award
- Graduan Brand Awards – Malaysia's Most Preferred Employer for the FMCG sector and 1st Runner Up for the Overall Category

NESCAFÉ Youth Entrepreneurship Programme

We aim to empower young people by helping them advance their career prospects, thereby shaping a brighter future. To this end, the NESCAFÉ Youth Entrepreneurship Programme (NYEP) was established to nurture an entrepreneurial mindset and relevant life skills among university students. With the opportunity to manage a NESCAFÉ hub, which is a fully-equipped mobile café at their campuses, these students gain meaningful exposure to sales, marketing and supply chain management. Additionally, the NYEP helps to enhance the livelihoods of students, as they are able to earn additional income through the programme.

As the COVID-19 pandemic saw low traffic in universities due to classes being held online, the NYEP was put on hold in 2021. Nonetheless, we were able to kick off the programme with Universiti Teknologi MARA Shah Alam in mid-December 2021, which will continue in 2022.

SINCE 2019:



More than
**100 TRAINING
SESSIONS**
executed



More than
**5,000
ENTREPRENEURS**
trained



**15
UNIVERSITIES**
in Peninsular Malaysia
covered

2022 TARGETS:



Expansion to
EAST MALAYSIA



Train
10,000 ENTREPRENEURS



Sell
1.5 MILION CUPS OF NESCAFÉ



Collaborate with Google for
ONLINE EXPANSION

SAFETY, HEALTH AND WELL-BEING



WHY IT MATTERS

An organisational culture that puts employee well-being at the forefront creates an environment where all can thrive, which subsequently contributes to the sustainable growth of the business. Additionally, protecting the safety, health and well-being of our people is a key enabler to facilitate improved employee retention and drive performance.



WHAT WE'RE DOING

OUR COMMITMENT:

Advocate for healthy workplaces and healthier employees

In accordance with Malaysian regulations as per the Occupational Safety and Health Act (OSHA) and the global Nestlé Policy on Safety and Health at Work, we implement best practices in safety and health in all aspects of our operations. This supports our goal of zero work-related injuries and illnesses, in line with our commitment to advocate for healthy workplaces and healthier employees.

In prioritising the safety of our employees, we are guided by the Nestlé Occupational Safety and Health Management System. This was developed in line with the ISO 45001:2018 international standard, as verified by an external certification body.

As a mechanism to identify, analyse and resolve potential risks, we have established Safety, Health and Environment (SHE) Committees across all Nestlé Malaysia locations. The SHE committees meet at least once every three months to discuss relevant areas of concern and determine solutions.

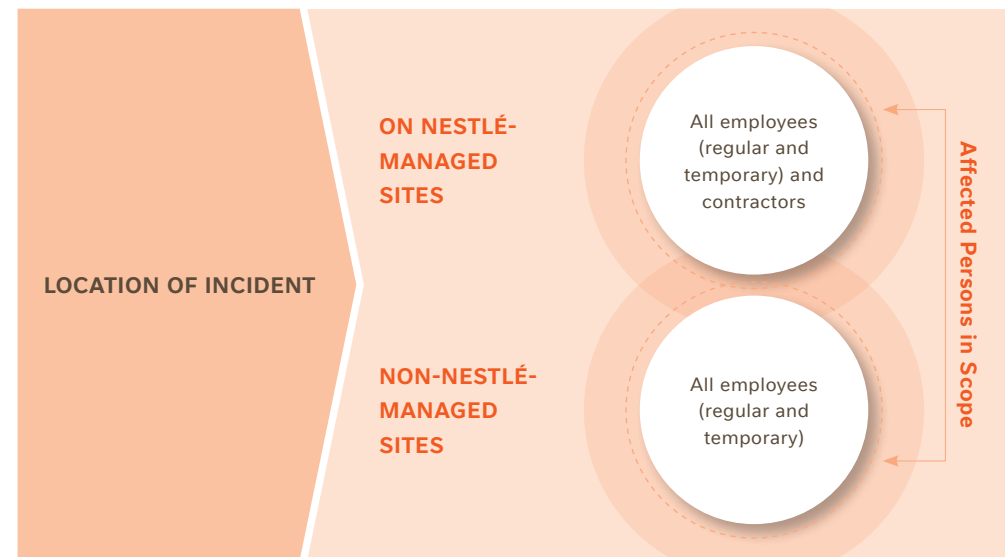
To reinforce safety measures within the workplace, we adhere to the principle of Area Ownership, which requires every business function to be trained on how to utilise, implement and assess risk management processes. To facilitate this, site leadership and management across all levels are provided training on risk assessment, enabling them to effectively identify hazards, make quality observations and perform timely action closures.

Understanding that implementing best practices in health and safety requires participation from all fronts, we provide avenues for our employees to report safety-related issues via accessible reporting platforms throughout the organisation, making it easier for employees to raise concerns and share feedback. In addition to filling out an e-reporting form on our website or directly reporting to supervisors and line managers, employees can utilise tagging via our SHE Performance Monitoring (SHE-PM) database and QR Code system, which provides a specific checklist when raising observations. To ensure all concerns are addressed, raised observations

are monitored according to a pre-determined schedule and discussed during shift handovers, daily operational reviews, weekly operational reviews and monthly operational reviews.

As an added measure, we apply the Go See Think Do (GSTD) approach in our investigations of work-related incidents, which guides us in effectively analysing and determining the root cause of any accidents. This is complemented by our SHE-PM database, which allows us to keep track of all workplace incidents. This includes first-aid injuries, illnesses and environmental issues that occur at both Nestlé sites and external sites.

Taking into consideration the site of incidents, the scope of the Nestlé Occupational Safety and Health Management System is as follows:



Our People

Machinery and Safety

In 2021, machinery-related injuries remained the most common cause of workplace injuries, with the majority of cases taking place at our manufacturing facilities. We are committed to achieving heightened standards in machine safety in order to protect our employees by continuously improving machine guarding and safety intervention features in our machinery. To further promote machine safety, employees undergo competency training to increase awareness on the safe handling of machines and equipment. Additionally, our Lock Out Tag Out protocol for moving machinery parts helps us to ensure that servicing and maintenance on machines is safely carried out.

Vehicles and Driving

With the aim of enhancing awareness on safe driving to minimise vehicle-related injuries, we conducted Defensive Driving and Journey Management courses and launched a Road Safety Day campaign in 2021. Both our employees and partners, comprising long-term distributors and third-party logistics service providers, took part in these initiatives.

In addition to our mobile application which was launched in 2020, we are embarking on a new technology driven mobile application, e-Mentor Driving. This initiative will further enhance our ability to track driving behaviours of vehicle drivers, including our third-party logistics partners, and facilitate appropriate interventions to mitigate on-road driving-related safety risks.

Caring Leadership in Safety

Through our Caring Leadership in Safety (CLiS) framework, we are able to deepen engagement between leadership teams and employees across the organisation in day-to-day operations. This ultimately contributes to better performance and an enhanced safety-oriented culture. In 2021, we further improved our CLiS framework to ensure continuous strengthening of our safety standards.

Life Saving Rules

Having undertaken a thorough root cause analysis of all serious incidents over the last two years, we determined that over 80% of major incidents could have been prevented. As a result, in 2021, we rolled out 8 Life Saving Rules, highlighting the importance of critical safety standards, whose application is already mandatory for employees and contractors. In line with our objective of zero work-related injuries and illnesses within our workplace, these Life Saving Rules ensure clear communication, encouraging employees to make decisions and behave in accordance with our stringent safety standards. These rules also aim to empower all employees to act as safety leaders and speak up when witnessing unsafe acts, including unsafe conditions, near misses and non-compliance against safety instructions or guidelines.

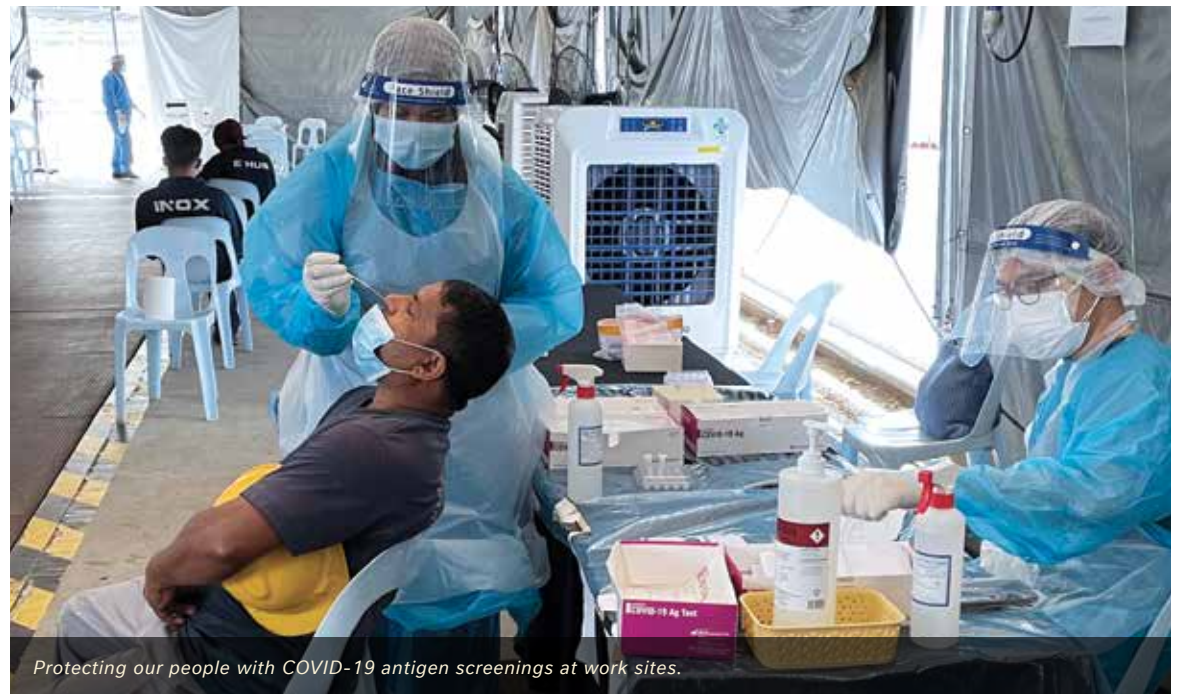
Our Actions to Protect Our Workforce During the Pandemic

As the COVID-19 pandemic persisted throughout 2021, the welfare of our employees remained a top priority as we continued to operate safely with effective measures in place.

Safety Measures Across Offices, Manufacturing Sites and Warehouses

To protect our people while ensuring business continuity to nourish Malaysians, we maintained comprehensive safety and health measures at all Nestlé Malaysia sites, namely our offices, factories and distribution centres. This included proactive antigen screening for early detection before entry into the workplace, combined with containment measures to prevent transmission in our operations, such as:

- 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 maintain 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; and
- Continued implementation of Remote and Flexible Working Arrangement.



Protecting our people with COVID-19 antigen screenings at work sites.

Encouraging Remote and Flexible Working Arrangements

Through our Remote and Flexible Working Arrangement guidelines, we were able to maintain office occupancy rates that allowed for safe physical distancing, aligning with the Government's COVID-19 standard operating procedures. These guidelines also helped our employees adapt to working remotely while supporting work-life balance.

Proactive Antigen Testing with Rapid Test Kits

As COVID-19 becomes endemic in Malaysia, we strive to remain vigilant in protecting our employees. To this end, we continue to proactively undertake COVID-19 antigen screenings with rapid test kits at strategic locations outside of our manufacturing work sites and distribution centres, alongside ongoing assessment of internal and external risk factors.

As at December 2021, more than 580,000 antigen tests have been conducted since the programme was first introduced in October 2020. We continued to maintain a low positivity rate of only 0.1% positive cases detected during on-site testing, indicating the effectiveness of the safety measures we have in place.

In October 2021, we transitioned to the COVID-19 RTK saliva test, which was approved by the MOH. Given the less invasive nature of the saliva tests, our employees have expressed greater comfort with this testing method. To encourage regular self-testing, we introduced targeted initiatives to educate our people on this testing method. As of December 2021, 45,484 COVID-19 saliva tests have been conducted.

COVID-19 Vaccination

Following Malaysia's launch of the National COVID-19 Immunisation Programme in March 2021, 99% of Nestlé Malaysia and Singapore employees were fully vaccinated by November 2021. Despite facing some initial scepticism, we successfully encouraged vaccination uptake through virtual sessions to raise awareness on the benefits of vaccinations, coupled with continuous education and engagement efforts by the management team.

COVID-19 Booster

The MOH approved and announced that COVID-19 booster shots will be made available for those aged 18 years and above beginning November 2021. Accordingly, we encouraged all our employees to take the booster jab to ensure continued protection against COVID-19. As a result, 2,498 (44.8%) of our employees had received their COVID-19 booster shots as of December 2021.

Flu Vaccination

As part of our commitment to safeguarding the health of our Nestlé family, we continue to provide free flu vaccinations to all of our employees in Malaysia. In 2021, a total of 1,400 Nestlé Malaysia employees received the flu vaccine. This reflects a lower uptake compared to the previous year, as most employees had received COVID-19 vaccinations.

Protecting Employee Well-Being

Due to its widespread disruptions, we are mindful of the impact that the pandemic has had on both physical and mental well-being. To provide mental health support, we established the Nestlé MY Careline in April 2020 through our Employee Assistance Programme. This enables our employees to utilise services such as confidential coaching sessions with professional counsellors available 24/7 via a dedicated hotline, who provide guidance in managing personal, work, family and health-related issues. For those who require more extensive support, we also offer referrals for treatment sessions with experts. In 2021, 34 employees have used the Nestlé MY Careline and 63 employees have received treatment from experts.

Nestlé Framework for Employee Health

Our extensive efforts to protect our employees from COVID-19, which are outlined on page 68 of this report, work in tandem with our existing initiatives to promote healthy workplaces and healthier employees. Under our Nestlé Framework for Employee Health, we empower our employees and their families by inspiring them to take charge of their personal health to live healthier, happier lives. To complement this effort, we have also established a framework of best health practices guided by three key pillars: Learn, Feel and Choose.



'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.

Our People

#HealthyLives

Our efforts to cultivate healthier lifestyles among our employees include our global training programme, #HealthyLives, which was held in Nestlé Malaysia and Singapore. This equipped employees with a solid foundation of knowledge on health and wellness, with comprehensive lessons on key topics, namely physical activity, sleep, mental health and nutrition. #HealthyLives saw the participation of employees across different levels of our organisation, including management and non-management teams. In total, 127 participants completed 13 interactive videos through online and classroom sessions.

NESTLÉ OMEGA PLUS Walk A Million Mile Challenge 2021

In 2021, we organised our second virtual Walk A Million Miles Challenge as part of our yearly NESTLÉ OMEGA PLUS Walk A Mile event. Advocating for better heart health, the campaign raised awareness on the benefits of walking and staying active towards becoming a heart-healthy Malaysia.

This year, we garnered significantly higher engagement with a collective total of 114,157 miles achieved. This included over 1,091 Nestlé employees who collectively walked a total of more than 2.7 million steps.

LUNCH N LEARN Sessions

With maintaining good health now more important than ever to ensure resilience against COVID-19, we organised virtual LUNCH N LEARN sessions to educate our employees on healthier lifestyles in a safe manner. In 2021, we collaborated with health specialists with diverse expertise to conduct 18 health talks covering relevant topics, namely:

- Four sessions on the topic of **Financial Wellness**
- Seven sessions covering **Mental Health** topics
- Eight sessions covering **COVID-19 topics**, such as vaccinations
- Four sessions on **Health** topics, including eye health and nutrition

Overcoming the movement restrictions of the MCO and due to the accessibility of the virtual sessions, more than 1,500 employees participated, an attendance rate three times higher than 2020. Employee feedback on the sessions also remained positive, with ratings averaging at 4.6 out of 5.

EMPLOYEE BENEFITS

To provide our employees with rewarding careers, we offer extensive benefits that support happier and healthier lives. As a fair and inclusive employer, these benefits are extended to all our people, from permanent employees to those on contract.

Based on employment status, employee benefits include the following:

- 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



In light of the pandemic, our annual health and wellness initiatives also continued to be suspended in 2021, including the Know Your Numbers Programme and Health and Wellness Challenge. Nonetheless, we were able to roll out the Field Promotion Operator Wellness Programme in November 2021, with 170 participants joining the programme. In 2022, we look forward to resuming our annual health and wellness initiatives to promote healthier lifestyles among our employees.

Recognition

As a company that prioritises a culture of health and wellness, our efforts have previously been recognised by AIA Vitality's Malaysia Healthiest Workplace Awards. However, since the onset of the pandemic in 2020, these awards have been postponed and are set to resume in 2022.



LOOKING AHEAD

As the situation surrounding COVID-19 continues to evolve, we will continue to strengthen our existing initiatives and adopt best practices to ensure the health, safety and well-being of our employees.

SDG SPOTLIGHT

	Goal 3: Good Health and Well-Being Target 3.4 - Reducing premature mortality and promoting mental health and well-being Target 3.6 - Reducing deaths and injuries from road traffic accidents Target 3.8 - Achieving universal health coverage
	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

LABOUR RELATIONS



WHY IT MATTERS

The values of honesty, integrity and mutual respect are deeply embedded in Nestlé's working culture. This is cultivated throughout our entire organisation, including management and non-management team members, underpinned by our Nestlé Employee Relations Policy. This policy guides both individual and collective interactions and extends to our communications with members of trade unions and employee representatives, thus sustaining positive labour relations.



WHAT WE'RE DOING

Collective Bargaining and Freedom of Association

Standing firm in our support of collective bargaining and freedom of association, we make every effort to ensure that our employees are able to exercise these fundamental human rights. By upholding this commitment, we ensure that our work environment is free from forced labour.

In tandem, we strive to build relationships with labour unions as we understand that they play a key role in protecting the welfare of employees. In the spirit of continuous improvement, through open dialogues led by our people and employee representatives, we are able to discuss matters of mutual concerns to reach a fair outcome for all parties.

Our regular engagements with labour unions have led to agreements that are beneficial for our employees and enable the business to remain sustainable amid the challenges of the pandemic. Testament to this, we continue to offer competitive and attractive remuneration packages that are above industry standards.

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 the end of 2021. Discussions with the NUCW regarding the Collective Bargaining Agreement for 2022-2024 are expected to commence in March 2022.
- The Company is currently in negotiations with the Food Industry Employees Union (FIEU) for the Collective Bargaining Agreement 2020-2022.

Details of the schedule of salaries and wages of non-management employees are presented in our Collective Agreements. This includes the minimum hiring wage of RM1,200, which was adjusted accordingly in 2020 as per the Minimum Wages Order 2020. In total, 3,366 employees are covered under the Collective Bargaining Agreements, representing 64% of our workforce.

PROMOTING DECENT EMPLOYMENT

My Own Business

Spearheaded by our NESTLÉ PROFESSIONAL business, the My Own Business (MYOWBU) programme was established to encourage entrepreneurship by providing Malaysians with the opportunity to become beverage operators of their own MILO vehicles and pop-up kiosks.

Catering to the out-of-home segment, MYOWBU equips participants with practical knowledge and hands-on training in relevant areas such as strict quality control, standard operating procedures and strategic branding and promotion. This helps them to strengthen appeal to consumers and generate improved sales.

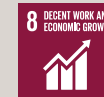
Due to the COVID-19 pandemic, expansion plans for the MYOWBU programme have been temporarily suspended to reduce the risk of large gatherings. We are currently re-evaluating the mechanics of the programme and look forward to enhancing MYOWBU to better suit current needs.



LOOKING AHEAD

To protect the rights of our people, we are committed to maintaining positive relationships with trade unions and employee representatives, including engaging with the NUCW and FIEU on Collective Bargaining Agreements.

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



10 REDUCED INEQUALITIES

Goal 10: Reduced Inequalities

Target 10.3 - Ensuring equal opportunity and reducing inequalities of outcome

Performance Data



FARMER CONNECT

Description	2019	2020	2021
NESTLÉ CHILLI CLUB			
a. Number of farmers impacted/benefited from the project	76	60	93*
b. Total volume of chillies purchased from NCC (MT) [§]	49	181	300.5*
c. Total number of hectares [°]	62	32	-
NESTLÉ PADDY CLUB			
a. Number of farmers who participated in NPC			
i. Jan – Feb	251	212	235
ii. Aug – Sept	235	216	228
b. Average yield (MT/ha)			
i. Jan – Feb	5.23	6.48	5.31
ii. Aug – Sept	5.50	6.02	6.13
c. Total number of hectares			
i. Jan – Feb	690	580	647
ii. Aug – Sept	654	611	627

RESPONSIBLE SOURCING

Description	2019	2020	2021
SUPPLIER ASSESSMENTS			
a. Number of suppliers screened based on Nestlé Responsible Sourcing Guideline which includes environmental criteria	105	65	67

OUR WORKFORCE

Description	2019	2020	2021
WORKFORCE OVERVIEW			
a. Total number of employees	4,686	5,018	5,253
b. Total number of employees - Nestlé Products Sdn. Bhd.	1,462	1,520	1,511

[°] In 2021, we reviewed the metrics included in our past disclosures for our rural development programmes, to ensure that they continue to represent the progress of our programmes in a meaningful, accurate and relevant manner. Due to the fact that not all chillies planted via the Nestlé Chilli Club programme are purchased by Nestlé, we have chosen to omit disclosing the total number of planted hectares.

[§] In 2021, we reviewed the metrics included in past disclosures for our rural development programmes to ensure they represent our programmes' progress in a relevant manner. In previous years, disclosures on total yield had been based on estimation. While we recognise that total yield remains an important tracking metric, we are currently investigating the potential of enhancing our monitoring for this data. In light of this, for 2021, we have chosen to disclose only the total volume of chillies purchased by Nestlé via the Nestlé Chilli Club.

OUR WORKFORCE

Description	2019	2020	2021
WORKFORCE OVERVIEW			
c. Total number of employees - Nestlé Manufacturing (Malaysia) Sdn. Bhd. (NMM)	3,224	3,498	3,742
i. NMM Shah Alam	754	852	949
ii. NMM Petaling Jaya	-	-	-
iii. NMM Batu Tiga	886	966	980
iv. NMM Kuching	161	163	161
v. NMM Chembong & Chembong Ice Cream	952	1,071	1,180
vi. NMM Sri Muda	186	182	185
vii. NMM Head Office	61	60	78
viii. NMM Nestlé Distribution Centre	224	204	209
d. Employee breakdown (%)			
i. Permanent	96	96	93
ii. Contract	4	4	7
e. Number of new employees by gender			
i. Male	278	292	368
ii. Female	241	162	179
f. Number of employees leaving employment by gender			
i. Male	129	114	159
ii. Male (%)	2.75	2.27	3.03
iii. Female	109	82	109
iv. Female (%)	2.30	1.63	2.08
g. Number of employees leaving employment by location			
i. Nestlé Products Sdn. Bhd.	136	76	122
ii. Nestlé Products Sdn. Bhd. (%)	2.90	1.51	2.32
iii. Nestlé Manufacturing (Malaysia) Sdn. Bhd.	101	120	146
iv. Nestlé Manufacturing (Malaysia) Sdn. Bhd. (%)	2.16	2.39	2.78
WORKFORCE DIVERSITY			
a. Workforce by gender (%)			
i. Male employees	64	65	65
ii. Female employees	36	35	35
b. Workforce by ethnicity (%)			
i. Bumiputera	68.25	69.81	70.84
ii. Chinese	22.39	21.80	20.58
iii. Indian	6.53	6.68	7.01
iv. Others	2.84	1.71	1.58
c. Workforce by age (%)			
i. Below 30	19.93	20.94	23.24
ii. 30 – 50	70.25	67.72	67.09
iv. Above 50	9.82	11.34	9.67
d. Leadership positions held by women (%)	50	52	51
e. Leadership positions held by women in Nestlé Malaysia's Board of Directors (%)	21	43	43

Performance Data



Description	2019	2020	2021
TRAINING AND DEVELOPMENT			
a. Average training hours by gender and category (hours)			
i. Male	15.44	11.77	8.35
ii. Female	18.95	15.88	10.61
iii. Management	31.57	23.83	15.22
iv. Non-management	10.31	8.84	6.79
b. Total spent on Training and Development annually (RM)	6,166,205	514,281 [~]	385,000[~]
c. Attendance breakdown			
i. Local training	17,375	45,424	26,439
ii. Overseas training	105	-	-
d. Employees receiving nutrition training	4,971	4,983	209
e. Employees receiving performance review and career development review (%)	100	100	100
OCCUPATIONAL HEALTH AND SAFETY INCIDENTS			
a. Lost Time Injury Frequency Rate ¹	1.2	1.5	1.1[*]
b. Injury rate			
i. Nestlé Head Office	0.6	0	0
ii. NMM Shah Alam	1.2	1.4	1.1
iii. NMM Petaling Jaya	1.3	-	-
iv. NMM Batu Tiga	2.2	2.6	1.9
v. NMM Sri Muda	0	0	0
vi. NMM Kuching	0.0	2.0	2.2
vii. NMM Chembong	1.4	1.1	0.8
viii. NMM Chembong Ice Cream	2.9	4.5	1.4
ix. Nestlé NDC	0.0	0.8	0.7
x. Sales & Marketing	0.7	0	0.8

[~] Reduced expenditure for physical training sessions due to COVID-19 movement restrictions. Training sessions were conducted virtually.

NIS * This data has been independently assured.
Please refer to the Independent Assurance Report on pages 152 to 153.

Description	2019	2020	2021
OCCUPATIONAL HEALTH AND SAFETY INCIDENTS			
c. Lost day rate ²			
i. Nestlé Head Office	1.3	0	0
ii. NMM Shah Alam	119.8	37.0	13.9
iii. NMM Petaling Jaya	119.5	-	-
iv. NMM Batu Tiga	43.3	93.0	80.3
v. NMM Sri Muda	0	0	0
vi. NMM Kuching	0	29.0	39.6
vii. NMM Chembong	25.6	21.0	49.8
viii. NMM Chembong Ice Cream	4.4	24.0	0
ix. Nestlé NDC	0	0	18.9
x. Sales & Marketing	0	0	28.2
d. Absolute number of fatalities			
i. Nestlé Head Office	0	0	0
ii. NMM Shah Alam	0	0	0
iii. NMM Petaling Jaya	0	0	0
iv. NMM Batu Tiga	0	0	0
v. NMM Sri Muda	0	0	0
vi. NMM Kuching	0	0	0
vii. NMM Chembong	0	0	0
viii. NMM Chembong Ice Cream	0	0	0
ix. Nestlé NDC	0	0	0
x. Sales & Marketing	0	0	0
e. Number of hours worked	-	13,632,870	13,899,752
f. Number of high-consequence work-related injuries	-	2	2
g. Number of recordable work-related injuries	-	20	15
COLLECTIVE BARGAINING			
a. Employees covered by collective bargaining agreement (%)	70	65	64

¹ Number of lost time injuries occurring in a workplace per one million hours worked.

² Total number of working days lost in a workplace due to occupational injury per one million hours worked.

FOR THE PLANET



Nestlé is cognisant that the long-term success and viability of our business is dependent upon our ability to embrace more sustainable business practices and encourage the transition towards a greener economy.

We are dedicated to finding solutions that address pressing environmental issues, with the intention of safeguarding and preserving environmental health for the benefit of future generations.

We encourage individuals and families to embrace sustainable practices for a greener future.

NESTLÉ'S GLOBAL AMBITION

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 2021

TRANSITIONING OUR MALAYSIAN OPERATIONS TO OPERATE ON **100%** RENEWABLE ELECTRICITY THROUGH THE GREEN ELECTRICITY TARIFF (GET) PROGRAMME

EXPANDED OUR DOOR-TO-DOOR COLLECTION AND RECYCLING PROGRAMME, WHICH NOW REACHES OVER **28,000** HOUSEHOLDS

RECOVERED APPROXIMATELY **6 TONNES** OF PLASTIC PET BOTTLES VIA OUR PILOT RIVER WASTE COLLECTION PROGRAMME

LAUNCHED **MILO SAYANG BUMI** TO SHOWCASE NESTLÉ MALAYSIA'S GREEN EFFORTS

CONTRIBUTIONS TO SDGs



Building a sustainable future for Nestlé means preserving precious ecosystems and natural resources for future generations. To this end, we strive to minimise the impact of our value chain on the planet by cultivating a culture of environmental stewardship among our people as well as our stakeholders. Working towards our global ambition of zero environmental impact in our operations by 2030, our efforts are underpinned by the key focus areas we have set out, namely climate action, environmental conservation and protecting biodiversity, packaging innovation, reducing solid waste, water management and energy efficiency. As we accelerate our progress to achieve our targets, we continue to champion a future that respects and cares for the planet.

Our Action Area:

Caring for Water

Our Key Commitments:

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

Our Action Area:

Acting on climate change

Our Key Commitments:

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

Our Action Area:

Safeguarding the Environment

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

For The Planet



Nestlé continuously strives to protect the ecosystems that are fundamental to our operations and the communities in which we operate, in line with our overarching ambition of creating zero environmental impact across our operations. To maintain the trust of our stakeholders, it is imperative that we continue to manage our environmental impact throughout our operations, particularly across key focus areas such as water management, solid waste management, packaging sustainability, tackling climate change and biodiversity protection. With our steadfast commitments and ambitious targets, Nestlé is driving towards a more sustainable future.

The responsible management of our environmental impacts is guided by the Nestlé Policy on Environmental Sustainability and evaluated via the Nestlé Environmental Management System. With these control systems, we endeavour to continuously improve oversight and management of environmental impacts through the Continuous Excellence cycle.



Beyond the Continuous Excellence cycle, Nestlé locations globally share environmental practices and initiatives with proven results through the Nestlé Environmental Target Setting programme, a centralised hub for knowledge-sharing. The knowledge on best practices that we share and learn allow us to collectively drive towards zero impact across our operations. Our commitment to clear, transparent reporting and active stakeholder engagement – through regular dialogue with regulators, communities and other affected stakeholder groups – on environmental matters further exemplifies our commitment to driving collective progress.

Caring for Water

Water is a fundamental resource for sustaining life on Earth. It is a critical input for our business and vital to the health and well-being of the communities where we operate. As such, Nestlé is committed to minimising our impact on water resources, both in terms of the water we consume and the water we discard. Our approach is guided by the Commitment on Water Stewardship in the Nestlé Policy on Environmental Sustainability. Additionally, our water management practices are guided by the Nestlé Water Stewardship Ladder, which establishes a clear roadmap for the effective management of shared water resources.

The nature of our business operations means that our water consumption involves both the sourcing of water from municipal water supplies and the discharging of treated wastewater to local rivers. Consequently, our water stewardship efforts are focused on ensuring that we withdraw only what water is necessary for our operations, while simultaneously treating and disposing of all discharge effectively. We ensure that our municipal water suppliers – which include Pengurusan Air Selangor Sdn. Bhd., Syarikat Bekalan Air Negeri Sembilan Sdn. Bhd. and Lembaga Air Kuching – are not sourcing 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[^]

NIS [^] Further information can be found under Nestlé Paddy Club on page 47.

WATER EFFICIENCY



WHY IT MATTERS

Water is a shared resource that is vital to lives and livelihoods across the planet. Thus, it is critical that water is withdrawn and used responsibly. Our water efficiency efforts, which include process improvements throughout our operations, play a pivotal role in avoiding and minimising undue stress on municipal water suppliers and infrastructure.



WHAT WE'RE DOING

OUR COMMITMENT:

Work to achieve water efficiency and sustainability across our operations

OUR TARGET:

Reduce our specific water usage (m³/tonne of product) by 5% compared to 2020

OUR PROGRESS:

Guided by annual targets, our water efficiency efforts rely on continuous process improvements and innovation. We focus on reusing, recycling and optimising the water used throughout our operations, with the ultimate goal of lowering our water consumption.

In 2021, we used 3.69m³/per tonne of product, which translates to a 6.9% increase in usage compared to 2020. This year-on-year rise in our water consumption can be attributed to the introduction of new production lines and our new Plant-Based Meal Solutions production facility, more frequent facility cleaning to accommodate the revised shift pattern during the COVID-19 pandemic, as well as plant construction works throughout the year. Excluding the effect that these exceptional changes had on our water consumption this year, analysis of our baseline trend indicates that we achieved an estimated 2.6% in water savings for 2021.

Caring for Water



Throughout 2021, we implemented a number of projects to enhance water efficiency in our operations. Combined, these projects contributed almost 5,000m³ in water-savings in 2021. Cleaning In Place (CIP) optimisation was among the projects implemented, which, through the more efficient usage of chemicals, we expect to contribute over 3,000m³ of water-savings per annum.



LOOKING AHEAD

We plan to implement a range of water-saving projects throughout 2022, with the aim of further optimising our water usage and minimising the environmental impact of our operations. We estimate that combined, these projects will lead to savings of approximately 28,000m³, calculated based on a 12-month full cycle.

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

WASTEWATER TREATMENT PLANT



WHY IT MATTERS

By their nature, our operations generate significant quantities of wastewater. To safeguard the health of our communities and the environment, it is vital that this wastewater is appropriately treated, before its reuse or release into the environment.



WHAT WE'RE DOING

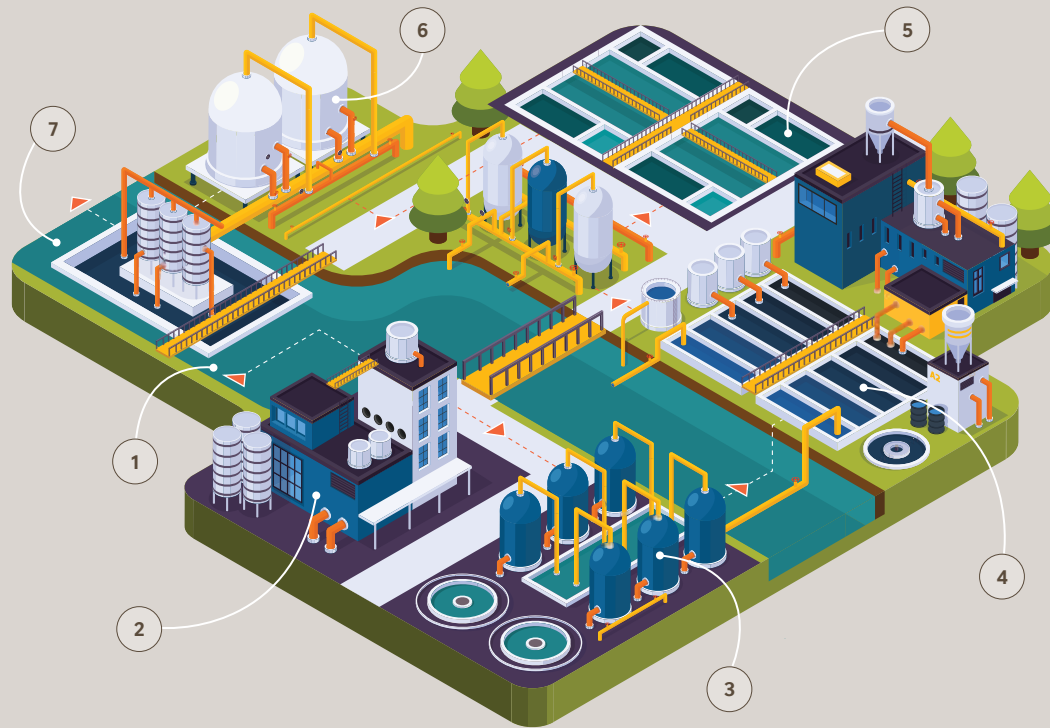
OUR COMMITMENT:

Treat the water we discharge effectively

100% of the water discharged by Nestlé is in compliance with relevant water quality standards and local environmental regulations, including the Act 1974 (Act 127). All Nestlé factory complexes have wastewater treatment plants that utilise biological treatment to remove approximately 96% of the organic load prior to the water being discharged. Additionally, we adhere to Nestlé's global standards for environmental impact, as set out in the Nestlé Environmental Requirements (NER).

We closely and continuously monitor our compliance with the NER and local regulatory requirements to ensure these strict standards are met. Furthermore, our Shah Alam factory is equipped with a Direct Potable Reuse System (DPRS), which treats wastewater in accordance with WHO standards. This treated water is subsequently used at cooling towers and social blocks, reducing water usage by an estimated 25% at non-production areas.

An Illustration of the Process of Treating Our Wastewater



- 1 Freshwater is delivered to Nestlé factories from municipal sources
- 2 Water is used in the manufacturing of Nestlé goods and products
- 3 Wastewater is collected and channelled for treatment
- 4 The wastewater is treated to remove oil and solids
- 5 Aeration is provided to allow beneficial bacteria to grow and decompose organic substances
- 6 At our Shah Alam factory, wastewater is treated once more via our DPRS to be reused at cooling towers and social blocks
- 7 Wastewater is further clarified and the final treated effluent is partly recycled, while the excess is safely discharged to local waterways

🔗 LOOKING AHEAD

In line with our ambition of striving for zero environmental impact from our operations, Nestlé Malaysia will continue to adhere to high standards of management with respect to the quality of water and effluents discharged from our operations. As part of this, we will continue to closely monitor our compliance with the NER as well as local environmental regulations.

WATER ADVOCACY

🔍 WHY IT MATTERS

Given its importance to a number of stakeholder groups, it is vital that water is governed equitably. To this end, the effective stewardship of this vital shared resource requires coordinated multi-stakeholder governance, where the needs of all individuals, communities and organisations are recognised and respected.

👥 WHAT WE'RE DOING

OUR COMMITMENT:

Advocate for effective water policies and stewardship

Testament to our commitment to supporting fair and equitable water governance, Nestlé regularly engages with other stakeholders, including regulators and other industry players, to support the development of robust water-related policy and management practices. Our water advocacy activities leverage our depth of industry experience to ensure effective collaboration. We continue to share industry insights and best practices to promote water stewardship for the betterment of all stakeholders.

🔗 LOOKING AHEAD

Moving forward, we will continue to advocate for the effective management of water as a shared resource, encouraging collaboration by engaging with key stakeholders to promote sound water management practices.

Caring for Water



ACCESS TO WATER



WHY IT MATTERS

To ensure quality of life, access to water, sanitation and hygiene (WASH) is recognised as a basic human right. Inaccessibility to clean drinkable water as well as water for sanitation and hygiene purposes continues to affect communities across the globe, more so for remote rural communities, jeopardising health and well-being.



WHAT WE'RE DOING

OUR COMMITMENT:

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

In partnership with Global Peace Foundation Malaysia, we have championed access to WASH via our Safe Water, Safe Communities initiative since 2018. Our journey began with supplying water filtration systems for underserved *orang asli* communities in Pahang and Perak, equipping them with access to clean and safe drinking water. However, as we continued to engage with these communities, we understood that their challenges go beyond water poverty, as they also face insufficient access to sanitation facilities.

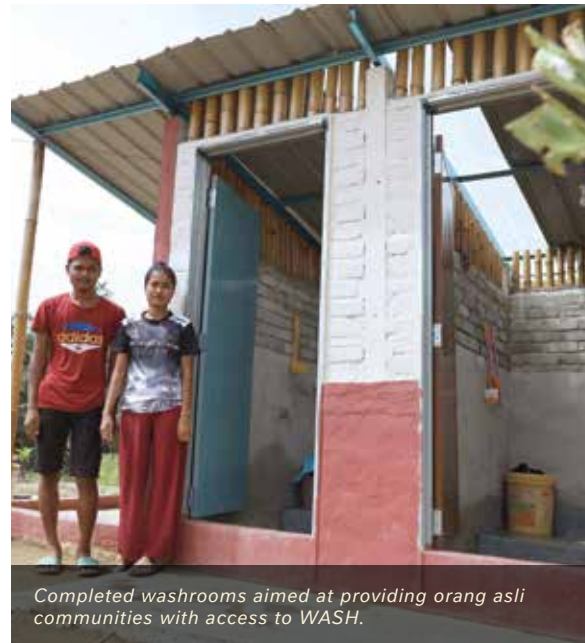
With a view to address this issue more holistically in 2021, we focused on community empowerment through proper sanitation, with the construction of 47 washrooms for 169 families across nine villages in Pahang. This was complemented by training to raise awareness on washroom etiquette and good hygiene practices to ensure proper usage of the facilities.

OUR PROGRESS:

Since its establishment, the Safe Water, Safe Communities project has positively impacted over 4,565 villagers through a total contribution of 329 water filtration systems and 47 washrooms.



Orang asli community building the washrooms.



Completed washrooms aimed at providing orang asli communities with access to WASH.



LOOKING AHEAD

We are dedicated to enhancing awareness on water conservation and improving access to water and sanitation facilities among underserved communities. In line with this, we are on track to complete the construction of washrooms and will continue to conduct WASH training for the benefit of *orang asli* communities in Pahang.

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

Climate change is a pressing global issue, the impacts of which are already being felt across the world. Concerted and coordinated global action is required to tackle climate change and address the risks associated with rising greenhouse gas (GHG) emissions. Responding to the urgency of this issue, Nestlé has set ambitious targets to halve our global GHG emissions by 2030, based on a baseline established in 2018, and achieve net zero emissions by 2050. Our ongoing efforts to reduce our climate impacts across our value chain are guided by this net zero ambition.

OUR KEY COMMITMENTS:

- ▶ Provide climate change leadership
- ▶ Improve resource efficiency in our operations

NET ZERO ROADMAP

Rolled out in 2020, the Nestlé Malaysia Net Zero Roadmap outlines our journey towards carbon neutrality. It establishes priority action items throughout our value chain, ranging from the sourcing of ingredients to the transportation of finished goods, all with the aim of minimising our negative climate impact. Additionally, the Roadmap sets out our intended approach to engaging with stakeholders, including customers and regulators, to collectively drive towards a low-carbon future.

Climate-Related Disclosures

As part of our commitment to providing climate leadership, Nestlé continues to transparently report on the ways in which our operations are impacted by climate change, highlighting the risks and opportunities to our business. This report marks our third year of making climate disclosures in alignment with the recommendations of the Task Force for Climate-related Financial Disclosures (TCFD).

1 Governance

Climate-related matters are governed by the Board of Directors, who meet twice a year to discuss progress and performance regarding CSV initiatives, inclusive of Nestlé Malaysia's climate strategy. Group Corporate Affairs is further responsible for acting on and implementing our CSV strategy and ensuring that climate change matters are taken into consideration across all business operations. Strategic guidance and direction of Group Corporate Affairs' CSV efforts are provided by the CEO, with further targeted guidance provided by other members of senior management as required.

2 Strategy

Our climate strategy is guided by the direction received from Nestlé S.A., which includes the Net Zero Roadmap. Direction received from Nestlé S.A. is adapted by Nestlé Malaysia to better suit our local operating context and needs. This strategy is subsequently implemented across all business operations, guided by Group Corporate Affairs.


With our scale, presence and local relevance, we strive to lead the industry towards a greener future. Nestlé Malaysia's Net Zero Roadmap establishes our approach towards contributing to, and achieving, Nestlé S.A.'s target to halve global GHG emissions by 2030, based on a baseline established in 2018, and achieve net zero emissions by 2050. Guided by this Roadmap, Nestlé Malaysia's climate change mitigation efforts will see us investing in new technologies and making fundamental changes in the way we operate, including changes to the materials we use and the efficiency of our processes, as we accelerate efforts to achieve carbon and plastic neutrality. Additionally, through engagements with our suppliers, we continue to explore regenerative agriculture throughout our supply chain. We are working towards becoming an organisation that utilises advanced agricultural technologies to deliver a regenerative food system at scale, supported by zero emission logistics and green business operations.

Acting on Climate Change



2 Strategy (cont.)

The key environmental initiatives under our climate strategy encompass six focus areas:

OUR KEY INITIATIVES					
 <p>Environmental Efficiency</p> <ul style="list-style-type: none"> Reduce water consumption per tonne of product Reduce GHG emissions Increase energy efficiency Optimise logistics and GHG emissions 	 <p>Adopt Renewable Energy</p> <ul style="list-style-type: none"> 100% renewable electricity at all our sites by 2025 Switch our car fleet to hybrid or EV options from 2022 	 <p>Plastic Reduction</p> <ul style="list-style-type: none"> Cut virgin plastic in our packaging by a third by 2025 100% of our packaging to be recyclable or reusable by 2025 Introduce and scale up rPET¹ and rPP² across all ranges Paper-based solutions where applicable 	 <p>Plastic Recovery & Circularity</p> <ul style="list-style-type: none"> Achieve plastic neutrality by expanding our main initiatives: <ul style="list-style-type: none"> Door-to-Door Collection and Recycling Programme The CAREton Project River waste collection project 	 <p>Reforestation & Regeneration</p> <ul style="list-style-type: none"> Plant three million trees by 2023 under Project RELeaf Regenerative agriculture solutions in all our Farmer Connect activities: <ul style="list-style-type: none"> Nestlé Chilli Club Nestlé Paddy Club NESCAFÉ Grown Respectfully 	 <p>Communication, Engagement & Public Awareness</p> <ul style="list-style-type: none"> On-pack recycling guidelines for all products MILO <i>Sayang Bumi</i> as a platform for communication and consumer education MILO to showcase our efforts by becoming the first carbon and plastic neutral brand by 2025

¹ Recycled polyethylene tetraphyte (PET)

² Recycled polypropylene (PP)

3 Risk Management

The Nestlé Policy on Environmental Sustainability establishes our approach to managing our exposure to climate-related risks. The policy establishes a framework to guide our GHG emissions-reduction practices across our value chain. Additionally, through our rural development programmes such as Nestlé Paddy Club, we work closely with suppliers to promote sustainable agricultural practices and build climate resilience. This enables us to ensure sound management of climate-related risks throughout our supply chain. We also encourage sustainable agricultural practices through our commitment to utilise RSPO-certified palm oil.

CGFR For more information on our management of climate-related risks, please refer to page 29 of the Statement on Risk Management and Internal Control in our Corporate Governance & Financial Report 2021.

4 Metrics & Targets

Our climate-related performance is closely monitored by tracking the following key metrics:

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

Climate-related targets, including year-on-year emissions reductions, are set by Nestlé S.A. based on performance. In 2021, our target was to reduce our absolute GHG emissions by 5% compared to 2020. Beyond annual targets, we are also guided by Nestlé S.A.'s target to halve global GHG emissions by 2030, based on a baseline established in 2018, and achieve net zero emissions by 2050.

LOOKING AHEAD

Nestlé Malaysia's climate-related efforts will continue to be guided by the global ambition and direction set by Nestlé S.A., as well as Nestlé Malaysia's Net Zero Roadmap, which has been tailored to be locally-relevant to our operating context. We are actively transitioning our operations towards more sustainable business practices, concentrating our efforts across the six key focus areas that we have identified.

MANAGING OUR CARBON FOOTPRINT



WHY IT MATTERS

Global reductions in GHG emissions require swift and effective interventions to reduce the climate impacts associated with complex industrial value chains. We strive to better understand and subsequently implement the initiatives that would create the most meaningful impact in reducing our carbon footprint.



WHAT WE'RE DOING

OUR TARGET:

Reduce absolute Scope 1 and 2 GHG emissions by 5% compared to 2020

We closely monitor the emissions we generate throughout our operations using the SHE-PM platform, which tracks our consumption of fuel and energy at our manufacturing facilities and key distribution sites, namely our Nestlé Distribution Centre (NDC) and Central Factory Warehouse (CFW). Due to their nature, the manufacturing and distribution stages of our operations are our most significant source of GHG emissions.

OUR PROGRESS:

In 2021, our total Scope 1 (direct) and Scope 2 (indirect) GHG emissions amounted to 146,112 tCO₂e, representing a 4.8% increase compared to 2020. This can be attributed to our new PBMS production facility coming into operation, the commissioning of new production lines in other existing facilities, as well as plant renovation and construction works throughout the year. Nevertheless, in 2021, we have intensified our efforts to reduce our carbon emissions, in line with our Net Zero Roadmap and emissions reduction commitments; we plan to continue accelerating these efforts moving forward.

Transportation and Distribution

The transportation of our finished goods and products is necessarily a fuel-intensive activity. In recognition of this, we actively strive to minimise the GHG emissions associated with this section of our value chain by working with third-party logistics providers to track and reduce our mileage and fuel consumption.

In 2020, Nestlé Malaysia introduced a digital platform in an effort to optimise transportation management, drive towards cleaner logistics and distribution, and accelerate our transition to net zero emissions. The Transportation Hubs Programme (THUB) aims to optimise transportation planning, GHG emissions and costs. THUB utilises advanced data analytics and digital tools to optimise routing and truck loads, with the aim of reducing idle space and increasing average tonnage transported per journey. Consequently, we are able to transport the same quantity of product using fewer vehicles. In 2021, we have recorded an approximately 5% improvement in vehicle utilisation - from 62% to 67%. This delivers efficiency not only in terms of cost-savings, but also leads to a reduction of at least 1,000 tonnes of CO₂ per year.



Green Fleet

In 2021, we ran pilot tests on two of our MILO sampling vans, fitting them with solar panels to replace fuel-dependent generators. This means when the MILO vans are stationary and handing out samples to consumers, all energy needs are met using energy generated by the solar panels. We observed that this initiative had the effect of reducing almost 97% of CO₂ emissions per hour whilst the sampling vans are actively in use. Emboldened by the success of this initiative, we plan to install solar panels in 11 more MILO sampling vans by 2022.

Additionally, in 2021, we switched seven of our management cars and vehicles in our corporate fleet to plug-in hybrid (PHEV) and full electric options, which we estimate will lead to a reduction of close to 70% CO₂ emissions per year, across our corporate car fleet. Beyond this, we plan to review our car allowance scheme in 2022, so that it will better enable employees with this benefit to purchase green vehicles.



LOOKING AHEAD

Guided by Nestlé Malaysia's Net Zero Roadmap, we will continue to strive for environmental efficiency in our operations, while simultaneously reducing our reliance on fossil fuels by embracing renewable energy sources. Given the scale of our operations nationwide, we will continue to capitalise on opportunities to optimise our transportation and distribution network, with the aim of minimising the environmental impact of our business activities. In line with this, we plan to expand the size of our green fleet, as well as leverage the THUB programme for further emissions reductions. We anticipate that the greenhouse gas reductions initiatives implemented in 2021, as well as those we plan to implement in 2022, will result in significant reductions to our GHG emissions in the coming years.

Acting on Climate Change

REDUCING OUR ENERGY CONSUMPTION



WHY IT MATTERS

Given that energy consumption is one of the largest sources of GHG emissions from our activities, it is important that we implement effective management strategies to mitigate our climate change impact. To ensure the long-term sustainability of our business and ensure robust management of our environmental footprint, it is vital that we continuously strive to reduce energy consumption and maximise energy efficiency.



WHAT WE'RE DOING

OUR TARGETS:

- Secure 25% of the electrical energy we use through renewable electricity contracts
- Reduce our specific energy consumption per tonne of product by 3% compared to 2020

OUR PROGRESS:

Nestlé Malaysia continuously strives to improve our energy consumption by utilising energy-efficient technologies and encouraging our employees to strive for process efficiency and optimisation. In 2021, our PBMS production facility – which, by nature of its activities, is an energy-intensive facility – came online. This, combined with the introduction of new production lines in our Batu Tiga and Sri Muda manufacturing sites, as well as factory shut-downs throughout the year due to the pandemic, led to a reduction in our overall energy efficiency throughout the year. In 2021, our energy consumption per tonne of product was 3.47 GJ, representing a 4.5% increase compared to 2020. Excluding the exceptional projects such as new production lines, our PBMS production facility and factory shut-downs on our energy consumption, analysis of our baseline trend indicates that we achieved an estimated 1% in energy-savings in 2021.

We have continued to invest in new equipment to drive reductions in energy consumption across our operations, as well as increase the energy efficiency of our operations across the value chain. Energy efficiency improvement projects implemented across our Malaysian factories in 2020 and 2021 contributed an estimated 2,475 tCO₂e in GHG emissions reductions in 2021; however, the commissioning of new production lines and our PBMS production facility led to an overall net increase in our GHG emissions for 2021. Nevertheless, we are constantly exploring the potential savings that could be achieved by increasing our usage of renewable energy, such as by installing solar panels at our factories and installing on-site biomass boilers.



Transitioning to Green Energy

In 2021, Nestlé Malaysia announced that we would be fully transitioning all our Malaysian operations to operate on 100% renewable electricity in 2022. Nestlé factories and distribution centres in West Malaysia will be powered by 100% renewable electricity, via the Green Electricity Tariff (GET) programme, launched by the Ministry of Energy and Natural Resources (KeTSA) in partnership with TNBX Sdn. Bhd.

Additionally, our factory in Kuching is in the process of transitioning to operating on 100% renewable electricity, working in partnership with Sarawak Energy (SESCO). Combined, these initiatives mean that we have been able to surpass our target of securing 25% of our electricity through renewable energy contracts. As a consequence, we expect to be able to reduce our emissions by approximately 64,000 tCO₂e every year.

As a further measure to reduce our reliance on fossil fuels and minimise our environmental impact, Nestlé Malaysia endeavours to make use of biofuels throughout our value chain. For example, palm oil farming waste is converted into fuel that is subsequently used at our facilities. Furthermore, in 2021, we initiated two biomass projects, at our Chembong Factory Complex and Kuching Factory respectively, which are expected to be operational in 2023.

With the combination of our increased utilisation of renewable electricity and our biomass boiler projects, we expect to record a near 60% decrease in our direct and indirect GHG emissions in 2024. This significant achievement would bring us closer to Nestlé's global ambition of generating zero environmental impact in our operations by 2030.

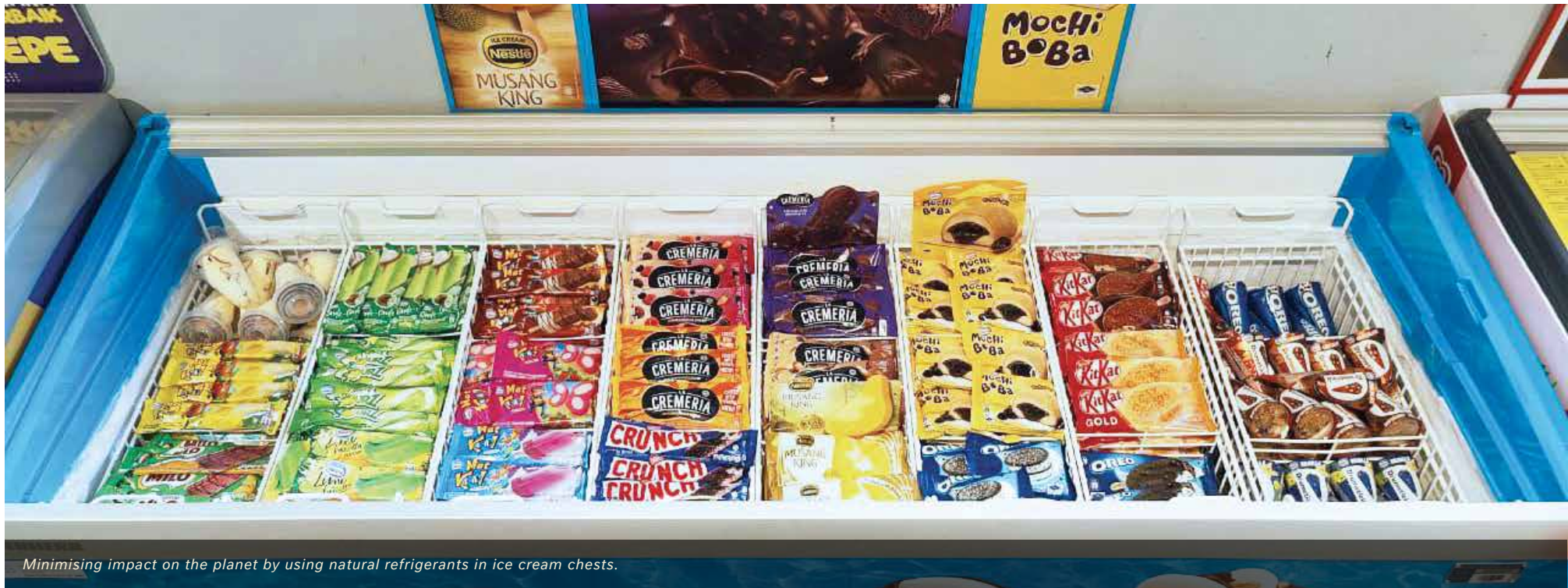
Solar Panel Cold Room

We recognise the importance of managing our environmental impact, including our energy consumption and greenhouse gas emissions, throughout our value chain. Effective management requires us to engage and collaborate with our business partners, particularly with respect to increasing the usage of renewable energy throughout our business activities and operations. Aligned with this, in 2021, one of our distributor warehouses in Kelantan introduced the first ever solar-powered cold room in Malaysia. The utilisation of solar panels has led to 40% savings in electricity consumption.

Refrigerant Management

It is widely recognised that refrigerants can have a significant impact on climate change. Their usage at Nestlé is governed by strict purchasing policies. Additionally, we track our monthly consumption of refrigerants and routinely replace old refrigeration equipment. Our priority is to use natural refrigerants throughout our operations as far as possible. In instances where this is not possible, we ensure that we use the synthetic refrigerant that has the least negative impact on the environment. We are working towards utilising natural refrigerants throughout 100% of our operations, as these substances have been shown to have negligible impact to the ozone layer and on climate change.

 **68%**
of our ice cream chests, upright and island freezers have been replaced since 2015



Minimising impact on the planet by using natural refrigerants in ice cream chests.

LOOKING AHEAD

Effective management of our energy consumption plays a pivotal role towards achieving Nestlé’s global ambition of halving global GHG emissions by 2030, based on a baseline established in 2018, and achieving net zero emissions by 2050. Hence, we have plans to implement a range of energy-saving projects throughout our manufacturing facilities in 2022, which, when combined, we estimate will lead to energy savings of approximately 16,000 GJ per year, calculated based on a full 12-month cycle.

Safeguarding the Environment

We all depend on a thriving environment for survival; our forests, land, oceans, ecosystems and the climate fundamentally affect our quality of life. However, numerous studies have suggested that the environment is being degraded at an alarming rate. Nestlé is cognisant of the need to end the unsustainable use of the planet's resources and we are actively working towards building a greener future for everyone. To this end, we scrutinise all aspects of our operations and supply chain, continuously seeking opportunities to implement targeted and impactful measures to manage our environmental footprint. Additionally, we proactively engage with stakeholders – including NGOs, industry experts, the authorities and our vendors – to collaboratively find ways to protect and restore the health of the environment.

Nestlé Malaysia strictly adheres to local environmental laws and regulations set by the Malaysian Government. Additionally, all our manufacturing plants and our Nestlé Distribution Centre hold certifications for environmental management under ISO 14001. We have also implemented the SHE-PM system to closely monitor the environmental impact of our manufacturing facilities. Environmental Aspect and Environmental Impact assessments are carried out on a regular basis to measure the performance of our operations throughout our value chain, with third-party validation by ISO auditors. All of our efforts support our ambition to halve our GHG emissions by 2030 and achieve our global net zero emissions 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

Our food packaging keeps food and beverages safe for consumption, and keeps consumers informed of our products. Nevertheless, it is imperative that we work to reduce the quantity of single-use materials – especially plastic – consumed by society. To safeguard environmental health, it is important that we encourage changes in business practices and consumer behaviour to ensure that our packaging does not end up in landfills or as litter in our oceans, lakes or rivers.



WHAT WE'RE DOING

OUR COMMITMENT:

Improve the environmental performance of our packaging

OUR TARGETS:

- 100% recyclable and reusable packaging by 2025
- One third reduction in use of virgin plastics by 2025
- Achieve plastic neutrality by 2025

OUR PROGRESS:

The global plastic issue is multi-dimensional and as such, our efforts to manage our use of plastics are multi-pronged. As a leader in Malaysia's food and beverage industry, we are well-positioned to leverage our expertise and reach to effect positive change and promote a waste-free future for the nation. In addition to redesigning our own packaging for improved recyclability, we are also actively working with stakeholders to transform the waste landscape as a whole and encourage more sustainable business practices.



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



Our Progress
In 2021, 90% of our total packaging are designed for recycling, of which 74% of the plastics used are recyclable or reusable

The Nestlé Green Gladiators (GG) taskforce is responsible for spearheading plastic and waste reduction initiatives throughout our value chain. Comprising over 150 employees, the GG's efforts include strategic actions towards plastic waste reduction across the organisation; they also track our progress against local and global ambitions. To this end, the GG taskforce focuses on areas including packaging design, stakeholder engagement and end-of-life processes. Their efforts are guided by Nestlé's three action areas for addressing plastic waste, namely developing packaging for the future, shaping a waste-free future and driving new behaviours and understanding.



Developing Packaging for the Future

Nestlé S.A.'s Rules of Sustainable Packaging provide a comprehensive set of guidelines which establish our approach to rethinking and transforming our packaging. The Rules of Sustainable Packaging establish required attributes for packaging design and materials, to promote circularity within our value chain. They are applied to all our packaging innovation efforts, with the aim of enhancing packaging design to improve recyclability and environmental-friendliness. In an effort to minimise waste, Nestlé Malaysia strives to use the lowest quantity of packaging required, and additionally, we continue to invest in solutions to recover our packaging at the end of the product lifecycle.

Choosing Better Materials

Nestlé has identified several types of plastic materials that we will avoid using in new product packaging and phase out from existing packaging. Nestlé Malaysia's packaging design and innovation abides by this negative list:

- 1 Phasing out the use of Plastic Straws in our UHT cartons
- 2 Removing Carbon Black Pigments from MILO and KIT KAT ice cream tubs
- 3 100% of Polystyrene has been eliminated from all products
- 4 Removal of polyvinyl chloride (PVC) film across all products

SDG SPOTLIGHT



Goal 12: Responsible consumption and production

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

Safeguarding the Environment



Our efforts to increase the recyclability of our packaging have meant that in 2021, 90% of our total packaging are designed for recycling, of which 74% of the plastics used are recyclable or reusable. The packaging innovations we introduced in 2021 include:

Key projects for designed for recycling:

HARVEST GOURMET	<p>We use Mono Polyolefin (MPO) laminate for all HARVEST GOURMET products, including products for export and NESTLÉ PROFESSIONAL. This material is less energy-intensive to recycle and results in a higher quality end-product.</p> <p>Impact: Avoided the use of 7.44 tonnes of non-recyclable plastic per year.</p>
KIT KAT GOLD 2F LIMITED EDITION & KIT KAT GREEN TEA	<p>Converted seven products to mono-film plastic for enhanced recyclability.</p> <p>Impact: Avoided the use of 15 tonnes of non-recyclable plastic per year.</p>
MAGGI THAI CHILLI SAUCE	<p>Replaced the povinyl chloride (PVC) film capseal and replaced it with a polyethylene terephthalate (PET) capseal.</p> <p>Impact: Avoided the use of plastic by 0.5 tonnes per year.</p>
MAGGI FUSIAN KARAI MISO & MAGGI FUSIAN SARANG KIMCHI BOWL NOODLE	<p>We use mono polypropylene (PP) laminate for the garnish sachet.</p> <p>Impact: Avoided the use 0.8 tonnes non-recyclable plastic per year.</p>
MAGGI CURRY EXTRA & MAGGI LADA PEDAS EXTRA BOWL NOODLE	<p>Converted the garnish sachet to mono PP laminate.</p> <p>Impact: Avoided the use of 3.7 tonnes of non-recyclable plastic per year.</p>

Key projects for virgin plastic reduction:

MILO 3-IN-1 LESS SWEET	<p>Converted the outer packaging from mono plastic to paper bags.</p> <p>Impact: Reduced plastic usage by 0.76 tonnes per year.</p>
MAGGI SINGLE & MULTIPACK	<p>Reduced packaging film width by 6mm for single packs and 20mm for multipack.</p> <p>Impact: Reduced plastic usage by 24.3 tonnes per year.</p>
NESPRAY EVERYDAY	<p>All pouches have been reduced by 15-35mm in height.</p> <p>Impact: Reduced plastic usage by 1.4 tonnes per year.</p>
NESCAFÉ 3-IN-1 GOLD	<p>All outer bags for products in our NESCAFÉ 3-IN-1 Gold range have been converted into doypacks.</p> <p>Impact: Reduced plastic usage by 1.55 tonnes per year.</p>
MAGGI CHILLI, TOMATO & OYSTER SAUCES	<p>Completed the removal of the PVC film capseal from our MAGGI Cold Sauce Chilli, Tomato and Oyster sauces, replacing it with a security button cap.</p> <p>Impact: Eliminated the need for 7 tonnes of plastic per year.</p>



LOOKING AHEAD

Plastic reduction has been identified as a key focus area within Nestlé Malaysia's Net Zero Roadmap. As such, we will continue to explore and develop innovative packaging solutions that reduce our use of virgin plastics and increase the recyclability of our packaging materials.

Shaping a Waste-Free Future

A waste-free future requires appropriate infrastructure and systems to support circularity and direct materials to be recycled and reused, rather than disposed of in landfills. Through active stakeholder engagement and targeted initiatives, we are working to manage our products' end-of-life treatment to ensure that our packaging is collected and recycled or responsibly disposed of. Our 2021 recycling efforts led to the collection of 1,200 tonnes of recyclables of which 715 tonnes are post-consumer plastics, marking a 200% increase from 2020.

Supporting Household Recycling

Our household recycling programmes aim to provide residents with an effective solid waste collection system, while also educating communities on good recycling habits, so that they can recycle more effectively. Through our efforts, Nestlé is working to ensure that none of our packaging, including plastics, ends up in landfills or as litter. Our programmes provide more residents with access to an effective solid waste collection system and provides an ideal platform to educate communities on recycling more effectively, differentiating between different types of waste.

OUR TARGET:

Collect 1,000 tonnes of post-consumer plastic by 2021



Expanding the Nestlé Door-to-Door Collection and Recycling Programme

In 2020, we partnered with the Petaling Jaya City Council (MBPJ), KPT Recycle Sdn. Bhd. and Tetra Pak (Malaysia) Sdn. Bhd. to launch a kerbside recycling collection programme in Ara Damansara and Bandar Sri Damansara, reaching 8,300 households. This pilot programme saw a participation rate of 60% within the first six months, successfully collecting over 190 tonnes of recyclable waste.

Following the success of this pilot, in March 2021, we expanded the programme to additional townships in Petaling Jaya, namely Kota Damansara, Mutiara Damansara, Tropicana, Damansara Indah, Aman Suria and Taman Bukit Mayang Emas. Since its launch in October 2020, the programme has reached eight townships in Petaling Jaya, benefitting over 20,000 households. With a participation rate of close to 80%, we have collected over 1,200 tonnes of recyclables as of December 2021.

Recycling bags and bins are distributed to participating households, while our programme partner executes collection of mixed recyclables – including paper, cardboard, plastic, used beverage cartons, metal and glass – on a weekly basis. These materials are subsequently channelled to appropriate materials sorting and recycling facilities. Beyond collecting recyclables, we also actively engage with participating households to increase awareness of good recycling practices. While the COVID-19 pandemic restricted our ability to connect with communities, we nevertheless shared educational videos and conducted online engagement sessions prior to the programmes' launch in new townships. Furthermore, each respective household area maintains a WhatsApp group, through which they are able to share feedback with us.

In 2021, we also expanded our programme to Subang Jaya, through partnership with the Subang Jaya City Council (MBSJ). Kicking-off in October 2021, the first phase of the programme began with Zone 1 and Zone 4 in Subang Jaya, before expanding to households in Zone 3 and 6 by the end of the year. In total, our Subang Jaya collection efforts have reached 8,500 households – witnessing a 35% participation rate – and collected 47.6 tonnes of recyclables since the start of the programme.

To ensure that our recycling partner, KPT Recycle, can cope with the rapid expansion of the programme and the rising volume of recyclables, Nestlé will be supporting KPT Recycle to build a semi-automated materials recovery facility (MRF), allowing them to process 15 tonnes of recyclables per day and simultaneously produce higher quality recyclables.

The programme has been recognised by the United Nations Environment Programme (UNEP) and the Ministry of Environment Malaysia (KASA) as a case study for success in inspiring higher recycling participation rates.



- Carton Box/Paper - 40%
- Beverage Carton - 1%
- Plastics (Recyclable) - 13%
- Metal Can - 5%
- Glass Bottle - 11%
- Non-Recyclable (Plastics) - 28%
- Non-Recyclable (Others) - 2%

[^] As at 31 December 2021

"I would like to express my greatest gratitude and appreciation to MBPJ, Nestlé, KPT Recycle and Tetra Pak for choosing Taman SEA for this meaningful programme. I believe this recycling programme will definitely raise greater awareness to not just my neighbourhood, but also Malaysia as a whole. If every individual realises their role to preserve the environment, and together with producers like Nestlé, we will be able to shape a greener earth. Thank you once again and we look forward to more good work done by Nestlé."

- Ms Mei Lee - Resident of Taman SEA

Safeguarding the Environment



The Process Flow of Our Household Recycling Programme



LOOKING AHEAD

Driven by the successes we have achieved thus far, Nestlé hopes to further scale up this programme in the future, through partnership with new recycling partners and NGOs, as well as expanding the programme to other parts of the country. In the coming year, we plan to deepen our engagement efforts with the communities who benefit from our programme, utilising a variety of communication channels to promote participation and share recycling best practices.

UNEP and KASA Case Study

Scan the QR code to read the case study conducted by UNEP and KASA on our Door-to-Door Collection and Recycling Programme.

Nestlé Strata Housing Collection and Recycling Programme

Inspired by the success of our Door-to-Door Collection and Recycling Programme in 2021, we launched a Strata Housing Collection and Recycling Programme in Shah Alam, via a collaboration with the Shah Alam City Council (MBSA). This pilot project aims to provide recycling collection for 540 households in strata housing communities in Seksyen 18 and Seksyen 24, in an effort to make recycling more accessible for high-density residential buildings. Through this programme, we aim to foster better recycling habits and mindsets within the community.

Since the launch of the programme, we have collected 410kg of recyclable materials, through the participation of 540 households.

Recycling Used Coffee Capsules

By end of 2022, all NESPRESSO at-home capsules will be made using at least 80% recyclable aluminium, marking the NESPRESSO brand’s commitment to embracing sustainability. To support consumers’ recycling efforts, the NESPRESSO Recycle@Home programme allows customers to pass their used coffee capsules to the delivery person when they receive their next order. Customers can also request for a recycling bag when they place their order online. In 2021, the programme saw a 28% increased in the total weight of collection as compared to 2020. As an alternative to utilising the NESPRESSO Recycle@Home programme, customers can also choose to drop off their used coffee capsules at NESPRESSO boutiques.

Industry Engagement

In 2021, we continued to serve as an active founding member of the Malaysian Recycling Alliance (MAREA). MAREA is a voluntary Extended Producer Responsibility (EPR) organisation advocating for circularity of post-consumer packaging waste. Through our participation in MAREA, we hope to accelerate efforts to increase recycling rates in the nation and respond to the growing market demand for recycled materials. This year, we were actively involved in developing the framework and roadmap of MAREA as an EPR organisation, defining the organisation’s objectives, focus areas as well as key activities moving forward.

In addition, Nestlé Malaysia is a member of the CEO Action Network (CAN) Steering Committee. CAN is working to encourage the development of future-ready and ESG-integrated business models and ecosystems.



River Waste Collection

While effective waste collection at the source is important, these efforts are unable to fully prevent waste from ending up in landfills or as litter in oceans and waterways. Hence, we have expanded our efforts to venture downstream, to recover post-consumer plastics from the Klang River, one of the most polluted rivers in Malaysia.

We launched a six-month pilot project in collaboration with Landasan Lumayan Sdn. Bhd. to recover PET bottles from one of the river waste traps, known as log booms, installed on the Klang River. These collected bottles are cleaned and dried, then sent to appropriate recycling facilities for processing. Besides working to restore environmental health, this project also benefits the community, as workers around the log boom receive payment for every kilogram of plastics collected. Additionally, Nestlé funds the purchase of safety equipment, to ensure that the safety and well-being of these workers are not endangered.

Since the launch of the pilot, we have successfully recovered approximately six tonnes of plastic PET bottles, equivalent to diverting 600,000 plastic bottles from ending up in landfills. Buoyed by this positive outcome, in 2022, we aim to expand our collection to the other six log booms in the Klang River.



Collection of post-consumer plastics from the Klang River.



LOOKING AHEAD

We will continue to support the transition to circularity, leveraging our national reach and industry expertise to enhance the nation’s recycling infrastructure. In addition, we look forward to deepening relationships with our programme partners, as well as embarking on new collaborations, collectively driven by the overarching ambition of building a waste-free future.

Safeguarding the Environment



Driving New Behaviours

We continue to engage with our communities to encourage good recycling habits, recognising that the transition to a circular economy is only possible with widespread and active community participation. Through outreach and education efforts, the Nestlé Green Gladiators taskforce strives to build a strong recycling culture, to enhance public awareness and understanding of recycling, and promote active involvement in recycling programmes. In addition to this, the MILO brand has been actively encouraging community participation in recycling efforts, most notably via the launch of MILO *Sayang Bumi*.

MILO *Sayang Bumi*

In 2021, MILO took a significant step in embracing sustainability with the launch of MILO *Sayang Bumi*, a pledge to embrace sustainable practices. MILO *Sayang Bumi* outlines the initiatives that we will undertake as part of its sustainability journey, which will contribute towards Nestlé's global ambition of zero environmental impact in its operations by 2030. MILO *Sayang Bumi* focuses on three impact goals: reducing plastic waste in landfills and waterways, reducing production of plastic and promoting the use of renewable energy sources. To this end, the MILO brand will place emphasis on the following six initiatives:



The CAREton Project
A used beverage carton recycling campaign by MILO UHT in partnership with Tetra Pak that transforms drink packs into 'green' roofing tiles and panel boards



100% Paper Straws
The introduction of 100% paper straws for the entire MILO UHT range will eliminate over 200 million plastic straws per year



MILO Redemption Programmes
Efforts to collect used MILO packaging from customers and divert waste from landfills and waterways. This includes the MILO Stik Pek X-Change initiative that not only collects used MILO stick packs and sachets, but upcycles them into unique MILO handicrafts in collaboration with local communities



MILO Mixes Paper Pouch
The outer pouch of MILO Less Sweet will be replaced with recyclable paper packaging



100% Paper Cups
Switching to 100% paper cups for MILO samples, combined with efforts to educate schoolchildren on the importance of waste separation



MILO Vans with Solar Panels
Transforming our iconic MILO vans, equipping them with solar panels to replace fuel-dependent generators

MILO Stik Pek X-Change

In 2021, MILO encouraged consumers to take part in the MILO Stik Pek X-Change programme. Through the programme, consumers can return used MILO stick packs and sachets to collect points, with which they are able to redeem limited edition MILO sports bags. This programme is part of the MILO brand's effort to divert plastic from waterways and landfills. A portion of the collected stick packs were upcycled into unique MILO handicrafts by local community partners.

The CAREton Project

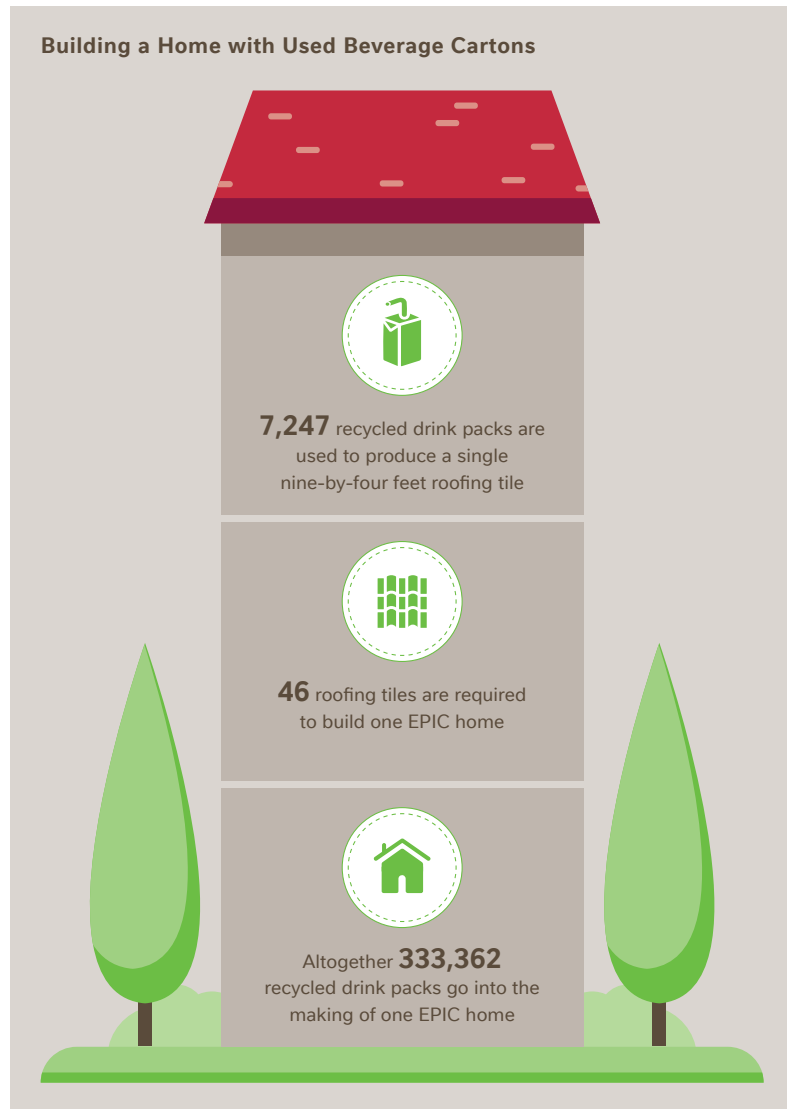
Nestlé Malaysia continued to collaborate with Tetra Pak (Malaysia) Sdn. Bhd. via the CAREton Project, a programme that transforms empty drink cartons into house-building materials for disadvantaged communities. Used beverage cartons are recycled into poly aluminium panel boards and roofing tiles, before being donated to EPIC Homes, who use the materials to construct homes for *orang asli* families in disadvantaged communities.

Consumers are able to recycle their used drink packs at any of the almost 500 CAREton collection points across Malaysia. In addition to the recycling element, the CAREton programme features regular engagement with schoolchildren and the community, to drive behavioural changes around recycling.

In 2021, 46.4 million used beverage cartons were collected via the CAREton Project, representing a 15% increase from 2020. With the ongoing COVID-19 pandemic, the programmes' engagement and outreach activities with schoolchildren were suspended for the year. Nevertheless, we continued to enhance awareness on MILO UHT paper straws through in-store banners installed in 2,240 outlets across Peninsular Malaysia, as well as other communication channels.

On-Pack Recycling Education

In 2021, we introduced on-pack recycling education guidelines with the aim of helping our consumers effectively separate Nestlé product packaging for recycling. These packaging communications provide clear, consistent and easy-to-understand guidance for consumers. As of 2021, these on-pack recycling guides are included on 80% of all Nestlé packaging that is designed to be recycled. We are working towards including these guidelines for all recyclable packaging.



Nestlé On-Pack Recycling Guidelines



Nationwide Beach Clean-Up

The Nestlé Cares Nationwide Beach Clean-Up is conducted annually, in conjunction with World Clean-Up Day, to help raise awareness on the negative impacts of littering on our ecosystems. In 2021, 269 volunteers collected a total of 1,013kg of waste from six beaches across Malaysia. Volunteers also participated in a waste audit, to segregate the 12,004 items collected into appropriate waste categories. All clean-ups nationwide were conducted in compliance with COVID-19 safety protocols. Additionally, 12 Nestlé Cares volunteers participated in an underwater clean up expedition in Pulau Tioman, Pahang, where they not only collected debris, but also helped to control Crown of Thorn – a coral-eating starfish – outbreaks to protect the coastal reefs.

LOOKING AHEAD

The importance of active community participation in recycling initiatives cannot be understated. Hence, Nestlé will continue to proactively engage with our community to promote good recycling practices and encourage participation in recycling programmes. We look forward to expanding our engagement efforts in 2022.

Safeguarding the Environment



MINIMISING MANUFACTURING WASTE



WHY IT MATTERS

Waste generated as a consequence of manufacturing processes can lead to increased pressure on landfills and exacerbate negative impacts on the environment if not disposed of correctly. For this reason, it is imperative that we continue to reduce waste throughout our manufacturing processes, such as by ensuring efficient resource consumption and reusing, recycling and responsibly disposing of any waste generated.



WHAT WE'RE DOING

OUR TARGET:

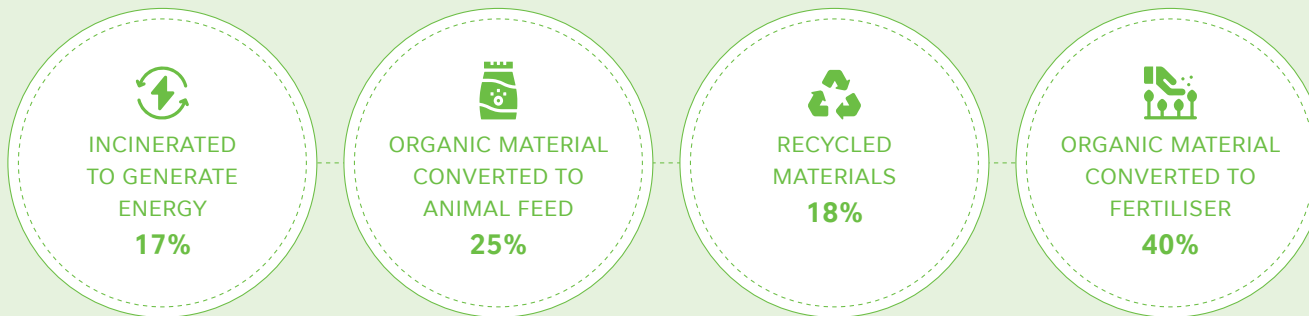
Maintain zero waste to landfill* status for our factories

OUR PROGRESS:

None of our Nestlé Malaysia factories have directed waste to landfills since 2017. All recyclable waste produced at factories – including paper, plastic, glass and rejected products – are sorted and sent to be recycled, while organic waste is converted into organic fertilisers or animal waste. Non-recyclable materials, which primarily consist of damaged packaging and rejected products, are re-evaluated by our waste management contractor to be certain that it contains no recyclable material, before being used as fuel for energy recovery facilities. To further reduce waste generated by our operations, all Nestlé Malaysia locations have been free from single-use plastic since 2019, eliminating items such as individual bin liners, coffee cups and plastic stirrers from our facilities.

Our waste management process is overseen and managed by appointed licensed contractors holding appropriate permits from local authorities, to ensure that our waste is managed and disposed of responsibly.

Where Our Manufacturing Waste Goes



LOOKING AHEAD

Aligned with our ambition of striving for zero environmental impact in our operations by 2030, we will continue to maintain zero waste to landfill status for all of our factories. Additionally, Nestlé will continue to seek out and capitalise on opportunities to minimise waste production in our other facilities.

SDG SPOTLIGHT



Goal 12: Responsible consumption and production

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

REDUCING FOOD WASTE



WHY IT MATTERS

At more than 17,000 tonnes per day, the Solid Waste and Public Cleansing Management Corporation reported that Malaysia’s daily food waste is enough to fill seven Olympic-sized swimming pools. Of this amount, approximately 4,080 tonnes are considered to be still edible, with the potential to feed three million people three meals per day. Given that food waste is a significant contributor to global greenhouse gases, tackling this issue means that we would be able to better leverage opportunities to reduce malnutrition and hunger, while simultaneously acting against climate change.



WHAT WE'RE DOING

OUR COMMITMENT:

Reduce food loss and waste

Reducing food loss and waste has remained an important aim for us, even more so during the COVID-19 pandemic. To ensure no food was unnecessarily lost or wasted, in 2021, we redirected our food surplus to those in need via our Food Bank Programme. Working with Yayasan Food Bank Malaysia and The Lost Food Project, we channelled food donations to lower-income households, to alleviate their burdens during the pandemic.

By joining hands with Yayasan Food Bank Malaysia, we successfully redistributed surplus Nestlé products still safe for consumption to lower-income groups, hardcore poor communities, charitable homes and underprivileged university students.

Meanwhile, our partnership with The Lost Food Project enabled us to prevent the loss of excess food that was still edible, redirecting them to disadvantaged communities. In 2021, we redistributed food to a total of 55 charities and PPR communities.

OUR PROGRESS:

This year, we contributed a total of RM2.7 million worth of food surplus to both Yayasan Food Bank Malaysia and The Lost Food Project, which was channelled towards more than 240,000 families and communities in need.



LOOKING AHEAD

Understanding the detrimental effects that food loss and waste has on our planet, we will continue to strengthen our engagement with relevant stakeholders to direct excess food to those in need. This will contribute to our Net Zero Roadmap, while also supporting the SDG target to end world hunger by 2030.



Distributing Nestlé products to those in need via our Food Bank Programme.

SDG SPOTLIGHT



Goal 2: Zero Hunger

Target 2.1 – Ensure access to nutritious food by all people

Safeguarding the Environment

PROTECTING BIODIVERSITY



WHY IT MATTERS

Covering 31% of the earth's land, forests are key to thriving and healthy ecosystems. Not only are forests rich in biodiversity, acting as sanctuaries for native flora and fauna species, they also preserve precious natural resources, including critical water supplies, and act as carbon sinks, absorbing approximately 2 billion tonnes of carbon dioxide per year. In addition, forests support the livelihoods of communities worldwide and are vital for F&B companies such as Nestlé that depend on agricultural supply chains.

However, the United Nations Global Forest Goals Report 2021 estimates that 10 million hectares of the world's forests are lost on an annual basis. This has led to detrimental effects to our environment and society, including the extinction of endangered wildlife, exacerbation of climate change impacts, loss of livelihoods and the diminishing of food supplies.



WHAT WE'RE DOING

OUR COMMITMENT:

Preserve natural capital, including forests

Project RELeaf

Building on the success of the Kinabatangan RiLeaf Project - our pioneer reforestation initiative which concluded in 2020 with one million trees planted - we continue to champion the protection of our natural ecosystems through Project RELeaf, under which we have pledged to plant three million trees across Malaysia by 2023. Project RELeaf contributes to Nestlé's global goal of planting 200 million trees by 2030, as well as Nestlé's global commitment to achieve net zero carbon emissions by 2050 as per our Net Zero Roadmap.

To achieve our target, we plan to plant two million trees in the Kinabatangan Wetlands, Lahad Datu and Tawau, Sabah as well as in Bintulu, Sarawak, while the remaining one million trees will be planted throughout Peninsular Malaysia. This includes areas along the Central Forest Spine, enhancing the functional connectivity of this vital ecological corridor.

Project RELeaf is a collaborative effort with the Ministry of Energy and Natural Resources, the Forestry Department of Peninsular Malaysia, the Sabah Forestry Department, Malaysian Nature Society (MNS), the Tropical Rainforest Conservation and Research Center, as well as palm growers. The project is also aligned with Ministry of Energy and Natural Resources' 'Plant 100 Million Trees' campaign under the Greening Malaysia Programme.

Going beyond reforestation efforts, the project also helps to improve awareness about critical environmental issues among local communities while enhancing livelihoods. Through MNS, we engage with *orang asli* communities to nurture seedlings for Project RELeaf at various locations in Peninsular Malaysia. However, we were not able to conduct training sessions in 2021 due to restrictions as a result of the COVID-19 pandemic.

Upholding transparency and accountability, we utilise comprehensive carbon accounting Project Design and Documentation. This ensures that our project remains on track in terms of technical matters as well as social aspects, including supporting the SDGs, women's empowerment and environmental preservation.

Through Project RELeaf, we aim to reduce carbon emissions by an estimated total of 708,736 tCO₂e by 2030. In 2021, despite the challenges of the pandemic, Project RELeaf continued to progress, with 236,508 trees planted and 809,738 seedlings raised and ready for planting.



LOOKING AHEAD

While planting activities were delayed by prolonged movement restrictions due to COVID-19, we look forward to ramping up our progress by planting 1.3 million trees in 2022, followed by 1.4 million trees in 2023 to realise our target.



RELeaf@Home Planting Kit which was distributed to participants.

RELeaf@Home

In support of our Project RELeaf pledge to plant three million trees by 2023, we launched the RELeaf@Home Planting Activity in June 2021. Participants were able to nurture their own seedlings at home with their RELeaf@Home Planting Kit, consisting of Merbau seeds, nursery soil, a mini gardening kit, instructions and other tools to nurture healthy tree seedlings. In total, 356 individuals participated in the initiative, including our head office and Procurement Hub employees, Nestlé retirees, Nestlé YOUth Influencers and several members of the Board of Directors. We collected a total of 199 plants from participants which have been transferred into nurseries.



Nestlé Cares volunteers working to replant mangrove saplings under Project RELeaf.

Mangrove Replanting

Mangrove forests are incredibly important ecosystems, providing a range of vital ecosystem services to humans, ranging from carbon sequestration to coastal defence. In recognition of this, we carried out a mangrove restoration project in Kuala Selangor Nature Park in November 2021, aimed at restoring the health of the mangrove ecosystem in the area. In collaboration with our project partners, Impact Revolution Enterprise and MNS, 100 Nestlé Cares volunteers planted 500 *Rhizophora Apiculata* (*pokok bakau minyak*) saplings.

In March 2021, we conducted a similar activity in partnership with the Federation of Malaysian Manufacturers Sustainability Committee. 35 volunteers planted 300 *Rhizophora Mucronata* (*pokok bakau kurap*) saplings at the Sijangkang Mangrove Recreational Park. During both activities, strict COVID-19 procedures were adhered to.

SDG SPOTLIGHT



Goal 6: Clean water and sanitation

Target 6.6 – Protecting and restoring water-related ecosystems



Goal 15: Life on land

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

Safeguarding the Environment

TRANSITIONING TO A REGENERATIVE FOOD SYSTEM



WHY IT MATTERS

According to a Global Data survey, over 40% of consumers in the Asia region are shifting towards more plant-based diets, with 11% opting for vegetarian and vegan food, while a third of consumers are opting for a 'flexitarian' diet, consuming a lower quantity of meat and dairy products. Many consumers cite environmental reasons for this dietary decision, as plant-based proteins are produced with significantly lower emissions, land- and water-usage. Given this trend, there is a growing need for plant-based meat and dairy alternatives that are tasty, nutritious and better for the planet.

More broadly, regenerative agriculture plays an important role in improving soil health, restoring water cycles and increasing biodiversity. Restoring environmental health in this way is critical for sustainable food production, as well as addressing the effects of climate change. Additionally, these outcomes contribute towards Nestlé's ambitious climate targets.



WHAT WE'RE DOING

OUR TARGET:

Source 20% of our key ingredients through regenerative agriculture by 2025, and 50% by 2030

OUR PROGRESS:

Encouraging Plant-Based Diets

We strive to make it easier for consumers to embrace plant-based alternatives in their diet, while also reducing our carbon footprint throughout our supply chain. In 2021, we introduced our new dairy-free drinks range in Malaysia, as part of our ambition to deliver plant-based food that is tasty, nutritious and environmentally-friendly. Consumers can now enjoy dairy-free versions of our well-loved MILO and NESCAFÉ, savouring familiar tastes while knowing that they are enjoying food that is good for them and the environment. These drinks do not contain ingredients sourced from animals and the milk has been replaced with plant-based protein sources such as almond, soy, oat and pea.

In 2021, Nestlé Malaysia launched the first Plant-Based Meal Solutions manufacturing facility in ASEAN. Located in Shah Alam, this facility will allow us to supply high-quality, great-tasting and Halal-certified plant-based meals to meet local demands, as well as supply plant-based meals for export. This facility has already commenced production of our HARVEST GOURMET plant-based product range, and will be a critical facility as we ramp up our efforts in plant-based food and beverage production. By accelerating the development and introduction of our plant-based product offerings, we are driving towards a more sustainable future for people and the planet.

SDG SPOTLIGHT



Goal 2: Zero Hunger

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



Duli Yang Maha Mulia Sultan Selangor, Sultan Sharafuddin Idris Shah Alhaj Ibrni Almarhum Sultan Salahuddin Abdul Aziz Shah Alhaj and Duli Yang Maha Mulia Tengku Permaisuri Selangor Tengku Permaisuri Norashikin (third & fourth from left) touring Nestlé Malaysia's PBMS manufacturing facility.

Supporting Regenerative Agriculture

In 2021, Nestlé introduced its regeneration framework, building on long-standing partnerships to drive the transition towards a regenerative food system. Building on long-standing partnerships with our farming communities, we want to increase our support for farming practices that are good for the environment and for people. To this end, we will apply three primary levers to help farmers adopt regenerative practices:



With this comprehensive approach, we aim to accelerate the transition to a regenerative agricultural system by supporting, empowering, incentivising and rewarding the farmers that we work with.

Nestlé Malaysia is committed to supporting and accelerating the transition to a regenerative food system, with the aim of protecting and restoring the environment, improving the livelihoods of farmers and enhancing the well-being of farming communities. Over the coming years, we will work with our network of farmers and suppliers to advance regenerative farming practices. We are endeavouring to co-create a more resilient and equitable future for society and the planet by advancing regenerative food systems at scale.

Through our rural development programmes – such as Nestlé Chilli Club, Nestlé Paddy Club and NESCAFÉ Grown Respectfully – Nestlé Malaysia will support farming communities to build a more resilient and sustainable farming system, that minimises harm to the environment. We are in the midst of planning trials for regenerative agriculture practices that we intend to implement, such as live mulching and intercropping, and intend to roll out these trials to our farmers once we have established a comprehensive implementation plan.

➤ LOOKING AHEAD

We look forward to rolling out our farming trials and working closely with our farmers via our rural development programmes to collaboratively drive the transition to a regenerative food system. Simultaneously, we plan to expand our range of plant-based food and beverage options, to cater to consumers' growing demands for plant-based alternatives in their diet. Combined, we believe that these efforts will contribute towards a more environmentally sustainable food system.



Mobilising volunteers nationwide to clean up Malaysia's beaches in conjunction with World Clean-Up Day.



Launching Nestlé's first PBMS manufacturing facility in ASEAN.



Door-to-door collection of recyclable waste from households through Nestlé Malaysia's Door-to-Door Collection and Recycling Programme.



Nestlé Malaysia is going green with our transition to electric vehicles.

NESTLÉ TEAM IN ACTION FOR THE PLANET



Nestlé Malaysia partnered with seedling nurseries to accelerate tree planting efforts.



Juan Aranols (centre) showcasing the blue recycling bags used for the Door-to-Door Collection and Recycling Programme in Subang Jaya.



Transforming used beverage cartons into building materials for orang asli homes through the CAREton Project.



[From left] Juan Aranols and Osman Bhatti hard at work planting mangroves as part of Project RELeaf reforestation efforts.



Nestlé Malaysia adopted the Green Electricity Tariff (GET) programme, fully operating on 100% renewable energy.



Nestlé Cares volunteers and Juan Aranols (right) collecting underwater waste during the nationwide beach clean-up.



MILO vans powered by clean energy generated from solar panels.



Showcasing MILO Ready-to-Drink packaging and a CAREton bench made out of recycled used beverage cartons at the MoA Signing Ceremony for the Door-to-Door Collection and Recycling Programme with MBP.

Unless otherwise mentioned, all environmental performance data pertains to manufacturing activities from Nestlé Malaysia factories only. All data has been extracted from the SHE-PM database unless specified otherwise.

WATER

Description	2019	2020	2021
WATER WITHDRAWAL			
a. Total water withdrawal from all areas (ML) ¹	1,459	1,339	1,422[^]
WATER DISCHARGED, RECYCLED AND REUSED			
a. Total water discharged (ML) ²	805	545	557
b. Water discharged to surface water (ML) ³	805	393	369
c. Water discharged to third-party water (ML) ⁴	-	152	187
d. Volume of water recycled and reused (ML) ⁵	183.0	219.7 [#]	196.5^{5*}
e. Percentage of water recycled and reused (%) ⁶	12.6	16.4 ^o	13.8
f. Total water consumption from all areas (ML) ⁷	654	794	865

¹ Total water usage across all Nestlé Malaysia manufacturing facilities.

² Total water discharged from Nestlé Malaysia manufacturing factories treatment plants to the environment and to third-party treatment centre.

³ Total water discharged from Nestlé Malaysia manufacturing factories treatment plants to the environment.

⁴ Total water discharged to a third-party treatment centre from Nestlé Malaysia factories. Nestlé Malaysia only began discharging water to a third party for treatment in 2020.

⁵ Total water recycled within Nestlé Malaysia manufacturing facilities.

⁶ Calculated as total volume of water recycled d. divided by total water withdrawal a.

⁷ Total water used in Nestlé Malaysia manufacturing factories to use in cooling towers, scrubbers and boilers, as well as for use in products. Total water consumption from all areas increased due to increased cleaning and sanitisation of facilities as a result of the COVID-19 pandemic, as well as the commissioning of new lines and our new Plant-Based Meal Solutions manufacturing site.

[^] Increased total water withdrawal in 2021 compared to 2020 due to introduction of new production lines and more frequent facility sanitations.

[#] Restatement of data to include water recycling and reuse activities at our Shah Alam factory.

⁵ Operational issues at the Reverse Osmosis (RO) Plant in our Chembong Factory led to a reduced volume of recycled water in 2021.

^o Recalculation of percentage due to restatement of data in d.

NIS * This data has been independently assured.
Please refer to the Independent Assurance Report on pages 152 to 153.

Performance Data



WASTE MANAGEMENT AND MATERIALS CONSUMPTION

As far as possible, all by-products generated by our Nestlé Malaysia factories are either recycled or converted into organic fertilisers. Materials not suitable for either purpose are used as fuel for energy recovery facilities.

Description	2019	2020	2021
WASTE BY TYPE AND DISPOSAL METHOD			
a. Total waste generated (tonnes) ¹	19,313	23,398	27,158
b. Total waste diverted from disposal (tonnes) ²	19,283	23,360	27,118
i. Coffee grounds converted to fuel onsite (tonnes) ³	4,758	4,511 [#]	4,509
ii. Organic fertiliser composted offsite (tonnes) ⁴	9,267	13,458	10,829
iii. Recycling offsite (tonnes) ⁵	5,258	5,483	11,780
c. Hazardous waste disposed of offsite by legal third-party vendor (tonnes) ⁶	30.00	37.90	39.72
MATERIALS USED			
a. Total weight of material used (tonnes) ⁷	439,855	405,046	408,575
b. Direct materials used (tonnes) ⁸	438,420	403,683	407,101
c. Recycled materials (tonnes) ⁹	19,618 [^]	18,065 [^]	18,222
d. Percentage of recycled materials (%) ¹⁰	4.46 [°]	4.46 [°]	4.46

¹ Total by-products generated from manufacturing processes, including hazardous waste generated and materials that are recycled or composted offsite.

² Total materials that are recycled offsite or composted offsite.

³ Quantity of coffee grounds converted into fuel to be used in Nestlé Malaysia manufacturing facilities.

⁴ Data extracted from solid waste management handlers' records; total quantity of organic by-products and waste converted to fertiliser.

⁵ Data extracted from solid waste management handlers' records, i.e. tonnes of paper, plastic, metals, laminates and quantity of waste directed to waste-to-energy facilities.

⁶ Data extracted from hazardous waste disposal vendors' records.

⁷ Estimated data. Total weight of materials used consists of raw materials, packaging materials and associated process materials such as nitrogen and carbon dioxide gases, lubricants, ink and chemicals.

⁸ Total weight of raw materials and packaging materials used. Weight of some materials are estimated.

⁹ Tonnes of recycled materials used are estimated values, based on the estimated portion of recycled content used in packaging such as cartons, glass and MAGGI Hot Cups.

¹⁰ These values are estimated.

[^] Recalculation of recycled materials used (tonnes) due to amendment in d.

[°] Recalculation of estimated percentage of recycled materials used, based on analysis of 2019/2020 packaging usage database. The assumption for 2021 is maintained at 4.46%.

[#] Recalculation of 2020 data to include spent coffee grounds consumed across all Nestlé Malaysia facilities that are able to use this as fuel.

EMISSIONS

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.

Description	2019	2020	2021
EMISSIONS DATA			
a. Total direct and indirect GHG emissions (Scope 1 & 2) (tonnes CO ₂)	140,760	139,427 ^A	146,112
b. Total direct GHG emissions (Scope 1) (tonnes CO ₂) ¹	57,387 ^B	55,542 ^B	60,068
c. Total indirect GHG emissions (Scope 2)(tonne CO ₂) ²	83,373	83,885 ^C	86,044
d. Other indirect GHG emissions (Scope 3) (tonne CO ₂) ³	12,669 ^D	13,564 ^E	11,489
EMISSIONS INTENSITY			
a. Emissions intensity per tonne of finished goods (Scope 1 & 2) (kg CO ₂ /tonne)	349	359 ^F	379
b. Emissions intensity per tonne of finished goods (Scopes 1, 2 & 3) (kg CO ₂ /tonne)	378 ^G	394 ^H	409
EMISSION REDUCTIONS			
a. GHG emission reductions (tonnes CO ₂) ⁴	16,154 ^I	438 ^I	(4,610)
b. Specific GHG reductions (%) ⁵	9.53 ^J	0.29 ^J	(3.01)
OZONE DEPLETING SUBSTANCES			
a. Imports of ozone-depleting substances (tonnes of CFC-11 equivalent) ^{6, k}	0.0040	0.0050	0.0076

Performance Data



Description	2019	2020	2021
NO_x, SO_x, AND OTHER SIGNIFICANT AIR EMISSIONS (TYPE AND WEIGHT)			
a. SO _x (tonnes) ^{7, L}	33.0	33.4	32.0
b. NO _x (tonnes) ⁸	154.0	153.0	160.5
c. Particulate Matter (tonnes) ^{9, M}	34.6	34.6	34.6

- I. Unless otherwise specified, all emissions data refer to manufacturing activities from Nestlé Malaysia factories only.
 II. Unless otherwise mentioned, all data has been extracted from the SHE-PM database.

- ¹ Our Scope 1 direct emissions are derived from fuels and refrigerants used in Nestlé Malaysia manufacturing factories, which are in diesel generators, boilers and waste processing.
² Our Scope 2 indirect emissions are derived from electricity consumption, including electricity consumed for hot water and steam production during manufacturing processes in Nestlé Malaysia manufacturing factories.
³ Data for our Scope 3 other indirect emissions calculations are limited to salespeople travel, long-term business partners' travel and the Nestlé National Distribution Centre Carbon Report.
⁴ For 2021, GHG emissions reductions are calculated based on the difference between total Scopes 1, 2 and 3 emissions in 2021 vs 2020. Data for 2020 has been updated based on the recalculated data for Scope 1, 2 and 3.
⁵ For 2021, the GHG reductions ratio is calculated based on the difference between total Scopes 1, 2 and 3 emissions in 2021 and 2020. Data for 2020 has been updated based on the recalculated data for Scope 1, 2 and 3.
⁶ Data based on refrigerants used in manufacturing facilities, including air-conditioning gases such as R22 and R410A. These refrigerants are converted into tonnes of CFC-11 equivalent via the SHE-PM system. Nestlé does not use CFC-11 gases and only utilises HFCs, HCFCs and ammonia. Nestlé Malaysia does not produce or export ozone-depleting substances.
⁷ Data based on fuel usage in manufacturing processes, as reported in SHE-PM database.
⁸ Data based on fuel usage in manufacturing processes, as reported in SHE-PM database.
⁹ Estimated values based on boiler operations in manufacturing factories.
^A Recalculation of total direct and indirect GHG emissions in 2020 to reflect the recalculation of 2020 Scope 1, Scope 2 and Scope 3 emissions.
^B 2020 Scope 1 emissions have been recalculated to include the emissions from refrigerants used.
^C 2019 and 2020 Scope 2 indirect emissions have been recalculated to reflect emissions across all Nestlé Malaysia manufacturing facilities.
^D 2019 Scope 3 other indirect emissions have been recalculated to reflect emissions from salespeople travel and data from Nestlé National Distribution Centre Carbon Report.
^E 2020 Scope 3 other indirect emissions have been recalculated to reflect emissions from salespeople travel and data from Nestlé National Distribution Centre Carbon Report.
^F Recalculation of 2020 emissions intensity (Scope 1 & 2) to reflect the recalculated 2020 Scope 1 and 2 emissions.
^G Recalculation of 2019 emissions intensity (Scopes 1, 2 & 3) to reflect the recalculated 2019 Scope 3 emissions.
^H Recalculation of 2020 emissions intensity (Scopes 1, 2 & 3) to reflect the recalculated 2020 Scope 1, 2 and 3 emissions.
^I Recalculation of 2019 and 2020 GHG emissions reductions (tonnes CO₂) to reflect the recalculated Scope 1, 2 and 3 emissions above.
^J Recalculation of 2019 and 2020 GHG emissions reductions (%) to reflect the change in (a.) above.
^K Previously-reported data for 2019 and 2020 was total ozone-depleting substances in kg; data has been recalculated to reflect tonnes of CFC-11 equivalent only.
^L Previously-reported data for 2019 and 2020 was total emissions air acidification potential; data has been recalculated to reflect tonnes of SO_x only.
^M Restatement of particulate matter emitted in 2019 and 2020 due to enhancement of calculation method.

ENERGY

Description	2019	2020	2021
ENERGY CONSUMPTION			
a. Total energy consumption (GJ) ¹	1,281,739	1,287,739 ^A	1,335,965
b. Total fuel consumption within the organisation from non-renewable sources (GJ) ²	859,453	869,175 ^B	902,454
c. Total fuel consumption within the organisation from renewable sources (GJ) ³	11,817	21,952 ^C	23,769
d. Electricity consumption (in GJ)	410,469	396,612	409,742
e. Energy consumption outside the organisation (GJ) ⁴	124,296	108,621 ^D	105,252
ENERGY EFFICIENCY			
a. Total amount of energy per tonne (GJ/tonne) ⁵	3.17	3.31	3.47
b. Energy saved due to improvements (GJ) ⁶	83,058	NA ^E	6,537

¹ Consists of total energy used in Nestlé Malaysia manufacturing factories only.

² Total non-renewable energy sources used in Nestlé Malaysia manufacturing factories, i.e. natural gas and fuel oil.

³ Total renewable energy sources used in Nestlé Malaysia manufacturing factories, i.e. coffee grounds and biodiesel.

⁴ Energy consumption outside the organisation is derived from total energy used from salespeople travel and long-term business partners' travel. Data for transportation of finished goods and raw materials is not available.

⁵ Total direct (i.e. combustible fuel sources) and indirect (i.e. purchased electricity) energy used per tonne of finished goods in Nestlé Malaysia manufacturing factories.

⁶ In 2021, energy savings are calculated based on the estimated savings from energy efficiency projects launched, whose impacts are observable in FY2021.

^A Recalculation to reflect changes in b., c., and e. below.

^B Recalculation of 2020 data.

^C Recalculation of 2020 data to include contribution of coffee grounds and biodiesel.

^D Data is limited to salespeople travel only.

^E Energy savings were not available in 2020.

CSV Key Performance Data



Description	2019	2020	2021
ECONOMIC			
Operational Footprint			
Number of factories	6	6	6
Value Generation (RM'000)			
Total sales for Malaysia	5,518,076	5,412,180	5,733,816
Value Distribution (RM'000)			
Turnover	5,518,076	5,412,180	5,733,816
Operating costs	1,161,522	1,209,502	1,175,819
Taxes	202,812	172,056	182,006
Net Profit	672,913	552,713	569,811
Earnings per share (sen)	286.96	235.70	242.99
Net Dividends per share (sen)	280.00	232.00	242.00
Dividend Yield	1.9	1.7	1.8

NUTRITION

Products displaying the Nestlé Nutritional Compass (NNC) (% as at 31 December 2019)	98	98	98
Products with Guideline Daily Amount (GDA) labelling (% as at 31 December 2019)	97	95	94
Number of products certified with Healthier Choice Logo	-	23 ^o	36
Nestlé for Healthier Kids Programme (Number of students involved)	30,631	5,337 [#]	24,986

RURAL DEVELOPMENT

Nestlé Paddy Club			
Number of farmers who participated in NPC			
i. Jan - Feb	251	212	235
ii. Aug - Sept	235	216	228
Average yield (MT/ha)			
i. Jan - Feb	5.23	6.48	5.31
ii. Aug - Sept	5.50	6.02	6.13
Total number of hectares			
i. Jan - Feb	690	580	647
ii. Aug - Sept	654	611	627

Description	2019	2020	2021
RURAL DEVELOPMENT (CONT'D)			
Nestlé Chilli Club			
i. Number of farmers	76	60	93*
ii. Total volume of chilli purchased from NCC (MT) [§]	49	181	300.5*
iii. Total number of hectares [~]	62	32	-
Number of suppliers screened based on Nestlé Responsible Sourcing Standards (Tier 1 Supplier)	105	65	67

OUR PEOPLE			
Total number of employees	4,686	5,018	5,253
Leadership positions held by women (%)	61	52	51
Total spent on training and development annually (RM)	6,166,205	514,218 [^]	385,000[^]
Lost time injury frequency rate	1.2	1.5	1.1*
Employees covered by collective bargaining agreements (%)	70	65	64

WATER AND ENVIRONMENT			
Total amount of energy per tonne (GJ/tonne)	3.17	3.31	3.47
Total water withdrawal from all areas (ML)	1,459	1,339	1,422
Total waste generated (tonnes)	19,313	23,398	27,158
Total waste diverted from disposal (tonnes)	19,283	23,360	27,118
Waste recycled offsite (tonnes)	5,258	5,483	11,780
Specific GHG reductions (%) [†]	9.53	0.29	(3.01)
Project RELeaf - Number of trees planted	-	-	236,508

[◊] Restatement of data from 22 products to 23 products certified with Healthier Choice Logo in 2020. One product was certified in 2020, but was only launched into the market in 2021.

[#] Programme roll-out impacted due to school closures resulting from COVID-19 pandemic.

[~] In 2021, we reviewed the metrics included in our past disclosures for our rural development programmes, to ensure that they continue to represent the progress of our programmes in a meaningful, accurate and relevant manner. Due to the fact that not all chillies planted via the Nestlé Chilli Club programme are purchased by Nestlé, we have chosen to omit disclosing the total number of planted hectares.

[§] In 2021, we reviewed the metrics included in past disclosures for our rural development programmes, to ensure they represent our programmes' progress in a relevant manner. In previous years, disclosures on total yield had been based on estimation. While we recognise that total yield remains an important tracking metric, we are currently investigating the potential of enhancing our monitoring for this data. In light of this, for 2021, we have chosen to disclose only the total volume of chillies purchased by Nestlé via NCC.

[^] Reduced expenditure for physical training sessions due to COVID-19 movement restrictions. Training sessions were conducted virtually.

[†] For 2021, the GHG reductions ratio is calculated based on the difference between total Scopes 1, 2 and 3 emissions in 2021 and 2020. Data for 2020 has been updated based on the recalculated data for Scope 1, 2 and 3.

NIS * This data has been independently assured.
Please refer to the Independent Assurance Report on pages 152 to 153.

GRI Content Index



Disclosure	Page number(s) and/or URL(s)	Omission
GRI 102: General Disclosures 2016		
ORGANIZATIONAL PROFILE		
102-1 Name of the organization	NiS: About This Report, p2	
102-2 Activities, brands, products, and services	NiS: Fast Facts, p3 AR: Our Business, p4-9	
102-3 Location of headquarters	AR: Corporate Directory, p62	
102-4 Location of operations	NiS: Fast Facts, p3 AR: Corporate Directory, p62	
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 listed under indicator GRI 102-45. There have been no significant changes in the nature of these activities during the financial year. As registered with the Companies Commission of Malaysia since 1983, the legal form of the Company is: <ul style="list-style-type: none"> • Limited by shares • Public Limited 	
102-6 Markets served	The Company manufactures and supplies products for both the domestic and export markets, consumers and also out-of-home (OOH) segments such as coffee-shops and restaurant operators; as well as other relevant stakeholders such as healthcare professionals. The Company distributes its products throughout Malaysia, defined by seven regional areas within Malaysia: <ol style="list-style-type: none"> Central 1 (Kuala Lumpur and Selangor); Central 2 (Negeri Sembilan and Melaka); Northern 1 (Pulau Pinang, Kedah and Perlis); Northern 2 (Perak); Southern (Johor); East Coast (Pahang, Terengganu and Kelantan); and East Malaysia (Sabah, Sarawak and Brunei) 	
102-7 Scale of the organization	NiS: Fast Facts, p3 NiS: CSV Key Performance Data, p108-109 CGFR: Statements of Financial Position, p44-45	
102-8 Information on employees and other workers	NiS: Performance Data (For Our Communities), p72-75 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.	

Disclosure	Page number(s) and/or URL(s)	Omission
GRI 102: General Disclosures 2016		
ORGANIZATIONAL PROFILE		
102-9 Supply chain	<p>NiS: About This Report, p2</p> <p>NiS: Rural Development, p45-52</p>	
102-10 Significant changes to the organisation and its supply chain	<p>AR: Organisation Structure, p5</p>	
102-11 Precautionary Principle or approach	<p>This is done in accordance with the Corporate Governance Statement that sets out the adoption and practices of the four principles practised 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).</p> <p>CGFR: Corporate Governance Overview Statement, p2-5</p> <p>NCBC: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/code_of_business_conduct_en.pdf</p>	
102-12 External Initiatives	<p>NiS: Contributing to the Sustainable Development Goals, p7</p> <p>NiS: Stakeholder Engagement and Material Issues, p11-14</p> <p>NiS: Responsible Marketing and Advertising, p30</p> <p>NiS: Responsible Marketing of Breast-Milk Substitutes, p31</p> <p>NiS: Responsible Sourcing, p49-52</p> <p>NiS: Shaping a Waste-Free Future, p91-93</p> <p>Nestlé Malaysia signed and supports, amongst others:</p> <ul style="list-style-type: none"> • UN Global Compact (29 March 2007) 	
102-13 Membership in national/ international associations	<p>The Company deems our membership in the associations below as strategic:</p> <ul style="list-style-type: none"> • Federation of Malaysian Manufacturers (FMM) • International Chambers of Commerce Malaysia (ICC Malaysia Berhad) • Global Standards Body (GS1) Malaysia • Federation of Malaysian Manufacturers Infant Formula Ethics Committee (FIFEC) • Swiss Malaysia Business Association (SMBA) • Malaysian Recycling Alliance Berhad (MAREA) • ASEAN Food and Beverage Alliance (AFBA) <p>The Company does not provide any additional substantive funding beyond routine membership fees/dues.</p>	

GRI Content Index



Disclosure	Page number(s) and/or URL(s)	Omission
GRI 102: General Disclosures 2016		
STRATEGY		
102-14 Statement from senior decision-maker	NiS: A Message from Our Chairman and CEO, p4-5	
102-15 Key impacts, risks, and opportunities	NiS: A Message from Our Chairman and CEO, p4-5 AR: Management Discussion & Analysis, p15-19	
ETHICS AND INTEGRITY		
102-16 Values, principles, standards, and norms of behaviour	CGFR: Corporate Governance Overview Statement, p2-25 NBCP: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/corporate-business-principles-en.pdf NBCB: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/code_of_business_conduct_en.pdf	
102-17 Mechanisms for advice and concerns about ethics	CGFR: Corporate Governance Overview Statement, p4-5 CGFR: Statement on Risk Management and Internal Control, p26-29 NBCP: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/corporate-business-principles-en.pdf NBCB: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/code_of_business_conduct_en.pdf	
GOVERNANCE		
102-18 Governance structure	NiS: Creating Shared Value Governance, p9-10 CGFR: Corporate Governance Overview Statement, p2-25	
102-19 Delegating authority	NiS: Creating Shared Value Governance, p9-10	
102-20 Executive-level responsibility for economic, environmental, and social topics	NiS: Creating Shared Value Governance, p9-10	
102-21 Consulting stakeholders on economic, environmental, and social topics	NiS: Creating Shared Value Governance, p9-10 NiS: Stakeholder Engagement and Material Issues, p11-15	
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 a Non-Independent Non-Executive Director, four are Independent Non-Executive Directors and the remaining two are Executive Directors. AR: Our Leadership, p46-51	

Disclosure	Page number(s) and/or URL(s)	Omission
GRI 102: General Disclosures 2016		
GOVERNANCE		
102-23 Chair of the highest governance body	AR: Our Leadership, p47 CGFR: Corporate Governance Overview Statement, p2-3	The Chair of the highest governance body is the Chairman of the Board, who is a Non-Independent Non-Executive Director.
102-24 Nominating and selecting the highest governance body	CGFR: Corporate Governance Overview Statement, p11	
102-25 Conflicts of interest	CGFR: Corporate Governance Overview Statement, p18	
102-26 Role of highest governance body in setting purpose, values, and strategy	NiS: Creating Shared Value Governance, p9-10 CGFR: Corporate Governance Overview Statement, p2-3	
102-27 Collective knowledge of highest governance body	Creating Shared Value is embedded in our business management, and thus is a core part of their role as well as in the governance model. CGFR: Corporate Governance Overview Statement, p12 NCBP: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/corporate-business-principles-en.pdf NCBC: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/code_of_business_conduct_en.pdf	
102-28 Evaluating the highest governance body's performance	CGFR: Corporate Governance Overview Statement, p13	
102-29 Identifying and managing economic, environmental, and social impacts	NiS: Creating Shared Value Governance, p9-10 NiS: Stakeholder Engagement and Material Issues, p11-15 CGFR: Corporate Governance Overview Statement, p2-5	
102-30 Effectiveness of risk management processes	NiS: Creating Shared Value Governance, p9-10 CGFR: Corporate Governance Overview Statement, p2-3 CGFR: Statement On Risk Management And Internal Control, p26-29	
102-31 Review of economic, environmental, and social topics	NiS: Creating Shared Value Governance, p9-10	

GRI Content Index



Disclosure	Page number(s) and/or URL(s)	Omission
GRI 102: General Disclosures 2016		
GOVERNANCE		
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	NiS: Operating with Integrity, p54 Nestlé reported to the Board of Directors as meeting agenda six times a year. CFGR: Corporate Governance Overview Statement, p8-10	
102-34 Nature and total number of critical concerns	AR: Management Discussion & Analysis, p15-19	
102-35 Remuneration policies	CGFR: Corporate Governance Overview Statement, p14-15 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: https://www.nestle.com.my/sites/g/files/pydnoa251/files/2021-03/Compensation-Policy.pdf Remuneration policies related to bonuses, termination, clawbacks and retirement benefits are not publicly available due to considerations towards personal data privacy.	
102-36 Process for determining remuneration	CGFR: Corporate Governance Overview Statement, p23-25 We engage an external survey provider to conduct annual external benchmarks of our remuneration practices. The feedback provided by the external survey provider is used to ensure that we remain competitive, as well as guide any necessary increase in salaries.	
102-37 Stakeholders' involvement in remuneration	In regard to the Directors' compensation, we have identified our shareholders as the key stakeholders for this matter. All remuneration and its revision will be proposed for shareholders' approval at the upcoming AGM.	
102-38 Annual total compensation ratio	CGFR: Corporate Governance Overview Statement, p14-15 - Annual base pay for CEO (RM): 1,353,259 - Median annual total compensation for all employees (excluding CEO) (RM): 43,638 - Ratio of annual base pay for CEO to median total annual compensation for all employees: 31.0	
102-39 Percentage increase in annual total compensation ratio	CGFR: Corporate Governance Overview Statement, p14-15 In 2021, 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 3.29.	

Disclosure	Page number(s) and/or URL(s)	Omission
GRI 102: General Disclosures 2016		
STAKEHOLDER ENGAGEMENT		
102-40 List of stakeholder groups	NiS: Stakeholder Engagement and Material Issues, p12-13	
102-41 Collective bargaining agreements	NiS: Labour Relations, p71	
102-42 Identifying and selecting stakeholders	NiS: Stakeholder Engagement and Material Issues, p11-15	
102-43 Approach to stakeholder engagement	NiS: Stakeholder Engagement and Material Issues, p11-15	
102-44 Key topics and concerns raised	NiS: Stakeholder Engagement and Material Issues, p12-13	
REPORTING PRACTICE		
102-45 Entities included in the consolidated financial statements	The following are Nestlé (Malaysia) Berhad's investments in subsidiaries: <ul style="list-style-type: none"> • Nestlé Products Sdn. Bhd. (100%) • Nestlé Manufacturing (Malaysia) Sdn. Bhd. (100%) • Nestlé Asean (Malaysia) Sdn. Bhd. (100%) The following are Nestlé (Malaysia) Berhad's investments in associates: <ul style="list-style-type: none"> • Nihon Canpack (Malaysia) Sdn. Bhd. (20%) 	
102-46 Defining report content and topic Boundaries	NiS: About This Report, p2 NiS: Stakeholder Engagement and Material Issues, p11-15	
102-47 List of material topics	NiS: Material Issues, p15	
102-48 Restatements of information	Significant restatements of data compared to prior years are noted in the sections where they appear.	
102-49 Changes in reporting	NiS: Material Issues, p15	
102-50 Reporting period	NiS: About This Report, p2	
102-51 Date of most recent report	The Company's Annual Report 2021, which consists of three books: Annual Review, Corporate Governance & Financial Report and Nestlé in Society was published in March 2021.	

GRI Content Index



Disclosure	Page number(s) and/or URL(s)	Omission
GRI 102: General Disclosures 2016		
REPORTING PRACTICE		
102-52 Reporting cycle	NiS: About This Report, p2	
102-53 Contact point for questions regarding the report	<p>AR: Corporate Directory, p62</p> <p>For more information, please contact us through our headquarters: Nestlé (Malaysia) Berhad 198301015532 (110925-W) Level 22, 1 Powerhouse No. 1, Persiaran Bandar Utama Bandar Utama 47800 Petaling Jaya Selangor Darul Ehsan Tel (+603) 7965 6000 Fax (+603) 7965 6767</p> <p>All information within this report is available online at www.nestle.com.my.</p>	
102-54 Claims of reporting in accordance with the GRI Standards	NiS: About This Report, p2	
102-55 GRI content index	NiS: GRI Content Index, p110-151	
102-56 External assurance	<p>NiS: About This Report, p2</p> <p>NiS: Independent Assurance Report, p152-153</p>	

Disclosure	Page number(s) and/or URL(s)	Omission
GRI 200: Economic		
ECONOMIC PERFORMANCE		
GRI 103: Management Approach 2016		
103-1 Explanation of the material topic and its Boundary	-	Not applicable as it does not reach our materiality threshold.
103-2 The management approach and its components	-	Not applicable as it does not reach our materiality threshold.
103-3 Evaluation of the management approach	-	Not applicable as it does not reach our materiality threshold.
GRI 201: Economic Performance 2016		
201-1 Direct economic value generated and distributed	NiS: CSV Key Performance Data, p108-109 CGFR: Statements of Financial Position, p44-45 CGFR: Statements of Comprehensive Income, p46	
201-2 Financial implications and other risks and opportunities due to climate change	NiS: Acting on Climate Change, p83-87 NiS: Performance Data (For The Planet), p103-107	
201-3 Defined benefit plan obligations and other retirement plans	CGFR: Employee Benefits, p68-69 CGFR: Notes to the Financial Statements, p92-95 Nestlé Management Employee Handbook (internal circulation)	
201-4 Financial assistance received from government	Nestlé does not receive any financial assistance from the Government.	

Disclosure	Page number(s) and/or URL(s)	Omission
GRI 200: Economic		
MARKET PRESENCE		
GRI 103: Management Approach 2016		
103-1 Explanation of the material topic and its Boundary	-	Not applicable as it does not reach our materiality threshold.
103-2 The management approach and its components	-	Not applicable as it does not reach our materiality threshold.
103-3 Evaluation of the management approach	-	Not applicable as it does not reach our materiality threshold.
GRI 202: Market Presence 2016		
202-1 Ratios of standard entry level wage by gender compared to local minimum wage	NiS: Labour Relations, p71 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.	
202-2 Proportion of senior management hired from the local community	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. Employees considered as senior management are those holding roles of Executive Directors and Senior Managers. Details on significant locations of operation: AR: Our Presence, p4 Breakdown of Nestlé Malaysia's senior management employees based on nationality: • Malaysian: 66 (70.21%) • Non-Malaysian: 28 (29.79%) Breakdown of Nestlé Malaysia's senior management employees based on gender: • Male: 58 (61.70%) • Female: 36 (38.30%)	

Disclosure	Page number(s) and/or URL(s)	Omission
GRI 200: Economic		
INDIRECT ECONOMIC IMPACTS		
GRI 103: Management Approach 2016		
103-1 Explanation of the material topic and its Boundary	NiS: Creating Shared Value, p6-8 NiS: Our Halal Commitment, p35-36 NiS: Rural Development, p45-52 NiS: Protecting Biodiversity, p98-99	
103-2 The management approach and its components	NiS: Creating Shared Value, p6-8 NiS: Our Halal Commitment, p35-36 NiS: Rural Development, p45-52 NiS: Protecting Biodiversity, p98-99	
103-3 Evaluation of the management approach	NiS: Creating Shared Value, p6-8 NiS: Our Halal Commitment, p35-36 NiS: Rural Development, p45-52 NiS: Protecting Biodiversity, p98-99	
GRI 203: Indirect Economic Impacts 2016		
203-1 Infrastructure investments and services supported	NiS: Rural Development (Nestlé Chilli Club), p46 NiS: Rural Development (NESCAFÉ Grown Respectfully), p48 NiS: Rural Development (Nestlé Paddy Club), p47 NiS: Access to Water, p82 NiS: Shaping a Waste-Free Future, p91-93 NiS: Protecting Biodiversity, p98-99	
203-2 Significant indirect economic impacts	NiS: Our Halal Commitment, p35-36 NiS: Rural Development, p45-52 NiS: Promoting Youth Employment and Employability, p65-66 NiS: Access to Water, p82 NiS: Tackling Plastic Waste, p88-95 NiS: Protecting Biodiversity, p98-99	

GRI Content Index



Disclosure	Page number(s) and/or URL(s)	Omission
GRI 200: Economic		
PROCUREMENT PRACTICES		
GRI 103: Management Approach 2016		
103-1 Explanation of the material topic and its Boundary	NiS: Responsible Sourcing, p49-52	
103-2 The management approach and its components	NiS: Responsible Sourcing, p49-52	
103-3 Evaluation of the management approach	NiS: Responsible Sourcing, p49-52	
GRI 204: Procurement Practices 2016		
204-1 Proportion of spending on local suppliers	RSS: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/suppliers/nestle-responsible-sourcing-standard-english.pdf	This data is not available. Although we source products locally where possible, due to the global nature of our supply chain and the types of products we source, our ability to track procurement spend locally is limited.

Disclosure	Page number(s) and/or URL(s)	Omission
GRI 200: Economic		
ANTI-CORRUPTION		
GRI 103: Management Approach 2016		
103-1 Explanation of the material topic and its Boundary	<p>NiS: Operating with Integrity, p53-54</p> <p>CGFR: Corporate Governance Overview Statement, p2-5</p> <p>NCBC: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/code_of_business_conduct_en.pdf</p>	
103-2 The management approach and its components	<p>NiS: Operating with Integrity, p53-54</p> <p>CGFR: Corporate Governance Overview Statement, p2-5</p> <p>NCBC: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/code_of_business_conduct_en.pdf</p>	
103-3 Evaluation of the management approach	<p>NiS: Operating with Integrity, p53-54</p> <p>CGFR: Corporate Governance Overview Statement, p2-5</p> <p>NCBC: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/code_of_business_conduct_en.pdf</p>	
GRI 205: Anti-Corruption 2016		
205-1 Operations assessed for risks related to corruption	<p>NiS: Operating with Integrity, p53-54</p> <p>Nestlé does not report on the total number of operations assessed specifically for corruption risks or what the identified risks are; however, in 2021 we conducted five 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/or percentage of discrete units.
205-2 Communication and training about anti-corruption policies and procedures	<p>NiS: Operating with Integrity, p53-54</p> <p>The Nestlé Malaysia Anti-Corruption, Gifts and Entertainment Guidelines (For Customers & Suppliers) is communicated to all suppliers via the Nestlé website: https://www.nestle.com.my/aboutus/business-principles/gift-guides.</p> <p>In 2021, the Guidelines were communicated to 100% of suppliers, including 67 suppliers who were 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 2021.	

Disclosure	Page number(s) and/or URL(s)	Omission
GRI 200: Economic		
ANTI-COMPETITIVE BEHAVIOUR		
GRI 103: Management Approach 2016		
103-1 Explanation of the material topic and its Boundary	<p>NiS: Creating Shared Value, p6-8</p> <p>CGFR: Corporate Governance Overview Statement, p5</p> <p>NCBP: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/corporate-business-principles-en.pdf</p> <p>NCBC: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/code_of_business_conduct_en.pdf</p>	
103-2 The management approach and its components	<p>NiS: Creating Shared Value, p6-8</p> <p>CGFR: Corporate Governance Overview Statement, p5</p> <p>NCBP: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/corporate-business-principles-en.pdf</p> <p>NCBC: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/code_of_business_conduct_en.pdf</p>	
103-3 Evaluation of the management approach	<p>NiS: Creating Shared Value, p6-8</p> <p>CGFR: Corporate Governance Overview Statement, p5</p> <p>NCBP: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/corporate-business-principles-en.pdf</p> <p>NCBC: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/code_of_business_conduct_en.pdf</p>	
GRI 206: Anti-Competitive Behaviour 2016		
206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	There were no incidents reported in 2021.	

Disclosure	Page number(s) and/or URL(s)	Omission
GRI 200: Economic		
TAX		
GRI 103: Management Approach 2016		
103-1 Explanation of the material topic and its Boundary		
103-2 The management approach and its components	Taxation: https://www.nestle.com/csv/what-is-csv/taxation	
103-3 Evaluation of the management approach		
GRI 207: Tax 2019		
207-1 Approach to tax	Taxation: https://www.nestle.com/csv/what-is-csv/taxation	
207-2 Tax governance, control, and risk management	Taxation: https://www.nestle.com/csv/what-is-csv/taxation	
207-3 Stakeholder engagement and management of concerns related to tax	Taxation: https://www.nestle.com/csv/what-is-csv/taxation NiS: Stakeholder Engagement and Material Issues, p11-15	
207-4 Country-by-country reporting	Taxation: https://www.nestle.com/csv/what-is-csv/taxation	
GRI 300: Environmental		
MATERIALS		
GRI 103: Management Approach 2016		
103-1 Explanation of the material topic and its Boundary	NiS: For The Planet, p77-78 NiS: Refrigerant Management, p87 NiS: Tackling Plastic Waste, p88-95	
103-2 The management approach and its components	NiS: For The Planet, p77-78 NiS: Refrigerant Management, p87 NiS: Tackling Plastic Waste, p88-95	
103-3 Evaluation of the management approach	NiS: For The Planet, p77-78 NiS: Refrigerant Management, p87 NiS: Tackling Plastic Waste, p88-95	

Disclosure	Page number(s) and/or URL(s)	Omission
GRI 300: Environmental		
MATERIALS		
GRI 301: Materials 2016		
301-1 Materials used by weight or volume	NiS: Performance Data (For the Planet), p103-107	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 2023.
301-2 Recycled input materials used	NiS: Performance Data (For the Planet), p103-107	
301-3 Reclaimed products and their packaging materials	NiS: Shaping a Waste-Free Future, p91-95 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 88-93 of this report.	
ENERGY		
GRI 103: Management Approach 2016		
103-1 Explanation of the material topic and its Boundary	NiS: Acting on Climate Change, p83-87 NiS: Transportation and Distribution, p85 NiS: Reducing Our Energy Consumption, p86-87	
103-2 The management approach and its components	NiS: Acting on Climate Change, p83-87 NiS: Transportation and Distribution, p85 NiS: Reducing Our Energy Consumption, p86-87	
103-3 Evaluation of the management approach	NiS: Acting on Climate Change, p83-87 NiS: Transportation and Distribution, p85 NiS: Reducing Our Energy Consumption, p86-87	

Disclosure	Page number(s) and/or URL(s)	Omission
GRI 300: Environmental		
ENERGY		
GRI 302: Energy 2016		
302-1 Energy consumption within the organisation	<p>NiS: Reducing Our Energy Consumption, p86-87 NiS: Performance Data (For the Planet), p103-107</p> <p>Nestlé consumes fuel in the form of diesel, natural gas and biomass.</p> <p>Our internal energy is monitored using our internal monitoring system, SHE-PM, which tracks energy in reporting units.</p> <p>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.</p>	
302-2 Energy consumption outside of the organisation	<p>NiS: Performance Data (For the Planet), p103-107</p> <p>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 estimated emission ratings from vehicle manufacturers.</p>	
302-3 Energy intensity	<p>NiS: Performance Data (For the Planet), p103-107</p>	
302-4 Reduction of energy consumption	<p>NiS: Performance Data (For the Planet), p103-107</p> <p>Reductions are calculated based on year-on-year reduction in consumption of electricity and fuel as monitored via our internal monitoring system, SHE-PM. These year-on-year reductions in electricity and fuel consumption are achieved through energy-saving projects that we implement.</p>	
302-5 Reductions in energy requirements of products and services	<p>NiS: Reducing our Energy Consumption, p86-87</p> <p>Changes in energy requirements for products and services sold are based on the following:</p> <ol style="list-style-type: none"> i. Energy consumption from sales people and vendor trucks' travel. Data for this is obtained from the sales report from the SHE Manager. ii. Information from the Nestlé National Distribution Centre (NDC) Carbon Report, which is limited to road transport only. 	
WATER AND EFFLUENTS		
GRI 103: Management Approach 2016		
103-1 Explanation of the material topic and its Boundary	<p>NiS: For The Planet, p77-78 NiS: Caring for Water, p79</p>	
103-2 The management approach and its components	<p>NiS: For The Planet, p77-78 NiS: Caring for Water, p79</p>	
103-3 Evaluation of the management approach	<p>NiS: For The Planet, p77-78 NiS: Caring for Water, p79</p>	

Disclosure	Page number(s) and/or URL(s)	Omission
GRI 300: Environmental		
WATER AND EFFLUENTS		
GRI 303: Water and Effluents 2018		
303-1 Interactions with water as a shared resource	NiS: Water Efficiency, p79-80 NiS: Caring for Water, p79 NiS: Water Advocacy, p81 NiS: Performance Data (For The Planet), p103-107	
303-2 Management of water discharge-related impacts	NiS: Caring for Water, p79 NiS: Water Efficiency, p79-80 NiS: Wastewater Treatment Plant, p80-81	
303-3 Water withdrawal	NiS: Caring for Water, p79 NiS: Water Efficiency, p79-80 NiS: Performance Data (For The Planet), p103-107	
	All water used in our operations is withdrawn from third-party sources. Nestlé Malaysia 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	NiS: Caring for Water, p79 NiS: Wastewater Treatment Plant, p80-81 NiS: Performance Data (For The Planet), p103-107	
	All water discharged from Nestlé Malaysia factories is treated and is in compliance with the Environment Quality Act Standard B, with the approval from the Environmental Authorities. The total dissolved solids concentration for all water discharged is less than 500 mg/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	NiS: Performance Data (For The Planet), p103	
BIODIVERSITY		
GRI 103: Management Approach 2016		
103-1 Explanation of the material topic and its Boundary	NiS: For The Planet, p77-78 NiS: Acting on Climate Change, p83-87	
103-2 The management approach and its components	NiS: For The Planet, p77-78 NiS: Acting on Climate Change, p83-87	Not applicable as it does not reach our materiality threshold.
103-3 Evaluation of the management approach	NiS: For The Planet, p77-78 NiS: Acting on Climate Change, p83-87	

Disclosure	Page number(s) and/or URL(s)	Omission
GRI 300: Environmental		
BIODIVERSITY		
GRI 304: Biodiversity 2016		
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 ReLeaf, reforestation of the Kinabatangan area.	
304-2 Significant impacts of activities, products, and services on biodiversity	NiS: Responsible Sourcing, p49-52	Not applicable as it does not reach our materiality threshold.
304-3 Habitats protected or restored	NiS: Protecting Biodiversity, p98-99	
304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	There are no reports of IUCN Red List species in the areas of operations. All factories are located in Industrial Estates designated by the respective States, which is located in a developed area as compared to a forest or the natural habitat for IUCN Red List species. The Nestlé Policy on Environmental Sustainability states that we must incorporate environmental sustainability objectives when we build, construct and renovate manufacturing facilities. The Nestlé Policy on Environmental Sustainability: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/environmental_sustainability/nestl%C3%A9%20policy%20on%20environmental%20sustainability.pdf	
EMISSIONS		
GRI 103: Management Approach 2016		
103-1 Explanation of the material topic and its Boundary	NiS: For The Planet, p77-78 NiS: Acting on Climate Change, p83-87	
103-2 The management approach and its components	NiS: For The Planet, p77-78 NiS: Acting on Climate Change, p83-87	
103-3 Evaluation of the management approach	NiS: For The Planet, p77-78 NiS: Acting on Climate Change, p83-87	

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Disclosure	Page number(s) and/or URL(s)	Omission
GRI 300: Environmental		
EMISSIONS		
GRI 305: Emissions 2016		
305-1 Direct (Scope 1) GHG emissions	<p>NiS: Performance Data (For the Planet), p103-107</p> <p>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</p> <p>GWP Source: Greenhouse Gas Protocol 2015, Global Warming Potentials AR5</p>	Due to the complexity of our operations, we are unable to monitor the quantity of our biogenic CO ₂ emissions. We are investigating the feasibility of monitoring biogenic emissions from our biomass boilers when they become operational.
305-2 Energy indirect (Scope 2) GHG emissions	<p>NiS: Performance Data (For the Planet), p103-107</p> <p>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</p> <p>GWP Source: Greenhouse Gas Protocol 2015, Global Warming Potentials AR5</p>	
305-3 Other indirect (Scope 3) GHG emissions	<p>NiS: Performance Data (For the Planet), p103-107</p> <p>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</p> <p>GWP Source: Greenhouse Gas Protocol 2015, Global Warming Potentials AR5</p>	Due to the complexity of our operations, we are unable to monitor the quantity of our biogenic CO ₂ emissions. We are investigating the feasibility of monitoring biogenic emissions from our biomass boilers when they become operational.
305-4 GHG emissions intensity	<p>NiS: Performance Data (For the Planet), p103-107</p>	
305-5 Reduction of GHG emissions	<p>NiS: Managing our Carbon Footprint, p85</p> <p>NiS: Performance Data (For the Planet), p103-107</p>	
305-6 Emissions of ozone- depleting substances (ODS)	<p>NiS: Refrigerant Management, p87</p> <p>NiS: Performance Data (For the Planet), p103-107</p> <p>We do not produce or export ozone-depleting substances, including CFC-11 at all our operation sites.</p> <p>GWP source of R22: Greenhouse Gas Protocol 2015, Global Warming Potentials AR5</p>	
305-7 Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant air emissions	<p>NiS: Performance Data (For the Planet), p103-107</p> <p>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.</p>	

Disclosure	Page number(s) and/or URL(s)	Omission
GRI 300: Environmental		
WASTE		
GRI 103: Management Approach 2016		
103-1 Explanation of the material topic and its Boundary	NiS: For The Planet, p77-78 NiS: Safeguarding the Environment, p88-101 NiS: Minimising Manufacturing Waste, p96	
103-2 The management approach and its components	NiS: For The Planet, p77-78 NiS: Safeguarding the Environment, p88-101 NiS: Minimising Manufacturing Waste, p96	
103-3 Evaluation of the management approach	NiS: For The Planet, p77-78 NiS: Safeguarding the Environment, p88-101 NiS: Minimising Manufacturing Waste, p96	
GRI 306: Waste 2020		
306-1 Waste generation and significant waste-related impacts	NiS: Safeguarding the Environment, p88-101 NiS: Minimising Manufacturing Waste, p96	
306-2 Management of waste-related impacts	NiS: Safeguarding the Environment, p88-101 NiS: Minimising Manufacturing Waste, p96 NiS: Reducing Food Waste, p97	
		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	NiS: Performance Data (For The Planet), p103-107	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.
306-4 Waste diverted from disposal	NiS: Performance Data (For The Planet), p103-107	Nestlé did not import or export any hazardous waste in 2021.
306-5 Waste directed to disposal	NiS: Performance Data (For The Planet), p103-107	Nestlé did not import or export any hazardous waste in 2021.

Disclosure	Page number(s) and/or URL(s)	Omission
GRI 300: Environmental		
ENVIRONMENTAL COMPLIANCE		
GRI 103: Management Approach 2016		
103-1 Explanation of the material topic and its Boundary	NiS: For The Planet, p77-78 NiS: Safeguarding the Environment, p88-101	
103-2 The management approach and its components	NiS: For The Planet, p77-78 NiS: Safeguarding the Environment, p88-101	
103-3 Evaluation of the management approach	NiS: For The Planet, p77-78 NiS: Safeguarding the Environment, p88-101	
GRI 307: Environmental Compliance 2016		
307-1 Non-compliance with environmental laws and regulations	There were no known instances of non-compliance with environmental laws and regulations in 2021.	
SUPPLIER ENVIRONMENTAL ASSESSMENT		
GRI 103: Management Approach 2016		
103-1 Explanation of the material topic and its Boundary	NiS: Responsible Sourcing, p49-52 RSS: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/suppliers/nestle-responsible-sourcing-standard-english.pdf	
103-2 The management approach and its components	NiS: Responsible Sourcing, p49-52 RSS: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/suppliers/nestle-responsible-sourcing-standard-english.pdf	
103-3 Evaluation of the management approach	NiS: Responsible Sourcing, p49-52 RSS: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/suppliers/nestle-responsible-sourcing-standard-english.pdf	

Disclosure	Page number(s) and/or URL(s)	Omission
GRI 300: Environmental		
SUPPLIER ENVIRONMENTAL ASSESSMENT		
GRI 308: Supplier Environmental Assessment		
308-1 New suppliers that were screened using environmental criteria	<p>NiS: Responsible Sourcing, p49-52</p> <p>NiS: Performance Data (For Our Communities), p72</p> <p>Nestlé conducts screening for all suppliers based on risk assessment using the Suppliers Ethical Data Exchange (SEDEX) platform. This assessment is conducted based on suppliers' social and environmental performance. This is part of our Nestlé policy on responsible sourcing.</p> <p>In 2021, 67 new suppliers, amounting to 100% of new suppliers were screened based on the Nestlé Responsible Sourcing Guideline which includes environmental criteria.</p>	
308-2 Negative environmental impacts in the supply chain and actions taken	<p>NiS: Responsible Sourcing, p49-52</p> <p>Nestlé conducts screening for all suppliers based on risk assessment using the Suppliers Ethical Data Exchange (SEDEX) platform. This assessment is conducted based on suppliers' social and environmental performance. 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>	
GRI 400: Social		
EMPLOYMENT		
GRI 103: Management Approach 2016		
103-1 Explanation of the material topic and its Boundary	<p>NiS: For Our Communities, p41</p> <p>NiS: Our People, p53</p>	
103-2 The management approach and its components	<p>NiS: For Our Communities, p41</p> <p>NiS: Our People, p53</p>	
103-3 Evaluation of the management approach	<p>NiS: For Our Communities, p41</p> <p>NiS: Our People, p53</p>	

Disclosure	Page number(s) and/or URL(s)	Omission																																																																		
GRI 400: Social																																																																				
EMPLOYMENT																																																																				
GRI 401: Employment 2016																																																																				
401-1 New employee hires and employee turnover	<p>NiS: Performance Data (For Our Communities), p72-75</p> <table border="1"> <thead> <tr> <th>Indicator</th> <th>Total number</th> <th>Rate (%)</th> </tr> </thead> <tbody> <tr> <td colspan="3">New employees by gender:</td> </tr> <tr> <td>• Male</td> <td>368</td> <td>67</td> </tr> <tr> <td>• Female</td> <td>179</td> <td>33</td> </tr> <tr> <td colspan="3">New employees by age group:</td> </tr> <tr> <td>• Below 30</td> <td>421</td> <td>77</td> </tr> <tr> <td>• 30 – 50</td> <td>115</td> <td>21</td> </tr> <tr> <td>• Above 50</td> <td>11</td> <td>2</td> </tr> <tr> <td colspan="3">New employees by region:</td> </tr> <tr> <td>• Nestlé Products Sdn. Bhd.</td> <td>131</td> <td>24</td> </tr> <tr> <td>• Nestlé Manufacturing (Malaysia) Sdn. Bhd</td> <td>416</td> <td>76</td> </tr> </tbody> </table> <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">Employees leaving employment by gender:</td> </tr> <tr> <td>• Male</td> <td>159</td> <td>59</td> </tr> <tr> <td>• Female</td> <td>109</td> <td>41</td> </tr> <tr> <td colspan="3">Employees leaving by age group:</td> </tr> <tr> <td>• Below 30</td> <td>70</td> <td>26</td> </tr> <tr> <td>• 30 – 50</td> <td>139</td> <td>52</td> </tr> <tr> <td>• Above 50</td> <td>59</td> <td>22</td> </tr> <tr> <td colspan="3">Employees leaving by region:</td> </tr> <tr> <td>• Nestlé Products Sdn. Bhd.</td> <td>122</td> <td>46</td> </tr> <tr> <td>• Nestlé Manufacturing (Malaysia) Sdn. Bhd</td> <td>146</td> <td>54</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 (%)	New employees by gender:			• Male	368	67	• Female	179	33	New employees by age group:			• Below 30	421	77	• 30 – 50	115	21	• Above 50	11	2	New employees by region:			• Nestlé Products Sdn. Bhd.	131	24	• Nestlé Manufacturing (Malaysia) Sdn. Bhd	416	76	Indicator	Total number	Rate (%)	Employees leaving employment by gender:			• Male	159	59	• Female	109	41	Employees leaving by age group:			• Below 30	70	26	• 30 – 50	139	52	• Above 50	59	22	Employees leaving by region:			• Nestlé Products Sdn. Bhd.	122	46	• Nestlé Manufacturing (Malaysia) Sdn. Bhd	146	54	
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• Nestlé Manufacturing (Malaysia) Sdn. Bhd	146	54																																																																		
401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	<p>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.</p> <p>Nestlé Management Employee Handbook (internal circulation)</p>																																																																			

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EMPLOYMENT																												
GRI 401: Employment 2016																												
401-3 Parental leave	<p>NiS: Performance Data (For Our Communities), p72-75</p> <table border="1"> <thead> <tr> <th>Indicator</th> <th>Total number</th> </tr> </thead> <tbody> <tr> <td>Total number of employees that are entitled to Parental Leave by gender</td> <td></td> </tr> <tr> <td>• Male</td> <td>3,150</td> </tr> <tr> <td>• Female</td> <td>1,744</td> </tr> <tr> <td>Total number of employees that took Parental Leave by gender</td> <td></td> </tr> <tr> <td>• Male</td> <td>165</td> </tr> <tr> <td>• Female</td> <td>91</td> </tr> <tr> <td>Total number of employees that returned to work after leave ended by gender</td> <td></td> </tr> <tr> <td>• Male</td> <td>165</td> </tr> <tr> <td>• Female</td> <td>91</td> </tr> <tr> <td>Percentage of employees that returned to work after leave ended by gender (%)</td> <td></td> </tr> <tr> <td>• Male</td> <td>100</td> </tr> <tr> <td>• Female</td> <td>100</td> </tr> </tbody> </table>	Indicator	Total number	Total number of employees that are entitled to Parental Leave by gender		• Male	3,150	• Female	1,744	Total number of employees that took Parental Leave by gender		• Male	165	• Female	91	Total number of employees that returned to work after leave ended by gender		• Male	165	• Female	91	Percentage of employees that returned to work after leave ended by gender (%)		• Male	100	• Female	100	<p>Due to limited data availability, data on the number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work, by gender, is unavailable. We are currently establishing the necessary systems to track this data and plan to disclose this in 2023.</p>
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LABOUR/MANAGEMENT RELATIONS																												
GRI 103: Management Approach 2016																												
103-1 Explanation of the material topic and its Boundary	-	Not applicable as it does not reach our materiality threshold.																										
103-2 The management approach and its components	-	Not applicable as it does not reach our materiality threshold.																										
103-3 Evaluation of the management approach	-	Not applicable as it does not reach our materiality threshold.																										

Disclosure	Page number(s) and/or URL(s)	Omission
GRI 400: Social		
LABOUR/MANAGEMENT RELATIONS		
GRI 402: Labour/Management Relations 2016		
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)	
OCCUPATIONAL HEALTH AND SAFETY		
GRI 103: Management Approach 2016		
103-1 Explanation of the material topic and its Boundary	NiS: Safety, Health and Well-being, p67-70	
103-2 The management approach and its components	NiS: Safety, Health and Well-being, p67-70	
103-3 Evaluation of the management approach	NiS: Safety, Health and Well-being, p67-70	
GRI 403: Occupational Health and Safety 2018		
403-1 Occupational health and safety management system	NiS: Safety, Health and Well-being, p67-70	
403-2 Hazard identification, risk assessment, and incident investigation	NiS: Safety, Health and Well-being, p67-70	

Disclosure	Page number(s) and/or URL(s)	Omission
GRI 400: Social		
OCCUPATIONAL HEALTH AND SAFETY		
GRI 403: Occupational Health and Safety 2018		

403-3 **NiS:** Safety, Health and Well-being, p67-70

Occupational health services

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)

403-4 **NiS:** Safety, Health and Well-being, p67-70

Worker participation, consultation, and communication on occupational health and safety

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:

- 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 or grandparent;
- Article 20 describes the terms and conditions under which an employee shall or shall not be entitled to paid sick leave.

Disclosure	Page number(s) and/or URL(s)	Omission
GRI 400: Social		
OCCUPATIONAL HEALTH AND SAFETY		
GRI 403: Occupational Health and Safety 2018		
403-5 Worker training on occupational health and safety	NiS: Safety, Health and Well-being, p67-70	
403-6 Promotion of worker health	NiS: Nestlé Framework for Employee Health, p69 NiS: Employee Engagement, p61-64	
403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	NiS: Safety, Health and Well-being, p67-70	
403-8 Workers covered by an occupational health and safety management system	NiS: Safety, Health and Well-being, p67-70	
403-9 Work-related injuries	NiS: Safety, Health and Well-being, p67-70 Our calculation on injuries and lost-day rate are as follows: $\frac{\text{Number of recordable injuries or lost days}}{\text{Total number of hours worked}} \times 1,000,000$	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.

Disclosure	Page number(s) and/or URL(s)	Omission
GRI 400: Social		
OCCUPATIONAL HEALTH AND SAFETY		
GRI 403: Occupational Health and Safety 2018		
403-10 Work-related ill-health	<p>Below is a breakdown of the most prevailing cases of work related ill-health amongst Nestlé Malaysia's employees:</p> <ul style="list-style-type: none"> - 90% of cases relating to work-related noise impairment. - 9% of cases relating to Musculoskeletal Skeletal Disorder (MSD). - 1% of cases relating to occupational poisoning cases related to food intolerance. <p>In 2021, we recorded 14 cases of work-related ill-health, which is equivalent to a rate of 0.9 cases per million hours worked.</p>	Information unavailable for (b), (c), (d) and (e). Due to the complexity of our operations, detailed occupational health and safety information regarding work-related ill-health is not currently monitored in a format that is suitable for reporting. It is not possible to determine at this time when the information will be available.
TRAINING AND EDUCATION		
GRI 103: Management Approach 2016		
103-1 Explanation of the material topic and its Boundary	<p>NiS: For Our Communities, p41 NiS: Our People, p53 NiS: Training and Development, p58-60</p>	
103-2 The management approach and its components	<p>NiS: For Our Communities, p41 NiS: Our People, p53 NiS: Training and Development, p58-60</p>	
103-3 Evaluation of the management approach	<p>NiS: Our People, p53 NiS: Training and Development, p58-60</p>	
GRI 404: Training and Education 2016		
404-1 Average hours of training per year per employee	<p>NiS: Performance Data (For Our Communities), p72-75</p>	
404-2 Programs for upgrading employee skills and transition assistance programs	<p>NiS: Training and Development, p58-60</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	<p>NiS: Performance Data (For Our Communities), p72-75</p>	

Disclosure	Page number(s) and/or URL(s)	Omission																																																						
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DIVERSITY AND EQUAL OPPORTUNITY																																																								
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103-3 Evaluation of the management approach	NiS: Diversity and Gender Balance, p55-57																																																							
GRI 405: Diversity and Equal Opportunity 2016																																																								
405-1 Diversity of governance bodies and employees	NiS: Diversity and Gender Balance, p55-57 NiS: CSV Key Performance Data, p108-109																																																							
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Disclosure	Page number(s) and/or URL(s)	Omission
GRI 400: Social		
DIVERSITY AND EQUAL OPPORTUNITY		
GRI 405: Diversity and Equal Opportunity 2016		

405-1
Diversity of governance
bodies and employees

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

Ethnic	%	Total
Bumiputera	57	4
Chinese	14	1
Indian	0	0
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
Total	100	7

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

Employee Category	Female to Male Salary Ratio
Top Management	0.82
Management	0.88
Non-Management	0.96

Significant locations of operations include operations in Malaysia.

GRI Content Index



Disclosure	Page number(s) and/or URL(s)	Omission
GRI 400: Social		
NON-DISCRIMINATION		
GRI 103: Management Approach 2016		
103-1 Explanation of the material topic and its Boundary	NiS: Our People, p53 NiS: Diversity and Gender Balance, p55-57 NCBP: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/corporate-business-principles-en.pdf	
103-2 The management approach and its components	NiS: Our People, p53 NiS: Diversity and Gender Balance, p55-57 NCBP: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/corporate-business-principles-en.pdf	
103-3 Evaluation of the management approach	NiS: Our People, p53 NiS: Diversity and Gender Balance, p55-57 NCBP: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/corporate-business-principles-en.pdf	
GRI 406: Non-Discrimination 2016		
406-1 Incidents of discrimination and corrective actions taken	There were no incidents of discrimination reported in 2021.	
FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING		
GRI 103: Management Approach 2016		
103-1 Explanation of the material topic and its Boundary	NiS: Labour Relations, p71 NCBP: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/corporate-business-principles-en.pdf	
103-2 The management approach and its components	NiS: Labour Relations, p71 NCBP: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/corporate-business-principles-en.pdf	
103-3 Evaluation of the management approach	NiS: Labour Relations, p71 NCBP: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/corporate-business-principles-en.pdf	

Disclosure	Page number(s) and/or URL(s)	Omission
GRI 400: Social		
FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING		
GRI 407: Freedom of Association and Collective Bargaining 2016		
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 2021.	
CHILD LABOUR		
GRI 103: Management Approach 2016		
103-1 Explanation of the material topic and its Boundary	RSS: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/suppliers/nestle-responsible-sourcing-standard-english.pdf Nestlé Commitment on Child Labour: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_social_responsibility/nestle-commitment-child-labour.pdf Tackling Child Labour Report 2019 https://www.nestle.com/sites/default/files/2019-12/nestle-tackling-child-labor-report-2019-en.pdf	
103-2 The management approach and its components	RSS: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/suppliers/nestle-responsible-sourcing-standard-english.pdf Nestlé Commitment on Child Labour: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_social_responsibility/nestle-commitment-child-labour.pdf Tackling Child Labour Report 2019 https://www.nestle.com/sites/default/files/2019-12/nestle-tackling-child-labor-report-2019-en.pdf	
103-3 Evaluation of the management approach	RSS: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/suppliers/nestle-responsible-sourcing-standard-english.pdf Nestlé Commitment on Child Labour: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_social_responsibility/nestle-commitment-child-labour.pdf Tackling Child Labour Report 2019 https://www.nestle.com/sites/default/files/2019-12/nestle-tackling-child-labor-report-2019-en.pdf	

Disclosure	Page number(s) and/or URL(s)	Omission
GRI 400: Social		
CHILD LABOUR		
GRI 408: Child Labour		
408-1 Operations and suppliers at significant risk for incidents of child labor	NiS: Nestlé Cocoa Plan, p50	
FORCED OR COMPULSORY LABOUR		
GRI 103: Management Approach 2016		
103-1 Explanation of the material topic and its Boundary	NiS: Responsible Sourcing, p49-52 RSS: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/suppliers/nestle-responsible-sourcing-standard-english.pdf Nestlé Commitment on Labour Rights in Agricultural Supply Chains: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_social_responsibility/nestle-commitment-labour-rights-agricultural-supply-chains.pdf	
103-2 The management approach and its components	NiS: Responsible Sourcing, p49-52 RSS: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/suppliers/nestle-responsible-sourcing-standard-english.pdf Nestlé Commitment on Labour Rights in Agricultural Supply Chains: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_social_responsibility/nestle-commitment-labour-rights-agricultural-supply-chains.pdf	
103-3 Evaluation of the management approach	NiS: Responsible Sourcing, p49-52 RSS: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/suppliers/nestle-responsible-sourcing-standard-english.pdf Nestlé Commitment on Labour Rights in Agricultural Supply Chains: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_social_responsibility/nestle-commitment-labour-rights-agricultural-supply-chains.pdf	

Disclosure	Page number(s) and/or URL(s)	Omission
GRI 400: Social		
FORCED OR COMPULSORY LABOUR		
GRI 409: Forced or Compulsory Labour		
409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	<p>NiS: Responsible Sourcing, p49-52</p> <p>We do not accept any form of forced or compulsory labour in our value chain.</p> <p>Nestlé Commitment on Labour Rights in Agricultural Supply Chains: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_social_responsibility/nestle-commitment-labour-rights-agricultural-supply-chains.pdf</p>	
SECURITY PRACTICES		
GRI 103: Management Approach 2016		
103-1 Explanation of the material topic and its Boundary	RSS: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/suppliers/nestle-responsible-sourcing-standard-english.pdf	
103-2 The management approach and its components	RSS: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/suppliers/nestle-responsible-sourcing-standard-english.pdf	
103-3 Evaluation of the management approach	RSS: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/suppliers/nestle-responsible-sourcing-standard-english.pdf	
GRI 410: Security Practices		
401-1 Security personnel trained in human rights policies or procedures	<p>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.</p>	

Disclosure	Page number(s) and/or URL(s)	Omission
GRI 400: Social		
RIGHTS OF INDIGENOUS PEOPLES		
GRI 103: Management Approach 2016		
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		
GRI 411: Rights of Indigenous Peoples		
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, p82 and our reforestation efforts, 98-99. There were no incidents reported in 2021.	
HUMAN RIGHTS ASSESSMENT		
GRI 103: Management Approach 2016		
103-1 Explanation of the material topic and its Boundary	NCBP: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/corporate-business-principles-en.pdf	
103-2 The management approach and its components	NiS: Responsible Sourcing, p49-52 NCBP: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/corporate-business-principles-en.pdf	
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Disclosure	Page number(s) and/or URL(s)	Omission
GRI 400: Social		
HUMAN RIGHTS ASSESSMENT		
GRI 412: Human Rights Assessment		
412-1 Operations that have been subject to human rights reviews or impact assessments	NiS: Operating with Integrity, p53-54 All Nestlé Malaysia sites have been subjected to CARE (Nestlé Corporate Compliance Assessment Program of Human Rights & Labour Practices, Business Integrity, Safety & Health, Environmental Sustainability and Security) audits.	
412-2 Employee training on human rights policies or procedures	NiS: Training and Development, p58-60	
412-3 Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	NiS: Responsible Sourcing, p49-52 NiS: Our Commitment on Sustainable Palm Oil, p51-52 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.	
LOCAL COMMUNITIES		
GRI 103: Management Approach 2016		
103-1 Explanation of the material topic and its Boundary	NiS: Promoting Healthier Lifestyles in Children, p27 NiS: Encouraging Healthy Cooking, Eating and Lifestyles, p28 NiS: For Our Communities, p41 NiS: Rural Development, p45-52 NiS: Responsible Sourcing, p49-52 NiS: Protecting Biodiversity, p98-99	
103-2 The management approach and its components	NiS: Promoting Healthier Lifestyles in Children, p27 NiS: Encouraging Healthy Cooking, Eating and Lifestyles, p28 NiS: For Our Communities, p41 NiS: Rural Development, p45-52 NiS: Responsible Sourcing, p49-52 NiS: Protecting Biodiversity, p98-99	
103-3 Evaluation of the management approach	NiS: Promoting Healthier Lifestyles in Children, p27 NiS: Encouraging Healthy Cooking, Eating and Lifestyles, p28 NiS: For Our Communities, p41 NiS: Rural Development, p45-52 NiS: Responsible Sourcing, p49-52 NiS: Protecting Biodiversity, p98-99	

Disclosure	Page number(s) and/or URL(s)	Omission
GRI 400: Social		
LOCAL COMMUNITIES		
GRI 413: Local Communities 2016		
413-1 Operations with local community engagement, impact assessments, and development programs	<p>NiS: Promoting Healthier Lifestyles in Children, p27</p> <p>NiS: Encouraging Healthy Cooking, Eating and Lifestyles, p28</p> <p>NiS: Rural Development, p45-52</p> <p>NiS: Responsible Sourcing, p49-52</p> <p>NiS: Employee Engagement, p61-64</p> <p>NiS: Promoting Youth Employment and Employability, p65-66</p> <p>NiS: Access to Water, p82</p> <p>NiS: The CAREton Project, p94</p> <p>NiS: Protecting Biodiversity, p98-99</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 2021.	

Disclosure	Page number(s) and/or URL(s)	Omission
GRI 400: Social		
SUPPLIER SOCIAL ASSESSMENT		
GRI 103: Management Approach 2016		
103-1 Explanation of the material topic and its Boundary	<p>NiS: Responsible Sourcing, p49-52 NiS: Operating with Integrity, p53-54</p> <p>RSS: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/suppliers/nestle-responsible-sourcing-standard-english.pdf</p>	
103-2 The management approach and its components	<p>NiS: Responsible Sourcing, p49-52 NiS: Operating with Integrity, p53-54</p> <p>RSS: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/suppliers/nestle-responsible-sourcing-standard-english.pdf</p>	
103-3 Evaluation of the management approach	<p>NiS: Responsible Sourcing, p49-52 NiS: Operating with Integrity, p53-54</p> <p>RSS: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/suppliers/nestle-responsible-sourcing-standard-english.pdf</p>	
GRI 414: Supplier Social Assessment 2016		
414-1 New suppliers that were screened using social criteria	<p>NiS: Responsible Sourcing, p49-52</p> <p>In 2021, 67 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>RSS: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/suppliers/nestle-responsible-sourcing-standard-english.pdf</p> <p>Nestlé Malaysia does not have visibility of these activities, as we do not conduct any Human Rights sessions with third parties. They are however within the purview of the respective stakeholders and advocated to embrace the Human Rights and Integrity principles as contained in NCBP and the NCBC.</p> <p>NCBP: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/corporate-business-principles-en.pdf NCBC: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/code_of_business_conduct_en.pdf</p>	
414-2 Negative social impacts in the supply chain and actions taken	<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
GRI 400: Social		
PUBLIC POLICY		
GRI 103: Management Approach 2016		
103-1 Explanation of the material topic and its Boundary	<p>Nestlé does not contribute to political parties, politicians and/or related institutions by country.</p> <p>Under Section 10, page 6 of the Nestlé Code of Business Conduct, political contributions are not allowed.</p> <p>NCBC: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/code_of_business_conduct_en.pdf</p>	
103-2 The management approach and its components	<p>Nestlé does not contribute to political parties, politicians and/or related institutions by country.</p> <p>Under Section 10, page 6 of the Nestlé Code of Business Conduct, political contributions are not allowed.</p> <p>NCBC: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/code_of_business_conduct_en.pdf</p>	
103-3 Evaluation of the management approach	<p>Nestlé does not contribute to political parties, politicians and/or related institutions by country.</p> <p>Under Section 10, page 6 of the Nestlé Code of Business Conduct, political contributions are not allowed.</p> <p>NCBC: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/code_of_business_conduct_en.pdf</p>	
GRI 415: Public Policy 2016		
415-1 Political contributions	<p>Nestlé does not contribute to political parties, politicians and/or related institutions by country.</p> <p>Under Section 10, page 6 of the Nestlé Code of Business Conduct, political contributions are not allowed.</p> <p>NCBC: https://www.nestle.com/sites/default/files/asset-library/documents/library/documents/corporate_governance/code_of_business_conduct_en.pdf</p>	

Disclosure	Page number(s) and/or URL(s)	Omission
GRI 400: Social		
CUSTOMER HEALTH AND SAFETY		
GRI 103: Management Approach 2016		
103-1 Explanation of the material topic and its Boundary	NiS: Our Nutrition, Health and Wellness Strategy, p17-37	
103-2 The management approach and its components	NiS: Our Nutrition, Health and Wellness Strategy, p17-37 NiS: Product Safety and Quality, p33-34	
103-3 Evaluation of the management approach	NiS: Our Nutrition, Health and Wellness Strategy, p17-37 NiS: Product Safety and Quality, p33-34	
GRI 416: Customer Health and Safety 2016		
416-1 Assessment of the health and safety impacts of product and service categories	NiS: Product Safety and Quality, p33-34 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 2021.	

GRI Content Index



Disclosure	Page number(s) and/or URL(s)	Omission
GRI 400: Social		
MARKETING AND LABELLING		
GRI 103: Management Approach 2016		
103-1 Explanation of the material topic and its Boundary	NiS: Providing Nutritional Information, p24-25 NiS: Responsible Marketing and Advertising, p30 NiS: Responsible Marketing of Breast-milk Substitutes, p31	
103-2 The management approach and its components	NiS: Providing Nutritional Information, p24-25 NiS: Responsible Marketing and Advertising, p30 NiS: Responsible Marketing of Breast-milk Substitutes, p31	
103-3 Evaluation of the management approach	NiS: Providing Nutritional Information, p24-25 NiS: Responsible Marketing and Advertising, p30 NiS: Responsible Marketing of Breast-milk Substitutes, p31	
GRI 417: Marketing and Labelling 2016		
417-1 Requirements for product and service information and labelling	NiS: Performance Data (For Individuals & Families), p38-39 NiS: Providing Nutritional Information, p24-25 NiS: Portion Guidance, p26	
417-2 Incidents of non-compliance concerning product and service information and labelling	There were no incidents reported in 2021.	
417-3 Incidents of non-compliance concerning marketing communications	There were no incidents reported in 2021.	
CUSTOMER PRIVACY		
GRI 103: Management Approach 2016		
103-1 Explanation of the material topic and its Boundary	Privacy Policy: https://www.nestle.com.my/info/privacy_notice	
103-2 The management approach and its components	Privacy Policy: https://www.nestle.com.my/info/privacy_notice	
103-3 Evaluation of the management approach	Privacy Policy: https://www.nestle.com.my/info/privacy_notice	

Disclosure	Page number(s) and/or URL(s)	Omission
GRI 400: Social		
CUSTOMER PRIVACY		
GRI 418: Customer Privacy 2016		
418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	There were no incidents reported in 2021.	
SOCIOECONOMIC COMPLIANCE		
GRI 103: Management Approach 2016		
103-1 Explanation of the material topic and its Boundary	NiS: Providing Nutritional Information, p24-25 NiS: Responsible Marketing and Advertising, p30 NiS: Responsible Marketing of Breast-milk Substitutes, p31	
103-2 The management approach and its components	NiS: Providing Nutritional Information, p24-25 NiS: Responsible Marketing and Advertising, p30 NiS: Responsible Marketing of Breast-milk Substitutes, p31	
103-3 Evaluation of the management approach	NiS: Providing Nutritional Information, p24-25 NiS: Responsible Marketing and Advertising, p30 NiS: Responsible Marketing of Breast-milk Substitutes, p31	
GRI 419: Socioeconomic Compliance 2016		
419-1 Non-compliance with laws and regulations in the social and economic area	There were no incidents reported in 2021.	

Independent Limited Assurance Report on Selected Sustainability Information in Nestlé in Society Report 2021

To the Board of Directors of Nestlé (Malaysia) Berhad

We have been engaged by Nestlé (Malaysia) Berhad ("Nestlé Malaysia" or "the Company") to perform an independent limited assurance engagement on selected sustainability information, comprising the information set out in the Subject Matter (hereinafter referred to as "Selected Information") for the financial year ended 31 December 2021 as reported by Nestlé Malaysia in its Nestlé in Society Report 2021.

Management's Responsibility

Management of Nestlé Malaysia is responsible for the preparation of the Selected Information included in the Nestlé in Society Report 2021 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 2021 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 2021 as well as the design, implementation and maintenance of internal control relevant for the preparation of the Selected Information that is free from material misstatement, whether due to fraud or error. 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 express a limited assurance conclusion on the Subject Matter based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with the approved standard for assurance engagements in Malaysia, International Standard on Assurance Engagements ("ISAE") 3000 (Revised) "Assurance

Engagements Other Than Audits or Reviews of Historical Financial Information".

This standard requires that we plan and perform this engagement under consideration of materiality to express our conclusion with limited assurance about whether the Selected Information is free from material misstatement.

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 conjunction with Nestlé Malaysia's internal sustainability reporting guidelines and procedures on the reporting of its sustainability performance.

A limited assurance engagement involves assessing the suitability in the circumstances of Nestlé Malaysia's use of the Criteria as the basis for the preparation of the Subject Matter, assessing the risks of material misstatement of the Selected Information whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the Subject Matter. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

Subject Matter

The Selected Information reported and marked with asterisks (*) in the Nestlé in Society Report 2021 on which we provide limited assurance consists of:

- The Selected Information:
 1. Number of products attaining Healthier Choice Logo ("HCL") certification;
 2. Number of product-related complaints;
 3. Lost Time Injury Frequency Rate ("LTIFR");
 4. Volume of water recycled and reused (ML);
 5. Number of farmers impacted/benefited in Nestlé Chilli Club and total volume of chillies purchased from Nestlé Chilli Club (metric tonnes);

- The Selected Information: (continued)
 6. Waste to landfill (metric tonnes); and
- Nestlé Malaysia's declaration that Nestlé in Society Report 2021 is prepared in accordance with the GRI standards.

Our assurance was with respect to the year ended 31 December 2021 information only and we have not performed any procedures with respect to earlier periods or any other elements included in the Nestlé in Society Report 2021 and, therefore, do not express any conclusion thereon.

Criteria

The Selected Information 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.

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:

- Inquired personnel responsible for the Selected Information reported in Nestlé in Society Report 2021 regarding the processes to prepare the said report and the underlying controls over those processes;
- Inquired personnel responsible for data collection, collation and reporting of the Selected Information at the corporate and operation unit level;
- Inspected on a sample basis of internal documents, contracts, reports, data capture forms, delivery orders, invoices, where applicable, to support the Selected Information including observation of management's controls over the processes;
- Checked the formulas, proxies and default values used in the Selected Information

against Nestlé Malaysia's internal sustainability reporting guidelines and procedures.

- Checked the disclosures and presentation of the Nestlé in Society Report 2021 to 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 the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that, in all material respects:

- 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 2021 disclosures are not 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 as reported by Nestlé Malaysia in its Nestlé in Society Report 2021. 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 2021 to be disclosed in the website of Nestlé Malaysia at www.nestle.com.my, in respect of the financial year ended 31 December 2021, to assist the Directors in responding to their governance responsibilities by obtaining an independent limited assurance report on the Selected Information in connection with the preparation of Nestlé in Society Report 2021. As a result, we will not accept any liability or assume responsibility to any other party to whom our report is shown or into whose hands it may come. Any reliance on this report by any third party is entirely at its own risk.

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

Kuala Lumpur
14 March 2022

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