



Nestlé® Good food, Good life

NESTLÉ IN SOCIETY REPORT 2023



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

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Since our inception in 1912, Nestlé (Malaysia) Berhad has been driven by our purpose of unlocking the power of food to enhance the quality of life for everyone, today and for generations to come. For more than 110 years, this has been our guiding compass, enabling us to remain steadfast until today as Malaysia's leading food and beverage manufacturer. Staying true to this mission continues to anchor us and steer us onward to make a positive difference in the world.

Basis of This Report



The trust of our stakeholders is an utmost priority for us and we strive to uphold this through transparent reporting. This is exemplified through our Nestlé in Society Report, which comprehensively outlines advancements in our Environmental, Social and Governance (ESG) agenda and sustainability progress throughout the year.

Now in its 18th year, the 2023 edition of our Nestlé in Society Report reflects key milestones achieved in accelerating our ESG actions towards fulfilling our societal and environmental commitments. As always, we are guided by our Creating Shared Value (CSV) approach to zero in on what matters most to amplify our positive impact. This allows us to remain focused on relevant material matters, staying the course towards our sustainability goals.

Report Scope and Boundary

Covering the operations and activities of Nestlé (Malaysia) Berhad ("Company") and its subsidiaries ("Group"), Nestlé Products Sdn. Bhd., Wyeth Nutrition (Malaysia) Sdn. Bhd., Nestlé Manufacturing (Malaysia) Sdn. Bhd., and Nestlé Asean (Malaysia) Sdn. Bhd., this Report spans the reporting period of 1 January to 31 December 2023. It provides a detailed overview of the initiatives and actions undertaken by the Company during the year to generate value in relevant impact areas for various stakeholders throughout our operations and value chain.

The 2022 Materiality Review continued to serve as our reference point for key topics most pertinent to the business, society and the environment, driving the Company's priorities for the year.

Reporting Framework

Based on the Global Reporting Initiative's (GRI) Universal Standards 2021, this Report discloses information and data on our sustainability performance across material economic, environmental and social matters of greatest significance to our stakeholders.

In line with our global reporting suite, CSV Key Performance data is presented to showcase our progress, while aligning with the United Nations (UN) Global Compact and Ten Principles on human rights, labour, environment, and anti-corruption. The CSV Key Performance data is also featured in Nestlé S.A.'s Communication on Progress (CoP) to the UN Global Compact, which is submitted on an annual basis.

Guided by the Integrated Reporting Framework, we deliver this Report together with our Annual Review, completing our Annual Reporting Suite. This Report is also prepared in accordance with the Main Market Listing Requirement of Bursa Malaysia Securities Berhad pertaining to Sustainability Statement in Annual Report.

Reflecting our commitment to adopting best practices in climate-related reporting, this Report voluntarily incorporates the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD). Nestlé globally continues to champion the TCFD as an avenue to create robust risk management and mitigation frameworks, while also serving investor interests.

Independent Assurance

Obtaining third-party external verification enables us to validate the information presented in this Report. To that end, we engaged Ernst & Young PLT (EY) to carry out a limited independent assurance focused on key material topics. For further details on their scope of work and findings, the full independence assurance statement is available at the end of this Report. This helps to substantiate that the Report transparently shares a complete and accurate picture of the Group's sustainability performance.

Icons in This Report

AR Annual Review 2023

CGFR Corporate Governance & Financial Report 2023

NIS Nestlé in Society Report 2023

Directs readers to pages or other supplementary reports with more information

OUR PORTFOLIO
MILO
FOODS
COFFEE
READY-TO-DRINK
PLANT-BASED MEAL SOLUTIONS
ICE CREAM
CONFECTIONERY
DAIRY AND ADULT NUTRITION
NUTRITION
HEALTH SCIENCE
NESTLÉ PROFESSIONAL

Head Office in
**Bandar Utama,
 Petaling Jaya, Selangor**



Employs



5,336

people as of 31 December 2023

**Buatan Malaysia,
 Untuk Rakyat
 Malaysia**

Public listed on
 Bursa Malaysia since

1989

Operates
6 **Factories**
 and 1 national
 distribution centre



Market capitalisation of
RM27.6 billion

as at 31 December 2023

Turnover of
RM7.1 billion
 in 2023



**Biggest Halal
 producer** in the
 Nestlé world

Operating commercially in **Malaysia since 1912**

Employs
100%

Malaysian manufacturing workforce

Wide Portfolio of Over 500
**Made-In-Malaysia
 Halal-Certified Products,**
 including household brands such as
 MILO, MAGGI, and NESCAFÉ

RM13 million
 contributed
 to uplifting
 communities & relief
 efforts in 2023



Message from Our Chairman and Our CEO



Dear Stakeholders,

Today, more than ever, our world is at a critical juncture, facing unprecedented environmental challenges that threaten our way of life and future generations. Now is the time for companies to act decisively as a force of good, driving initiatives that not only benefit shareholders but also society and the planet in order to bring about a brighter and more sustainable future for all.

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

Juan Aranols
Chief Executive Officer (Left)

At Nestlé, CSV represents our commitment to ensuring long-term, sustainable value creation for shareholders while addressing pressing societal issues. In line with this, we believe that the work we do and the products we manufacture should contribute to our ongoing success as well as make a positive difference in society. This CSV approach serves as the cornerstone of our purpose: to unlock the power of food to enhance the quality of life for everyone, today and for generations to come.

Reflecting this, in 2023, we redoubled our efforts to pursue our ESG agenda and sustainability goals with clear targets for 2025, which include achieving plastic neutrality, reducing greenhouse gas (GHG) emissions by 20% from our 2018 baseline and ensuring that 100% of our packaging is designed for recycling. These targets reflect our unwavering commitment to environmental stewardship.

Contributing to Nutritious and Sustainable Diets

As the *Good food, Good life* company, we consistently drive innovation to provide offerings that support consumers in their journey towards nutritious and sustainable diets. Towards this end, we continued to deliver healthier variants of our products, including expanding our plant-based meal selections with two new HARVEST GOURMET products. Additionally, we also broadened our range of plant-based offerings with the launch of our dairy free drink brands, NESTLÉ GOODNES, to provide a wider selection of healthier options for Malaysians. Recognising the diverse health



needs of Malaysians, we provide a range of scientifically formulated products offering specific health benefits. Among others, this includes our NESTLÉ OMEGA PLUS milk products which can help to lower cholesterol for better heart health. To further support Malaysians seeking a healthier lifestyle, we continued to expand our portfolio of products certified with the Ministry of Health Malaysia's (MoH) Healthier Choice Logo (HCL) with a total of 41 HCL-certified products, representing 32% of our overall product line-up as of December 2023.

Educating and encouraging healthier lifestyles among Malaysians remained at the forefront of our efforts throughout the year. We continued to work alongside our long-standing partners, the Ministry of Education (MoE) and Nutrition Society of Malaysia (NSM), to enhance nutrition knowledge among schoolchildren through the Nestlé for Healthier Kids (N4HK) Programme. To date, we have empowered close to 150,000 schoolchildren to make healthier food choices as a result of these efforts.

Additionally, our brands serve as our champions in supporting health and wellbeing. Through our annual NESTLÉ OMEGA PLUS Walk a Million Miles (WAMM) campaign, we once again partnered with Institut Jantung Negara Foundation (IJNF) and Yayasan Jantung Malaysia (YJM) to raise awareness about the importance of maintaining heart health. In 2023, MILO also renewed its partnership with the Olympic Council of Malaysia (OCM), reaffirming its commitment to nurturing a nation of champions. Through these initiatives and more, we hope to empower individuals and communities to make healthier choices and lead more active lifestyles.



Parents and children cooking up wholesome dishes together at the N4HK "Together in the Kitchen" campaign.



“

Leading the industry in the green transition, we have advanced in our goal of reducing greenhouse gas (GHG) emissions by at least 20% from our 2018 baseline by 2025, with a 25% reduction achieved to date.”

Helping to Protect, Renew and Restore Natural Resources

Leading the industry in the green transition, our proactive efforts have enabled us to advance our goal of reducing GHG emissions by at least 20% from our 2018 baseline by 2025, with a significant 25% reduction achieved to date. This was supported by our transition to 100% renewable electricity across our operations since January 2022 as part of the Green Electricity Tariff Programme (GET) and Renewable Energy Certificate (REC), contributing to a reduction of 72,000 tonnes of CO₂e in GHG emissions in 2023.

Hand in hand with this, we adopted various environmental efficiency projects across our manufacturing sites, including the commissioning of biomass boilers at our Chembong Factory Complex and Kuching Factory. Utilising organic materials from palm oil as a renewable energy source, this is set to reduce GHG emissions, minimise air pollution and decrease landfill waste. Furthermore, Nestlé Global’s supply chain made concerted efforts to minimise the environmental impact of farming and agricultural activities, recording a carbon emissions reduction of 7,769 tonnes of CO₂e in 2023.

Reflecting our plastic neutrality commitment, we achieved significant strides in our transition to sustainable packaging with 75% of our plastic packaging and 90% of total packaging already designed for recycling. Further advancing our efforts to shape a waste-free Malaysia, we have pioneered various Extended Producer Responsibility (EPR) initiatives under Project SAVE, which has reached over 180,000 households across the Klang Valley as of 2023 through community recycling programmes. As a result, we have successfully diverted over 20,000 tonnes of recyclables from landfills since 2020.

Meanwhile, we continued to make steady progress in our reforestation efforts through Project RELeaf, with a total of 2.5 million trees planted since 2010. We have accelerated our efforts since the pandemic, with 1.5 million trees planted since 2021. Moving forward, we will ramp up our progress to help restore natural ecosystems and conserve the nation’s precious biodiversity.

Strengthening Communities

We strive to leverage our scale and resources to uplift lives in local communities. To this end, in 2023 we allocated RM13 million to various community relief efforts, such as back-to-school support programmes to ensure children had access to essential educational resources, and

extensive food donation programmes which included providing support to local food banks. Our community outreach also extended to flood relief and humanitarian efforts with Nestlé Malaysia serving as the largest private donor to the Malaysian Red Crescent Society (MRCS). Additionally, we work towards improving sanitation and providing safe water access through our Safe Water, Safe Communities (SWSC) initiative, which has benefitted a total of 5,000 Orang Asli villagers since its inception. Our support for communities is made possible through our dedicated Nestlé Care volunteers who actively participate in the many initiatives we have in place to positively impact society and the environment, such as our annual Nestlé Cares Nationwide Beach Clean Up, Back-to-School programme, flood relief efforts and tree planting activities, among others.

Our Farmer Connect programmes continue to enhance the livelihoods of local farmers who supply us with the raw materials we use to manufacture our products. Building on the success of our sustainable chilli, rice and coffee programmes, in 2023 we kicked off a new partnership with the Malaysian Cocoa Board (MCB) to launch the Nestlé Farmer Connect Responsible Cocoa Sourcing (NFCRS) programme in Sarawak. Collectively, these Farmer Connect initiatives enable us to accelerate the transition towards regenerative agriculture and localise the sourcing of ingredients to bolster food security in Malaysia.



Commemorating a MoU to collaborate in the NFCRS, signed by [front row, left] Yang Berusaha Datuk Dr. Ramle Haji Kasin, Director General of MCB, and [front row, right] Juan Aranols, witnessed by [back row, centre] Yang Amat Berhormat Dato’ Sri Haji Fadillah Yusof, Deputy Prime Minister of Malaysia and Minister of Plantation and Commodities.



“

In 2023, we allocated RM13 million to various community relief efforts, leveraging our scale and resources to uplift the lives of Malaysians.”

Commitment to Transparent Reporting

Following Bursa Malaysia’s updated reporting requirements, TCFD-aligned climate-related financial risk disclosures will be mandatory by 2025. Reflecting our proactive approach, we have implemented disclosures in line with TCFD recommendations in our NiS Report this year, well ahead of the stipulated timeline. Demonstrating our commitment to transparency and accountability in reporting our sustainability initiatives and performance metrics, we also engaged EY to provide independent assurance of selected key performance indicators as highlighted throughout the report.



[Centre] Norasyikin Khalid, Group Logistics Manager in action with her team.

Forging Ahead with Purpose

Staying true to our purpose and living up to the long-standing trust Malaysians have placed in Nestlé Malaysia, we strive to conduct business in a way that creates value for all our stakeholders, from the farmers supplying our raw ingredients to the consumers enjoying our products in their daily lives. Our goal is to stand strong as the *Good food, Good life* company that Malaysians can depend on to deliver offerings that meet their every needs and preferences. To advance our ESG agenda and sustainability goals in 2024, we will drive further progress for our key initiatives and foster strategic collaborations to achieve our 2025 ambitions. As we move forward, we will continue sharing the milestones of our journey to shape a more sustainable future.



Nestlé In Society: Creating Shared Value

Our CSV philosophy underpins our ESG agenda and emphasises our commitment to enhancing lives across society, while enabling us to move forward in a sustainable manner. As a leading global food and beverage manufacturer, we are inherently cognisant of food as a transformative tool with far-reaching impact. Hence, our journey involves navigating paths that can create shared value for shareholders, stakeholders and society as a whole.

Premised on our purpose – **to unlock the power of food to enhance quality of life for everyone, today and for generations to come** – our CSV approach comprises the following four pillars:



Each pillar is driven by long-term commitments that are guided by our objectives and relevant targets. Our progress is measured by external evaluations and materiality assessments which ensure we stay on course.

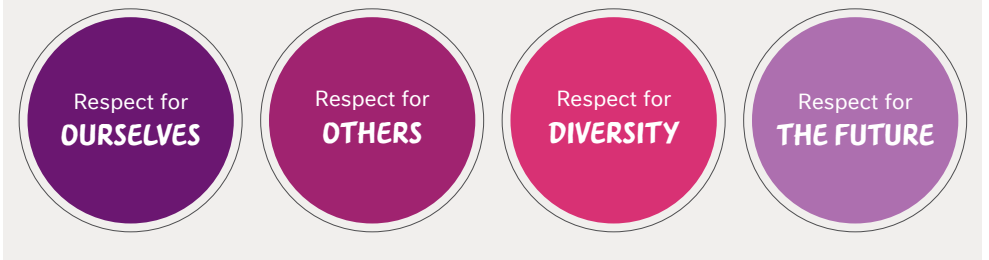
Given our immense global footprint, we uphold the highest standards of compliance and corporate governance, while adhering to local and international laws in all our operations. This is further reinforced by the [Nestlé Corporate Business Principles \(NCBP\)](#) which are integral to our CSV strategy, allowing us to continuously raise industry benchmarks.

Our Purpose

Nestlé's purpose, to unlock the power of food to enhance quality of life for everyone, today and for generations to come, is the bedrock upon which our legacy of 157 years rests. As consumer priorities shift and companies across the world are called on to take responsibility for mounting social and environmental challenges, this purpose continues to propel us forward.

Staying true to our promise of *Good food, Good life*, we are dedicated to enhancing life with food that is good for individuals and families, communities and the planet. This ethos drives our efforts to promote nutritious and sustainable diets among consumers, alongside strengthening communities and protecting our natural resources, all the while operating responsibly.

The actions we undertake are firmly centred around our core values which are rooted in **RESPECT**:



Our holistic approach merges seamlessly with these tenets, driving us to not only bolster the health of all individuals but also to nurture the planet as we strive for a sustainable future.

Our [NCBP](#) and [Code of Business Conduct](#) steer us in our operations which reflect our commitment to integrity, mandating zero tolerance towards fraud, bribery and corruption and ensuring stringent personal data protection. This is a way of life at Nestlé, fostering a culture of profound respect and effecting positive change. This is extended across our value chain, inspiring a collective commitment to societal betterment and high ethical standards, allowing us and our partners to operate conscientiously and transparently.

OUR FOCUS AREAS

We unlock the power of food to enhance quality of life for everyone, today and for generations to come.



Contributing to Nutritious and Sustainable Diets

Improving quality of life for individuals and families by providing accessible, nutritious, and sustainable choices.

Nutrition

Strengthening Communities

Enhancing the wellbeing of communities and enabling a just transition towards regenerative practices.

Produced Sustainably

Human Rights

Youth Opportunities



Helping to Protect, Renew and Restore Natural Resources

Minimising our environmental footprint and contributing to a future where natural resources are conserved for generations to come.

Climate

Nature & Biodiversity

Water

Packaging & Circularity

Operating Responsibly

Cultivating a positive business environment that empowers our employees to make sustainable decisions, driving responsible growth for our Company.

Our People



We are committed to supporting the UN Sustainable Development Goals (SDGs) through our dedicated efforts to help realise these global objectives. Details of our contributions towards achieving the SDGs can be found in our comprehensive 2023 Annual Reporting Suite.



Creating Shared Value Governance

Nestlé’s position as the most trusted company in Malaysia is anchored on our values, based on deep respect and commitment to do good for society, within a framework of strong governance, compliance and corporate culture.

Nestlé Corporate Business Principles

Serving as our moral compass, the [NCBP](#) encapsulates our culture, values, and CSV strategy, while drawing inspiration from the UN Global Compact (UNGC) Principles. Recognised worldwide for their remarkable work in sustainability and social responsibility, the UNGC Principles are an invaluable guideline, as we endeavour to operate according to best industry practices and behaviour grounded in sustainability and social responsibility.

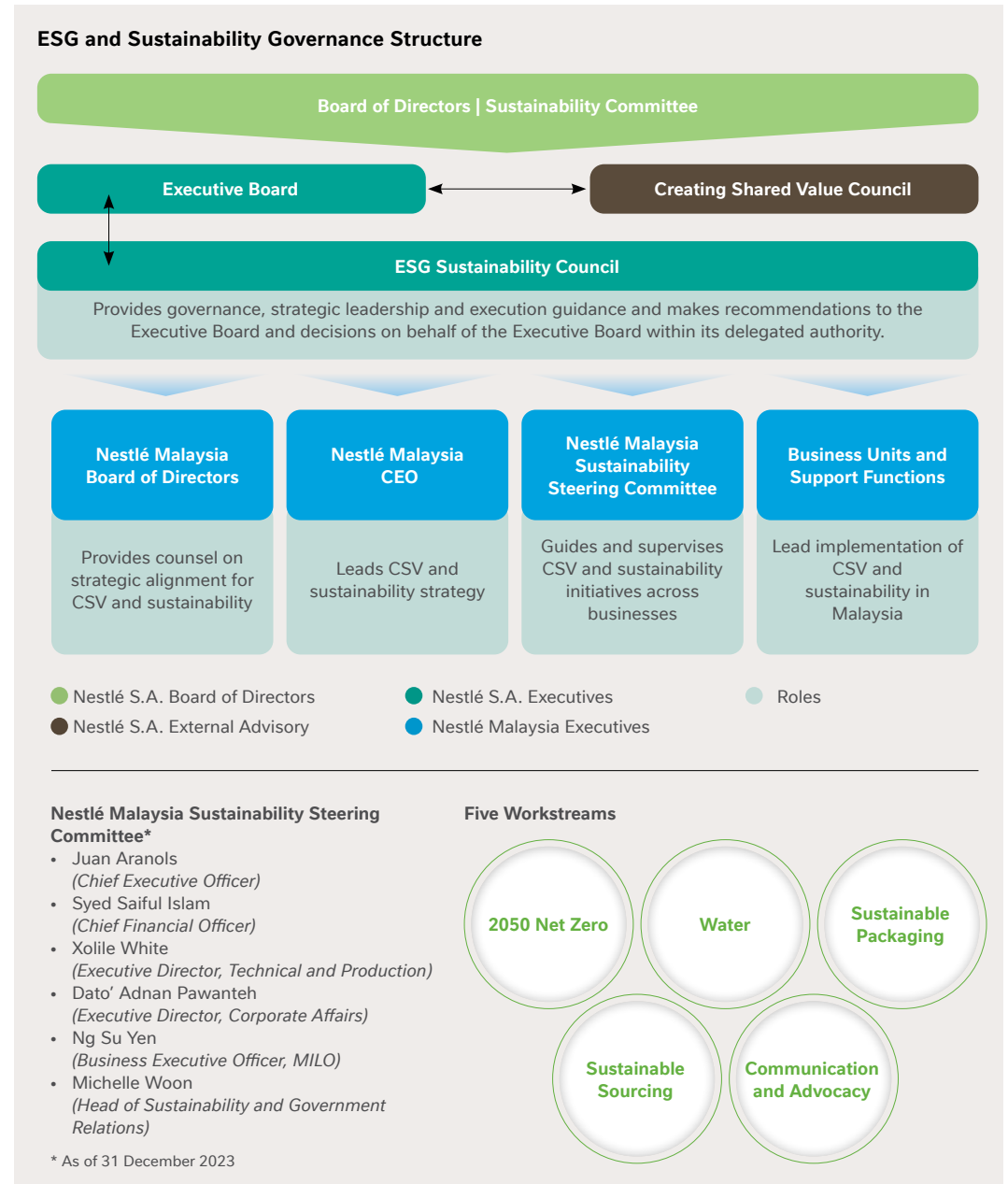
To ensure unwavering compliance with the [NCBP](#), Nestlé employees are held accountable by business codes, policies, processes and tools. The efficacy of these principles is rigorously monitored through CARE (Nestlé Corporate Compliance Assessment Programme of Human Rights and Labour Practices, Business Integrity, Safety & Health, Environmental Sustainability and Security) audits, which are conducted at regular intervals, as well as other relevant indicators.

ESG and Sustainability Governance Structure

Driven by a comprehensive set of ESG values and agenda, Nestlé’s CSV governance is led by the Global Leadership Team composed of Nestlé S.A. Board of Directors, Chairman, Chief Executive Officer (CEO) and Executive Board. A collection of internal management bodies and Committees plays an instrumental role in shaping our ambitions and objectives, determining our societal actions and managing our CSV strategy and initiatives, with each Market organisation, such as Nestlé Malaysia, being responsible for contributing towards achieving global targets that will also generate positive local impact.

More details on the full governance structure of Nestlé S.A. are available at www.nestle.com.

The operational leadership of Nestlé Malaysia’s CSV approach and sustainability initiatives rests with our Sustainability Steering Committee, with the guidance of the CEO. To check that our initiatives are on par with long-term strategic and corporate objectives, they are also subject to the Board’s oversight through quarterly reviews. The CEO is responsible for the approval of this Report with endorsement and reviews by the Board.



Key CSV and sustainability topics that were evaluated in 2023 include:

Climate Change (GHG emissions)

Sustainable Packaging

Water Efficiency

Quarterly CSV Specific Topics

Our CSV and sustainability efforts across business units and support functions are led by subject matter experts, with guidance from our Head of Sustainability, who charts market-level priorities aligned to corporate and brand initiatives. Beyond setting the strategy, the Head of Sustainability develops and spearheads programmes aimed at elevating our sustainability and ESG performance throughout the value chain. To foster accountability and ownership in realising commitments, the Head of Sustainability and subject matter experts undergo regular reviews and submit monthly progress reports to our Sustainability Steering Committee and CEO.

Alongside this, our Sustainability Steering Committee tracks local and global sustainability issues, flagging trends and emerging risks that may influence the Company’s business or operations to the CEO. Additionally, through monthly meetings and quarterly CSV reviews with the Sustainability Steering Committee, the management team is kept abreast of all sustainability project developments and milestones.

Nestlé Malaysia is part of Nestlé Zone Asia, Oceania and Africa management structure, which sets specific targets for the year and to whom sustainability efforts are reported on a monthly basis. On top of this, quarterly meetings are conducted with the Board of Directors to provide updates on relevant ESG and sustainability matters.

Taking this systematic and integrated approach has been pivotal in positioning Nestlé as an industry leader in effectively tracking and optimising holistic value creation. The collaboration across our organisation on a local and global scale has resulted in initiatives that are both aligned as well as strategically poised to make a substantial impact on society and the environment, thereby contributing towards meaningful change and sustainable growth.



Loo Hooi Wei, our Senior Packaging Technologist in Sri Muda factory, supervising the smooth production of NESCAFÉ ICED Barista-style coffee beverage packed with 100% recycled polyethylene terephthalate (rPET) bottles.

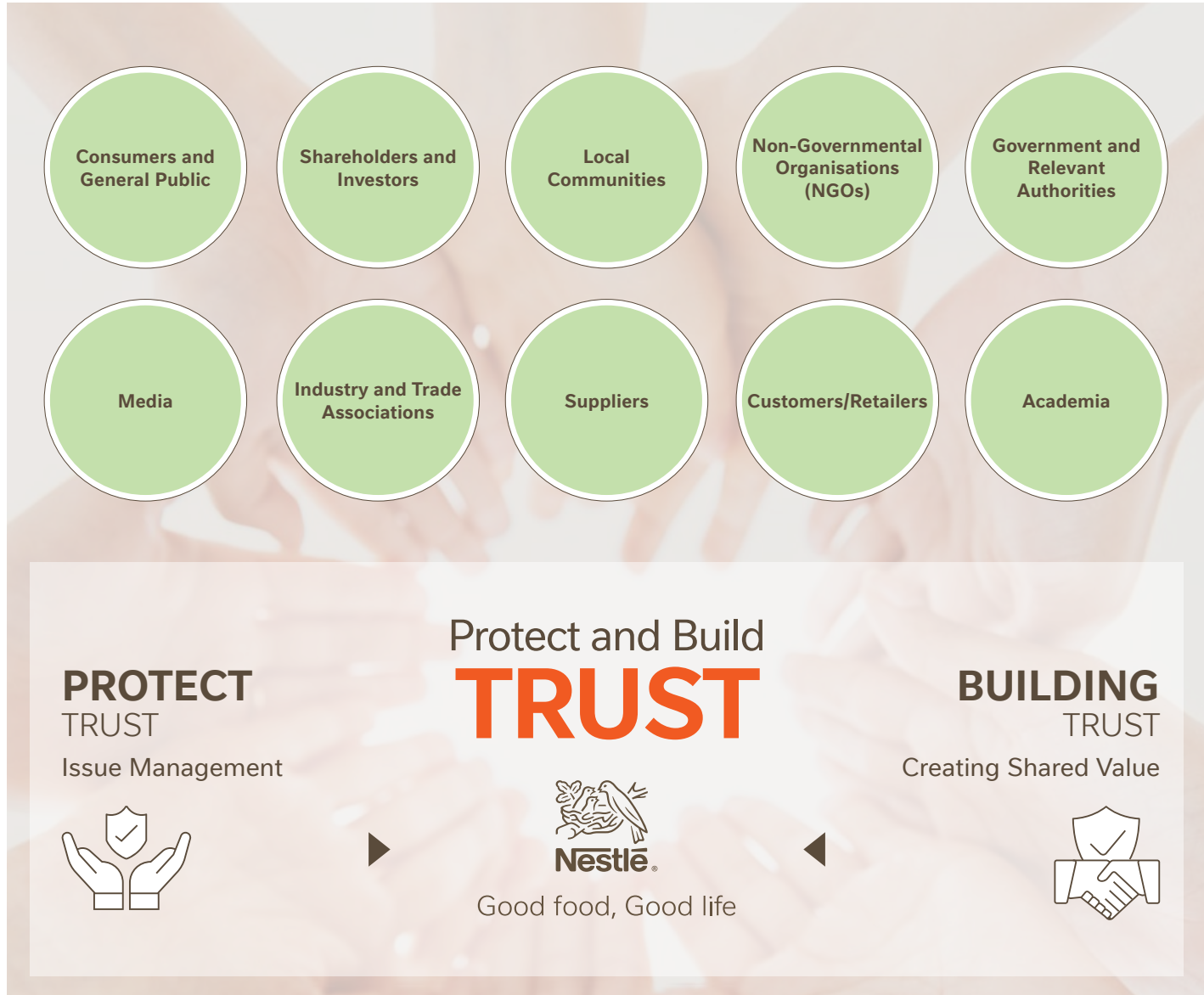


Stakeholder Engagement and Material Issues

Consistent engagement with stakeholders is fundamental to driving our CSV approach. By gathering valuable perspectives from a wide range of experts and advocates on relevant material matters, this enables us to pursue viable opportunities to strengthen our business, while advancing our ESG commitments.

We consistently engage stakeholders through various platforms, ranging from stakeholder meetings and workshops to social media and volunteer programmes, amongst other engagement initiatives. These efforts allow us to cultivate trust and mutual respect, strengthening our relationships with stakeholders and helping us remain apprised of their key concerns. Leveraging our stakeholders' feedback from these engagements, we ensure that our business strategies are well-aligned. The views and perspectives of our stakeholders also form the basis of our reporting and disclosure practices, as well as supporting our materiality assessment process.

We have an extensive landscape of stakeholders, encompassing our workforce, those whose lives are touched by our operations and those who play a role in influencing our activities. This includes:



Stakeholder Engagement

The table below provides an overview of our stakeholder engagements, including how we engage each group of stakeholders alongside the frequency of our engagements, their key areas of interest, and the value we offer to each.

	Engagement Methods	Priority Issues	Our Responses	How We Are Creating Value
 <p>Employees</p>	<ul style="list-style-type: none"> BA People Development and Performance AR Intranet, newsletters and internal e-announcements Q Townhall meetings and roadshows AR Safety, health and environment initiatives O Employee volunteer programme AR Employee events A Employee survey AR Nestlé Recreational Club 	<ul style="list-style-type: none"> • Employee satisfaction and wellbeing • 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 108 • Diversity and Inclusion, page 99 • Training and Development, page 101 • Safety, Health and Wellbeing, page 104 • Employee Compensation and Benefits, page 110 • Nestlé Cares Employee Volunteer Programme, page 109 	<ul style="list-style-type: none"> • Foster balanced gender representation in our workforce and advocate for the empowerment of women throughout the value chain. • Cultivate workplaces that prioritise health and wellbeing. • Offer opportunities for the continuous professional development of our employees.
 <p>Consumers and General Public</p>	<ul style="list-style-type: none"> O Corporate and brand websites O Consumer relationship marketing O Social media channels O Corporate and brand campaigns A Consumer research O Advertisements and promotions AR Exhibitions and showcases AR Product packaging O 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 44 • Our Halal Commitment, page 45 • Offer Tasty and Nutritious Foods, page 30 • Responsible Marketing and Advertising, page 42 • Enhancing Biomedical Science Through Nutritional Therapy, page 35 • Empowerment Towards Healthier Lifestyles and Responsible Marketing, page 36 • Operating Responsibly, page 96 • Helping to Protect, Renew and Restore Natural Resources, page 50 	<ul style="list-style-type: none"> • Develop innovative products and offerings that are attuned to consumers' needs and preferences. • Ensure convenient access to product information.
 <p>Shareholders and Investors</p>	<ul style="list-style-type: none"> A Annual and Sustainability Reports A Annual General Meeting Q Analyst briefings AR Announcements to Bursa Malaysia Securities Berhad AR One-on-one and group investor meetings and calls AR Disclosures on corporate website 	<ul style="list-style-type: none"> • Business performance • Integrity and governance • Business strategy • Regulatory compliance • Reporting • Risk management • ESG updates 	<ul style="list-style-type: none"> • Fast Facts, page 3 • Operating Responsibly, page 96 • Creating Shared Value Governance, page 10 • Nestlé In Society: Creating Shared Value, page 8 • Basis of This Report, page 2 	<ul style="list-style-type: none"> • Deliver strong profits through solid financial performance.

Frequency

- D Daily
- Q Quarterly
- BE Bi-ennially
- AR As required
- O Ongoing
- BA Bi-Annually
- AM Alternate Month
- BM Bi-monthly
- A Annually
- M Monthly



Stakeholder Engagement and Material Issues

	Engagement Methods	Priority Issues	Our Responses	How We Are Creating Value
 <p>Local Communities</p>	<ul style="list-style-type: none"> O Community development programmes O CSV projects M Monthly food contribution programmes O Corporate Social Responsibility initiatives O Farmer Connect programmes O Food bank programmes O 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 the B40 group and other vulnerable communities 	<ul style="list-style-type: none"> • Employee Engagement, page 108 • Enriching Lives in Our Communities, page 93 • Farmer Connect Programmes, page 83 • Regenerative Agriculture, page 61 • Helping to Protect, Renew and Restore Natural Resources, page 50 • Offer Tasty and Nutritious Foods, page 30 • SME Mentoring Programme, page 47 • Water Partnerships and Advocacy, page 66 • Reducing Food Waste, page 58 	<ul style="list-style-type: none"> • Support and spearhead nutrition, health and wellness initiatives that enhance community wellbeing. • Support sustainable development of rural communities. • Safeguard natural resources for future generations.
 <p>Non-Governmental Organisations</p>	<ul style="list-style-type: none"> BE Stakeholder engagement dialogues and materiality assessments AR Roundtable discussions AR Strategic partnerships and agreements O Memberships M Monthly food contribution programmes BE Key Opinion Leaders survey O 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"> • Offer Tasty and Nutritious Foods, page 30 • Responsible Marketing and Advertising, page 42 • Regenerative Agriculture, page 61 • Diversity and Inclusion, page 99 • Safety, Health and Wellbeing, page 104 • Climate and Nature, page 52 • Helping to Protect, Renew and Restore Natural Resources, page 50 • Enriching Lives in Our Communities, page 93 	<ul style="list-style-type: none"> • Foster collaborations and partnerships to actively support the nutrition, health and wellness of underserved communities. • Encourage impactful policy and industry-wide changes.
 <p>Government</p>	<ul style="list-style-type: none"> AR Advocacy meetings AR Roundtable issue discussions AR Ministerial engagements and dialogues O Regulatory filings AR Exhibitions and showcases AR Key Opinion Leaders survey BE Materiality assessments AR 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 44 • Responsible Marketing and Advertising, page 42 • Operating Responsibly, page 96 • Offer Tasty and Nutritious Foods, page 30 • Helping to Protect, Renew and Restore Natural Resources, page 50 • Farmer Connect Programmes, page 83 • SME Mentoring Programme, page 47 	<ul style="list-style-type: none"> • Contribute to the development of policies and standards. • Support and empower underserved communities.
 <p>Media</p>	<ul style="list-style-type: none"> AR Face-to-face engagements AR Dialogues and forums AR Media familiarisation trip to CSV project sites AR Corporate and brand events BE 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 44 • Responsible Marketing and Advertising, page 42 • Offer Tasty and Nutritious Foods, page 30 • Operating Responsibly, page 96 • Climate and Nature, page 52 • Helping to Protect, Renew and Restore Natural Resources, page 50 • Farmer Connect Programmes, page 83 • SME Mentoring Programme, page 47 • Enriching Lives in Our Communities, page 93 • Fast Facts, page 3 	<ul style="list-style-type: none"> • Support and empower underserved communities. • Ensure public access to key information on the business.

Frequency

- D Daily
- Q Quarterly
- BE Bi-ennially
- AR As required
- O Ongoing
- BA Bi-Annually
- AM Alternate Month
- BM Bi-monthly
- A Annually
- M Monthly



	Engagement Methods	Priority Issues	Our Responses	How We Are Creating Value
Industry and Trade Associations 	<ul style="list-style-type: none"> AR Key associations AR Advisory panelists BE Key Opinion Leaders survey AR 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 42 • Sustainable Sourcing, page 79 • Regenerative Agriculture, page 61 • Climate and Nature, page 52 • Helping to Protect, Renew and Restore Natural Resources, page 50 • SME Mentoring Programme, page 47 • Operating Responsibly, page 96 • Farmer Connect Programmes, page 83 • Youth Opportunities, page 90 	<ul style="list-style-type: none"> • Adherence with industry standards and regulations throughout the value chain. • Support industry-wide growth and development.
Suppliers 	<ul style="list-style-type: none"> BE Supplier Engagement Day AR Training on Responsible Sourcing Standard and Anti-Corruption O 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 Wellbeing, page 104 • Farmer Connect Programmes, page 83 • Sustainable Sourcing, page 79 • Our Commitment to Sustainable Palm Oil, page 81 • Regenerative Agriculture, page 61 • Operating Responsibly, page 96 	<ul style="list-style-type: none"> • Contribute to the development of suppliers throughout the value chain. • Provide support and guidance to ensure suppliers adhere to laws and regulations. • Uphold the sustainable production of food and beverages.
Customers/ Retailers 	<ul style="list-style-type: none"> O Product campaigns O Consumer engagement activities O Customer relationship management O 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 35 • Empowerment Towards Healthier Lifestyles and Responsible Marketing, page 36 • Responsible Marketing and Advertising, page 42 • Offer Tasty and Nutritious Foods, page 30 	<ul style="list-style-type: none"> • Develop innovative products and offerings that are attuned to consumers' needs and preferences. • Ensure convenient access to product information.
Academia 	<ul style="list-style-type: none"> AR Partnership programmes AR Talks and forums O Employer branding activities (e.g. career fair) BE Key Opinion Leaders 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"> • Offer Tasty and Nutritious Foods, page 30 • Product Safety and Quality, page 44 • Responsible Marketing and Advertising, page 42 • Climate and Nature, page 52 • Helping to Protect, Renew and Restore Natural Resources, page 50 	<ul style="list-style-type: none"> • Support and empower underserved communities. • Foster a culture of knowledge-sharing between industry and academia.

Frequency

- D Daily
- Q Quarterly
- BE Bi-ennially
- AR As required
- O Ongoing
- BA Bi-Annually
- AM Alternate Month
- BM Bi-monthly
- A Annually
- M Monthly



Stakeholder Engagement and Material Issues

Partnerships and Collective Action

We forge strong partnerships with industry and regulatory bodies to hasten the adoption of the sustainable development agenda. By being members of global and local working groups, we share our experiences, embrace best practices, and leverage effective tools.

Simultaneously, we collaborate with numerous state governments and NGOs, actively receiving their support across various aspects of our sustainability journey.

Building Strategic Alliances with Like-minded Stakeholders

We continued to maintain strong partnerships with relevant industry players to lead impactful changes towards a more sustainable future. Reflecting this, Nestlé chairs the Sustainable Development Committee of the Federation of Malaysian Manufacturers (FMM) and serves as a Steering Committee member of the CEO Action Network (CAN), an informal coalition of CEOs and Board members that are committed to accelerating sustainable business practices in Malaysia.

As a strong advocate for a more sustainable, waste-reduced future, we maintained our leadership role in the Malaysian Recycling Alliance Berhad (MAREA) in 2023, working hand-in-hand with fellow industry players to spearhead solutions in tackling plastic pollution.

Leading Voluntary Extended Producer Responsibility Initiatives

In our efforts to address the issue of plastic pollution in Malaysia, we continue to work with four municipal councils and a concessionaire to expand community recycling programmes in five cities, reaching out to 180,000 households across the Klang Valley. These partnerships include Majlis Bandaraya Petaling Jaya (MBPJ), Majlis Bandaraya Subang Jaya (MBSJ), Majlis Bandaraya Shah Alam (MBSA), Majlis Perbandaran Klang (MPK) and Alam Flora Environmental Solutions (AFES).

Harnessing the power of collaborating with key stakeholders to amplify positive impact, in 2023, we increased awareness of our community recycling programmes through strategic collaborations with leading e-commerce platforms such as Lazada and Shopee. To extend our reach across different segments of the community, we also joined forces with the Selangor Youth Community to implement awareness programmes on effective waste management practices.



Encouraging the Adoption of Regenerative Agricultural Practices

For over 25 years now, we have been working with local farmers' association to support chilli farmers' business growth and ensure a traceable and reliable supply of fresh chillies for our MAGGI Chilli Sauces. This commitment extends beyond chilli farming with expansion into paddy and coffee farming programmes in Kedah through initiatives like the Nestlé Paddy Club and NESCAFÉ Grown Respectfully (NGR), working hand in hand with local partners such as Federal Land Development Authority (FELDA), Kedah State Department of Agriculture, and South Kelantan Development Authority (KESEDAR), we have forged sustainable pathways for paddy and coffee farmers, enhancing agricultural practices and contributing to the prosperity of communities. In 2023, our farming initiatives reached cocoa farming communities in Sarawak through a strategic collaboration with the Nestlé Borneo Cocoa Initiative (NBCI).

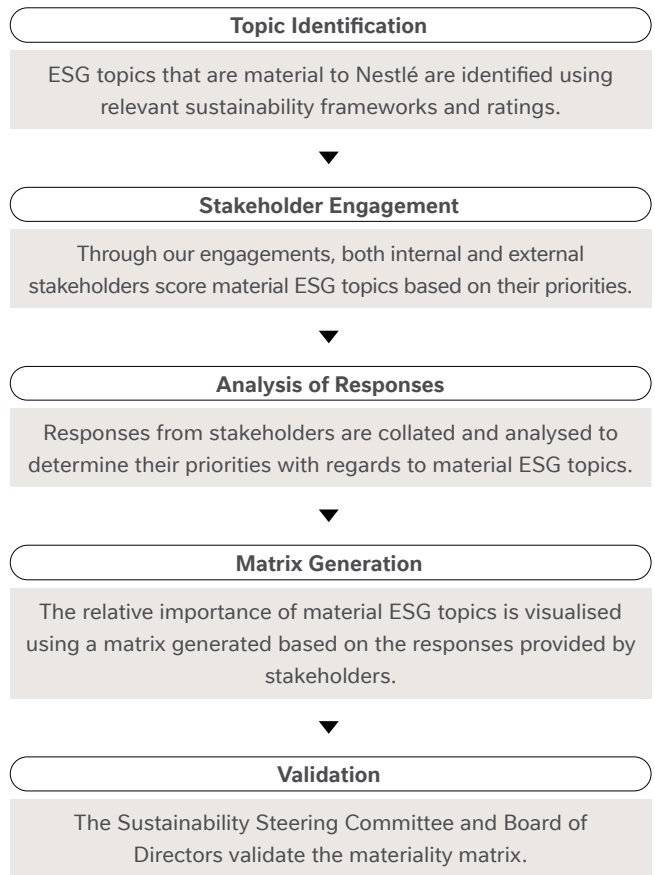
As we continually strive to uplift the economic wellbeing of the numerous farmers in our supply chain, our overarching goal is to expedite the transition towards regenerative agriculture. Simultaneously, we aim to localise ingredient sourcing, making meaningful contributions to the nation's food security. This multi-faceted approach underscores our unwavering commitment to sustainability and community welfare.

Material Issues

Our bi-ennial materiality assessments ensure that we are kept abreast of the diverse needs, interests and expectations of our stakeholders. The insights gleaned from these assessments help to shape our CSV strategy and priorities, which guide the actions we take to address pertinent environmental, economic, and social material matters. Our most recent materiality assessment was conducted in 2022.

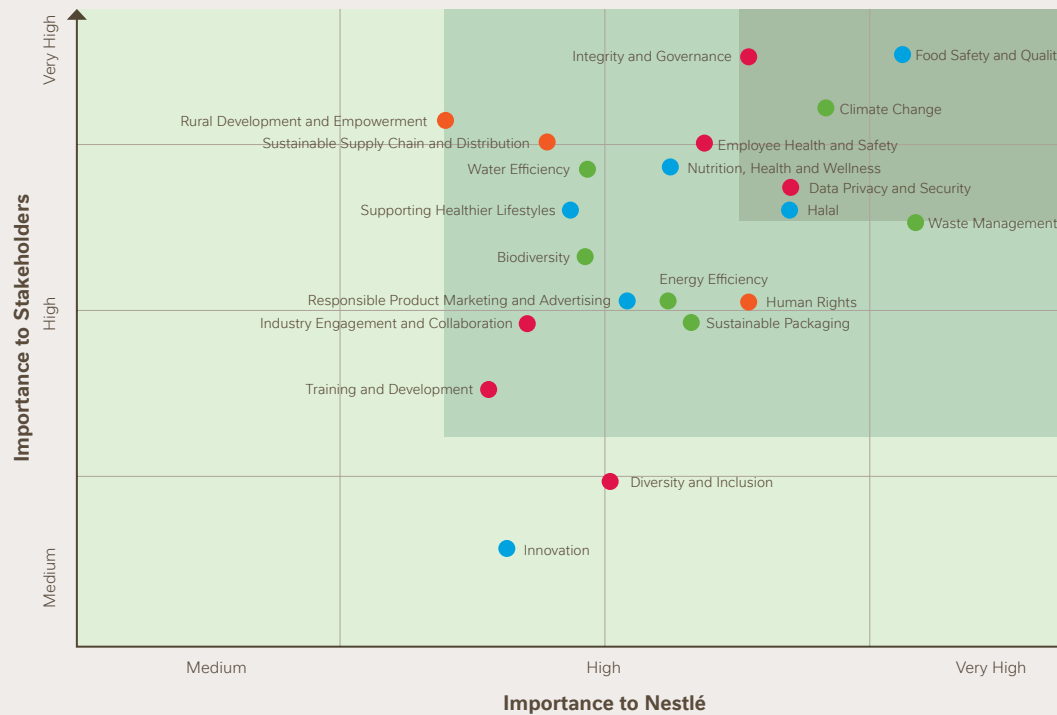
Materiality Assessment Process

Cultivating a robust materiality assessment process, we determine Nestlé’s material matters based on the following steps:



Nestlé 2023 Materiality Matrix

Maintaining our Materiality Matrix developed in 2022, we continued to ensure that our material topics are aligned with the latest industry trends and interests of stakeholders by benchmarking these topics against relevant sustainability frameworks and ratings. This included the GRI 13: Agriculture, Aquaculture and Fishing Sectors 2022, Sustainability Accounting Standards Board Food and Beverage Sector and the FTSE4Good Index. Complementing this, we also reviewed areas of focus of fellow industry players to identify issues most significant to our business. The following Materiality Matrix reflects the current priorities of Nestlé and our stakeholders:



In comparison with our 2020 Materiality Matrix, our consumers have grown increasingly concerned about Food Quality and Safety, Data Privacy and Security, Integrity and Governance, Halal, and Waste Management. While less emphasis is placed on Halal and Climate Change, Waste Management continues to hold very high importance compared with other material topics.



Material Issues and Associated ESG Risks and Opportunities

ENVIRONMENTAL					
Helping to Protect, Renew and Restore Natural Resources					
Material Issues	Why It Matters	Risks	Opportunities	Stakeholders Affected	What We Are Doing
<p>Climate Change Actions undertaken to shape a more resilient business adapting to the impact of climate change and transition to a low-carbon economy through initiatives focused on energy efficiency, improved production technology and low-carbon processes to reduce GHG emissions.</p>	Climate change presents long-term risks to global supply chains, agricultural food systems and food security.	<ul style="list-style-type: none"> Challenges in transitioning to low-carbon processes may impact long-term resilience of the business. Reputational risk arising from failure to meet established targets. 	<ul style="list-style-type: none"> Builds stakeholder trust by demonstrating Nestlé's commitment to combatting climate change. Safeguards agricultural resources vital to the business. Enhances Nestlé's reputation as a sustainable company. 	<ul style="list-style-type: none"> Local Communities Government and relevant authorities NGOs Industry and trade associations Suppliers 	<ul style="list-style-type: none"> Managing Our Carbon Footprint in Manufacturing and Distribution, page 53 Reducing Energy Consumption, page 56 Forest Positive, page 60 Regenerative Agriculture, page 61
<p>Energy Efficiency Actions undertaken to reduce the energy required to complete an activity or achieve a goal.</p>	Inefficient energy consumption generates GHG emissions, which contributes to climate change.	<ul style="list-style-type: none"> Non-compliance among partners and suppliers may impede efforts to improve energy efficiency across the value chain. 	<ul style="list-style-type: none"> Potential to lower operational expenses. Enhances Nestlé's reputation as a sustainable company. 	<ul style="list-style-type: none"> Suppliers Government and relevant authorities NGOs Industry and trade associations 	<ul style="list-style-type: none"> Managing Our Carbon Footprint in Manufacturing and Distribution, page 53 Reducing Energy Consumption, page 56
<p>Water Efficiency Actions undertaken to track and monitor our water consumption and water discharge to prevent non-sustainable water practices.</p>	Water is crucial for the health and wellbeing of communities and our business operations.	<ul style="list-style-type: none"> Challenges in implementing more sustainable water practices within operations leading to slow improvements in water efficiency. 	<ul style="list-style-type: none"> Potential to lower operational expenses. 	<ul style="list-style-type: none"> Government and relevant authorities NGOs Industry and trade associations 	<ul style="list-style-type: none"> Water Efficiency, page 63
<p>Waste Management Effectively handling waste and effluents generated by our operations with the aim of minimising waste production and ensuring responsible disposal or discharge.</p>	Proper waste management is necessary to ensure the protection of natural resources for future generations.	<ul style="list-style-type: none"> Higher operational expenditure to adopt infrastructure required to improve waste management. 	<ul style="list-style-type: none"> Enhances Nestlé's reputation as a sustainable company. Reduces our business impact on the environment. 	<ul style="list-style-type: none"> Government and relevant authorities NGOs Industry and trade associations 	<ul style="list-style-type: none"> Minimising Manufacturing Waste, page 58 Wastewater Treatment Plant, page 65
<p>Sustainable Packaging Actions undertaken to ensure that the entire packaging process and lifecycle consider environmental impact and prioritises sustainability.</p>	To tackle the issue of plastic pollution by minimising the amount of plastic packaging that ends up as litter and in landfills.	<ul style="list-style-type: none"> Sustainable packaging transition requiring higher production costs. Challenges in adopting more sustainable materials for packaging due to insufficient local infrastructure or technology. 	<ul style="list-style-type: none"> Enhances Nestlé's reputation as a sustainable company. Reduces our business impact on the environment. 	<ul style="list-style-type: none"> Government and relevant authorities NGOs Industry and trade associations Suppliers Local communities Consumers and general public Customers/Retailers 	<ul style="list-style-type: none"> Packaging and Circularity, page 68
<p>Biodiversity Actions undertaken to ensure proper management of our environmental impact for the preservation of ecosystems in which the business is operating.</p>	Biodiversity-rich forests are crucial to preserving our natural resources alongside serving as carbon sinks.	<ul style="list-style-type: none"> Heightened public scrutiny with regards to reforestation efforts and progress towards achieving ESG goals. Challenges in fulfilling sustainability requirements or regulations. 	<ul style="list-style-type: none"> Enhances Nestlé's reputation as a sustainable company. Potential to forge new partnerships with NGOs, relevant Government authorities and other industry players. 	<ul style="list-style-type: none"> Government and relevant authorities NGOs Industry and trade associations Suppliers 	<ul style="list-style-type: none"> Forest Positive, page 60


















SOCIAL

Contributing to Nutritious and Sustainable Diets



Material Issues	Why It Matters	Risks	Opportunities	Stakeholders Affected	What We Are Doing
<p>Nutrition, Health and Wellness Shaping healthier communities by delivering innovative products and services that meet the nutritional needs of consumers of various lifestyles, socioeconomic backgrounds and life stages.</p>	To address the prevalent issue of micronutrient deficiencies among Malaysians, which leaves them vulnerable to potential health risks.	<ul style="list-style-type: none"> The development of new products may be limited by dietary regulations. Higher costs due to investments in product development. 	<ul style="list-style-type: none"> Enhances Nestlé’s reputation as a nutrition, health and wellness company. Potential to expand consumer base. 	<ul style="list-style-type: none"> Consumers and general public NGOs Government and relevant authorities Industry and trade associations Academia Customers/Retailers 	<ul style="list-style-type: none"> Nutritious Products for Children and Adults, page 31 Addressing Our Consumption of Sugar and Sodium, page 32 Improving Nutrition Through Fibre-Rich Grains and Vegetables, page 33 Micronutrient Fortification, page 34 Enhancing Biomedical Science through Nutritional Therapy, page 35 Providing Nutritional Information, page 37 Portion Guidance, page 38
<p>Supporting Healthier Lifestyles Delivering products that support good health and wellbeing, alongside raising awareness on the importance of good nutrition and active lifestyles.</p>	Despite rising awareness on the importance of making healthier choices, non-communicable diseases (NCDs) remain prevalent in Malaysia, particularly among lower-income communities.	<ul style="list-style-type: none"> Challenges in engaging relevant communities, which limit the outcome of health and wellness initiatives. Socioeconomic background of target communities may hinder the engagement of beneficiaries and the progress of implemented health and wellness initiatives. 	<ul style="list-style-type: none"> Potential to forge new partnerships with NGOs, relevant Government authorities and other industry players. Enhances Nestlé’s reputation as a nutrition, health and wellness company. Strengthens trust among consumers. 	<ul style="list-style-type: none"> Consumers and general public NGOs Government and relevant authorities Industry and trade associations Academia Customers/Retailers 	<ul style="list-style-type: none"> Encouraging Healthy Cooking, Eating and Lifestyles, page 39 Nutritious Products for Children and Adults, page 31 Addressing Our Consumption of Sugar and Sodium, page 32 Improving Nutrition Through Fibre-Rich Grains and Vegetables, page 33 Micronutrient Fortification, page 34 Enhancing Biomedical Science through Nutritional Therapy, page 35 Providing Nutritional Information, page 37 Portion Guidance, page 38
<p>Food Safety and Quality Safeguarding consumer trust by delivering products that meet the highest standards of quality and safety.</p>	Food safety and quality supports the health and wellbeing of our consumers.	<ul style="list-style-type: none"> Reputational risks arising from potential incidents related to food safety and quality. 	<ul style="list-style-type: none"> Enhances Nestlé’s reputation as a brand that provides safe and high-quality products. 	<ul style="list-style-type: none"> Consumers and general public Government and relevant authorities Customers/Retailers 	<ul style="list-style-type: none"> Product Safety and Quality, page 44
<p>Halal Actions undertaken to guarantee the Halal certification of all products manufactured, imported and distributed by Nestlé Malaysia by JAKIM and other relevant recognised Islamic authorities.</p>	To maintain the trust of consumers and provide reassurance during consumption of our food and beverages.	<ul style="list-style-type: none"> Challenges in upholding Halal compliance throughout the value chain. 	<ul style="list-style-type: none"> Offers potential business prospects in markets looking to venture into Halal. 	<ul style="list-style-type: none"> Consumers and general public NGOs Government and relevant authorities Industry and trade associations Academia Customers/Retailers 	<ul style="list-style-type: none"> Our Halal Commitment, page 45
<p>Innovation Driving growth through innovative practices to increase productivity, elevate brand recognition and value and minimise adverse impacts on the environment.</p>	To enable us to respond to the evolving needs and preferences of our diverse consumers.	<ul style="list-style-type: none"> High investment costs to develop new products. 	<ul style="list-style-type: none"> Ensures brand remains relevant and appealing to consumers. 	<ul style="list-style-type: none"> Consumers and general public NGOs Government and relevant authorities Industry and trade associations Academia Customers/Retailers 	<ul style="list-style-type: none"> Nutritious Products for Children and Adults, page 31 Addressing Our Consumption of Sugar and Sodium, page 32 Improving Nutrition through Fibre-Rich Grains and Vegetables, page 33 Micronutrient Fortification, page 34 Enhancing Biomedical Science through Nutritional Therapy, page 35



SOCIAL					
Contributing to Nutritious and Sustainable Diets					
Material Issues	Why It Matters	Risks	Opportunities	Stakeholders Affected	What We Are Doing
     					
<p>Responsible Product Marketing and Advertising Implementing standards to ensure responsible marketing and advertising of products to consumers, as well as accuracy and transparency to support informed decision-making among consumers.</p>	<p>To maintain the trust of consumers and enable them to make informed choices pertaining to the food and beverages they consume.</p>	<ul style="list-style-type: none"> Challenges in fulfilling marketing and advertising requirements and regulations. 	<ul style="list-style-type: none"> Strengthens trust among consumers. Mitigates reputational risks that may arise from failure to meet marketing and advertising standards. 	<ul style="list-style-type: none"> Consumers and general public NGOs Government and relevant authorities Media Industry and trade associations Customers/Retailers 	<ul style="list-style-type: none"> Responsible Marketing and Advertising, page 42 Responsible Marketing of Breast-Milk Substitutes, page 43
Strengthening Communities					
        					
<p>Sustainable Supply Chain and Distribution Promoting sustainable practices and transparency throughout our supply chain.</p>	<p>To protect the communities where we operate and maintain the trust of consumers who are increasingly prioritising sustainability in the products they consume.</p>	<ul style="list-style-type: none"> Non-compliance among partners and suppliers may impede our efforts to build a sustainable supply chain. Higher costs. 	<ul style="list-style-type: none"> Ensures continuity in supply of raw ingredients needed for our products. Enhances Nestlé's reputation as a sustainable company. 	<ul style="list-style-type: none"> Local Communities Suppliers NGOs Government and relevant authorities Industry and trade associations 	<ul style="list-style-type: none"> Safety, Health and Wellbeing, page 104 Produced Sustainably, page 78 Regenerative Agriculture, page 61 Operating Responsibly, page 96
<p>Human Rights Actions undertaken to ensure the rights of all those associated with our operations are respected and protected.</p>	<p>As a responsible business, we must take steps to ensure that no human rights violations occur within our organisation or across our value chain.</p>	<ul style="list-style-type: none"> Challenges in ensuring compliance among suppliers. 	<ul style="list-style-type: none"> Enhances Nestlé's reputation as a brand that protects people and communities. 	<ul style="list-style-type: none"> Employees Local Communities Suppliers 	<ul style="list-style-type: none"> Safety, Health and Wellbeing, page 104 Produced Sustainably, page 78 Regenerative Agriculture, page 61 Operating Responsibly, page 96
<p>Rural Development and Empowerment Empowering and developing the rural communities in which we operate or those that are connected to our operations.</p>	<p>Uplifting rural communities improves their quality of life and livelihoods, while also enabling them to contribute to the success of our business.</p>	<ul style="list-style-type: none"> Higher costs involved in conducting programmes supporting rural development. Challenges in expanding programmes for more impactful results. 	<ul style="list-style-type: none"> Provides an avenue to responsibly source key ingredients from local farmers. Ensures continuity in supply of raw ingredients needed for our products. 	<ul style="list-style-type: none"> Local Communities NGOs Government and relevant authorities Industry and trade associations Suppliers 	<ul style="list-style-type: none"> Produced Sustainably, page 78 Regenerative Agriculture, page 61



SOCIAL					
Operating Responsibly					
Material Issues	Why It Matters	Risks	Opportunities	Stakeholders Affected	What We Are Doing
<p>Diversity and Inclusion Ensuring all employees are treated with dignity and respect by cultivating a diverse and inclusive workplace.</p>	An inclusive working environment promotes employee wellbeing and performance, which allows them to contribute to the success of the business.	<ul style="list-style-type: none"> Business decisions and strategies may be limited by a lack of diversity. 	<ul style="list-style-type: none"> Improves employee morale and productivity. Improves employee retention. 	Employees	<ul style="list-style-type: none"> Diversity and Inclusion, page 99
<p>Training and Development Actions undertaken to support the professional development of our employees in terms of flexibility, training, growth and rewards.</p>	To ensure the growth and development as well as wellbeing of our employees, which enables them to enhance their performance, thus contributing to the success of the business.	<ul style="list-style-type: none"> Higher labour costs. 	<ul style="list-style-type: none"> Enhances Nestlé Malaysia's reputation as an employer of choice that puts employees first. Improves employee morale and productivity. Improves employee retention. 	Employees	<ul style="list-style-type: none"> Training and Development, page 101
<p>Employee Health and Safety Cultivating a healthy work environment which motivates our employees to lead healthier lifestyles for the benefit of themselves, their families and the business.</p>	Our employees' wellbeing is a key driver to the success of our business and operations.	<ul style="list-style-type: none"> Higher costs to conduct health and wellness programmes for employees. Risk of privacy and confidentiality breaches pertaining to employee health status. 	<ul style="list-style-type: none"> Mitigates disruptions to business operations and business continuity. Improves employee retention. 	Employees	<ul style="list-style-type: none"> Employee Engagement, page 108 Diversity and Inclusion, page 99 Training and Development, page 101 Safety, Health and Wellbeing, page 104 Employee Compensation and Benefits, page 110 Nestlé Cares Employee Volunteer Programme, page 109
<p>Industry Engagement and Collaboration Cultivating and building on long-standing partnerships and collaborations with diverse stakeholders to accelerate progress towards our sustainability goals.</p>	Strong partnerships and collaborations with external parties expands our capacity to propel sustainable solutions across the industry and communities where we operate.	<ul style="list-style-type: none"> Reputational risks arising from potential misconduct by our partners, which may damage stakeholder trust in Nestlé. 	<ul style="list-style-type: none"> Opportunity to accelerate progress towards ESG goals with the support of our partners' knowledge and expertise. 	<ul style="list-style-type: none"> NGOs Government and relevant authorities Industry and trade associations Academia 	<ul style="list-style-type: none"> Encouraging Healthy Cooking, Eating and Lifestyles, page 39 Responsible Marketing and Advertising, page 42 Regenerative Agriculture, page 61 Diversity and Inclusion, page 99 Safety, Health and Wellbeing, page 104 Produced Sustainably, page 78 Packaging and Circularity, page 68 Our Halal Commitment, page 45
GOVERNANCE					
Operating Responsibly					
Material Issues	Why It Matters	Risks	Opportunities	Stakeholders Affected	What We Are Doing
<p>Integrity and Governance Cultivating a business culture centred on strict ethical conduct to minimise risks and strengthen trust among stakeholders.</p>	Successful business operations alongside the protection and trust of all stakeholders are dependent on the integrity and robust governance of the Company.	<ul style="list-style-type: none"> Failure to uphold integrity and robust governance may lead to corruption and mismanagement. Reputational risk arising from potential cases of corruption and mismanagement. 	<ul style="list-style-type: none"> Strengthens trust among shareholders and investors. 	<ul style="list-style-type: none"> Employees Shareholders and investors Suppliers 	<ul style="list-style-type: none"> Operating Responsibly, page 96
<p>Data Privacy and Security Actions undertaken to mitigate the risk of breaches of customer privacy and losses of customer data.</p>	Robust data privacy and security ensures the protection of our customers' data and enables us to uphold their trust.	<ul style="list-style-type: none"> Possible disruption in business operations due to security breaches. Reputational risk arising from potential breaches in data privacy. 	<ul style="list-style-type: none"> Strengthens trust among consumers. 	<ul style="list-style-type: none"> Consumers and general public 	<ul style="list-style-type: none"> Operating Responsibly, page 96



Our Task Force on Climate-related Financial Disclosures Journey

As the world transitions to a low-carbon economy, we anticipate climate change to have a significant impact on our operations and supply chain and it is therefore, a material issue for Nestlé Malaysia, necessitating mitigation measures to future-proof our business.

Spearheading our climate strategy is our [Net Zero Roadmap](#), which is guided by the direction received from our parent company, Nestlé S.A., but adapted to better suit our local operating context and needs. This Roadmap sets out key priorities and clear milestones to achieve the global Nestlé ambition of halving greenhouse gas emissions by 2030 and achieving net zero by 2050. To further guide our climate strategy and stay accountable to our stakeholders, while keeping in line with [Bursa Malaysia's ESG disclosure](#) requirements, as well as practices by Nestlé S.A., we have embarked on a journey to build awareness among our team on climate risks and the TCFD recommendations. TCFD is a widely and globally supported climate disclosure framework aiming to help companies disclose financial impacts from climate change.

Integrating climate change and TCFD's recommendations into our business helps us to identify and manage climate-related risks and opportunities to ensure long-term sustainability and resilience of our Company. As we kickstart our climate journey, we intend to strengthen and improve the granularity of our TCFD disclosure, such as by conducting a climate risk assessment in the near future.

Governance

Corporate climate governance refers to an organisation's commitment to overseeing the management of climate-related impacts across the business. Climate governance is important for companies as it drives informed strategic decisions, and enables better collaboration at different levels through the agreement of clear roles and responsibilities.

Nestlé S.A.'s climate governance is spearheaded by the global ESG Sustainability Council which provides strategic leadership and execution guidance. Climate related responsibilities are then cascaded down to Nestlé Malaysia's Board of Directors, CEO, Sustainability Steering Committee, Business Units and Support Functions respectively.

Nestlé Malaysia also acknowledges its responsibility and role as cascaded down by Nestlé S.A. in driving climate action and transitioning towards a low-carbon economy and society. To effectively address climate-related risks and opportunities, the Company has incorporated climate considerations into the role of the Board and Management, as well as the Enterprise Risk Management (ERM) framework.

The ERM process includes the identification of potential risks and the formulation of a mitigation plan to align with the Group's strategy. It also involves the assignment of specific roles and responsibilities across departments to drive and monitor the progress of climate actions within the Group. Furthermore, a Group Sustainability Steering Committee has been established to drive climate-related initiatives and ensure their alignment with the Company's overall strategy. The Group's Sustainability Steering Committee serves as the governing task force, regularly consolidating and reporting progress to the Management and Board.

The climate-related roles and responsibilities of the Board are included in Nestlé Malaysia's Board Charter, which is accessible on our corporate website. Nestlé's Climate-Related Roles and Responsibilities table further details on Nestlé Malaysia's climate governance roles and responsibilities.

Nestlé’s Climate-Related Roles and Responsibilities

Nestlé’s Functions	Climate-Related Roles and Responsibilities	Frequency of Meetings
Nestlé S.A. ESG Sustainability Council	<ul style="list-style-type: none"> Provides governance, strategic leadership and execution guidance Makes recommendations to Executive Board and decisions on behalf of Executive Board within its delegated authority Leads focused and aligned actions towards achieving global targets that the Nestlé Global team has set, which cascades down to all markets, including Nestlé Malaysia 	Quarterly
Nestlé Malaysia Board of Directors	<ul style="list-style-type: none"> Provides counsel on strategic alignment for CSV and sustainability Reviews progress in achieving commitments on a quarterly basis, including Nestlé Malaysia’s climate strategy Supported by Group Corporate Affairs, which leads implementation of the CSV strategy and ensuring relevant climate change matters are accounted for throughout the organisation 	Quarterly
Nestlé Malaysia CEO	<ul style="list-style-type: none"> Leads CSV and sustainability strategy through steering of Group Corporate Affairs and Nestlé Malaysia Sustainability Steering Committee 	Monthly (with Sustainability Steering Committee), Quarterly (with Board of Directors)
Nestlé Malaysia Sustainability Steering Committee	<ul style="list-style-type: none"> Guides and supervises CSV and sustainability initiatives across businesses, including climate-related matters Monitors local and global sustainability matters and reports relevant developments that may affect Nestlé Malaysia’s business to the CEO Membership consists of the CEO, Chief Financial Officer (CFO), Executive Director for Technical and Production, Executive Director for Group Corporate Affairs, Business Executive Officer of MILO, and Head of Sustainability and Government Relations 	Monthly
Risk Management Department	<ul style="list-style-type: none"> Jointly review and ensure ongoing monitoring of risks, assess the adequacy and effectiveness of related controls, as well as develop and implement action plans to manage risks with relevant functions or business units Conducts periodic reviews of risk management principles, policies, procedures, practices, including sustainability and climate-related strategies, to ensure they are conducted using a consistent risks and opportunities assessment process 	
Corporate Affairs	<ul style="list-style-type: none"> Develops climate-related projects and initiatives in support of the Group’s ambition of achieving net zero by 2050 Serves as a centre of knowledge and advisory to provide guidance and advice to business units and functions on the Group’s climate commitments Monitors, tracks, and reports on the progress of the Group’s climate-related strategies, initiatives, and targets to the Nestlé Malaysia Sustainability Steering Committee and Board of Directors Collects and analyses data from various business units and functions to assess progress towards the Group’s climate-related goals, and prepare monthly reports for the Nestlé Malaysia Sustainability Steering Committee and quarterly reports for the Nestlé Malaysia Board of Directors Leads the preparation and delivery of Sustainability Report 	
Legal	<ul style="list-style-type: none"> Ensures climate-related initiatives are in compliance with local laws, regulations and international policies Assists with contract preparation and negotiations to ensure that Nestlé’s rights are protected and liabilities mitigated, as necessary Provides legal advisory support to Nestlé Malaysia Board of Directors, Nestlé Malaysia Sustainability Steering Committee and other relevant stakeholders with sustainability reporting, assessment and analysing of associated legal risks and impact to Nestlé, and reviewing adequacy and effectiveness of internal controls in managing identified risks 	



Our Task Force on Climate-related Financial Disclosures Journey

Risk Management and Climate Strategy

Climate-Related Risks and Opportunities Management

Nestlé’s ERM is a systematic and adaptable self-assessment process that involves a cross-functional team. It is an integral part of effective management practices and assists in identifying and evaluating significant risks that could hinder the attainment of objectives. The ERM process focuses on three main areas of risk, as illustrated in the Nestlé ERM Framework.

The climate risk management process at Nestlé Malaysia involves several key steps. First, the Risk Management Department works with management level representatives in business units to identify and assess climate-related risks. This includes analysing the potential impact of physical risks, such as floods or droughts, as well as transition risks, such as changes in government regulations or consumer preferences.

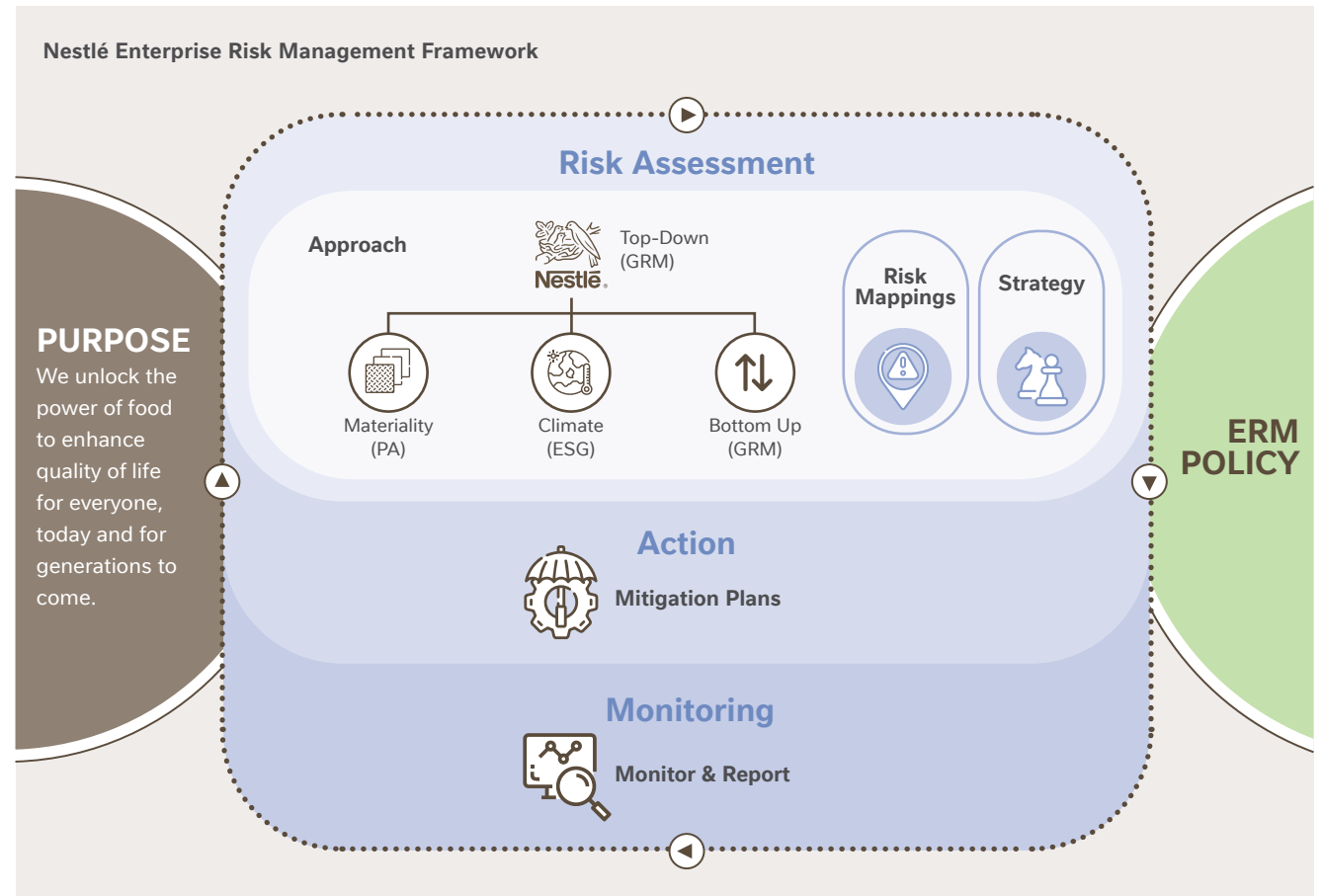
Once the risks are identified and assessed, the next step is to evaluate the potential business implications. This involves considering how climate-related risks could affect Nestlé Malaysia’s operations, supply chain, customers, and financial performance. By understanding the potential impacts, the Company can prioritise and allocate resources to address the most significant risks.

After evaluating the business implications, Nestlé Malaysia develops and implements appropriate mitigation measures. This may involve implementing climate resilience measures, such as improving infrastructure or diversifying suppliers, to reduce the potential impact of physical risks. It may also involve adapting business strategies to align with changing market conditions or regulatory requirements.

Throughout the process, ongoing monitoring and reviews are conducted to ensure the adequacy and effectiveness of the risk management measures. The Risk Management Department collaborates with management to regularly review risks and controls across various areas, including climate-related risks. Action plans are developed and implemented to manage risks at acceptable levels.

Additionally, Nestlé Malaysia engages with external stakeholders on a biennial basis to gain a better understanding of the issues that are of most concern to them. The materiality matrix for 2023, which can be found in this Report, is based on our Materiality Assessment developed in 2022. This matrix evaluates the degree of external stakeholder concerns and potential impact on our business. By incorporating wider sustainability issues, including those related to climate, into our risk and opportunity assessments, we can ensure a comprehensive consideration of factors that positively influences company decisions.

Overall, Nestlé Malaysia recognises the importance of comprehensive climate risk management and has integrated it into its existing risk management framework. By identifying and assessing climate-related risks, evaluating business implications, and implementing appropriate mitigation measures, the Company aims to effectively manage climate risks and ensure the long-term sustainability of its business.



Climate Strategy

Our climate strategy, guided by the direction received from Nestlé S.A., includes the [Net Zero Roadmap](#). This Roadmap establishes our approach towards contributing to and achieving Nestlé S.A.'s target to halve global emissions by 2030, based on a baseline established in 2018, and achieve net zero emissions by 2050.

We have tailored the [Net Zero Roadmap](#) from Nestlé S.A. to better suit our local context, market needs and landscape. To this extent, we have refined the milestones and initiatives, as well as categorised them into six focus areas, namely: Environmental Efficiency; Adopt Renewable Energy; Plastic Reduction; Plastic Recovery and Circularity; Reforestation and Regeneration; and Communication, Engagement and Public Awareness.

Guided by this roadmap, our climate change mitigation efforts will include investment in new technology to increase energy efficiency and deliver regenerative food systems at scale, increased engagement with our suppliers to explore regenerative agricultural practices, and an expansion of our current initiatives. Further information on Nestlé Malaysia's Net Zero Roadmap.

Referring to the Group's 2023 Materiality Matrix, climate change is positioned as a material topic important for both stakeholders and the Group, therefore the Group has developed a description of risks and accompanying mitigating actions, provided in the Climate Concerns, Impact and Mitigation Actions table.

Climate Concerns, Impact and Mitigation Actions

Risks	Potential Impact	Mitigation Actions
<p>Description</p> <ul style="list-style-type: none"> As people grow increasingly aware of the impact of climate change and its effects, the concerns of Nestlé Malaysia become more pressing, including our impact on climate change, plastic pollution and water usage. <p>Risks Identified</p> <ul style="list-style-type: none"> Inability to manage the transition to low-carbon processes may impact long-term resilience of the business. Reputational risk from failure to meet targets. Regulatory risk of failure to comply with local climate-related laws. Financial risk due to loss of business as a result of climate change. Climate pollution risk from failure to develop low-carbon packaging solutions and inadequate management of post-consumer packaging waste. 	<ul style="list-style-type: none"> Loss of market share due to shift in consumer preferences. Reputational damage and loss of stakeholder trust. Penalties and/or fines imposed by government or regulatory authorities. Higher operation cost due to the greater local policy impact. Trade asset (e.g. plant machinery, retail outlets and product inventory) losses caused by worsening climate conditions such as floods and extreme weather. Increased Capital Expenditure (CAPEX) associated with R&D of low-carbon packaging solutions. 	<ul style="list-style-type: none"> Ensuring resources are available and managed sustainably. Halving GHG emissions by 2030 and achieving net zero by 2050. Partnering with like-minded stakeholders including both government bodies and private organisations to promote positive behavioural change. Improving water management (water efficiency and reuse) and regulatory compliance. Protecting natural capital and reducing the impact of products through a clear focus on waste management and packaging transformation. Having a Business Continuity Plan and a crisis committee in place to ensure business continues to operate as usual, despite worsening climate conditions. Procedure to comply with local laws and regulations. Continue to invest in R&D to create sustainable packaging for products, including scaling reusable and refillable systems. Continue to lead in voluntary EPR initiatives and to work with stakeholders in creating systems for recycling to recover post-consumer packaging waste before it enters the environment.



Net Zero Roadmap: Nestlé Malaysia and Singapore

Our contribution to a greener future

In Malaysia and Singapore, we emitted 2.5 million tonnes of greenhouse gas emissions in 2018* and used 15,700 tonnes of plastic.

Now that we know the extent of our impact, we know the road ahead.

With our scale, presence and local relevance, we are committed and well-equipped to lead the industry journey towards a greener future.

Our sustainability journey: moving faster & scaling up

Further down the greener path, we will invest in new technologies and make fundamental changes to the way we operate. We are accelerating our work in multiple areas to drive carbon and plastic neutrality.

We are also exploring regenerative agriculture across our supply chain through our engagements with farmers and our suppliers.

Our milestones & key initiatives

Environmental Efficiency

- Reduce water consumption per tonne
- Reduce GHG emissions
- Increase energy efficiency
- Optimise logistics & CO₂ emissions

Adopt Renewable Energy

- 100% renewable electricity at all our sites by 2025
- Switch our car fleet to hybrid/EV options from 2022

Plastic Reduction (Reduce, Reuse & Recycle)

- Cut virgin plastic in our packaging by a third by 2025
- 100% of our packaging recyclable or reusable by 2025
- Introduce and scale up rPET and rPP across all product relevant ranges
- Paper-based solutions where applicable

Plastic Recovery & Circularity

- Scale up our main initiatives:
 - Door-to-Door Collection & Recycling Programme
 - The CAREton Project
 - River plastic collection projects

Reforestation & Regeneration

- Plant 3 million trees in 3 years under Project RELeaf
- Regenerative agriculture solutions in all our Farmer Connect activities
 - Nestlé Chilli Club
 - Nestlé Paddy Club
 - NESCAFÉ Grown Respectfully

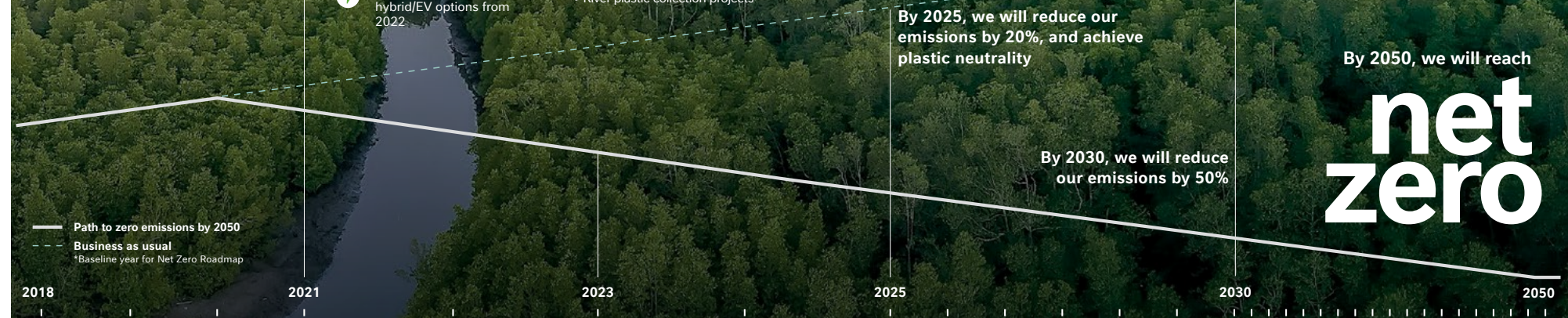
Communication, Engagement & Public Awareness

- On-pack recycling guidelines in all products
- MILO Sayang Bumi as a platform for communication & consumer education
- MILO to showcase our efforts by becoming the first carbon & plastic neutral brand in Malaysia by 2025

Delivering our promise

Advanced agricultural techniques will deliver a regenerative food system at scale, supported by zero emission logistics and green company operations.

We will balance any remaining emissions by fostering sustainable solutions that will benefit people and the planet.





Metrics and Targets

Greenhouse Gas Data and Targets

Nestlé Malaysia aspires to commit to accounting for climate-related risks and leveraging on opportunities. We seek to build trust with our stakeholders by reporting climate-related metrics and targets transparently, as reported in further detail in Nestlé S.A.'s 2023 CSV Report. Nestlé S.A. sets the global climate-related targets, inclusive of year-on-year reductions in emissions, which all operations (including Nestlé Malaysia) must adopt and work towards, therefore Nestlé Malaysia has aligned our targets with Nestlé S.A.'s [Net Zero Roadmap](#) to achieve net zero emissions by 2050. Nestlé S.A. has followed the Science Based Targets initiatives (SBTi) criteria in setting the GHG reduction targets based on the 2018 baseline calculated using GHG Protocol Corporate Standard. The SBTi targets were approved in November 2020.

NIS The Group's GHG Emissions data can be observed in [page 54](#) of this Report.

Other Climate-related Metrics and Targets

In addition to GHG emissions, we are also aware of our operation's impact on plastic pollution and water usage. As such, we also track a number of other metrics and targets to manage climate-related risks and opportunities associated with renewable energy, ingredient sourcing, water use, and waste, as presented in the CSV Key Performance Data of this Report.



CONTRIBUTING TO **NUTRITIOUS** AND **SUSTAINABLE** DIETS



We strive to provide safe, sustainably-produced high-quality products that nourish individuals and families across the nation. Harnessing our global capabilities and local insights, we serve the diverse preferences and expectations of Malaysians through our wide portfolio of great-tasting and nutritious products.

SDG Contribution



Material Issues:

Nutrition, Health and Wellness
Supporting Healthier Lifestyles
Food Safety and Quality
Halal
Innovation
Responsible Product Marketing and Advertising



Nestlé Global Ambition

Bringing tasty and balanced diets within reach for billions, today and for generations to come

Nestlé Malaysia Impact Areas

Contributing to Nestlé’s Global Ambition, our action areas and commitments are as follows:

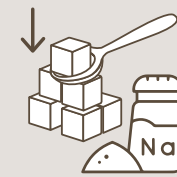
OFFER TASTY AND NUTRITIOUS FOODS

- Launch more nutritious foods and beverages, especially for mothers-to-be, new mothers and children
- Further decrease added sugars and sodium
- Increase vegetables, fibre-rich grains, pulses, nuts and seeds in our food and beverages
- Address under-nutrition through micronutrient fortification
- Build biomedical science leading to health-promoting products, personalised nutrition and digital solutions

EMPOWERMENT TOWARDS HEALTHIER LIFESTYLES AND RESPONSIBLE MARKETING

- 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 with nutrition knowledge to foster healthy lifestyles in children
- Use clear labelling and responsible marketing that promotes healthy lifestyles to communicate transparently about our ingredients and the nutritional composition of our products
- Advertise our products according to strict guidelines – especially when it comes to how we promote breast-milk substitutes and how we communicate to children
- Support breastfeeding and protect it by continuing to implement industry-leading policies and procedures to market breast-milk substitutes responsibly
- To provide products and services that are safe, compliant and preferred by our consumers and customers
- All products manufactured, imported and distributed by Nestlé Malaysia are Halal-certified by JAKIM and other relevant recognised Islamic authorities

Our Progress



Achieved further reduction of added sugar and sodium in **17 products**



Provided our consumers with **3.8 billion** servings of micronutrient fortified products



More than **26,000 school children** benefitted from the N4HK and Halal@School programmes



51 SMEs reached through our SME Mentoring Programme





OFFER TASTY AND NUTRITIOUS FOODS

Background

With more than 110 years of nourishing Malaysians by increasing access to nutritious and high-quality foods, in 2023, Nestlé established a transformative ‘Good For You’ global strategy centred on fostering healthier, more resilient communities. This long-term commitment stems from Nestlé’s ambition of providing tasty, balanced diets for present and future generations, while driving positive, sustainable change in global nutrition.

The ‘Good For You’ strategy rests on two strategic pillars. The first focuses on continuously improving the nutritional value of Nestlé’s extensive product portfolio which includes innovating and renovating products to increase levels of key micronutrients, optimise nutritional profiles and provide healthier plant-based product options, along with nutritional solutions that support healthy ageing. The second pillar concentrates on guiding and encouraging consumers towards balanced diets and healthier lifestyles through effective communication and engagement initiatives. Underpinning this is Nestlé’s conviction that proper nutrition is essential for thriving individuals and communities over the long term.

Approach

Taking a multi-faceted science-led approach to nutrition, we aim to support a healthier future for the nation, anchored in the following key pillars:

- 1 Nutritious Products for Children and Adults
- 2 Addressing Our Consumption of Sugar and Sodium
- 3 Improving Nutrition Through Fibre-Rich Grains and Vegetables
- 4 Micronutrient Fortification
- 5 Enhancing Biomedical Science Through Nutritional Therapy



1

Nutritious Products for Children and Adults

Commitment:

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

Food and good nutrition are fundamental to health, wellbeing and quality of life. In line with our ambition to bring tasty and balanced diets within reach, we continuously enhance the goodness within our offerings. This spans across our efforts to improve existing products and develop new and relevant innovations.

We apply the Nestlé Nutritional Profiling System to ensure continuous improvement of our product portfolio. At the heart of this system is our Good Foundation (GF), which sets category-specific criteria based on key relevant nutrients such as sugars, saturated fat, sodium, fibre and protein, benchmarked against key industry players. The GF aims to ensure that our products meet certain minimum nutrition standards, as well as being the best-in-class in the industry for nutrients that matter to our consumers.

Performance

In 2023, we continued to grow our portfolio of nutritious offerings, including:

Plant-Based Meal Solutions

Responding to growing appetite for tasty and convenient snacks, we launched new innovations in our plant-based range. With good source of protein, fibre and zero cholesterol, these vegan-friendly offerings can be easily prepared with the healthier method of air-frying, providing a delicious on-the-go snacks option.



HARVEST GOURMET Crispy Fish-Free Fingers

The first plant-protein seafood alternative offering in the range, HARVEST GOURMET Crispy Fish-Free Fingers are packed with the goodness of soya and wheat, naturally flavoured with Italian herbs like oregano and rosemary.



HARVEST GOURMET Golden Crunchy Poppers

HARVEST GOURMET's newest plant-protein snack sensation, Golden Crunchy Poppers are made of soya and wheat, combined with tomato puree, garlic and onion.

Dairy-Free Beverage

NESTLÉ GOODNES

Available in two variants of Oat and Almond Oat, this new lactose-free, vegan-friendly dairy-free drink range has no added sugar and is naturally sweetened with oats, containing the wholesome goodness of calcium and vitamins B2, B3 and D. Providing versatility, Nestlé GOODNES can be enjoyed on its own or with beverages and cereal.



Dairy and Adult Nutrition

NESTLÉ OMEGA PLUS UHT 1 Litre

The same NESTLÉ OMEGA PLUS goodness, now in a convenient on-the-go Format. Containing Acticol, 1.2g of plant sterol which is proven effective in lowering cholesterol with just 2 servings per day. It is high in calcium and HCL-certified, serving as an easy and convenient solution to care for heart health.



2 Addressing Our Consumption of Sugar and Sodium

Commitment:
Further decrease added sugars and sodium

We recognise that excessive sugar and sodium can be detrimental to wellbeing. As leaders in nutrition, we aim to support and guide consumers towards healthier options. This is why we continually work to improve our offerings by proactively lowering added sugar and sodium content where possible through science-backed reductions across our portfolio.

Performance

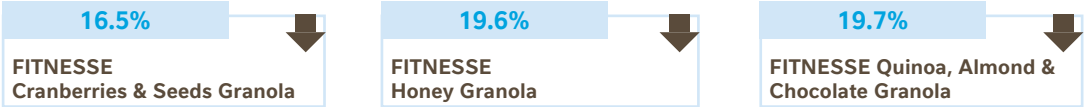
Added sugar reduction




Since 2017, we have reduced added sugar in **74** products.

Since 2018, added sugar has been reduced in **77%** of our coffee mixes portfolio, amounting to **8%** to **59%** less added sugar per serving.

We remain committed to our product innovation and renovation efforts to progressively lower added sugar levels. In 2023, this included:



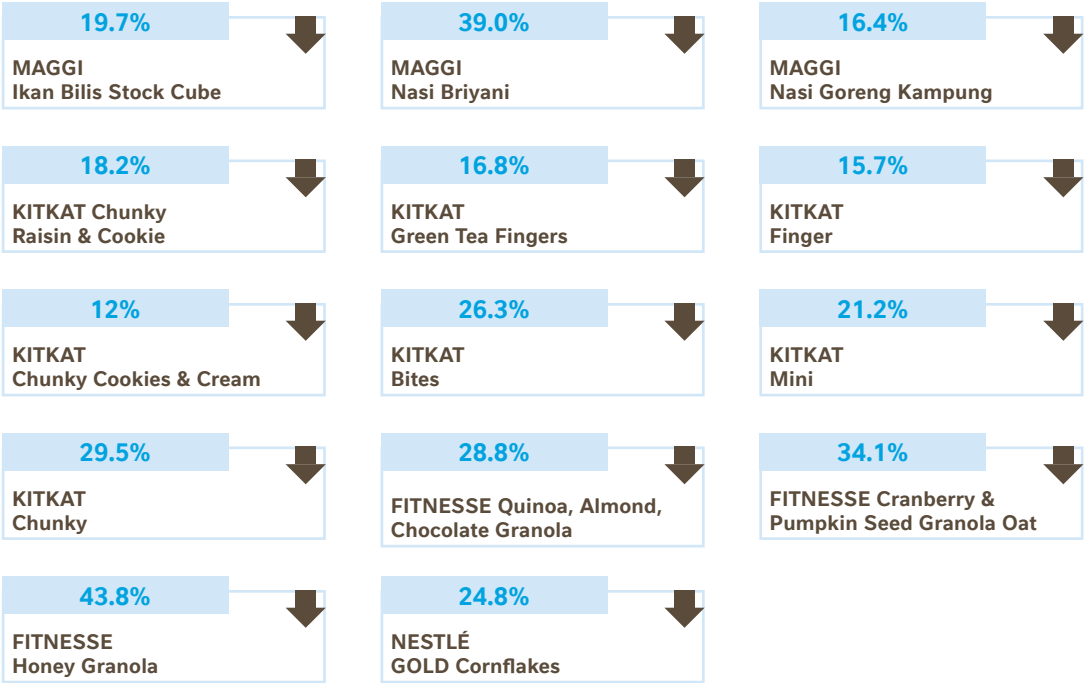
Sodium reduction



Since 2017, we have reduced sodium in **50** products.

Since 2018, **60%** of our instant noodle portfolio has seen reduced sodium levels, ranging between **4%** to **32%** less sodium per serving.

We have continued to innovate and reformulate our products to proactively reduce sodium levels further. In 2023, this included:





Malaysia's Healthier Choice Logo

Launched in 2017 by the MoH, the HCL is an initiative that empowers Malaysians to make informed food and beverage choices. Products meeting category-specific nutrient criteria have HCL labelling displayed prominently on the front of product packaging. This is aimed at:

- Enabling consumers to easily identify food and beverage products that meet specific nutrient criteria.
- Helping consumers choose healthier food and beverage options.
- Incentivising food and beverage companies to develop healthier products with consumers' wellbeing at the forefront of their innovations.
- Educating Malaysian consumers about good nutrition and healthy food choices and empowering them to make informed decisions for themselves and their families.

Revised in 2020 with stricter thresholds for sugar, sodium, fibre, calcium, fat and other nutrients, the HCL guidelines aim to help improve nutrition literacy and promote balanced diets among Malaysians.

Through our continuous drive to provide healthier offerings, a total of 41 Nestlé Malaysia products are HCL-certified to date, with one product certified in 2023 as we continue to work towards more products attaining HCL.

Comprising 32% of our total product portfolio, we continue to have the largest HCL-certified product portfolio within relevant categories in Malaysia, reflecting our unwavering commitment to delivering tastier and healthier choices.

3

Improving Nutrition Through Fibre-Rich Grains and Vegetables

Commitment:

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

Insufficient consumption of whole grains and dietary fibre has far-reaching consequences for public health in Malaysia. To address this growing concern and promote optimal nutrition, we prioritise utilising whole grains, fruits, vegetables, nuts, and seeds as key ingredients in selected products. In tandem, we actively educate consumers on the importance of meeting daily nutritional requirements.

Performance

To help close the prevalent nutritional gap in whole grains among Malaysians, we prominently feature whole grains across our cereal portfolio. Each serving delivers at least 8g of whole grains, easily identifiable on our products through our Whole Grain Tick.



To date, **49%*** of our relevant products contain whole grains, fruits, vegetables, nuts, or seeds. This includes our HARVEST GOURMET plant-protein range which is packed with protein and fibre and has become among one of the brand of reference in plant-based meal solutions.

* Based on number of active products in relevant portfolio i.e. milk powder, instant noodles, adult nutrition, MILO, breakfast cereals, Plant-Based Meal Solutions and Ready-to-Drink (as of December 2023).

4 Micronutrient Fortification

Commitment:
Address under-nutrition through micronutrient fortification

According to the [2022 Global Nutrition Report](#), the persistent effects of the COVID-19 pandemic continue to impact global nutrition. The report highlights a concerning trend of rising malnutrition driven by inequitable access to healthy and sustainable diets.

Reflecting this global trend, [UNICEF](#) reported that child stunting in Malaysia is estimated to have risen to 21.9% in 2022. Meanwhile, the [National Health and Morbidity Survey \(NHMS\) 2022](#) and [2019](#) revealed that one in three adolescents and nearly 50% of adults in Malaysia are overweight or obese. The NHMS findings also reported concerning levels of iron deficiency, with 29.9% of women of reproductive age (15-49 years) and 46.5% of children (6-59 months) having anaemia.

These upward trends underscore the urgent need to take action. Recognising the crucial role of micronutrients in combating under-nutrition among both children and adults in Malaysia, we take proactive measures to fortify our products with essential micronutrients.

Performance

We delivered 3.8 billion servings of micronutrient-fortified products in 2023. Notably, 100% of our MILO, milk products and breakfast cereals are enriched with essential micronutrients. This includes:

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



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



NESTLÉ OMEGA PLUS

- High in calcium and Vitamin D
- High in Vitamins A, C, B1, B6 and folic acid



EVERYDAY
High in calcium and Vitamins A and C



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



5

Enhancing Biomedical Science Through Nutritional Therapy

Commitment:

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

Given our wealth of experience and expertise as a trusted food and beverage manufacturer, we understand the intricate link between nutrition and chronic disease. Toward this end, we are focused on expanding our biomedical science knowledge, translating cutting-edge research into personalised nutritional solutions for our consumers. Our products cater to diverse nutritional needs across different life stages and health conditions, supporting consumers in managing and preventing chronic diseases, including obesity and diabetes.

Performance

Backed by rigorous clinical research, NESTLÉ HEALTH SCIENCE delivers a spectrum of nutritional therapies that enable consumers to manage a range of medical conditions through targeted nutritional delivery. Among others, our portfolio features:

- PEPTAMEN:**
 - Critical illness and major surgery
 - Malabsorption
 - Chronic medical conditions
- PEPTAMEN Junior:**
 - Critical illness
 - Malabsorption
 - Cerebral palsy
- nutren Optimum:**
 - Complete nutrition for strength, gut function, vitality
 - Pre and post-operative nutrition
- nutren Fibre:**
 - Complete nutrition for sensitive gut
 - Suitable for Long-term nutritional support
- nutren GlucoBalance:**
 - Diabetes
 - Impaired glucose tolerance
- OPTIFASTE:**
 - Meal replacement for management of weight loss
- nutren Junior:**
 - Complete nutrition for children 1 - 10 years old.
 - Pre and post-operative nutrition
- IMPACT:**
 - Immunonutrition
 - Cancer with treatment
- resource fruit:**
 - Critical illness
 - Malabsorption
 - Elevated protein and energy needs
- ISOS-LUCIFER:**
 - Peri-operative management
 - Clear liquid diet
- NOVOS-LUCIFER:**
 - Elevated energy and protein needs
- nutren Diabetic PLUS:**
 - Diabetes
- nutren GlucoBalance:**
 - Dietary ingredient to help reduce the breakdown of carbohydrates into glucose
- Renal disease:**
 - Renal disease

Outlook

As a leading food and beverage company with a long-standing presence in Malaysia, we have continued to enhance our products to meet the changing needs of consumers. Providing tastier and healthier options for adults and children has been a key driver in our commitment to consistently elevate standards through meticulous innovation across key areas like micronutrient fortification and evidence-based nutritional therapies. Additionally, we actively pursue the development of products with lower levels of sugar and sodium.





EMPOWERMENT TOWARDS HEALTHIER LIFESTYLES AND RESPONSIBLE MARKETING

Background

With the triple burden of malnutrition – undernutrition, micronutrient deficiency and rising overweight or obesity rates – continuing to pose a global health threat, we remain committed to our comprehensive approach to empowering Malaysians to lead healthier lives. This encompasses enhancing the nutritional quality of our products as well as strengthening nutrition knowledge through nutrition education initiatives and the responsible marketing of our products. Through this approach, we strive to enable Malaysians at every life stage to embrace good nutrition by making informed choices about the foods and beverages they consume. This dedication seamlessly aligns with the second pillar of our ‘Good For You’ global strategy, wherein we focus on guiding and inspiring consumers toward balanced diets and healthier lifestyles through effective communication and engagement initiatives.

Approach

We aim to inspire healthier lives by focusing on the following areas:

- | | |
|---|--|
| <p>1
Providing Nutritional Information</p> | <p>5
Responsible Marketing of Breast-Milk Substitutes</p> |
| <p>2
Portion Guidance and Recommendation for Preparation</p> | <p>6
Product Safety and Quality</p> |
| <p>3
Encouraging Healthy Cooking, Eating and Lifestyles</p> | <p>7
Our Halal Commitment</p> |
| <p>4
Responsible Marketing and Advertising</p> | |



1

Providing Nutritional Information

Commitment:

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

Transparency is paramount in our mission to encourage responsible food choices. Testament to this, we provide readily accessible, comprehensive information on our products displayed on packaging, empowering consumers to make informed decisions.

In line with consumers’ growing demand for products that are both good for them and for the planet, we have enhanced our packaging communications to highlight our brands’ purpose stories to share information that matters. This includes stories on ingredient transparency, provenance, sustainability and the meaningful contributions our brands are making to build a regenerative future for all.

As we evolve our communications approach, nutrition remains foundational. As such, to ensure accessible nutritional data, we continue to leverage the Guideline Daily Amount (GDA) which is prominently displayed on front-of-pack to offer at-a-glance insights into energy content of the product. Furthermore, we provide pertinent information such as energy and macronutrients, namely protein, carbohydrates, and fat, as well as micronutrients such as vitamins and minerals within our products, presented in a user-friendly Nutrition Information Panel, in addition to details on dedicated channels for enquiries alongside practical tips to navigate a healthier lifestyle.

Guideline Daily Amount



Nutrition Information

Satu hidangan (250ml) mengandung

Tenaga 144kcal

7%

Berdasarkan 2000kcal



Nutrition Information

NUTRITION INFORMATION MAKLUMAT PEMAKANAN

INGREDIENTS/BAHAN

PREPARATION METHOD/ CARA PENYEDIAAN

KNOW YOUR PORTION/ MAKLUMAT HIDANGAN

LET'S TALK/ HUBUNGI KAMI

STORAGE ADVISE/ MAKLUMAT PENYIMPANAN



2

Portion Guidance and Recommendation for Preparation

Commitment:

Offer guidance on portions for our products

In line with our 'Good For You' strategy, we actively guide consumers toward healthier lifestyles through balanced consumption. A key strategic pillar is communication and services to help people make informed choices as part of a balanced diet. This involves educating people on proper portion sizes, especially for more indulgent foods and beverages. Supported by effective communication and engagement initiatives, we hope to cultivate a future where nutritious eating and responsible consumption are part of Malaysians' daily lives.

Nestlé Portion Guidance

The Nestlé Portion Guidance system was developed on a voluntary basis to simplify consumers' understanding of portion sizes. The comprehensive labelling initiative, grounded in the combined expertise of the World Health Organisation (WHO), leading experts, policymakers and national food guides, provides clear and evidence-based guidance on appropriate portion sizes for our products, empowering consumers to make healthier dietary choices.

Portion Guidance



3

Encouraging Healthy Cooking, Eating and Lifestyles

Commitment:

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

Recognising that raising awareness on the importance of healthy cooking, eating and lifestyles is pivotal to fostering the health and wellbeing of Malaysians, we collaborate with stakeholders who are closely aligned with our commitment. With the support of these partners, including the local authorities and organisations that champion nutrition, we aim to ensure that Malaysians from all walks of life have access to knowledge on good nutrition.



Children and parents participating in the N4HK Together in the Kitchen campaign event, which featured a nutritional talk and a parent-child cooking competition.

Performance

Nestlé for Healthier Kids

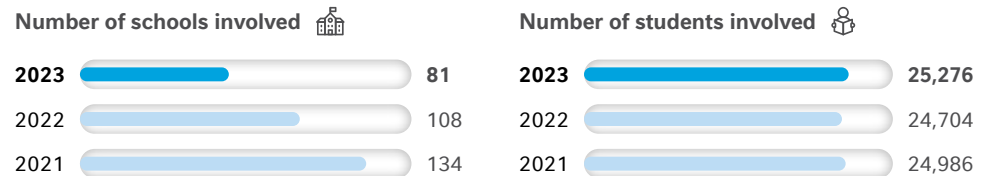
Driven by the belief that teaching children to make healthier food choices will contribute to a healthier future for young Malaysians, we kicked off the N4HK programme in 2010 as a joint effort with the MoE and NSM.

Leveraging the expertise and resources of our partners, N4HK delivers nutrition knowledge to students aged 7 to 12 years old through physical teaching sessions focused on the following modules:

- The Malaysian Food Pyramid
- Food Portioning and Healthy Food Choices
- Emphasising The Importance of Hygiene
- Let's Stay Active

In 2023, we expanded our efforts to include the "Together in the Kitchen" campaign, which entailed an engaging nutritional talk and fun-filled cooking competition for parents and their children, featuring popular local celebrity Noor Nabila and her son Jayden Jebat, alongside nutritionist Afiqah Kahar. The campaign highlighted the benefits of involving children in preparing meals to foster an appreciation for nutritious foods and shared tips for parents to make the experience more enjoyable for themselves and their kids.

As a result of N4HK, we reached a total of 25,276 schoolchildren in 81 primary schools across the nation throughout the year. Since its launch in 2010, the programme has benefitted a cumulative total of over 149,000 schoolchildren with an investment of RM1.4 million to date.



MILO Sports Programme

With a mission to encourage children to lead active lifestyles, our MILO brand has stood strong as a patron of grassroots sports for decades. Reflecting this, MILO spearheads various sports programmes to encourage youths to participate in sports, in tandem with delivering much-loved products that provide the nutrition and energy they need to stay active.

In 2023, we continued our MILO Champions Clinic, a grassroots coaching programme that supports parents in encouraging children to take up sports by connecting local certified coaches with prospective students. Offering trial classes for over 13 sports, the programme upholds the belief that sports is a great teacher, inculcating important life values and nurturing healthier children.



Contributing to Nutritious and Sustainable Diets

Strengthening our commitment to grassroots sports development in Malaysia, we also welcomed the return of MILO *Hidup Bola* during the year. As the biggest futsal tournament in Malaysia, the event aims to foster the next generation of futsal stars whilst promoting fellowship and team spirit among Malaysian youths.

As a result of the MILO Sports Programme, we engaged over 623,000 Malaysians in 2023. This included over 10,000 participants of the MILO *Hidup Bola* Futsal Tournament, as well as over 900 unique students registrations in the MILO Champions Clinic in 2023 alone.

Number of participants for MILO Sports Programme



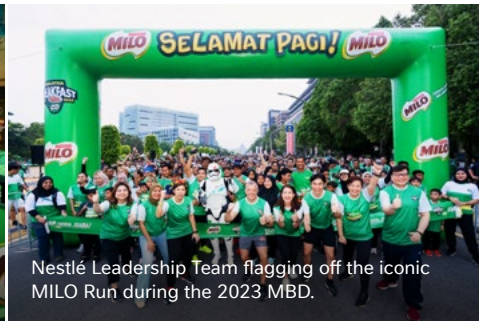
* Virtual engagements only.

MILO Malaysia Breakfast Day (MBD)

Since 2013, we have also led the nation's largest breakfast movement through the MILO MBD. Inspiring Malaysians to embrace healthy lifestyles through a balanced breakfast and physical activity, the fun-filled event saw an exciting return in 2023 with a line-up of energetic and educational activities which drew approximately 60,000 participants across three locations, namely Putrajaya, Sabah and Sarawak. Activities included the iconic MILO Run, the new addition of the MILO Goodness Workout in Sabah and Sarawak, Body Mass Index (BMI) screenings, nutrition counselling, educational games, as well as the MILO Goodness Tour, a mobile and fully immersive MILO factory.



Children receiving coaching from professional coaches at the MILO Champions Clinic.



Nestlé Leadership Team flagging off the iconic MILO Run during the 2023 MBD.

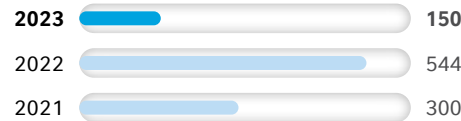
MAGGI Secondary School Cooking Competition (MSSCC)

Delivering on Nestlé's promise of *Good food, Good life*, MAGGI has cultivated a love for healthy cooking and nutrition among Malaysian youth through MSSCC since 1997. Launched in partnership with MoE, the annual cooking competition serves as an avenue for students to build their self-confidence, life skills as well as culinary expertise.

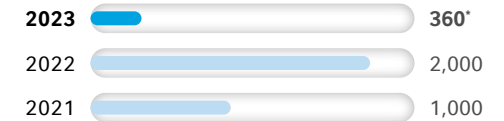
In 2023, the 27th edition of the MSSCC was organised in two phases, the first of which entailed the submission of a cooking video together with a written recipe. In the second phase, participants attended online interview sessions, following which the top three entries were selected from each state, culminating in 16 finalists at the Grand Finale.

MSSCC 2023 proved to be a continued success with the participation of over 360 students from more than 150 schools across Malaysia. Since its inception, MSSCC has engaged a cumulative total of more than 10,000 schools and 341,000 students nationwide.

Number of schools involved



Number of students involved



* Decline in number of schools and students involved as a result of re-opening of schools post pandemic, in addition to the delayed start of the school term and rescheduling of extracurricular activities.

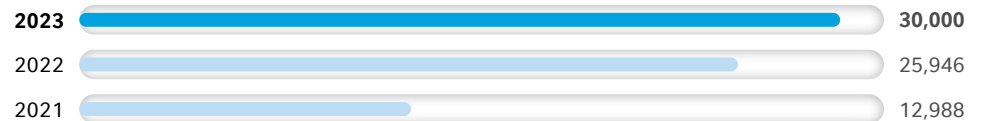
NESTLÉ OMEGA PLUS Walk A Million Miles (WAMM)

As the leading heart health brand in Malaysia, NESTLÉ OMEGA PLUS has championed heart health among Malaysians through its annual 30-day virtual NESTLÉ OMEGA PLUS WAMM event since 2020. In 2023, the brand hosted the fourth edition of the event in honour of World Heart Month, uniting people across Malaysia to walk as part of heart-healthy habits.

Harnessing the power of our digital outreach, the WAMM walkathon saw an impressive 30,000 participants in 2023, marking a 14% increase compared to the previous year, with a total 2,091,044 miles achieved.

In celebration of this accomplishment and to contribute to the wellbeing of heart patients in Malaysia, we donated a total of RM100,000 to both the IJNF and YJM.

Number of participants



MAGGI Sajian Seimbang Tanda Sayang

With MAGGI products serving as everyday cooking essentials in Malaysian households nationwide, the brand aims to support parents in preparing tasty and balanced meals for their families. As part of the "Sajian Seimbang Tanda Sayang" campaign, we provide simple and practical tips for daily meal preparation based on the Malaysian Healthy Plate concept. Alongside sharing easy recipes that pair MAGGI Noodles with fresh ingredients, we also engaged with communities via various initiatives such as BMI screenings, diet chit-chats with nutritionists, educational games, cooking demonstrations and interactive quizzes.

Throughout the year, we successfully reached a total of 7,783 families from eight People's Housing Project (PPR) in the Klang Valley, helping these communities to embrace balanced eating.



Engaging with parents to raise awareness on healthy eating habits through MAGGI's Sajian Seimbang Tanda Sayang campaign.

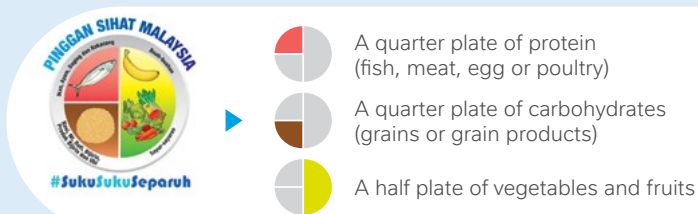
Women of Will

Understanding the important role women play as nurturers of families, we launched a pilot project focused on empowering women entrepreneurs from low-income communities towards happier and healthier lives. Joining hands with Women of Will, an NGO focused on supporting the transformation of disadvantaged women and self-sustainable communities, we conducted a series of activities to support women in caring for their family's nutrition as well as developing themselves as savvy food business entrepreneurs.

This included a session of nutrition training to equip participants with knowledge on balanced nutrition, tips for meal preparation and eating out healthily, alongside cooking demonstrations of easy and affordable recipes. Additionally, the participants also benefitted from an exclusive *Wanita Cukup Berani* workshop, which offered skills and knowledge relevant to their food business. Through this initiative, we have engaged a total of 64 women. Post the *Wanita Cukup Berani* workshop, 76% of participants reported applying at least one change in communication, entrepreneurship or food handling and preparation one week after training.

Supporting the Malaysian Healthy Plate Campaign – 'Suku-Suku Separuh'

Aiming to raise public awareness on balanced eating, the MoH introduced the 'Malaysian Healthy Plate' campaign in 2017. The campaign has served as a cornerstone in encouraging Malaysians to practice the right portion size in main meals by adopting the following:

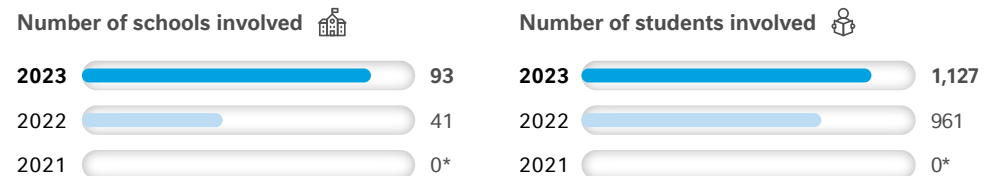


Nestlé Malaysia has actively championed the benefits of the 'Malaysian Healthy Plate' approach to achieve balanced daily nutrition through numerous programmes and initiatives, including the annual N4HK, MILO Malaysia Breakfast Day, MSSCC and MAGGI *Sajian Seimbang Tanda Sayang* campaigns, amongst others.

Halal@School

In our role as the global Halal Centre of Excellence for Nestlé, we go beyond the food and beverage industry to share our Halal knowledge and expertise. Since 2018, we have worked alongside the Institute of Fatwa and Halal under the Islamic Science University Malaysia (USIM) to conduct our Halal@School with Nestlé programme. This initiative aims to raise awareness on Halal nutrition as well as healthy eating among school students through fun and educational activities such as Halal nutrition talks, educational quizzes and interactive games on Halal.

In 2023, Halal@School with Nestlé was executed as a six-series programme involving 93 schools nationwide, engaging a total of 1,127 students during the year and contributing to a collective total of 4,271 students since 2018.



* Programme roll-out impacted due to COVID-19 movement restrictions.



4

Responsible Marketing and Advertising

Commitment:

- Use clear labelling and responsible marketing that promotes healthy lifestyles to communicate transparently about our ingredients and the nutritional composition of our products
- Advertise our products according to strict guidelines - especially when it comes to how we promote breast-milk substitutes and how we communicate to parents and caregivers

Given our tremendous market reach, how we impact consumer choices through our industry-leading marketing practices is a significant and ongoing responsibility. Recognising our influence, we continue to earn the trust of our consumers by prioritising the highest standards of accuracy and transparency in all product marketing, especially when they involve children.

A comprehensive framework, the [Nestlé Marketing Communication to Children Policy](#) was established to ensure our marketing practices are strictly premised on integrity and responsibility worldwide. We voluntarily updated the policy in 2023 to introduce more stringent conditions as follows:

No advertising of confectionery, ice cream or water-based beverages containing added sugar to children below 16 years of age.

No engagement with influencers below 18 years of age.

No collection of personal data from children below 18 years of age for marketing communication purposes.

Performance

Building and maintaining public trust is paramount in how we operate at Nestlé Malaysia. Our unwavering commitment to transparency translates into meticulous adherence to the Nestlé Consumer Communication Principles serving as the gold standard for all marketing and advertising initiatives. In 2023, we recorded zero reports of non-compliance to marketing communications and product information labelling.



5

Responsible Marketing of Breast-Milk Substitutes

Commitment:

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

Vital for nurturing the wellbeing of babies and mothers, breast milk provides intrinsic value. Nestlé is fully cognisant of this and firmly supports the WHO and MoH's evidence-based guidelines on exclusively breastfeeding in the first six months, followed by the timely introduction of appropriate complementary foods alongside continued breastfeeding for up to two years of age. This comprehensive approach optimises nutritional intake and lays the foundation for lifelong health.

While acknowledging the irreplaceable role of breastfeeding, we also recognise that certain situations may require infant formula which serves as a scientifically viable and legally recognised breast milk substitute (BMS), as outlined by the [WHO International Code of Marketing of Breast-Milk Substitutes \(WHO Code\)](#).

Upholding the highest ethical standards and ensuring complete transparency in our marketing practices across our infant formula portfolio is non-negotiable. Our marketing practices in the infant food sector are fully governed by both the Malaysian Code of Ethics for the Marketing of Infant Foods and Related Products and the [WHO Code](#) introduced in 1982.

More than mere adherence, we have established comprehensive internal guidelines for employees, like the Nestlé Instructions guideline, meticulously revised on multiple occasions (1996, 2004, 2010) to ensure efficient and effective implementation. Our [Nestlé Policy and Procedures](#) have also been updated, most recently in 2017 and 2022, solidifying our commitment to continuous improvement and complete compliance with regulatory requirements and all relevant laws.

Ensuring adherence to ethical marketing principles, we have established a robust framework for accountability and continuous improvement. This framework features a global management system, empowering both internal and external stakeholders to voice relevant concerns through our dedicated Ombudsperson system and 'Speak Up' platform. We have well-defined procedures in place to address any potential violations, with regular internal and external audits and publicly available results to ensure transparency and accountability. Each year over 1,500 employees and partners are equipped with in-depth knowledge of the WHO Code and our internal guidelines, ensuring consistently sustainable and responsible marketing practices.

Performance

Reflecting our unwavering commitment to regulatory compliance and responsible business practices, Nestlé Malaysia had no material sanctions related to product labelling or marketing violations in 2023

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

Selected on the basis of excelling in ESG practices, Nestlé Global was included in the FTSE4Good BMS Index for the 13th consecutive year in 2023. This underscores our commitment to upholding ethical marketing practices in the sensitive BMS sector. Furthermore, our dedication to improving access to safe and nutritious infant feeding options is reflected in our positive trajectory in the Global Access to Nutrition Index (ATNI™) BMS and Complementary Foods Marketing Index. We achieved a notable 12-point increase in our score from 45% in 2018 to 57% in 2021, securing a well-deserved second place in the BMS sub-ranking. Nestlé Global is among six of the world's largest baby food companies assessed by this Index.



6 Product Safety and Quality

Commitment:
 To provide products and services that are safe, compliant and preferred by our consumers and customers

Driven to deliver products of the highest safety and quality standards, we adhere to Nestlé’s 10 [Corporate Business Principles](#) in how we manufacture our wide range of foods and beverages. Supporting this is our [Quality Policy](#), which provides a clear structure to guarantee best practices are applied throughout our value chain:

1. Cultivating a mindset centred on quality, our aim is to provide products and services without any defects, earning trust and preference from individuals and families. This is our commitment to facilitating healthier and happier lives for consumers.
2. Ensuring we meet internal criteria for food safety and quality, as well as comply with relevant laws and regulations.
3. Enhancing quality management systems through the evaluation of quality objectives and outcomes to ensure product safety, avoid quality incidents, and eradicate defects.
4. Making quality responsibilities integral for all employees and third parties by utilising guidelines, education, coaching, training, as well as effective communication.

Nestlé Management System
 The Nestlé Management System ensures that we meet safety and quality guidelines as well as food safety and quality assurance requirements. As an added measure, we also utilise external certification authorities to regularly evaluate the Nestlé Management System, to further assure strict compliance to internal rules, ISO standards, and legal regulations. In 2023, we recorded zero incidents of non-compliance concerning the health and safety impacts of our products.

Performance How We Ensure Food Safety

Systems and Processes	Functions Performed	Metrics and Key Performance Indicators
ISO 9001:2015 Certification	<ul style="list-style-type: none"> Establishes fundamental principles for product quality management. Certification from independent third-parties. 	Nestlé’s Head Office, Nestlé Distribution Centre, and manufacturing locations are all 100% ISO 9001 certified (multi-site certification).
FSSC 22000 Certification	<ul style="list-style-type: none"> Establishes fundamental principles for maintaining food safety. Allocates responsibility for manufacturing procedures, hazard analysis, and traceability throughout the value chain. Encourages continuous enhancement through the elimination of defects and waste. Certification from independent third-parties. 	Nestlé’s manufacturing locations are 100% certified with FSSC 22000.
Internal Quality Monitoring Scheme	<ul style="list-style-type: none"> Ensures that manufactured products fulfil consumer requirements. Identifies and manages relevant processes pertaining to consumers, food safety and regulatory compliance. Supports our strategy for manufacturing excellence, aiming for zero waste through the ‘right first time’ approach. 	100% implemented across all Nestlé manufacturing sites.
Early Warning System	<ul style="list-style-type: none"> Global system for identifying, assessing, and anticipating potential risks. 	Provides updates when new risks emerge.

24-Hour Engagement Services
 Following the adoption of new technologies previously, in 2023 we continued to strengthen Consumer Engagement Services and enhance efficiencies in analysing current sentiments by a dedicated team.

We provide 24/7 support to consumers across all channels via telephone, social media, website and WhatsApp, making consumer access to us more convenient. As a result, we achieved commendable ratings of 4 and 5 on consumer services, contributing to a Consumer Satisfaction rating of 95.5%.



Consumer Engagement Services are regularly evaluated and enhanced with the Engage OMNI tool by the global team to increase efficiency in managing consumer contacts, while reducing average case-handling time. Management is also promptly alerted on key consumer complaints to ensure corrective actions are taken in a timely manner. Best practices are then shared across markets to facilitate learning and to improve consumer engagement.

By integrating the Engage OMNI global system and the Sprinklr global system for social media management, we have also been continuously improving our operational procedures.

We consistently monitored discussions about our products and brands through Social Media Listening (SML) which is now activated throughout the year to monitor conversations around our brands and products on various digital platforms, including the rapidly growing TikTok. Twice daily updates are received during a potential issue to closely gauge the sentiments of netizens and facilitate resolution. Impact on business was minimised as a result of timely, pre-emptive measures, and the valuable insights gained from SML.

<p>Non-product related complaint cases reduced by 8.39%</p>	<p>Maintained high customer satisfaction rating of 95.5%</p>
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Consumer Engagement Services	2021	2022	2023	Variation %
a. Number of cases handled	41,557	37,409	42,948	14.81
b. Number of enquiries	32,696	32,668	37,978	16.25
c. Number of complaints	8,861	4,640	4,684	0.95
d. Feedback on marketing programmes and non-product-related complaints (Contact reasons: Communications & Marketing, Business, Sales & Distribution, Non-Food & Nestlé Corporate)	5,153	1,991	1,824	(8.39)
e. Product-related complaints (Contact reasons: Food, H&N, Packaging)	3,708	2,649	2,860	7.97
f. Critical complaint cases (Foreign bodies, alleged illness and infestations)	589	446	517	15.92

7 Our Halal Commitment

Commitment:

All products manufactured, imported and distributed by Nestlé Malaysia are Halal-certified by JAKIM and other relevant recognised Islamic authorities

Ever-mindful of our leadership role in the Halal industry and as the Nestlé Group’s Global Halal Centre of Excellence, Nestlé Malaysia has consistently maintained the integrity of our Halal practices and Halal commitment. As testament to this, our consumers continue to place their trust in our foods and beverages, which can be consumed without worry by Muslims and non-Muslims alike.

We remain focused on elevating our Halal knowledge and ensuring Halal standards are met through various collaborative efforts with key stakeholders, including the Malaysian Government. Our contributions have played a significant role in the development of the Malaysian Standard on Halal Food (MS1500) and the entire suite of Malaysian Halal Standards. In addition, these initiatives have also impacted markets beyond the country’s borders.

As the Global Halal Centre of Excellence, our capabilities and experience in Halal best practices also allow us to support other Nestlé markets. Besides exporting Malaysian-made Halal goods to more than 50 nations, we share technological expertise and policy guidance with markets across the globe.





Performance

Halal Audits and Assessments

Our Halal audits and assessments were conducted both in-person and through online sessions, accompanied by targeted training sessions and technical assistance. In 2023, we successfully completed 40 surveillance audits on both domestic and international factories to engage with key stakeholders on Halal practices across the value chain. These included our raw materials and packaging suppliers, R&D centre, co-manufacturers, co-packers, warehouses and distributors. By instilling a deeper understanding of Halal best practices among suppliers, we ensured our stringent Halal compliance criteria was maintained throughout the year.

Halal Certification

Small and Medium Enterprises (SMEs) are among the potential vendors who play an integral part in our manufacturing process. To enable SMEs to enter our value chain, we provide technological expertise to assist them in acquiring Halal certification from authorised religious bodies like JAKIM.

In 2023, four SMEs obtained Halal certification to become co-manufacturers for our plant-based meal solutions product range, namely Kawan Food, Sydney Cake House, PA Food and Kart Food.

Additionally, Indonesia Halal Certification was achieved for new-to-market KIT KAT Goldfest and KIT KAT Pandan which are produced in our Chembong factory in Malaysia, as well as Nestlé Health Science’s NUTREN Glucosmart produced by our co-manufacturer Moreth Sdn. Bhd.

Halal Standards Working Groups

Nestlé Malaysia continues to uphold our pledge to advancing Halal standards in Malaysia by actively engaging in various working groups. In 2023, we focused on these crucial areas:



Halal Assurance System Training

In our capacity as Nestlé’s Global Halal Centre of Excellence, we provide support to other Nestlé markets on implementing Halal best practices by conducting training sessions premised on our Halal Assurance System.

During the year, we trained 61 participants from Nestlé R&D, Manesar, India, and 16 participants from Nestlé Dubai with our Halal Assurance System.

SME Mentoring Programme

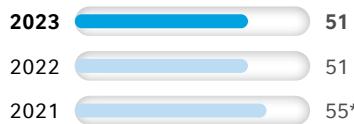
Our SME Mentoring Programme allows us to guide and share knowledge in Halal best practices to facilitate the further development of local SMEs. This is also enabled through our close collaboration with key industry stakeholders, including the Halal Industry Development Corporation and SME Corp, and is a reflection of our CSV approach.

The programme has served as a valuable platform for SMEs who gain from our extensive expertise in the relevant standards and requirements for Halal best practices, fostering their development into Halal-certified facilities and potential suppliers for global corporations.

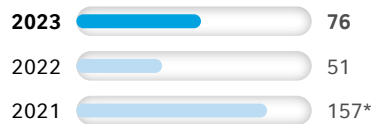
Since the programme’s inception in 2009, a total of 1,357 participants from 974 companies have been positively impacted. In 2023 alone, we engaged with 76 individuals and 51 companies. Among the topics the 2023 programme focused on were Halal certification and Halal assurance system.

As a result of Nestlé’s joint mentoring efforts with SME Corp and Halal Industry Development Corporation, several SMEs subsequently obtained Halal certification. The companies are Uninoto, Kataya, Pepper Lab, Nippon Sushi, Restoran RHU, Hot Piper Specialty Catering and Alfa Packing.

Number of companies



Number of participants



* Virtual engagements only.

* Programme roll-out impacted due to COVID-19 movement restrictions.

Halal Talks

The year saw us continuing our efforts to conduct Halal-centric talks for local universities and co-organise seminars on significant Halal issues.

Seven sessions were held as follows:

	Number of participants:
1. Halal Products Research Institute, Universiti Putra Malaysia Program Kesedaran Halal dan Keselamatan Makanan Bersama Perusahaan Kecil Sederhana	▶ 15 entrepreneurs
2. Institute of Fatwa and Halal, Universiti Sains Islam Malaysia Seminar Fatwa dan Halal Peringkat Kebangsaan	▶ 300 industry players
3. Halal Research, University Malaya Halal Youth Muslim Project	▶ 40 students (B40)
4. Faculty of Science & Technology, Universiti Kebangsaan Malaysia Implementation of HACCP and HCP in Industry	▶ 100 students & lecturers
5. Kolej Kemahiran Tinggi, MARA Program Perkongsian Industri	▶ 120 students & lecturers
6. Uniti Halal Centre National Conference of Halal Executive 2023	▶ 200 industry players
7. Inkubator Teknologi Makanan, MARA Program Bimbingan Pemantapan Pensijilan Halal Bersama Industri	▶ 30 small and micro entrepreneurs

Nestlé also participated in the National Halal Conference where together with other industry leaders, we exchanged views and discussed rising global trends involving key Halal matters.

Outlook

As a responsible food and beverage company, we are committed to consistently raising the bar in how we play a role in enabling healthy lifestyles for our consumers. With this in mind, we will leverage on our multi-faceted expertise to improve and expand our programmes to enable consumers to make informed choices as part of a balanced diet.

Our long-standing presence as an industry leader has been the result of operating responsibly, which includes marketing and advertising best practices. As we strive to continuously meet consumer expectations, we remain dedicated to maintaining the highest levels of safety and quality, and superior Halal practices as a trusted manufacturer for Muslim and non-Muslim consumers.





Malaysia International Halal Showcase 2023 (MIHAS)

Nestlé Malaysia was proud to be a participant in the highly esteemed MIHAS 2023. As Malaysia’s leading food and beverage company, we are committed to delivering high-quality Halal products to consumers locally and globally.

Aiming to engage with industry professionals, business partners, and consumers to foster collaboration and knowledge exchange, our participation in MIHAS is also a testament to our dedication towards the Halal industry and our continuous efforts to meet the evolving needs and preferences of Halal-conscious consumers. Our *kopitiam*-inspired booth served as a platform to highlight to our consumers on our commitment to sustainable practices and responsible sourcing, ensuring that our Halal products are not only of the highest quality but also produced in an ethical and environmentally-friendly manner.



Persidangan Kebangsaan Eksekutif Halal 2023 (PEH23)

As the biggest Halal exporter in the Nestlé world, we participated in the PEH23 conference, a platform for industry practitioners, executives, and professionals to come together and discuss various aspects of the Halal sector.

PEH23 aims to strengthen the role of Halal industry practitioners and elevate the profession of Halal executives throughout the country, therefore we see our presence as an opportunity to enhance knowledge and proficiency in Halal practices through engaging discussions and presentations that cover a wide range of topics related to our Halal practices, standards, regulations, and market trends.

This conference has successfully attracted over 200 attendees currently serving in diverse industries, including those from overseas.



Seminar Fatwa dan Halal Peringkat Kebangsaan

Nestlé Malaysia was honoured to participate in the *Seminar Fatwa dan Halal Peringkat Kebangsaan 2023* at Universiti Sains Islam Malaysia. Leveraging on our expertise and experience in Halal excellence, we shared various insights and best practices in ensuring Halal compliance throughout our operations and product offerings, while also highlighting our rigorous processes and stringent quality control measures that are in line with the Islamic principles and halal standards.

Nestlé Malaysia’s participation in the seminar reflects our dedication to promoting Halal awareness and education. We believe in the importance of continuously improving and staying updated on the latest developments in the field of *Fatwa* and Halal. By sharing our knowledge and experiences, we aim to contribute to the growth and advancement of Halal practices in Malaysia.



HELPING TO PROTECT, RENEW AND RESTORE NATURAL RESOURCES



Accelerating our sustainability efforts, we are moving beyond minimising our environmental footprint to adopt a regenerative approach. Our Net Zero Roadmap sets the foundation for this, propelled by our focus on regenerative agriculture and our Forest Positive strategy, as well as driving sustainable packaging and circularity. With the support of our various partners, we are setting the tone to shape a greener future.

SDG Contribution



Material Issues:

Climate Change
Energy Efficiency
Water Efficiency
Waste Management
Sustainable Packaging
Biodiversity

Nestlé Global Ambition

By 2025 we will reduce our emissions by 20% from 2018 levels, halve it by 2030 and reach net zero by 2050

Nestlé Malaysia Impact Areas

Contributing to Nestlé’s Global Ambition, we have outlined the following action areas and commitments:

CLIMATE AND NATURE

- Reduce GHG emissions by 20% from 2018 levels by 2025
- 100% renewable electrical energy
- Reduce our specific energy consumption per tonne of product by 5% from 2022 levels
- Maintain zero waste to landfill status for our factories
- Preserve natural capital, including forests
- Source 20% of our key ingredients through regenerative agriculture by 2025, and 50% by 2030

WATER

- Constantly reduce our absolute water consumption
- Ensure effective treatment of the water we discharge
- Support advocacy for responsible water policies and stewardship
- Enhance awareness on the importance of water conservation and access to safe water and sanitation

PACKAGING AND CIRCULARITY

- Achieve 95% recyclability or reusability of our packaging by 2025
- Reduce our use of virgin plastics by one third by 2025
- Achieve plastic neutrality by 2025
- Strengthen communication on environmental efforts with strong communication, education & public awareness (CEPA)

Our Progress



Achieved **86,632m³** of absolute water savings in 2023



Reduced total Scope 1 and 2 GHG emissions by **7,769** tonnes, equivalent to **13%**, across Nestlé factories in Malaysia



Expanded our recycling programme to reach **180,000** households



Recovered approximately **11,500** tonnes of post-consumer packaging waste, of which **6,800** tonnes are plastic, through various programmes as part of our EPR initiatives



CLIMATE AND NATURE

Background

A global agrifood system that is able to sustain and regenerate natural resources is vital for future generations, as it ensures food security and the protection of biodiversity and natural ecosystems. With sustainable food production at the core of our business, ensuring the protection of natural resources is crucial to the long-term growth of the Company.

Towards this end, we are committed to driving positive transformation within our operations and supply chains to mitigate the growing risks of climate change on natural resources. We aim to achieve this by working towards reducing our carbon emissions alongside realising our climate-related ambitions.

Approach

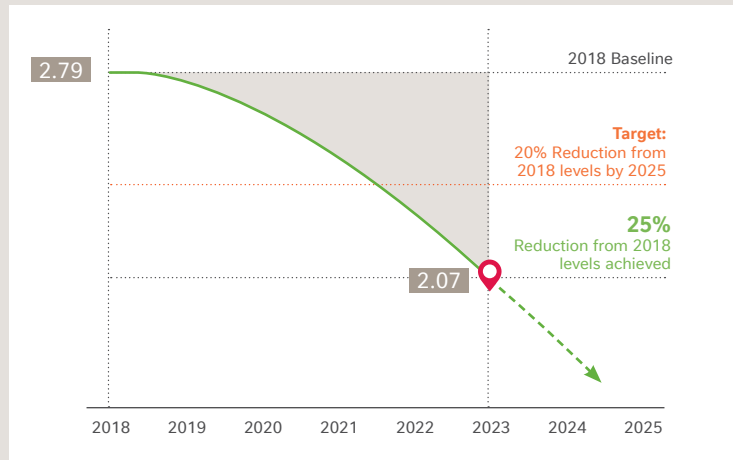
Laying the foundation for our sustainability journey is our Net Zero Roadmap, which outlines specific focus areas and targets for our climate and nature commitments. This approach is comprehensive, extending beyond our operations across our value chain, with an emphasis on active engagement with pertinent stakeholders.

Guided by this Roadmap, our climate and nature actions are focused on the following:

- 1 **Managing Our Carbon Footprint in Manufacturing and Distribution**
- 2 **Reducing Energy Consumption**
- 3 **Minimising Manufacturing Waste**
- 4 **Forest Positive**
- 5 **Regenerative Agriculture**



NET ZERO ROADMAP SCOPE: GHG EMISSIONS REDUCTION AGAINST 2018 BASELINE (MILLION TONNES OF CO₂e)



Reflecting the progress of our GHG reduction projects across our operations and supply chain, we achieved a significant 25% carbon footprint reduction in 2023 compared to our 2018 baseline, advancing our ambition of reducing 20% emissions by 2025 despite our higher sales volume.

Key initiatives that were integral to this reduction are as follows:



Transition to **100% renewable electricity** across our operations since January 2022 through the **Green Electricity Tariff Programme and Renewable Energy Certificate**



Adoption of various **environmental efficiency projects** at manufacturing sites



Nestlé Global supply chain's efforts to **minimise the environmental impact of farming and agricultural activities**

1

Managing Our Carbon Footprint in Manufacturing and Distribution

Commitment:

Reduce GHG emissions by 20% from 2018 levels by 2025

Recognising the urgent need to further mitigate the impact of climate change on our ecosystems and communities, we are taking action to realise our goal to be carbon neutral. With this objective in mind, we have established several GHG emissions reduction projects across our operations.

To ensure meaningful progress, we track the fuel and energy consumption of our manufacturing sites, using our Safety, Health and Environmental Sustainability - Performance Management (SHE-PM) platform. Through this platform, we have determined that GHG emissions from our operations are largely produced during the manufacturing stages.



Performance

In 2023, we successfully reduced our Scope 1 (direct) and Scope 2 (indirect) GHG emissions by 13% compared with 2022, representing a total of 7,769 tCO₂e. This was primarily contributed by the improved carbon footprint of our new biomass boilers installation in Chembong and Kuching as well as our exhaustive list of implemented energy saving projects.

Solar Energy Project in Factories

Leveraging the extensive sun exposure of our open-air carparks, in 2023, we rolled out a new renewable energy project involving the building of three solar carparks at our Nestlé Sri Muda, Nestlé Chembong and Nestlé Chembong Ice Cream factories. With a total of 3,318 solar panels installed, these carparks will enable us to generate our own clean renewable energy on site, which will be used to power partially our manufacturing sites in Chembong as well as Sri Muda.

Solar Panel Project with Distributors

Recognising that 95% of our GHG emissions are derived from Scope 3 emissions along the value chain, we engaged with our distributors to encourage them to transition to renewable energy. Through a dedicated roadshow, we introduced the concept and benefits of solar panels. As a result of our engagement, 10 distributors have embarked on the journey to adopt solar panels, which is expected to result in more than 1,000 tonnes of CO₂ reduction and monthly cost savings of 25%.

Performance Data

Note: 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 otherwise specified.

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 in Malaysia.

Emissions Data

Description	2021	2022	2023
a. Total direct and indirect GHG emissions (Scope 1 & 2) (tonnes CO₂e)[#]	122,485 ^A	59,428 ^B	51,659
b. Total direct GHG emissions (Scope 1) (tonnes CO₂e)^{1, #}	60,180 ^A	59,428 ^B	51,659
c. Total indirect GHG emissions (Scope 2) (tonnes CO₂e)^{2, #}	62,305 ^A	-	-
d. Other indirect GHG emissions (Scope 3) (tonnes CO₂e)³	11,489	10,913	19,211^C

Emissions Intensity

Description	2021	2022	2023
a. Emissions intensity per tonne of finished goods (Scope 1 & 2) (kg CO₂/tonne)	318.1 ^D	149 ^E	140.9
b. Emissions intensity per tonne of finished goods (Scopes 1, 2 & 3) (kg CO₂/tonne)	348.0 ^D	176 ^E	193^C

Emissions Reductions

Description	2021	2022	2023
a. GHG emission reductions (tonnes CO₂e)⁴	(4,497) ^F	63,633 ^G	(529)
b. Specific GHG reductions (%)⁵	(3.47) ^F	47.50 ^G	(0.73)

Ozone Depleting Substances

Description	2021	2022	2023
a. Imports of ozone-depleting substances (tonnes of CFC-11 equivalent)⁶	0.0076	0.0108 ^H	0.0055

NOx, SOx and Other Significant Air Emissions (Type and Weight)

Description	2021	2022	2023
a. SOx (tonnes)^{7,1}	34.0	33.0	24.0
b. NOx (tonnes)^{8,J}	160.3	162.6	141.8
c. Particulate Matter (tonnes)	34.6	36.5	-*

Note: Source of emission factors - IPCC (2006) and IEA (2021)

- 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 market based and derived from electricity consumption including electricity consumed for hot water and steam production during manufacturing processes in Nestlé Malaysia manufacturing factories. In 2022, we recorded zero emissions in our Scope 2 indirect emissions as result of the Subscription of the Green Electricity Tariff Programme by Tenaga Nasional Berhad (TNB) and the Renewable Energy Certificate by Sarawak Energy Berhad (SEB).
 - 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. The data source for salespeople travel and long-term business partners is based on the estimated travel distance using the GHG Protocol template: Mobile Combustion GHG Emissions Calculation Tool Version 2.6, while the data source for National Distribution Centre Carbon Report uses the Nestlé Distribution Environmental Performance tool Version 4.8.
 - 4 For 2023, GHG emissions reductions are calculated based on the difference between total Scope 1 and 2 emissions in 2023 vs 2022. Data for 2021 and 2022 has been updated based on the recalculated data for Scope 1, 2 and 3.
 - 5 For 2023, the specific GHG reduction percentage is calculated based on the difference between total Scope 1 and 2 emissions in 2023 and 2022 divided by 2022 GHG and converted to lowercase. Data for 2021 and 2022 has been updated based on the recalculated data for Scope 1 and 2.
 - 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. This data includes a joint venture CPW manufacturing plant (not in scope) as refrigerants losses are managed on site basis and not plant basis.
 - 7 Data based on fuel usage in manufacturing processes, as reported in the SHE-PM database.
 - 8 Data based on fuel usage in manufacturing processes, as reported in the SHE-PM database.
- A Recalculation of total direct and indirect GHG emissions in 2021 and 2022 to exclude a joint venture CPW manufacturing plant.
- B Recalculation of total direct GHG emissions Scope 1 in 2022 to exclude a joint venture CPW manufacturing plant.
- C Increase in 2023 as 2023 data calculated with more accurate travel distance as well as the usage of GHG Protocol template: Mobile Combustion GHG Emissions Calculation Tool Version 2.6 replacing the tool used for salespeople and long-term business partners travel in 2021 and 2022.
- D Recalculation of 2021 emissions intensity (Scope 1 & 2) and (Scopes 1, 2 & 3) to reflect the recalculated 2021 Scope 1 and 2 emissions.
- E Recalculation of 2022 emissions intensity (Scope 1 & 2) & (Scopes 1, 2 & 3) to reflect the recalculated 2021 Scope 1 emissions.
- F Recalculation of 2021 GHG emissions reductions in (tonnes CO₂) and in (%) to reflect the recalculated Scope 1, 2 and 3 emissions above.
- G Recalculation of 2022 GHG emissions reductions in (tonnes CO₂) and in (%) to reflect the recalculated Scope 1, 2 and 3 emissions above.
- H 2022 data correction in SHE-PM.
- I Data correction for 2021 and 2022 based on SHE-PM data correction and to exclude a joint venture CPW manufacturing plant.
- J Data correction for 2021 and 2022 based on SHE-PM data correction and to exclude a joint venture CPW manufacturing plant.
- * Measure discontinued as earlier indication based on extrapolation of spot date not reflecting accurately the reality.
- # This data has been independently assured. Please refer to the Independent Limited Assurance Report on pages 133 to 135.



2 Reducing Energy Consumption

Commitment:

- 100% renewable electrical energy

Given that energy consumption is a major contributor to our GHG emissions, we understand that achieving our climate-related goals hinges on the responsible management of our energy usage. Following this, we have taken significant steps to enhance our energy efficiency alongside increasing the usage of renewable energy in our operations.

Energy Saving Projects

As part of our efforts to reduce our energy usage, we have set up an Energy and Water Network consisting of champions at our factories who help us to implement, track and review energy and water projects. To date, we have implemented a number of initiatives, ranging from utility optimisation and steam supply pressure reduction to flash steam recovery and LED lighting installation.

In 2023, we commenced the operations of our biomass boiler projects at our Chembong Factory Complex and Kuching Factory. This entails biogenic materials from palm oil as a renewable source of energy for our boilers, thus reducing our dependence on fossil fuels. These biomass-fuelled boilers are also equipped with electrostatic precipitators to ensure that the air released is safe for the environment, while the ash produced from the biomass is converted into fertiliser.

Renewable Electricity

Since January 2022, all Nestlé facilities in Malaysia have been powered by 100% renewable electricity, secured through the Green Electricity Tariff (GET) Programme by Tenaga Nasional Berhad (TNB) and the Renewable Energy Certificate (REC) by Sarawak Energy Berhad (SEB). Generated by solar power plants under the Large-Scale Solar (LSS) Programme, hydropower stations and other renewable energy plants approved by the Energy Commission, these sources of energy enable us to minimise our carbon footprint while championing renewable energy usage.

Refrigerant Management

With an aim to utilise 100% natural refrigerants throughout our operations by end of 2025, we diligently track our monthly consumption of refrigerants and regularly replace old refrigeration equipment to ensure optimal efficiency. While we are still progressing towards 100% natural refrigerants, we ensure that any synthetic refrigerant used in our operations has minimal impact on the environment.




Commemorating Nestlé Malaysia's adoption of the GET programme.





Performance

As a result of our energy saving initiatives, we successfully reduced our energy consumption by 3.8% in 2023 compared to 2022. This was primarily contributed by volume mix evolution and our energy saving projects such as those related to condensate recovery, heat pump implementation, heat loss reduction as well as efficiency increases of our boilers and higher efficiency electrical motors. Overall, we have recorded an increase of approximately 211% of energy saved this year compared to last year due to these improvements. We have also shifted our fuel consumption from non-renewable sources to renewable sources.

In 2023, we recorded an 11% decrease in the usage of non-renewable energy sources due to our biomass boilers commencing operations in Chembong and Kuching. Our fuel consumption from renewable sources increased by 106%, while our electricity consumption rose by 1% as a result of a shift in product mix to more energy-intensive product lines.

100% renewable electricity utilised across all Nestlé Malaysia sites secured through the subscription of GET Programme by TNB and REC by SEB 

13% reduction in Scope 1 and 2 GHG emissions across Nestlé factories in Malaysia, amounting to **7,769** tonnes tCO₂e through the installation of biomass boilers 

73% of our ice cream chests, upright and island freezers have been replaced since 2018 

Performance Data

Note: 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 otherwise specified.

Energy Consumption

Description	2021	2022	2023
a. Total energy consumption (GJ)¹	1,401,829 ^A	1,435,995 ^B	1,381,943
b. Total fuel consumption within the organisation from non-renewable sources (GJ)²	960,634 ^A	964,454 ^B	853,969
c. Total fuel consumption within the organisation from renewable sources (GJ)³	44,292 ^A	49,885	102,991
d. Electricity consumption (in GJ)	396,903 ^A	421,656 ^B	424,982
e. Energy consumption outside the organisation (GJ)⁴	87,660 ^H	89,438	^{-C}

Energy Efficiency

Description	2021	2022	2023
a. Total amount of energy per tonne (GJ/tonne)⁵	3.78 ^A	3.60 ^B	3.77
b. Energy saved due to improvements (GJ)⁶	25,703 ^D	19,573 ^E	60,895

- 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, biodiesel and steam from biomass boilers.
 - 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 2023, energy savings are calculated based on the estimated savings from energy efficiency projects launched, whose impacts are observable in FY2023.
- A Recalculation of 2021 data based on corrections done in SHE-PM for 2021 in Sri Muda and Chembong sites in addition to the exclusion of CPW.
 B Recalculation of 2022 data based on corrections done in SHE-PM for 2022 in Sri Muda and Chembong sites in addition to the exclusion of CPW.
 C 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. In the GHG protocol template, only GHG emission are calculated and not the used energy, therefore, the data of salespeople travel, and long-term business partners is no longer available. Therefore, this measure will be discontinued.
 D Recalculation of 2021 data based on updated saving data in SHE-PM.
 E Recalculation of 2022 data based on updated saving data in SHE-PM.



3

Minimising Manufacturing Waste

Commitment:

Maintain zero waste to landfill status for our factories

We strive to reduce the waste we produce in our manufacturing processes by adopting best practices in recycling and resource optimisation. This entails sorting all recyclable materials such as paper, plastic, glass and rejected products at source prior to delivery to the appropriate recycling facilities.

In addition, we also work to reduce our organic waste by converting it into organic fertilisers. Following additional inspection by our waste management contractor, we deliver any remaining materials including damaged packaging and rejected products to energy recovery facilities to be used as fuel. To ensure the responsible management of all our waste, we only appoint licensed contractors with relevant permits granted by the local authorities.

Performance

Since 2017, we have consistently maintained zero waste to landfill status for all Nestlé Malaysia factories as a result of our waste reduction initiatives.

Where our manufacturing waste goes:

14.4%

Incinerated to generate energy



18.2%

Recycled materials



47.6%

Organic material converted to fertiliser



19.8%

Organic material converted to animal feed



Reducing Food Waste

According to a 2023 report by the UN's Environment Programme, Malaysians waste an alarming 8.3 million tonnes of food each year. Recognising that food waste exacerbates the climate change crisis, we aim to help combat this issue to protect our planet as well as a means to address the prevalence of malnutrition and hunger among Malaysians.

Food Bank Programme

Since 2020, we have collaborated with Yayasan Food Bank Malaysia and non-profit organisation, The Lost Food Project, to spearhead a Food Bank Programme to reduce food waste in Malaysia. This initiative allows us to direct our surplus food products that are still safe for consumption to individuals and communities in need, comprising lower-income groups, hardcore poor communities, charitable homes and underprivileged university students. In 2023, our Food Bank Programme supported 24,986 families and communities in need with RM1.3 million worth of food redirected to a total of 153 charities and PPR communities.



Performance Data

Note: Unless otherwise mentioned, all environmental performance data pertains to manufacturing activities from Nestlé Malaysia factories only. All data has been extracted from the summary report produced by OCK Recycle Sdn. Bhd., our factory waste management vendor unless specified otherwise.

Waste Management and Materials Consumption

As much 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.

Waste by Type and Disposal Method[#]

Description	2021	2022	2023
a. Total waste generated (tonnes)¹	26,783 ^A	28,264	28,599
b. Total waste diverted from disposal (tonnes)²	26,748 ^B	28,217 ^C	28,565
i. Coffee grounds converted to fuel on-site (tonnes)³	4,139 ^B	4,716	3,973
ii. Organic fertiliser composted off-site (tonnes)⁴	10,829	10,849	13,602
iii. Recycling off-site (tonnes)⁵	11,780	12,653 ^C	10,990
c. Hazardous waste disposed of off-site by legal third-party vendor (tonnes)⁶	35.50 ^D	46.90 ^D	34.10

Materials Used

Description	2021	2022	2023
a. Total weight of material used (tonnes)⁷	392,202 ^E	414,587 ^E	383,464
b. Direct materials used (tonnes)⁸	390,578 ^E	413,198 ^E	381,846
c. Recycled materials (tonnes)⁹	17,492 ^E	21,124 ^G	20,068
d. Percentage of recycled materials (%)¹⁰	4.46 ^F	5.10 ^G	5.23

- 1 Total by-products generated from manufacturing processes, including hazardous waste generated and materials that are recycled or composted off-site. Includes the joint venture CPW Manufacturing as by-products and waste are managed on site basis and not plant basis.
- 2 Total materials that are recycled off-site or composted off-site. Includes the joint venture CPW Manufacturing as by-products and waste are managed on site basis and not plant basis.
- 3 Quantity of coffee grounds converted into fuel to be used in Nestlé Malaysia manufacturing facilities. Includes the joint venture CPW Manufacturing as by-products and waste are managed on site basis and not plant basis.
- 4 Data extracted from solid waste management handlers' records; total quantity of organic by-products and waste converted to fertiliser. Includes the joint venture CPW Manufacturing as by-products and waste are managed on site basis and not plant basis.
- 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. Includes the joint venture CPW Manufacturing as by-products and waste are managed on site basis and not plant basis.
- 6 Data extracted from hazardous waste disposal vendors' records. Includes the joint venture CPW Manufacturing as by-products and waste are managed on site basis and not plant basis.
- 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. Includes the associated process materials from the joint venture CPW Manufacturing as associated process materials are managed on site basis and not plant basis.
- 8 Total weight of raw materials and packaging materials used. Weight of some materials are estimated.
- 9 As of 2022, tonnes of recycled materials are derived from the percentage of recycled materials in packaging material of all product sold by Nestlé in Malaysia (obtained from SAP database) and subsequently multiplied with packaging materials used in our Malaysia factories. For 2021, calculation is based on footnote 10 and 7.
- 10 As of 2022, percentage of recycled materials is calculated based on Recycled materials (9) in the packaging of products sold by Nestlé in Malaysia and Total weight of materials used (7). Please refer to footnote F for details on 2021 percentage of recycled materials.

A Recalculated based on data correction in B and C.

B Correction of coffee ground converted to fuel leading to recalculation of total waste diverted from disposal.

C Correction of waste recycling off-site leading to recalculation of total waste diverted from disposal.

D Correction based on supplier database.

E Recalculation based on exclusion of the joint venture CPW Manufacturing.

F Estimated percentage of recycled materials used, based on analysis of 2019/2020 packaging usage database.

G Recalculation of 2022 data based on more accurate calculation explained in footnote 9 and 10.

[#] This data has been independently assured. Please refer to the Independent Limited Assurance Report on pages 133 to 135.



4

Forest Positive

Commitment:

Preserve natural capital, including forests

As the green lungs of our planet, forests are critical in addressing climate change as they absorb approximately 2.6 billion tonnes of carbon dioxide every year. Beyond serving as crucial carbon sinks, forests are also vital for the preservation of biodiversity and continued livelihoods of billions of people worldwide.

Recognising that preserving this natural capital is only possible if we take action now to end deforestation, we have adopted a Forest Positive strategy driven by our reforestation efforts.



Performance

Project RELeaf

In 2020, we completed the Kinabatangan RiLeaf Project, planting one million trees as part of our reforestation efforts. Building on this, we continued to scale up our efforts with the launch of Project RELeaf which aims to plant three million trees throughout the nation. Our reforestation effort covers most of the states in Peninsular Malaysia alongside the Kinabatangan Wetlands in Sabah, and plantations in both Sabah and Sarawak.

A collaborative initiative between Nestlé Malaysia, the Forestry Department of Peninsular Malaysia, the Sabah Wildlife Department, the Malaysian Nature Society and palm growers, Project RELeaf also supports the 'Plant 100 Million Trees' campaign under the Greening Malaysia Programme by the Ministry of Energy and Natural Resources.

Besides supporting and promoting awareness on the importance of forest preservation, Project RELeaf also provides a source of income for local communities as it offers opportunities for work in community-based seedling production and tree planting operations. Demonstrating this, we have 84 Komuniti Anak Pokok Kinabatangan (KAPOK) members, including 53 women, who are spearheading seedling production in Sabah. With their support, we have produced more than one million seedlings of various indigenous species to support our planting operations in Sabah.

With positive progress achieved through our strong collaboration with Sime Darby Plantation (SDP) in 2022, we continued to build partnerships during the year with TDM Plantation (TDMP) as our newest planting partner. As part of the partnership, TDMP has pledged to contribute 514 hectares of land within its estates for the planting of 350,000 trees under Project RELeaf. Commemorating this achievement, a nationwide planting event was held across five locations in Malaysia including SDP Carey Island estate in Selangor, SDP Gunung Mas estate in Johor, SDP Melalap estate, in Tenom, Sabah, Hutan Simpan Bukit Bintang in Perlis and TDMP Jernih Estate in Terengganu.

Following delays due to COVID-19 disruptions in previous years, 2023 saw us getting back on track towards reaching our target of planting three million trees by 2025. In 2023, we planted a total of 853,946 trees contributing to a total of 1.5 million trees since the project commenced. Additionally, we successfully cultivated more than 1.2 million seedlings for current and future planting activities.

Performance Data

Description	2021	2022	2023
a. Number of trees planted	236,508	476,055	853,946



5

Regenerative Agriculture

Commitment:

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

Reflecting our commitment to safeguarding and revitalising ecosystems, we believe a regenerative agriculture approach is the best way forward as it helps to store carbon in soil and improve soil health, biodiversity and water security and quality. These all contribute to cultivating a healthier environment while helping to minimise the effects of climate change and improving the livelihoods of local farming communities, in line with our sustainability goals.

We are exploring the use of regenerative agriculture through our Farmer Connect programmes which consist of four initiatives, namely Nestlé Chilli Club (NCC), Nestlé Paddy Club (NPC), NESCAFÉ Grown Respectfully (NGR) and Nestlé Borneo Cocoa Initiative (NBCI). Under these programmes, we support local farmers to incorporate suitable regenerative agriculture methods into their farming practices by providing technical assistance and expertise.

Performance

NESCAFÉ Grown Respectfully

At our mother plant nurseries in Sik, Kedah, and Gua Musang, Kelantan, we implement intercropping coffee with other crops such as lemongrass and sugarcane. This approach supports the cultivation of coffee and boosts biodiversity while demonstrating to our farmers on how to diversify their income streams.

Nestlé Chilli Club

Our NCC farmers are encouraged to adopt live mulching by utilising peanut and Bambara nuts to replace plastic mulching for weed control.

Nestlé Paddy Club

To support our paddy farmers in Kedah, we supply them with minerals and bio simulators that help rejuvenate soil health, which helps them grow healthier crops while reducing their operational costs.

Nestlé Borneo Cocoa Initiative

As part of our partnership with the MCB, we support the MCB and farmers in adopting regenerative agriculture techniques, such as intercropping with oil palm or rubber trees, and agroforestry with durian, *petai* or other commercially viable crops.

Outlook

Following our successful transition to 100% renewable electricity for all Nestlé operations in Malaysia in 2022, we have also explored other avenues for renewable energy with the development of solar carparks at our Nestlé Sri Muda, Nestlé Chembong and Nestlé Chembong Ice Cream factories, as well as encouraging solar panel installation among our distributors. We expect these initiatives to contribute to annual GHG reductions. Furthermore, our biomass boilers in our Kuching and Chembong facilities have been operational since September 2023, thus helping to reduce our reliance on fossil fuels in our operations. The boilers are expected to lead to a 12.1% reduction in GHG emissions (Scope 1 and Scope 2) in 2024 compared to 2018 Scope 1 and Scope 2 emissions, equivalent to 15,345 tonnes of tCO₂e. With our various carbon emissions reduction projects in place, we are well on track to achieving our target of 20% reduction by 2025.

Meanwhile, we remain guided by our Forest Positive strategy as we continue to advance our reforestation efforts through Project RELeaf. In 2024, we look forward to maintaining our momentum to reach our target of three million trees by 2025.

Regenerative agriculture remains a key focus in our sustainability efforts. In particular, we are excited to move forward with the regenerative agriculture trial for our NPC programme. In 2023, we completed the Baseline Assessment of performance of participating farms in regenerative agriculture. Based on our findings, we are in the planning stages to help these farms improve and address gaps identified through the assessment.





WATER

Background

With the growing impact of the climate crisis, water scarcity is a global threat. As a vital shared resource, clean water sustains our communities and enables our operations. Recognising the critical role that water plays in society and nature, we take diligent steps to minimise our impact through sustainable usage. Our actions are guided by the Commitment on Water Stewardship outlined in the [Nestlé Policy on Environmental Sustainability](#) and the Nestlé Water Stewardship Ladder.

Approach

We adopt a holistic approach to water stewardship, with a three-step roadmap encompassing compliance, best practices in water resources management and collective action. Local factors are also reflected in our approach, enabling us to establish a context-specific strategy covering the following key areas:

Agricultural supply chain
We adopt best practices in waste management in places affected by water scarcity to ensure the protection of water catchment areas and regeneration of the water cycle.

Nestlé factories
We diligently track the efficiency of our water usage and the quality of water we release into the environment.

Water in communities
We work to improve access to safe water and minimise the impact of our business in the communities in which we operate.

Water partnerships and advocacy
We work hand in hand with local stakeholders to minimise risks to watersheds in Malaysia.



1 Water Efficiency

Performance

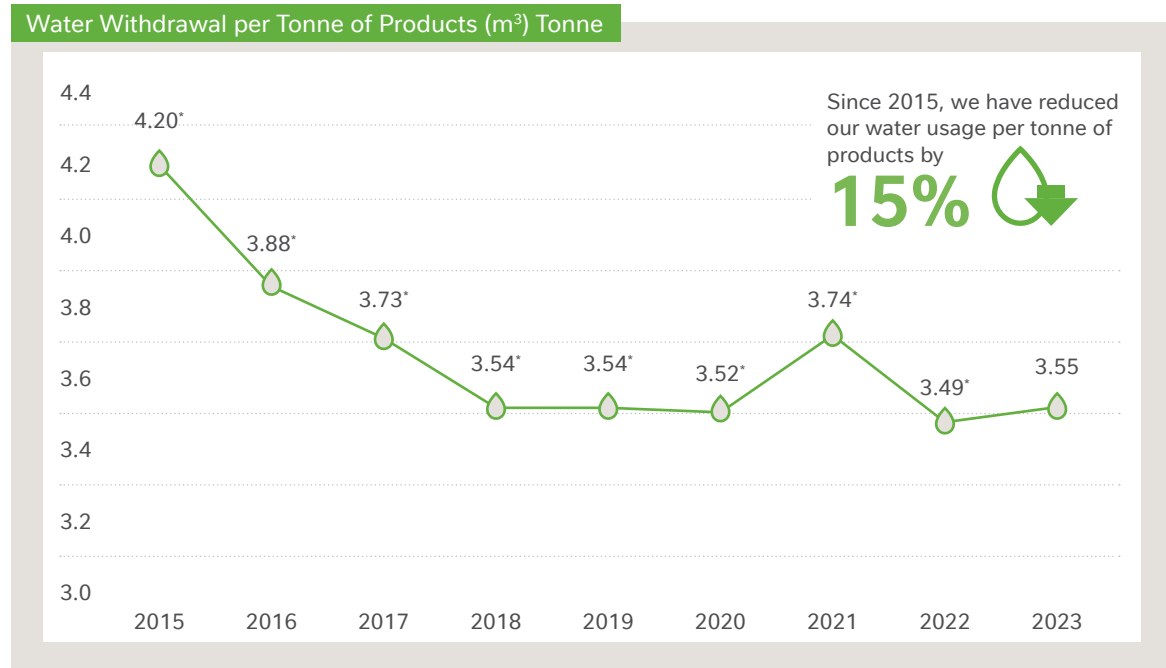
With the support of the Energy and Water Network, we have successfully improved our water efficiency through several water saving projects established at our factories, as follows:

Sri Muda Factory
Reducing water consumption through a chilled water recovery system that recycles wasted cooling water from filler machines.

Shah Alam and Tuas Factories
Recover condensate from our process and utilise it for our steam generation.

Chembong Factory
Increasing the Cycles of Concentration (CoC) of the cooling tower at the factory through the Non-Phosphate Programme.

Through these projects, we continued to reduce our water consumption in 2023, with 86,632m³ of absolute water savings achieved. Due to those savings as well as the reduction in volume, we were able to reduce our water withdrawal by approximately 7% in 2023 compared with the previous year.



* Recalculation based on exclusion of the joint venture CPW Manufacturing.

Commitment:

Constantly reduce our absolute water consumption

Our commitment to water efficiency is centred on minimising undue stress on municipal water suppliers and water infrastructure. In line with this, our efforts are geared towards continuous improvement of our processes through the reuse, recycling and optimisation of water usage across our operations.

To this end, we have established a range of water efficiency projects that aim to enhance the reuse of processing water, optimise water supply pressure in selected operation units and recycle processing water to utility areas and selected operations. These projects are executed, tracked and reviewed by champions from our factories who make up the Energy and Water Network.



Performance Data

Note: 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

Water Withdrawal

Description	2021	2022	2023
a. Total water withdrawal from all areas (ML) ^{1, #}	1,386 ^A	1,392 ^A	1,300

Water Discharged

Description	2021	2022	2023
a. Total water discharged (ML) ²	557	564 ^B	436
b. Water discharged to surface water (ML) ³	369	394	407
c. Water discharged to third-party water (ML) ⁴	187	171 ^C	29
d. Volume of water recycled and reused (ML) ⁵	196.5	205.8	229.5
e. Percentage of water recycled and reused (%) ⁶	14.2 ^D	14.8 ^D	17.7
f. Total water consumption from all areas (ML)	829 ^A	828 ^A	864

- 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. Includes the joint venture CPW Manufacturing plant which shares an effluent treatment plant with the Chembong Factory.
- 3 Total water discharged from Nestlé Malaysia manufacturing factories treatment plants to the environment. Includes the joint venture CPW Manufacturing plant which shares an effluent treatment plant with the Chembong Factory.
- 4 Total water discharged to a third-party treatment centre from Nestlé Malaysia factories. Includes a joint venture CPW Manufacturing plant which shares an effluent treatment plant with the Chembong Factory.
- 5 Total water recycled within Nestlé Malaysia manufacturing facilities.
- 6 Calculated as total volume of water recycled d. divided by total water withdrawal a.

- A Recalculation based on exclusion of the joint venture CPW Manufacturing.
- B Data correction.
- C Data correction.
- D Recalculation based on amendments A, B and C.

This data has been independently assured. Please refer to the Independent Limited Assurance Report on pages 133 to 135.



2

Wastewater Treatment Plant

Commitment:

Treat the water we discharge effectively

Recognising the importance of responsible wastewater management in upholding community health and safeguarding water resources, we ensure the effective treatment of the water we discharge into the environment or reuse in our operations.

In line with this, the quality of our treated water complies with relevant water quality standards and local environmental regulations, including the Act 1974 (Act 127) and Nestlé’s global standards for environmental impact as stipulated in the Nestlé Environmental Requirements.

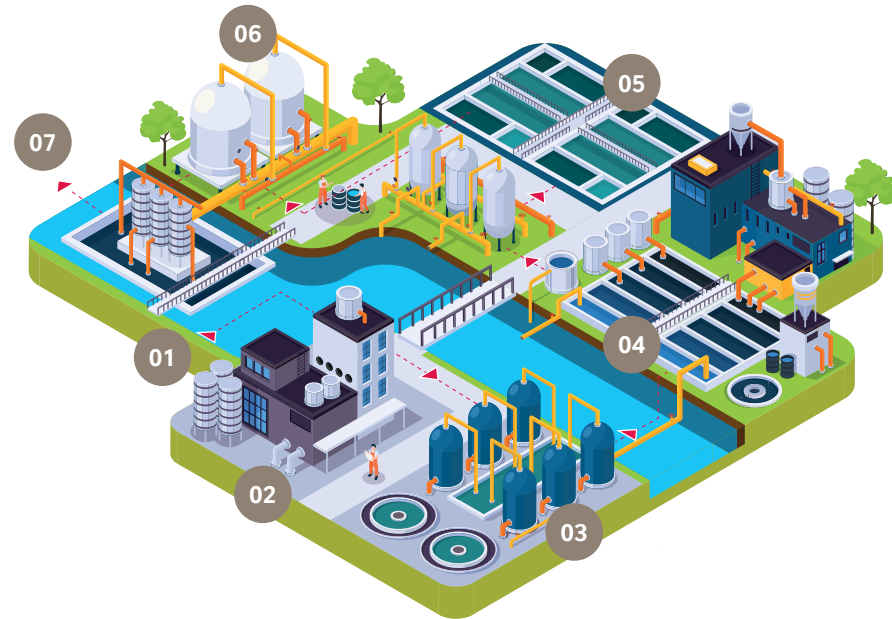
In addition, all our Nestlé factory complexes are also equipped with wastewater treatment plants, which have enabled the removal of approximately 96% of organic load from our wastewater prior to discharge. Our Shah Alam Factory is further equipped with a WHO-approved Direct Potable Reuse System (DPRS). The DPRS allows us to treat wastewater for reuse at cooling towers and social blocks, thus reducing water usage by 25% at non-production areas.

Performance

In 2023, we recorded zero incidences of non-compliance to relevant water quality standards and local environmental regulations.

As part of our efforts to continuously improve treatment of wastewater across our operations, in 2023, we have upgraded facilities at our Shah Alam Wastewater Treatment Plant alongside ongoing upgrades of our Chembong Sewerage Treatment Plant and Wastewater Treatment Plant.

An Illustration of the Process of Treating Our Wastewater



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



3

Water Partnerships and Advocacy

Commitment:

- Advocate for effective water policies and stewardship
- Raise awareness on water conservation and improve access to water and sanitation among underserved communities

Water stewardship requires cooperation across key stakeholders, from regulators and businesses to other industry players. Robust governance considers all stakeholders' needs, ensuring responsible use through sound policies.

To support this, we advocate for fair and equitable water governance through knowledge-sharing on best practices that promote effective water stewardship with relevant stakeholders across the industry.

Safe Water, Safe Communities Project

As firm proponents of access to water, sanitation and hygiene (WaSH) as a fundamental human right, it is crucial to take action to support communities who continue to face challenges to WaSH. Reflecting this, we kicked off the SWSC project in 2018 in an effort to provide underserved orang asli communities with greater access to WaSH. In collaboration with the Global Peace Foundation Malaysia, we work towards this goal by providing water filtration systems and constructing washrooms together with members of the community. Complementing these efforts are our WaSH training sessions, which aim to raise awareness on the importance of good hygiene practices. Additionally, in 2023, we expanded our efforts to include the provision of clean drinking water and the construction of a solar water pump to improve accessibility to water.

Performance

In 2023, we continued to support greater access to cleaner and safer water by providing 90 units of clean and safe drinking water and Lifestraw filters, a solar water pump and 10 washrooms across six villages in Pahang.

Since 2018:



Supporting access to WaSH amongst underserved communities.



Built washrooms for underserved *orang asli* communities, enabling them to practice good hygiene habits.



Norlina, our Nestlé Cares volunteer teaching *orang asli* children about good hygiene practices through the SWSC programme.

Outlook

Reflecting our commitment to protect, restore and renew water sources, we will continue to uphold stewardship of water across our operations. We aim to explore further innovations in our processes to continue improving our water efficiency. Through ongoing water-saving projects spearheaded by our Energy and Water Network, we hope to achieve greater total water savings by the end of 2024.

Beyond this, we will continue to minimise our impact on the environment by maintaining strict compliance with the highest standards for quality of water and effluents discharged from our operations. Supporting this will be continued engagements with key stakeholders to ensure best water management practices are upheld within and beyond the industry.

To continue raising awareness on water conservation and improving access to WaSH in Malaysia, we remain focused on implementing sustainable solutions that will create lasting positive impact on the communities we serve.





PACKAGING AND CIRCULARITY






Background

As a leading food and beverage manufacturer, packaging is essential to our business as it preserves the quality and safety of our products and prevents food wastage. Despite its vital role, we recognise the pressing global concern of plastic waste. In alignment with Nestlé’s worldwide commitment, we are steadfast in our dedication to shaping a plastic-neutral future. In line with Nestlé’s global pledge, we envision a world in which none of our packaging, including plastics, ends up in landfills or becomes litter.

To realise this vision, we are transforming our packaging systems to reduce our usage of virgin plastics and increase the usage of recycled materials where possible, without compromising on our strict product quality standards. Alongside sustainable packaging innovations, we are taking action to build a circular economy by supporting the development of solid waste collection, sorting and recycling infrastructure in Malaysia. As part of these efforts, we actively collaborate with stakeholders at various levels, including municipalities, fellow industry members and consumers.

Approach

In navigating the complexities of plastic waste management, we employ a comprehensive strategy built on five fundamental pillars:

Less Packaging	Better Packaging	Better Systems
<p>Reduce Reducing our use of plastic packaging material</p> 	<p>Redesign Redesigning our packaging material</p> 	<p>Recycle Supporting infrastructure that facilitates ease of recycling</p> 
<p>Reuse & Refill Scaling reusable and refillable systems</p> 		<p>Rethink Behaviours Driving better recycling behaviours</p> 



1

Reduce, Reuse and Refill

Commitment:

- 95% of our packaging recyclable or reusable by 2025, with the ambition of getting to 100% in the future
- Reduce our use of virgin plastics by one third by 2025

As we strive to reduce our use of virgin plastics, we have identified several types of plastic materials that will be excluded from new product packaging. These plastics are also currently being phased out from our existing product packaging designs.

Performance

Our packaging design and innovations adhere to the following negative list:

<p>Phased out 100% of plastic straws in our UHT cartons</p>	<p>Removed carbon black pigments from MILO, KIT KAT ice cream tubs and NESCAFÉ bottle caps</p>	<p>Eliminated 100% of polystyrene from all products</p>	<p>Removing polyvinyl chloride (PVC) film across all products</p>
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2

Redesign

Commitment:

- 95% of our packaging recyclable or reusable by 2025, with the ambition of getting to 100% in the future
- Reduce our use of virgin plastics by one third by 2025

We have established various Virgin Plastic Reduction and Designed for Recycling projects as we explore alternative packaging solutions that utilise less plastic, particularly non-recyclable plastics. This supports us in our endeavour to realise our target of 95% recyclable or reusable packaging and we remain committed to achieve 100% in the future, as well as reduce our use of virgin plastics by one third by 2025, in order to shape a waste-free future for Malaysia.

Performance


We continued to develop new packaging innovations in 2023 that are designed for recycling or require less virgin plastic for production. This is reflected in our achievement during the year, with 75% of the plastics used in our product packaging are recyclable or reusable.



In 2023, we reduced **513.5 tonnes[#]** of virgin plastic in the production of our products.

Key virgin plastic reduction projects:

KIT KAT Sharebag Variants
Reduced packaging headspace



Impact:
Reduced 24 tonnes of virgin plastic

MILO and NESCAFÉ 225ml and 500ml Ready to Drink
100% recycled resin for PET bottle



Impact:
Reduced 455 tonnes of virgin plastic

MAGGI Concentrated Chicken Stock
Phased in 20% recycled resin for PET bottle



Impact:
Reduced 0.2 tonnes of virgin plastic

Annually this conversion will eliminate 37 tonnes of virgin plastic

MILO and NESCAFÉ Ready to Drink Can Shrink Wrap
Phased in 30% recycled Polyethylene (PE) into tray shrink film for 240 ml can products




Impact:
Reduced 0.3 tonnes of virgin plastic

Annually this conversion will eliminate 89 tonnes of virgin plastic

In 2023, we transitioned from **307.4 tonnes[#]** of plastic packaging to be designed for recycling in the production of our products.

Key designed for recycling projects:

KIT KAT 2 Fingers
Converted from multilayer laminate to designed for recycling laminate



Impact:
Converted 68 tonnes of plastic laminate

NESTLÉ PROFESSIONAL MILO 3.2kg & 3.5kg Refill Pack
Converted from multilayer laminate to designed for recycling laminate



Impact:
Converted 0.15 tonnes of plastic

Annually this conversion will eliminate 113 tonnes of plastic

NOTE: Impacts are calculated based on calendarised value.

This data has been independently assured. Please refer to the Independent Limited Assurance Report on pages 133 to 135.

Further Increasing and Improving Our Paper-based Packaging

In 2023, we marked a new milestone in our packaging innovation journey with the introduction of a recyclable paper pouch as the outer packaging for the all-new KIT KAT Bites Party Pack product. This represents the first time the brand is adopting this form of packaging in the ASEAN region. This eco-friendly paper packaging saves up to 11 tonnes of virgin plastic.



Furthermore, we have transitioned to 100% recyclable paper used for the outer packaging of the MILO UHT 125ml cluster pack. This transition replaces 0.8 tonnes of virgin paper with 100% recycled paper, equivalent to the replacement of 174 tonnes of virgin paper annually.



3

Recycling

Commitment:

Achieve plastic neutrality by 2025

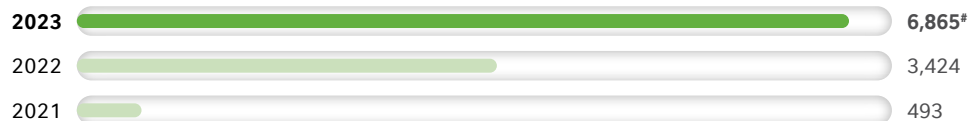
At Nestlé, we understand that reliable infrastructure and systems that enable separation of waste at the source is the cornerstone to establishing a viable circular economy model for post-consumer packaging. To this end, we are leveraging our scale and presence as the leading food and beverage manufacturer in Malaysia to enhance waste management systems and raise awareness on good recycling habits. We accomplish this by working closely with relevant stakeholders across private and public sectors.

Driving forward our progress in this area is Project SAVE, through which we have spearheaded five voluntary EPR projects that champion plastic neutrality.

Performance

As a result of various EPR initiatives, in 2023, we successfully collected close to 12,000 tonnes of post-consumer packaging waste, with approximately 6,850 tonnes comprising plastic materials.

Plastic collection volume



This data has been independently assured. Please refer to the Independent Limited Assurance Report on pages 133 to 135.

Door-to-Door Collection & Recycling Programme

Our Door-to-Door Collection and Recycling Programme is part of our work to drive greater awareness on post-consumer waste and cultivate better recycling habits among Malaysians. Rolled out in 2020, we first activated local partnerships with MBPJ, KPT Recycle Sdn Bhd (KPT Recycle) and Tetra Pak (Malaysia) Sdn Bhd (Tetra Pak) to encourage separation-at-source amongst community households. Building on the strong participation rates during this initial phase, we continued to expand our reach to Subang Jaya with the support of the MBSJ in 2021. Through partnerships with AFES, the MPK and MBSA, we further expanded to Kuala Lumpur, Bandar Klang and Shah Alam in the following year. In 2023, we continued to grow our initiative to cover more households across Petaling Jaya, Klang and Shah Alam.

Working with our partners, we provide participating households with recycling bags and bins for mixed recyclables, which are collected on a weekly basis for sorting and recycling at relevant facilities. Aside from easing the recycling process, we also actively engage with residents to promote greater awareness on good recycling habits and to obtain feedback on the programme. To further engage residents, KPT Recycle launched the '3R Famili' app in 2023, enabling users to obtain live updates on collections, check collection schedules and request for re-collection if needed.

Since the launch of this programme, we have far surpassed our initial target of 100,000 households with a total of over 180,000 households reached as of the end of 2023. During the year, we collected a total of 4,837 tonnes of recyclables and this contributed to a collective total of 8,768 tonnes of recyclables collected since 2020.

Furthering our aim of shaping a circular economy, we supported KPT Recycle in developing a semi-automated Material Recovery Facility to cater for the rapid expansion of our programme with sorting capacity reaching 30 tonnes of recyclables per day.



Operation of Door-to-Door Collection & Recycling Programme across households in Klang Valley.



KITAR Recycling Programme

Recognising the prevalence of solid waste management issues in suburban areas, we extended our efforts to enhance waste management beyond urban areas in Malaysia through our KITAR Recycling Programme.

Through an initial eight-week pilot phase, we worked closely with MBSA to assess the efficacy and response to a door-to-door collection service using tricycles at Kampung Sungai Kandis and Kampung Jalan Kebun in Shah Alam, Selangor. This also served to provide an opportunity for additional income for the community as residents were incentivised to facilitate the collection of recyclables.

With a participation rate of 31%, the pilot project led to the collection of 251kg of recyclables from 124 households Kampung Sungai Kandis and over 750 households from Kampung Jalan Kebun.

The programme has since expanded to cover more areas in Shah Alam, reaching a total of 10,000 households and 27 tonnes of recyclables collected to date.



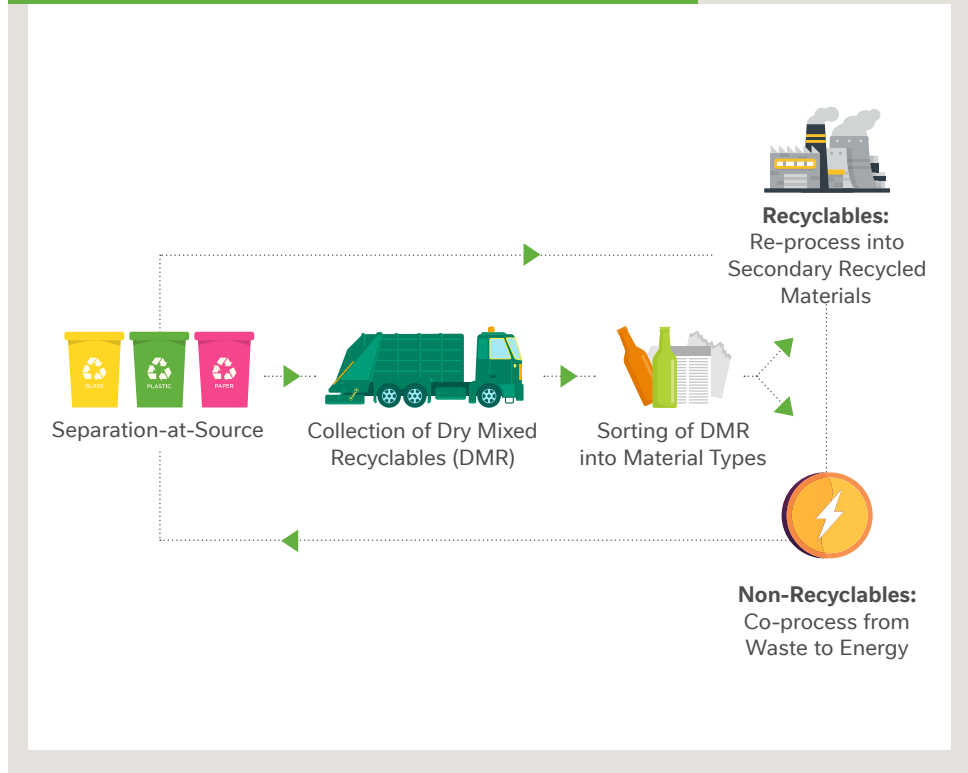
Facilitating collection of recyclables using a tricycle motorbike via KITAR Recycling Programme.

Strata Recycling Programme

As an extension of our existing Door-to-Door Collection and Recycling Programme, we joined hands with MBSA to launch a Strata Recycling Programme in 2021. Aimed at enhancing recycling collection systems for strata housing communities and encouraging better recycling behaviours, the programme initially catered to 540 households in Seksyen 18 and Seksyen 24. In collaboration with MBPJ, we subsequently expanded the programme to Petaling Jaya in 2022, as well as Kuala Lumpur in 2023 through our partnership with SWCorp Malaysia.

Understanding the need for community involvement to ensure the success of this programme, we work closely with Joint Management Bodies of stratas as well as cleaners who help us facilitate the recycling activities. To date, we have engaged over 3,000 households through this initiative with a total of 46 tonnes of waste collected. Reflecting our efforts, the programme in Shah Alam won the Selangor Public Service Innovation Award in 2023.

The Process Flow of Our Household Recycling Programme



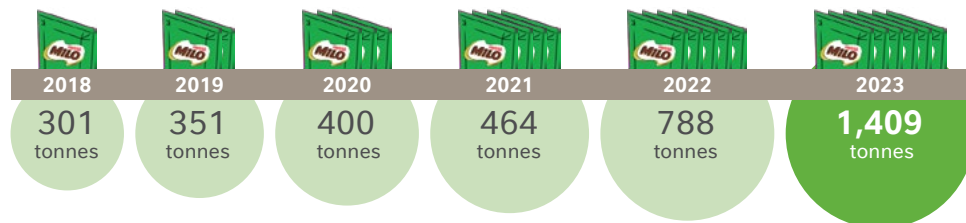
Informal Sector Aggregation

Working with our partner, KPT Recycle, we established a recyclable buyback scheme with an aim to formalise the informal recycling industry, encompassing junkyards and recycling facilities. The pilot project involves the diversion of recyclables collected by these informal recycling industry players back to KPT Recycle’s semi-automated Material Recovery Facility for additional sorting before being reprocessed for re-manufacturing, thus helping to prevent recyclables from ending up in landfills and giving these materials a second life. Our goal is to also improve ESG compliance for these informal sectors by helping them develop a code of business conduct and evaluation matrix using ESG standards. Based on this, KPT Recycle will consistently engage with eligible vendors to improve their practices, particularly with respect to human rights and labour standards.

The CAREton Project

In 2023, we continued to raise awareness on recycling through our long-running CAREton Project in collaboration with Tetra Pak. The project entails collecting and converting used beverage cartons (UBCs) into polyethylene-aluminium panel boards and roofing tiles, which are used for house-building materials for communities in need. For example, these tiles have been donated to EPIC Homes to construct homes for orang asli families, as well as NGOs, schools, orphanages, senior care facilities and municipalities for community projects.

To provide ease and convenience to consumers, we have set up 650 CAREton collection points across Malaysia, through which we have successfully collected a total of 1,409 tonnes of UBCs in 2023, equivalent to approximately 99 million packs of UBCs. Complementing our collection efforts, we collaborated with 300 schools to encourage improved recycling habits. This outreach reached over 175,000 students, fostering a culture of responsible recycling in the younger generation.



Nationwide Recycling Campaign with Distributors

With a focus on recovering plastics used during the distribution of finished goods as well as post-consumer packaging, we kicked off a nationwide recycling campaign with our distributors in 2019. The campaign features a competition which rewards participants who collect the highest volumes of recyclables as part of our efforts to encourage participation and buy-in among distributors. Following the launch of this campaign, we successfully collected 261 tonnes of plastic in 2023.

4 **Rethinking Behaviour**

Commitment:

Amplify communication on environmental efforts with strong communication, education & public awareness

Demonstrating our commitment to cultivating a stronger recycling culture in Malaysia, we encourage recycling behaviours by leveraging CEPA initiatives. We extend our outreach throughout the value chain, from our own people within Nestlé to retail collaborators, suppliers, consumers and other stakeholders.

Performance

Enhancing Communications Within Communities

To foster positive recycling practices within our community through our recycling programmes, we customise our outreach across diverse channels. We actively engage households through virtual meetings, WhatsApp groups, and surveys, while also organising events like the Community Poly-Alu Bench Reward, Recycle & Win *Angpow* Contest, and Let’s Recycle for Charity campaign to encourage participation. Furthermore, we disseminate educational materials through various mediums such as leaflets, banners, videos, and infographics to enhance awareness and understanding.



Going beyond residential communities, we have also engaged our e-commerce partners, namely Lazada and Shopee to amplify awareness on our recycling programmes by leveraging communications on their leading platforms. As a result, we recorded a 22% increase in household participation in March 2023 compared to February 2023.

Additionally, in May 2023, we launched a School Recycling programme with MILO to foster a culture of recycling in schools as part of our efforts to shape a more environmentally-responsible generation. Through this initiative, we were able to engage over 600 students across two sessions during the year.

MILO Sayang Bumi

Representing our pledge to embrace sustainable practices, we launched MILO Sayang Bumi in 2021, through which we educate and inspire Malaysians to reduce plastic waste, plastic usage and littering.



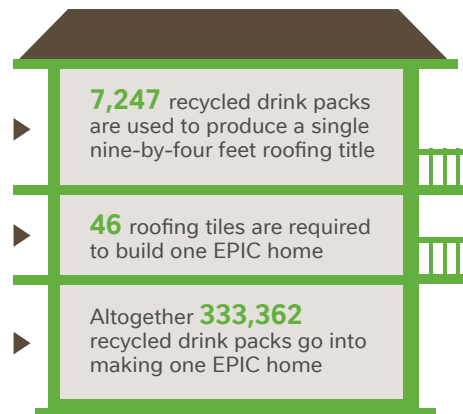
In line with Nestlé’s global ambition to achieve zero environmental impact in its operations by 2030, the campaign focuses on three main goals, namely:



Through MILO Sayang Bumi, we spearhead three key initiatives:

The CAREton Project

Joining hands with Tetra Pak, MILO UHT continues to champion the CAREton Project, which recycles used beverage cartons to create eco-friendly roofing tiles and panel boards used in building homes for underserved communities. With more than 650 collection centres available nationwide, including 200 recycling bins at 99 Speedmart retail stores, we collected a total of 1,409 tonnes of UBCs in 2023. To further drive awareness on the importance of recycling, we also held a School Outreach Programme across 220 schools in Malaysia.



Designed for Recycling MILO Packaging

To minimise our impact on the environment, we continuously explore new and innovative packaging designs that serve as more sustainable solutions. With a focus on recyclability, we have introduced packaging innovations such as 100% paper straws, the MILO Mixes paper pouch and cluster packaging made from paper.

Solar Panel Sampling Vans with 3R Education in Primary School

Embracing clean and renewable energy practices, we have equipped our iconic MILO sampling vans with solar panels, harnessing solar power to replace traditional fuel-dependent generators. Concurrently, we organise educational outreach programmes in primary schools, through which we impart knowledge on the 3Rs – Reuse, Reduce, and Recycle. Through our educational outreach programme, we engaged nearly five million primary schoolchildren in 2023 and equipped them with knowledge about the importance of recycling and waste separation.



MILO sampling van equipped with solar panels.



Nationwide Recycling Campaign

As a call to action to both our customers and distributors, we launched a nationwide recycling campaign that focuses on recovering the stretch film used in packaging finished goods and post-consumer packaging, including plastic bottles, containers, carton boxes, papers and aluminium. To further incentivise recycling among our distributors, we also organised a competition to recognise and reward those who achieved high collection volumes.

On-Pack Recycling Education

Throughout the year, we continued to raise awareness on good recycling practices among our consumers by implementing on-pack recycling guidelines across 80% of our products. This standardised labelling system offers easy-to-follow instructions, thus empowering consumers to adopt better recycling habits.

Robust Advocacy and Stakeholder Engagement

We hold strongly to the belief that driving meaningful changes requires collective effort. Reflecting this, we proactively engage with a wide range of stakeholders to support the development of an effective solid waste management system in Malaysia. Among our partners include Government bodies such as MBPJ, MBSA, MBSJ and MPK and concessionaires such as AFES, as well as recyclers such as KPT Recycle.

As a leader in the food and beverage industry, we also engage other industry players to establish EPR initiatives. This includes our involvement in the FMM and MAREA, which consists of ten key companies who are jointly working to improve recycling rates in Malaysia while driving plastic circularity. Since 2021, Nestlé Malaysia's CEO, Juan Aranols, has led MAREA as Chairman.

In tandem, we help foster equitable conditions and collaborative opportunities by working directly with key Government stakeholders, including the Ministry of Economy and SWCorp Malaysia.



Inking a Memorandum of Understanding with MBSA and KPT Recycle to ramp up community recycling programmes in Shah Alam.

Outlook

As we look ahead, we are cognisant that plastic waste remains a pressing concern that must be urgently addressed. As such, we will continue to work closely with stakeholders across the board to advocate for better recycling behaviours and infrastructure to boost recycling in Malaysia.

With access to experts in research and development, we will also continue to make progress in the development of new packaging innovations that will allow us to further reduce our reliance on virgin plastics for product packaging. Following our achievements throughout the year, we are focused on reaching our goal of 95% recyclable or reusable packaging by 2025.

With our recycling programmes receiving favourable responses thus far, we look forward to continue expanding our efforts to empower even more Malaysians to adopt recycling habits in their daily lives. Among others, this will include greater amplification of our CEPA initiatives to educate the public on the importance of recycling and reducing plastic waste.



STRENGTHENING COMMUNITIES



Nestlé is committed to fostering rural development and uplifting livelihoods through sustainable production, upholding human rights, and investing in the empowerment of women and youth. To this end, we collaborate with farmers through our rural development programmes, sharing knowledge on optimal, eco-friendly farming techniques to help local farming communities prosper. In tandem, we dedicate resources to unlock opportunities for young people. We believe supporting youth and cultivating talent is key to a thriving future for all, as their diversity, creativity and passion will benefit both Nestlé and society as a whole.

SDG Contribution



Material Issues:

Supply Chain and Distribution

Human Rights

Rural Development and Empowerment



Nestlé Global Ambition

- We aim for **100%** of key raw material volumes to be produced sustainably by 2030.
- We aim to achieve sustainable and resilient food supply chains in which growers and environments are protected.
- By 2030, our ambition is to help **10 million** young people around the world have access to economic opportunities.

Nestlé Malaysia Impact Areas

Contributing to Nestlé's Global Ambition, our action areas and commitments are as follows:

PRODUCED SUSTAINABILITY

- 100% of key raw material volumes to be produced sustainably by 2030
- 100% sustainable cocoa and coffee by 2025
- 100% certified sustainable palm oil by 2023
- Improve farm economics among the farmers who supply us

HUMAN RIGHTS

- Assess and address human rights impact across our business activities

YOUTH OPPORTUNITIES

- Roll out our Nestlé Needs YOUth initiative across all our operations in Malaysia

Our Progress



100% of our palm oil and palm oil products are RSPO-certified



100% of the palm oil that we source comes from non-deforested lands



244 farmers positively impacted through our Farmer Connect programmes



Recruited, trained and engaged close to **22,500** youths through the Nestlé Needs YOUth Initiative



PRODUCED SUSTAINABLY

Background

In our pursuit of a sustainable future, we uphold practices that prioritise the responsible production of food and beverages. Our dedication extends beyond the use of ethically sourced ingredients, encompassing a broader commitment to improve the quality of life of the farmers we work with, safeguard the environment and establish more sustainable and resilient localised supply chains.

Approach

Our Sustainable Sourcing team oversees the procurement of raw materials, packaging as well as services, ensuring alignment with our rigorous [Nestlé Responsible Sourcing Standard \(RSS\)](#). This comprehensive standard outlines our stringent requirements and ways of working for sourcing and production throughout supply chain tiers, starting with the origins of the goods and services we acquire. We focus on two core aspects in our sustainable sourcing approach:

1

Sustainable Sourcing

2

Farmer Connect Programmes

1 Sustainable Sourcing

Commitment:

- 100% of key raw material volumes to be produced sustainably by 2030
- 100% sustainable cocoa and coffee by 2025
- 100% certified sustainable palm oil by 2023

As a key player in the global food and beverage industry, we stand firm in our commitment to ethical production by ensuring we use sustainably sourced raw materials in the manufacturing of our products. As we strive to protect and support the communities touched by our business and minimise our environmental impact, we implement the [RSS](#) throughout our supply chain. Established in 2018, the RSS involves addressing any risks to the environment and society, such as obtaining sourcing that is free of deforestation, defending human rights and finding solutions to labour rights issues, including child labour and excessive working hours.

Performance

Supporting our commitment to responsible sourcing, the RSS is implemented in tandem with the Nestlé Responsible Sourcing Guideline and the Nestlé Commitment on the Responsible Use of Materials sourced from Agriculture Origin. To ensure our adherence to global responsible sourcing guidelines, we assess the RSS against established international standards, including the UN SDGs, the Core Conventions of the International Labour Organisation, and the Organisation for Economic Co-operation and Development Guidelines for Multinational Enterprises.

We undertake regular audits of our Tier 1 suppliers using the Suppliers Ethical Data Exchange (Sedex) guidelines and the Sedex Members Ethical Trade Audit (SMETA) methodology, following the best practices specified by the RSS. Furthermore, we use the Ecovadis online assessment tool to oversee the compliance of other suppliers who are not required to conduct on-site audits. Through a combination of audits and online evaluations, we work with our suppliers to guarantee their adherence to our strict requirements with regards to labour practices, health and safety, environmental impact and business integrity.

In 2023, a total of 515 suppliers were screened based on the RSS as follows:

Suppliers screened based on the RSS



¹ Suppliers managed by Nestlé S.A.
² Suppliers managed by Nestlé Malaysia

RSS Audit Process



The audits assess suppliers in four key areas:



Following site visits, auditors provide reports to Nestlé, identifying any issues of non-compliance.

We support suppliers to eliminate non-compliance by working together on an agreed plan. Follow-up audits monitor progress; if suppliers do not reach agreed standards, we will act decisively, removing them from our supply chain and establishing partnerships with new suppliers.



Strengthening Communities

NESTLÉ COCOA PLAN

Since 2009, our NESTLÉ COCOA PLAN has supported the establishment of a responsible cocoa supply chain in countries that produce cocoa, including Côte d'Ivoire and Ghana, encompassing:



In line with Nestlé’s global commitment to enhance the livelihoods of 30 million individuals in communities directly impacted by our operations by 2030, the NESTLÉ COCOA PLAN entails delivering training programmes, technical support and resources to farmers to facilitate the adoption of sustainable agricultural practices. This enables us to ensure a consistent supply of locally responsibly sourced cocoa for our range of confectionery products, such as our Malaysian-favourite KIT KAT.

Performance

With the NESTLÉ COCOA PLAN in place, we have successfully engaged 157,157 cocoa farmers to obtain a total of 254,000 tonnes of cocoa from sustainable sources per annum, bringing us one step closer to realising our ambition of 100% responsibly sourced cocoa by 2025. As a result, 85.5% of our cocoa needs for all cocoa products were already fulfilled by certified sustainable sources in 2023. Specifically in Malaysia, our Malaysian-made KIT KAT products are produced using 100% sustainably sourced cocoa, which are then exported to regional markets such as Singapore, Indonesia, Philippines, Thailand, Vietnam and Myanmar.

Furthermore, reflecting our unwavering dedication to forest preservation and reforestation is our participation in the Cocoa and Forest Initiative. Through the Tackling Deforestation Progress Report, Nestlé S.A. reports our progress in this area.

Income Accelerator Programme

Furthering our efforts to enhance the livelihoods of cocoa farmers and their families, Nestlé Global established an Income Accelerator Programme in 2022. Under this programme, cocoa farming families are rewarded for the quantity and quality of their cocoa beans, as well as for implementing practices that promote environmental sustainability, diversification of income and increase in crop productivity.

Adopting a holistic approach to drive meaningful long-term changes, the programme goes beyond closing the living income gap by incentivising the enrolment of children in school, thereby promoting gender equality and helping to protect children.

Examples of practices that we will incentivise through cash payments include:

- School enrolment for all children in the household aged 6 to 16 years old
- Implementing good agricultural practices, such as pruning, which increase crop productivity
- Performing agroforestry activities to increase climate resilience, like planting shade trees
- Generating diversified incomes, for example through growing other crops, raising livestock such as chickens, beekeeping, or processing other products like cassava

The incentives provided through this programme are complemented by the support provided by the governments of Côte d'Ivoire and Ghana that Nestlé pays and premiums Nestlé offers for certified cocoa.

NESPRESSO AAA SUSTAINABLE QUALITY™ PROGRAMME

We envision a greener future for the coffee industry with a sustainable coffee supply chain driven by farmers equipped with good agronomic practices. To realise this, we kicked off the AAA SUSTAINABLE QUALITY™ PROGRAMME in 2003.



Performance

In collaboration with the Rainforest Alliance, we engage more than 150,000 farmers in 18 countries to impart sustainable coffee farming practices.

To date, 93% of NESPRESSO coffee is sourced through the programme.



OUR COMMITMENT TO SUSTAINABLE PALM OIL


At Nestlé, we believe it is important that all our suppliers and stakeholders respect and care for human rights, the planet and the livelihoods of farming communities. As such, we are taking action to help shape a supply chain of responsibly sourced agricultural raw materials such as palm oil.


Understanding the complexities and the diverse stakeholders involved, we adopt a holistic approach, collaborating with various parties to drive the shift towards sustainable palm oil. To date, we procure 100% of our palm oil locally through Sime Darby Edible Oil Berhad. In addition to our sustainable palm oil initiatives, we have also implemented a Forest Positive strategy since 2021. This strategy entails identifying areas of deforestation in our supply chain and working with our suppliers and stakeholders in finding solutions to remedy this. In tandem, we help address labour rights issues within the palm oil supply chain through Nestlé’s Labour Rights Action Plan for Palm Oil.

Performance

No Deforestation & Landscapes (Forest Positive Strategy)

In 2023, our unwavering commitment to sourcing palm oil sustainably enabled us to achieve the following milestones:

100%
of our palm oil and palm oil products are RSPO-certified 

100%
of the palm oil we source is from deforestation-free lands 

Reflecting Nestlé’s global pledge to end deforestation within our palm oil supply chains, we continuously work to identify areas of deforestation and subsequently take action to respond to deforestation risks through our engagements with suppliers. Since 2019, we have achieved this by leveraging global satellite monitoring using Starling, a tool co-developed with Airbus and Earthworm Foundation which helps us identify signs of deforestation. Our actions are also outlined in our palm oil Transparency Dashboard report.

Going hand in hand with this is our Forest Positive strategy, through which we extend our efforts to tackle deforestation risks beyond our supply chain. Demonstrating this, we are the Co-Funder for the Southern Central Forest Spine (SCFS) Landscape initiative, established by the Earthworm Foundation in 2021. A collaborative effort, this initiative is spearheaded by the Government, companies and civil society organisations. This includes a three-year partnership between Earthworm and the Malaysian Palm Oil Board, as well as a multi-stakeholder partnership to address Human Elephant Conflict (HEC) in Johor.

As we continue to focus on four key areas working towards set targets for 2025, we have achieved further progress in 2023 in the SCFS region as follows:

Focus Area	Progress in 2023	2025 Targets
Supply Chain Transformation	<ul style="list-style-type: none"> 69 mills are making progress to achieve 100% traceable to plantations 47 mills engaged to address No Deforestation, No Peat and No Exploitation (NDPE) 	<ul style="list-style-type: none"> 100% palm oil mills are 100% traceable to plantations 75% palm oil mills have action plans to address NDPE
Forest protection and restoration	1,500 hectares (ha) of land covered by human elephant coexistence programme	50% reduction in deforestation by companies and communities bordering key sensitive areas, including no new land clearings for palm oil development
Resilient farmers	435 smallholders trained in good agricultural practices, income diversification and conservation	2,000 smallholder farmers engaged and trained to improve livelihoods through good agricultural practices, income diversification, sustainability and conservation initiatives
Workers and families	42 companies reached through awareness sessions on forced labour and child labour	Improved welfare and working conditions for over 18,000 migrant workers



Strengthening Communities

Our Approach to Transparency

We continue to encourage transparency in our supply chains by maintaining a high standard of corporate disclosure. Testament to this, we publish disclosure documents on our website to ensure relevant information, including a list of our suppliers, is publicly accessible. We also closely monitor our suppliers' compliance with the requirements set out by the RSS and promptly engage them to develop action plans to address any identified gaps. As the RSS is fundamental to our commitment to responsible sourcing, we discontinue partnerships with suppliers unwilling to implement corrective actions to adhere to this standard.

Smallholder Inclusion

Recognising smallholders' vital contribution to palm oil, we assist them in adopting good agronomic practices to enable them to lower operational costs and supplement their earnings, helping to improve livelihoods. Through the SCFS Landscape initiative, a total of 435 smallholders to date have received support to make their operations more sustainable and profitable in 2023. By equipping smallholders with knowledge and resources for better crop management, they can thrive while advancing environmental stewardship across the industry.

In addition, we collaborate with smallholders under our Rurality project, an initiative designed to address HEC in Sabah due to habitat loss. As part of this project, we conduct community awareness programmes with smallholders as well as carrying out patrols, data collection, and elephant relocation. The HEC mitigation committee, which consists of representatives from the Sabah Wildlife Department, smallholders, plantations and local NGOs, also plays a role in establishing wildlife corridors. In 2021, we carried out a review to improve our smallholder inclusion activities in Sabah. Subsequently, we have continued to support the initiative in Beluran, Sabah, which is currently overseen by the HEC mitigation committee.

Forest and Peat Conservation and Restoration

Following the success of our Kinabatangan Rileaf Project in 2020, through which we attained a milestone of planting one million trees to support reforestation and peat conservation efforts, we have continued to scale up our efforts with Project RELeaf. Under Project RELeaf, we aim to achieve an ambitious target of three million trees in Malaysia by 2025. This is aimed at contributing towards the establishment of wildlife corridors to minimise human-animal conflicts, in tandem with restoring riparian zones and forest ecosystems.

Despite delays due to the COVID-19 pandemic during the earlier stages of Project RELeaf, we are now on track to achieving our target, with a total of 1.5 million trees planted as at the end of 2023.

Alongside Project RELeaf, we have also joined hands with other relevant industry players and suppliers under the Rimba Collective. Supporting long-term sustainable conservation and reforestation of forests in our palm oil sourcing regions, this 30-year initiative aims to safeguard or restore 500,000 ha of forest to benefit 32,000 individuals across Southeast Asian forest communities.

To achieve this, the initiative utilises a financial model that links costs to procurement volumes. Aligning with the Nestlé strategy, funds are directed into a Special Purpose Vehicle to provide long-term sustainable financing. Through the Rimba Collective's enduring and cooperative approach, we strive to positively impact forests and forest communities across our palm oil supply chain.

Protecting Human Rights

In an effort to support at-risk communities within palm oil supply chains, we established the 2021-2025 Labour Rights Action Plan for Palm Oil in April 2021. The action plan outlines a framework to engage our suppliers to develop relevant action plans that address human rights issues as indicated in their risk profiles. Further supporting this, we work together with our partners on effective solutions, as well as closely monitoring the progress of our suppliers.

As part of our collaboration with Winrock International to enhance our palm oil suppliers' due diligence systems, we have joined hands with several implementation partners, including Verité, the Earthworm Foundation and Embode. In 2023, we also engaged suppliers in Malaysia, Indonesia and Nigeria, conducting mill, refinery and plantation-level assessments to identify gaps that require corrective action, followed by the development of improvement plans based on the findings of the assessments. To further support suppliers, we also organised training and capacity-building programmes.

Consumer Goods Forum

Nestlé S.A. serves as a Board Member of the Consumer Goods Forum (CGF), which seeks to foster collaborative efforts among manufacturers and retailers to address significant issues within the palm oil industry. Under this role, Nestlé S.A. participated in the Palm Oil Working Group to support the development and establishment of Version 1.6 of the Palm Oil Roadmap in 2021.

2

Farmer Connect Programmes

Commitment:

Improve farm economics amongst the farmers who supply us

As the risk of climate change grows and consumers seek more sustainable products, eco-friendly agricultural practices are becoming increasingly crucial. This is especially important to ensure we have in place resilient food supply chains that are able to accommodate the rising global population.

Recognising this, we strive to transform our food systems to better protect, renew and restore our natural resources, while uplifting local farming communities. Key to achieving this is our Farmer Connect programmes, through which we are supporting farmers to adopt more sustainable farming practices such as regenerative agriculture. Aside from enabling farmers to generate more stable incomes from improved crop yields and productivity, transitioning towards more sustainable agriculture also provides us with a stable supply of responsibly sourced high-quality raw ingredients.

Performance

Nestlé Chilli Club

Our NCC initiative was founded in Kelantan in 1995 as a collaboration between Nestlé, Pertubuhan Peladang Kawasan Bukit Awang and the local farmers' association. Since then, the NCC has expanded significantly with footholds across Peninsular Malaysia, including Kelantan, Terengganu and Selangor.

The NCC is aimed at upskilling local chilli farmers through training and knowledge-building sessions by the Nestlé Agricultural Services Department, alongside sharing technical know-how on sustainable environmental practices. One such initiative under NCC is supporting chilli farmers in gradually transitioning from plastic mulch to eco-friendly live mulch to improve soil health and fertility for high yields. This eco-friendly mulch also serves to generate additional income for farmers in between harvesting seasons. Additionally, we also encourage the adoption of paddy straws as organic mulch, as it has been proven to help improve soil moisture and fertility, as well as aiding in the management of weed growth.

With a view to scale up the transition towards regenerative agriculture, we commenced a trial utilising peanut and Bambara nuts as live mulch in 2022. At the same time, we are also carrying out a trial using waste from our Nestlé factories as compost for the NCC programme.

In 2023, we also embarked on a strategic partnership with the Ministry of Economy on the Farmer Entrepreneur Initiative (INTAN) as part of the Ministry's People's Income Initiative Programme (IPR). Through INTAN, we are recruiting targeted groups such as the severely poor and B40 families to help improve their livelihoods through sustainable farming practices and cost management.

During the year, we engaged with 52 local chilli farmers who produced 218.1 metric tonnes (MT) of chillies, contributing 51% to our total supply of fresh chillies in 2023. As we continued to explore partnerships with large-scale producers to secure a stable supply of chillies for our products, 58.6MT of our chillies were procured from one large producer in 2023. However, the majority of our raw ingredients is obtained from smallholder farmers in rural areas. This is in line with our commitment to enable better livelihoods for our local farming communities, while helping to ensure a sustainable supply of fresh chillies for the production of our much-loved MAGGI Chilli Sauce.



Juan Aranols and Rafizi Ramli, Minister of Economic Affairs marking the partnership on the Farmer Entrepreneur Initiative (INTAN) collaboration.

Performance Data

Description	2021	2022	2023
a. Number of farmers Nestlé purchased from NCC [#]	93	73	52
b. Total volume of chillies purchased from NCC (MT) ^{§, #}	300.5	237.4	218.1
c. Total number of hectares ^o	-	-	-

§ 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 exploring the potential of enhancing our monitoring for this data. In light of this, for 2021 and 2022, we have chosen to disclose only the total volume of chillies purchased by Nestlé via the NCC.

o 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 NCC programme are purchased by Nestlé, we have chosen to omit disclosing the total number of planted hectares.

This data has been independently assured. Please refer to the Independent Limited Assurance Report on pages 133 to 135.

Nestlé Paddy Club

As the leading producer of infant cereals in the region, we ensure the best quality of ingredients through the NPC contract farming initiative to secure a consistent and sustainable source of premium white rice for the production of our infant cereals. Importantly, we ensure that the raw materials we use in our products adhere to our rigorous standards, thus protecting the health and safety of our consumers.

Since 2012, the NPC has trained local paddy farmers in Kedah on good agricultural practices as well as more sustainable farming practices such as the Semi-Aerobic Rice Intensification (SARI) method, which helps to minimise water consumption for irrigation purposes, contributing to lower carbon emissions. In tandem, participants of the NPC also receive assistance in the form of eco-friendly agricultural supplements such as minerals and bio simulators. Together, these efforts help farmers to improve crop yields while reducing operational costs, thereby increasing their income.

Through the NPC, we sourced 100% of our premium white rice through our engagement of 201 farmers in 2023 who produced an average yield of 4.52 MT/ha across 590 hectares during the January and February harvesting season, while a total of 192 farmers were engaged during the August and September season, producing an average of 5.22 MT/ha across 561 ha. Reflecting the effectiveness of the programme, the yield obtained during both seasons exceeded the national yield of approximately 4 MT/ha.

Performance Data

Description	2021	2022	2023
a. Number of farmers who participated in NPC			
i. Jan – Feb	235	215	201
ii. Aug – Sept	228	197	192
b. Average yield (MT/ha)			
i. Jan – Feb	5.31	5.86	4.52
ii. Aug – Sept	6.13	4.34	5.22
c. Total number of hectares			
i. Jan – Feb	647	604	590
ii. Aug – Sept	627	574	561



Imparting good agricultural practices to paddy farmers.

NESCAFÉ Grown Respectfully

In 2019, we established the NGR initiative in Kedah. Aimed at building a more resilient local coffee farming industry, under NGR we provide local coffee farmers with technical assistance and training on propagation, as well as access to premium Robusta coffee seedlings that produce greater yields. Participating farmers can also sell the high-quality seedlings that they produce to the State Department of Agriculture and Federal Land Development Authority as an avenue for additional income.

To increase the diversity and availability of local crops, as well as provide opportunities for income diversification among NGR farmers, we also practice intercropping at our mother plant nurseries in Sik, Kedah, and Gua Musang, Kelantan. The latter mother plant nursery was established as part of our expansion of the NGR initiative to Kelantan in collaboration with KESEDAR. Through this partnership, KESEDAR has demarcated 200 acres for coffee planting, including the 2.5-acre mother plant nursery and a 10-acre demo farm.



Helping coffee farmers transition to regenerative agriculture.



Commemorating the expansion of NGR to Gua Musang, Kelantan, in partnership with KESEDAR.

Following the establishment of NGR, we have delivered technical assistance to cultivate more than 200,000 Robusta coffee seedlings since 2019. In 2023, in support of local coffee farmers, we also purchased 40MT of coffee beans for the production of our coffee products. Further reflecting our dedicated efforts to shape a more sustainable coffee supply chain in Malaysia, we introduced NESCAFÉ Classic Kopi Kedah in 2020, our first Malaysian-made coffee using coffee beans grown by local Kedah farmers.

Nestlé Borneo Cocoa Initiative

As we continue to promote responsible sourcing and the adoption of regenerative agriculture practices by local farmers, we kicked off a new collaboration with the MCB to launch the NBCI. The NBCI forms part of the Nestlé Cocoa Plan Initiative (NCP) which was established globally in 2009 to shape a responsible cocoa supply chain.

Marking this expansion of the Farmer Connect programme to Sabah and Sarawak, Nestlé Malaysia will be launching the NFCRS programme in Sabah and Sarawak as part of the implementation of the NCP.



Responsible sourcing of cocoa supply from Sabah and Sarawak under NCP.

Outlook

In the year ahead, we will continue to accelerate our transition towards regenerative agriculture across the Malaysian farming landscape. This will include promoting more sustainable practices such as agroforestry and intercropping among local farmers participating in our Farmer Connect programmes.

In tandem, we will also continue to explore avenues to localise our sourcing of ingredients as we work towards strengthening the nation's food ecosystem and food security, as well as to support the livelihoods of local farming communities.

Furthermore, in 2024, we aim to expand our collaboration with the Ministry of Economy on the IPR INTAN programme to include more chilli farmers under our NCC programme. Ultimately, we hope our continued efforts will benefit the environment and improve quality of life for Malaysian farmers.





HUMAN RIGHTS

Background

Respecting people and human rights is fundamental to Nestlé's culture. Through safe and dignified work with fair pay, lessening inequalities, and shifting to regenerative practices that mitigate emissions, we are committed to upholding human rights. Further supporting this, we incentivise stakeholders within our value chain for supplying quality ingredients and bettering their communities and the environment.

Leveraging our scale, knowledge and resources, we promote awareness of human rights, champion best practices, and empower people within our operations and supply chains to realise our vision.

Approach

Led by our Human Rights Framework and Roadmap, we strive to heighten due diligence by tackling our most pressing human rights issues through targeted action plans. Our Human Rights Framework and Roadmap details how we evaluate, address and disclose these matters across the value chain, while enabling impactful collaborations.

1

Human Rights Framework



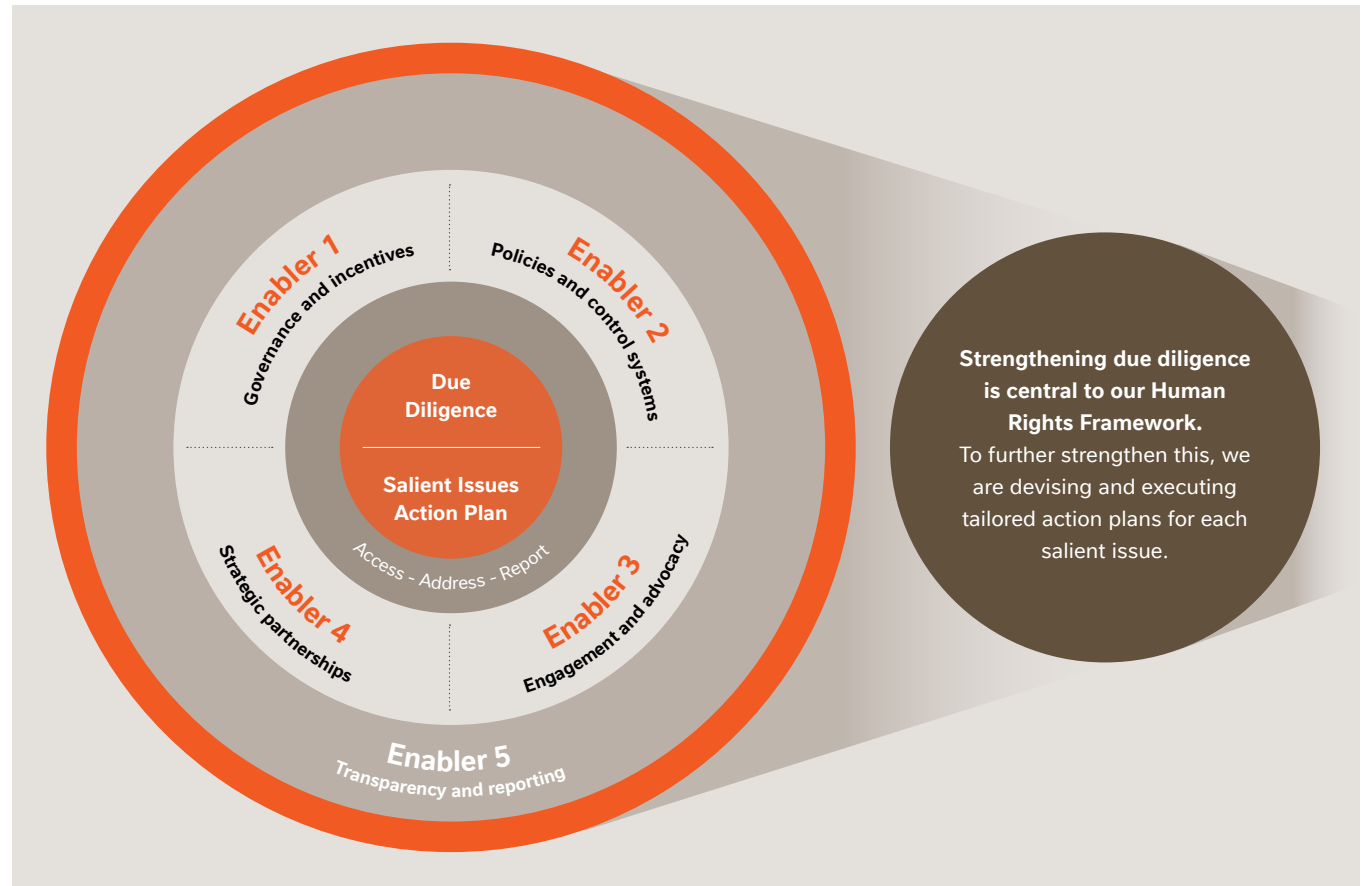
1 Human Rights Framework

Commitment:

Assess and address human rights impact across our business activities

Due diligence is the crux of our human rights approach, with five enablers driving our efforts. This is spearheaded by the Nestlé S.A. Sustainability Committee, which oversees due diligence and reporting on salient human rights risks. In tandem, our global ESG & Sustainability Council is responsible for the management of upstream supply chain issues, supported by our cross-functional Human Rights Community, which comprises more than 20 people.

Nestlé demonstrates our unwavering dedication to upholding human rights by maintaining a zero tolerance stance toward any violations, with zero substantiated cases related to human rights violations reported in 2023.



To foster greater synergies across Nestlé and ensure effectiveness, our actions plans are premised on the following enablers:


- Enabler 1: Governance and incentives**
 We will integrate human rights at all levels of our governance structure.
- Enabler 2: Policies and control systems**
 We will leverage our policies and control systems to ensure human rights are embedded throughout the organisation.
- Enabler 3: Engagement and advocacy**
 We will engage with key stakeholders and advocate for smart due diligence legislation and collective action on the ground.
- Enabler 4: Strategic partnerships**
 We will partner with thought-leading and boots-on-the-ground organisations.
- Enabler 5: Transparency and reporting**
 We will provide a high level of transparency of the progress we make and the challenges we face.



Strengthening Communities

10 Salient Issues Identified for Nestlé Globally


1



Child labour and access to education


NIS More information on our [Responsible Sourcing Standards](#) can be found on [page 79](#) of this Report.

3



Living income and living wage

5



Safety and health at work

NIS More information on our [Safety, Health and Wellbeing efforts](#) can be found on [page 104](#) of this Report.


7



Right to water and sanitation

NIS More information on our [Safe Water, Safe Communities project](#) can be found on [page 66](#) of this Report.


9



Data protection and privacy

NIS More information on [Managing Data Responsibly and Ethically](#) can be found on [page 114](#) of this Report.


2



Forced labour and responsible recruitment

NIS More information on our [Responsible Sourcing Standards](#) can be found on [page 79](#) of this Report.


4



Gender equity, non-discrimination and non-harassment

NIS More information on our [Diversity and Inclusion efforts](#) can be found on [page 99](#) of this Report.


6



Freedom of association and collective bargaining


NIS More information on our [Employee Relations](#) can be found on [page 111](#) of this Report.

8



Indigenous peoples and local communities' land rights

10



Right to food and access to nutritious, affordable and adequate diets

NIS More information on [Contributing to Nutritious and Sustainable Diets](#) can be found on [page 28](#) of this Report.

What We've Done

Living Wage

In line with our firm stance to uphold human rights for all, we advocate a living wage, which is a benchmark level of income that enables all those in our workforce as well as in our supply chain to live with dignity and have a decent standard of living with their basic needs supported, such as food, water, housing, education, healthcare, transportation, clothing and other essentials. This is vital as part of our commitment to supporting resilient communities built on sustainable livelihoods.

Our key actions on living wage include:

- Continue our Living Wage Programme for Nestlé employees worldwide
- Launch living wage pilots for on-site contractors
- Engage and support prioritised direct suppliers to address living wage risks and impacts in their own operations
- Collaborate with peers and stakeholders to help address systemic issues and develop common approaches and tools on living wage

In Malaysia, our commitment to a living wage is deeply ingrained in our ESG and Sustainability Council, as well as within our brands and business units through the incorporation of dedicated governance structures.

To ensure our employees earn a living wage, we conduct a comprehensive Living Wage Assessment Exercise every three years. This exercise evaluates various aspects of our employees' compensation, including base salary, allowances, and benefits. The most recent assessment, conducted in 2021, revealed that there were no gaps identified in these areas and no indications of unfair living wage practices among our employees. We take pride in this achievement and remain dedicated to maintaining fair and equitable compensation for our workforce. Our next Living Wage Assessment Exercise is scheduled for 2024, reaffirming our commitment to regularly evaluate and improve our practices.



Formalising Informal Sector

As part of our plastic recovery project, we are taking the lead in formalising the informal recycling sector. In collaboration with our partner, KPT Recycle Sdn. Bhd. (KPT), our goal is to give a second life to all recyclable materials while also enhancing ESG compliance within these informal sectors.

We have assisted in developing a [Code of Business Conduct](#) and evaluation matrix based on ESG standards. Leveraging these tools, KPT will consistently engage with eligible vendors to improve their practices, particularly in terms of human rights and labour standards.



Recyclables collected from our EPR initiatives, including those from the informal sector recyclers are baled and are ready to be sent to off-takers for reprocessing into secondary raw materials.

Outlook

Upholding human rights lies at the heart of our Company's values which are rooted in respect. Our Human Rights Framework and Roadmap enables ongoing identification and mitigation of salient issues, bolstering of due diligence, and advancement of human rights within our operations and supply chain. We remain dedicated to this journey to protect the rights of our people and partners alike. Safeguarding human rights and dignity through proactive engagement represents a pivotal priority as we move forward in our sustainability aims and ESG agenda.





YOUTH OPPORTUNITIES

Background

Young Malaysians continue to face unemployment and employability challenges, with a 2023 report by the Ministry of Human Resources indicating a youth unemployment rate of 3.3%. Supporting the country's aims to uplift youth employability, Nestlé remains dedicated to empowering young talent to build their careers and fulfil their potential through the various educational and training initiatives we have in place. Additionally, various employment opportunities have been provided to university students as well as graduates including internships, apprenticeships and management trainee programmes. These opportunities aim to empower them to be further equipped with knowledge and skills to thrive in the workforce.

Approach

Our efforts to foster opportunities for youth are spearheaded by the Nestlé Needs YOUth initiative, which equips young individuals with valuable skills to launch their careers.

1

Nestlé Needs YOUth Initiative

1

Nestlé Needs YOUth Initiative

Commitment:


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


The global Nestlé Needs YOUth programme strives to improve youth employability by offering opportunities for professional growth and career development, including through apprenticeships, internships, skill-building programmes, direct recruitment and active engagement with youths.


By enhancing access to employment opportunities, this helps young people build better livelihoods and contributes to our global 2030 ambition to facilitate access to economic prospects for 10 million youths.


Performance


In 2023, we offered employment opportunities to a total of 693 young people, while training and engaging close to 22,500 of them through the following initiatives:

Recruited **190** youths as direct hires 

Recruited **111** youths as contractual hires 

Offered **341** youths the opportunity to gain on-the-job experience through our physical internship and apprenticeship programmes 

Hired **51** young potential leaders through our Management Trainee Programme 

Reached **21,828** talent through virtual and physical engagement activities 



Strengthening Communities

In 2023, we were honoured to receive industry-wide recognition as an employer of choice.

Graduate Choice Award Winner for the Fast Moving Consumer Goods (FMCG) Sector	Malaysia's 100 Leading Graduate Employer Award Winner for the FMCG Sector	Overall Winner in Randstad Employer Brand Research	Graduan Brand Award – 2 nd Runner-Up For Malaysia's Most Preferred Employer in the FMCG Sector
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Building a Talent Pipeline

Nestlé remained a top choice for graduates in 2023, maintaining our leading role as a preferred employer in the Fast Moving Consumer Goods (FMCG) industry. Each year, we actively engage with students from local universities through various platforms such as physical and virtual career fairs, webinars and seminars.

This included several career fairs and youth webinars throughout the year, namely:

- Talentbank Career Fair
- Malaysia Career & Training Fair
- Mega Careers & Study Fair
- Graduan Aspire Career Fair
- Graduan ASPIRE+ Conference
- Campus Fairs
- AIESEC Malaysian Youth Leadership Development Seminar
- Taylor's University Crème De La Crème

International Youth Day Celebration 2023

Created by the UN International Youth Day aims to celebrate young people across the world, while raising awareness on the pressing issues they face and supporting youth empowerment. In 2023, International Youth Day was held at Nestlé Malaysia's Head Office through various platforms. With a focus on inspiring young employees, this included mentoring circles offering valuable insights from young mentors, an 'Inspire Sphere' featuring talks by speakers on their personal career journeys and sustainability, a sustainability show-and-tell showcasing the Company's impactful sustainability efforts, and a Youthpreneur Haven supporting and spotlighting young entrepreneurs at Nestlé.

NESCAFÉ Youth Entrepreneurship Programme

Providing opportunities for local university students to gain real-world business experience, the NESCAFÉ Youth Entrepreneurship Programme (NYEP) enables participants to manage mobile cafes at their university campuses. Established in 2018, NYEP provides training on relevant areas such as business operations, supply chain management and logistics, marketing and sales, amongst others. In 2023, the programme featured 19 active hubs across local universities, with the participation of 770 students.



Mentor Circles sharing session in conjunction with International Youth Day.

Outlook

As part of our global pledge to enable economic opportunities for 10 million young people by 2030, we remain dedicated to driving programmes that empower young talents. Our objectives are two-fold – to help young Malaysians develop their talents and boost their career prospects for better livelihoods, while also widening our pool of future leaders. At the core of these efforts is our steadfast drive to uphold a strong code of ethics amongst our workforce, supporting our continued growth as a force for good in the world.

Enriching Lives In Our Communities

We aim to make a meaningful impact on society through our community outreach programmes. Working closely with NGO partners such as MRCS, Empire Project, PERTIWI Soup Kitchen, The Lost Food Project and Yayasan Food Bank, we deliver nourishment to underserved communities. We also take a proactive approach to supply much-needed aid and create opportunities to improve quality of life for these communities. Through on-the-ground collaboration, we strive to empower positive change.

Performance

We invested a total of RM13 million in community outreach and engagement programmes in 2023, with a particular focus on disadvantaged communities.

Program Mentor Wanita Cukup Berani MAGGI

Program Mentor *Wanita Cukup Berani* continues to make waves in the community by empowering over 4,800 women to date, encouraging them to step out of their comfort zone and build their confidence to enhance their livelihood through food. In 2023, MAGGI partnered with three tech giants – Google, Meta and TikTok to help women upskill themselves digitally. Through a two-day workshop, participants were equipped with skills on confidence building, entrepreneurship, and food handling courses. Out of the many participants, 21 diverse women were selected to join the *Resipi Berani* TV programme and were rewarded a one-year contract to join the MAGGI family through a MAGGI Content Creator trainee mentorship programme. With this programme, we hope to continue to inspire and make a positive impact on the community through food.



Empowering women entrepreneurs to thrive.



MAGGI Bubur Lambuk

Spreading joy and providing nourishment during the month of Ramadhan, MAGGI distributed over 188,400 bowls of bubur lambuk to underprivileged communities nationwide through its annual programme. As part of the Nestlé Cares programme which emphasises corporate social responsibility, this year's initiative featured a special *buka puasa* for senior citizens and orphans and also saw volunteers sprucing up a vegetable garden at the charitable home.



Juan Aranols and Tengku Ida, Head of Legal & Secretarial distributing bowls of tasty and nutritious MAGGI bubur lambuk to the children of Pusat Jagaan Al-Fikrah Malaysia.

Flood Relief Efforts

Strengthening its partnership with the MRCS, the Company continued to support flood relief efforts during the monsoon season this year, donating 4,000 boxes of essential food aid to be distributed to individuals and families in Temporary Relocation Centres (PPS) and affected homes throughout the east coast. The collaborative effort involved 150 volunteers from Nestlé Cares and MRCS assembling the food aid packs, which included products like MILO, MAGGI, NESCAFÉ, NESTUM, and NESTLÉ OMEGA PLUS along with hygiene kits.



[Fourth from left] Juan Aranols and [fourth from right] Her Royal Highness Tan Sri Tunku Puteri Intan Safinaz Sultan Abd Halim, Chairperson of MRCS, showcasing the food relief pack donations for East coast communities affected by the monsoon floods.

MAGGI Sajian Seimbang Tanda Sayang

Aimed at raising awareness on healthy eating habits among B40 families, this programme promotes balanced meals incorporating MAGGI 2-Minute Noodles, guided by the Malaysian Healthy Plate concept by the MoH. Reaching 8,753 families across eight PPR communities in 2023, the programme featured engaging activities such as cooking demonstrations and health checks, imparting valuable knowledge on balanced nutrition.



Encouraging balanced meals among PPR communities.

OPERATING RESPONSIBLY



Nestlé shapes its future through ethical practices and empowered employees making sustainable business decisions that contribute towards a positive and healthy work environment that drives growth.

We are cognisant that our employees are invaluable assets who can flourish in the right circumstances. By understanding their varying needs and capabilities, we strive to provide a trusted workplace where employees feel confident and motivated to perform well. This is a vital aspect of how the Company continues to evolve, supported by our commitment to integrity as well as highly-effective operational procedures, systems and policies.

SDG Contribution



Material Issues:

Diversity and Inclusion
Training and Development
Employee Health and Safety
Industry Engagement and Collaboration
Integrity and Governance
Data Privacy and Security



Nestlé Global Ambition

Our ambition is to build an organisational culture that respects diversity, pursues equity and enables inclusion for a more empowered and engaged workforce.

Nestlé Malaysia Impact Areas

To support the Nestlé Global Ambition, we have undertaken the following actions and commitments:

OUR PEOPLE

- Amplify female empowerment throughout the whole value chain while strengthening gender balance
- Cultivate healthy workplaces and healthier employees
- Conduct training on Corporate Business Principles, nutrition and environmental sustainability
- Ensure fair treatment and mutual trust of employees
- Make a positive difference in the country through our volunteering platform and activities

ETHICAL BUSINESS

- Instil a culture of integrity throughout the organisation
- Provide employees and stakeholders with effective grievance management processes

Our Progress



Invested more than **RM3.9 million** in training and development of employees in 2023



Female representation in Senior Leadership Team rose from **43%** to **47%** in 2023



Number of female department heads in Sales grew from **42%** in 2022 to **46%** in 2023



Female representation in management positions rose from **56%** to **58%** in 2023



OUR PEOPLE

Background

The lifeblood of an organisation, our people are the enablers of our vision and objectives that propel Nestlé Malaysia forward as we bring positive change around the world.

Our actions as a force for good begin with our 5,336 employees. In light of this, we remain dedicated to supporting their growth by giving them equal opportunities for talent development and by creating an atmosphere that allows all to reach their full potential.

Guided by our core values, we are building a workplace centred around respect, trust and care for each and every one of our employees.

Approach

Our approach to nurturing employees comprises the following:

1

Diversity and Inclusion

2

Training and Development

3

Safety, Health and Wellbeing

4

Employee Engagement

5

Employee Compensation and Benefits

6

Employee Relations

1

Diversity and Inclusion

Commitment:

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

Nestlé prioritises the cultivation of an inclusive organisational culture that recognises and supports every employee regardless of gender, cultural background or age. This has become all the more important today due to how diverse our workforce is. Supported by our organisation’s core values, we ensure diversity and transparency are respected company-wide and in our relationships with customers, partners and other stakeholders.

We have several programmes in place that promote gender equality and inclusion and as a result, contribute towards high morale and connectivity at the workplace. This not only allows us to attract a wider talent pool and nurture a workforce that represents society and our consumer base, it also allows for unique perspectives, strengthened collaborations and greater productivity.

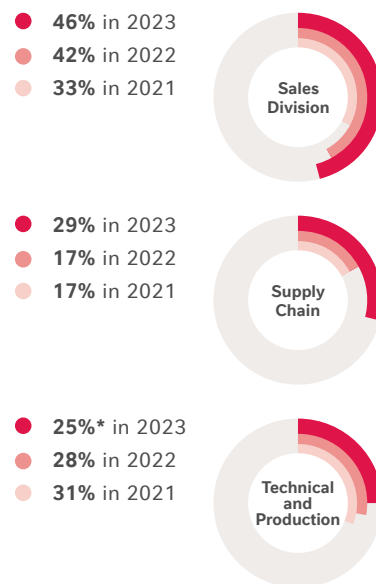
Performance

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

We persisted in strengthening female leadership through our Gender Balance Acceleration Plan.

In the Sales Division and Supply Chain Division, female HODs and Direct Reports rose by 4% and 12% respectively. A shift was seen within the Technical and Production Division, as a result of two roles added in the metrics in 2022.

Division HODs and Direct Reports to Leadership Team



* Shift in percentage due to two additional roles that are now included in the metrics

2. International Women’s Day Celebration 2023

Women play a crucial role in Nestlé’s operations. Each year we embrace the significance of International Women’s Day to emphasise the importance of inclusivity and highlight the accomplishments of Nestlé’s female employees as well as inspirational women around the globe. The Company’s senior management continues to be committed to pursuing gender equality.

In 2023, we organised an event themed #EmbraceEquity or #SaksamaBersama to empower women within the organisation and shine the spotlight on gender equity at the workplace. The project involved employees expressing appreciation and recognition to female co-workers through exclusive International Women’s Day gratitude cards and a Mentoring Circle programme led by our women leaders covering various topics that support women in having fulfilling careers at Nestlé.

3. Gender Pay Equality

Gender Equal Pay has been consistently measured within our organisation since 2019. We are pleased to report that the gender pay gap remains markedly low, falling below the defined threshold set by Nestlé Global. This reflects the effectiveness of our fair and equal pay practices, particularly in the recruitment and promotion of women. We openly disclose our findings with both employees and shareholders alike to maintain full transparency and will strive to consistently enhance gender pay equality.

4. Empowering Differently-Abled Individuals in our Workforce

Since the launch of our internship programme for individuals with different abilities in 2022, we have progressed in our mission to establish a more inclusive workplace. From 2022 to 2023, we have recruited two differently-abled interns in Malaysia as part of the programme. By actively valuing the skills and capabilities of people with disabilities, we aim to combat social stigmas and prejudices around disabilities at the workplace.

To seek potential candidates for our programme, we engaged with local public and private universities and participated in the Graduan Aspire+ D&I Convention and Career Fair 2023 to promote employment. Through working closely with our talent acquisition and Human Resource (HR) teams, we were able to match the right roles for differently-abled individuals. This inclusive initiative showcases our commitment to providing equal opportunities and leveraging unique skills. Looking ahead, this project is expected to continue attracting diverse talent through our partnerships with organisations focused on disability inclusion.

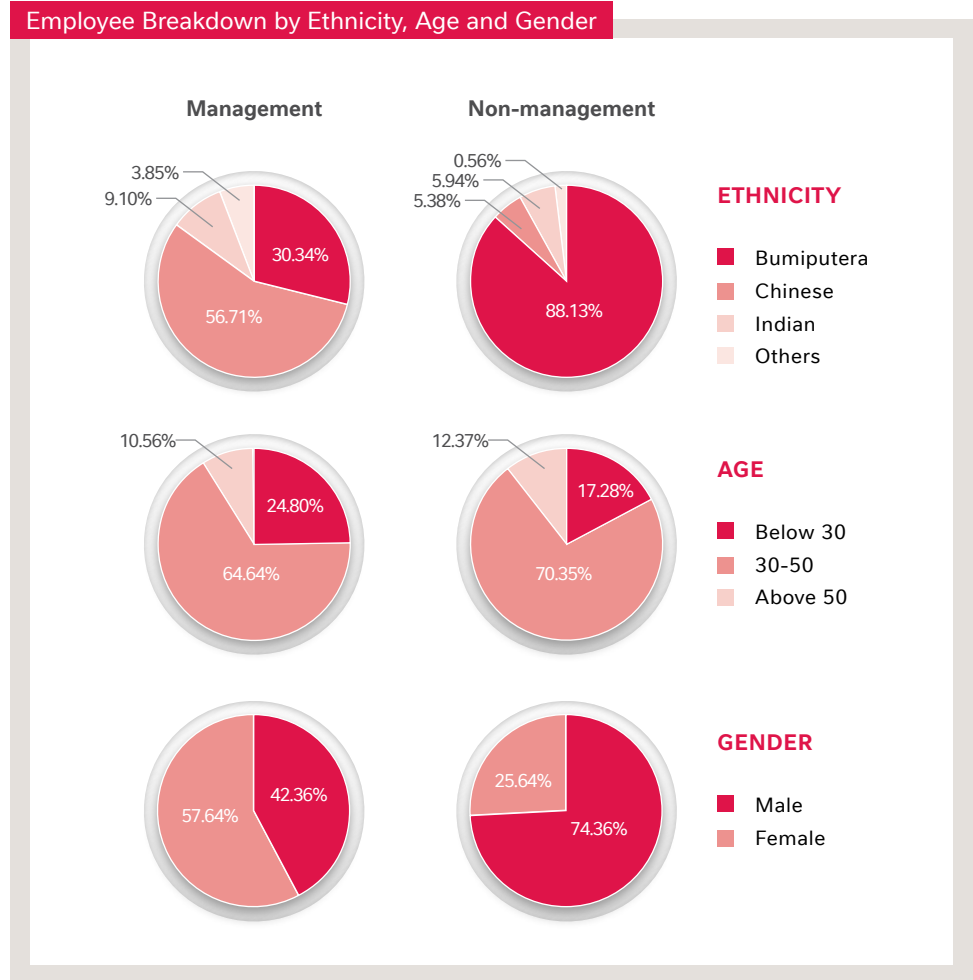


Diversity and Inclusion Performance Data

Description	2021	2022	2023
Senior Leadership positions held (%)			
Male	59*	57*	53
Female	41*	43*	47
Leadership positions held (%)			
Male	52*	48*	47
Female	48*	52*	53
Leadership positions held by Nestlé Malaysia's Board of Directors (%)			
Male	63*	63*	63
Female	37*	37*	37

* Correction of data for 2021 and 2022

Description	2021	2022	2023
Senior Leadership positions held (%)			
Below 30 years old	0	0	0
30 – 50 years old	51	55	59
Above 50 years old	49	45	41
Leadership positions held (%)			
Below 30 years old	1	0	0
30 – 50 years old	81	80	80
Above 50 years old	18	20	20
Leadership positions held by Nestlé Malaysia's Board of Directors (%)			
Below 30 years old	0	0	0
30 – 50 years old	0	0	0
Above 50 years old	100	100	100



Our Workforce

- i. the most common types of workers and their contractual relationship with the organisation; and
- ii. the type of work they perform.

Workforce Overview

Description	2021	2022	2023
Total number of employees	5,253	5,391	5,336
Total number of employees - Nestlé Products Sdn Bhd	1,511	1,557	1,593
Total number of employees - Nestlé Manufacturing Malaysia (NMM)	3,742	3,834	3,691
NMM Shah Alam	949	930	884
NMM Batu Tiga	980	1,029	1,033
NMM Kuching	161	162	168
NMM Chembong & Chembong Ice Cream	1,180	1,209	1,105
NMM Sri Muda	185	207	207
NMM Head Office	78	64	61
NMM Nestlé Distribution Centre	209	233	233
Employee Breakdown (%)			
Permanent employees	93	91	96
Temporary & Contract employees	7	9	4
Number of new employees by gender			
Male	368	384	363
Female	179	266	351
Number of employees leaving employment by gender			
Male	159	234	72
Male (%)	3.03	4.34	10.20
Female	109	162	93
Female (%)	2.08	3.00	9.90
Number of employees leaving employment by employee category			
Management	122	174	96
Management (%)	2.32	3.23	8.82
Non-management	146	222	64
Non-management (%)	2.78	4.12	12.80

2

Training and Development

Commitment:

Elevate and nurture employees' skills and capabilities

We believe that investing in our people enables greater success for all. By nurturing our employees' growth and unlocking their highest potential, they can in turn drive innovation and results that propel the Company forward. In line with this, we facilitate continuous development across both professional and personal dimensions to foster our people's fullest capabilities and leadership.

Performance

In 2023, we invested over RM3.9 million into our training and development programmes, of which RM1.57 million was sourced from the HRD Corp grant.

1. Training and Learning Programmes

In collaboration with internal and external providers, our corporate training and learning division designs and delivers a wide range of training and development programmes aimed at honing employees' capabilities to meet organisational objectives. Programme efficacy is evaluated through a multi-faceted approach that includes participation rates, training plan completion, total training hours and training effectiveness scores. We also examine participants' responsiveness, learning application and behavioural changes using the Kirkpatrick Model, which provides valuable insights to optimise the design and delivery of our programmes.

Operating Responsibly

Relevant details of training programmes held in 2023 are presented in the following table:

Onboarding of New Hires	<p>An orientation programme for new employees with the aim of:</p> <ul style="list-style-type: none"> Streamlining onboarding and nurturing cultural alignment for new employees. Providing new hires with relevant information to enable them to smoothly transition into their roles and responsibilities. Equipping new employees with engagement guidelines to facilitate seamless integration within the organisation.
Own Your Career Roadshow	<p>A campaign conducted across Malaysia and Singapore featuring three-hour sessions of sharing and interactive workshops focused on driving a career and development mindset among Nestlé employees. The campaign raised awareness on Nestlé's career development support system and instilled a mindset of career ownership.</p> <p>With 48 sessions conducted, the campaign successfully reached 1,169 management employees across Malaysia and Singapore. This contributed to a notable improvement in employee retention from 45% to 75%, based on the findings of our November 2023 Pulse Survey.</p>
Mentoring Programme	<p>Comprising both Corporate and HR editions, our mentorship programme aims to build the future leaders of Nestlé Malaysia and Singapore. By pairing our employees with senior leaders to share guidance and insights, we strive to provide a strong support network and foster leadership potential.</p> <p>In 2023, 33 mentees and 21 mentors participated in the Corporate Mentoring Programme, while 13 mentees and 9 mentors participated in the HR Mentoring Programme.</p>
Mandatory Trainings	<p>A total of 5,064 Nestlé Malaysia employees took part in the following programmes in 2023, completing an average of 5.2 training hours:</p> <ul style="list-style-type: none"> All employees – Human Rights, Sexual Harassment Prevention, Data Privacy, Diversity and Inclusion, Sustainable Packaging, NCBP, Nestlé Code of Business Conduct, Security at Nestlé, SecureIT 2023 Refresher and Anti-Corruption People Managers – Compliance: A Leadership Responsibility Targeted Employees – Global Antitrust and PPP Affordable Nutrition Corporate Leaders & Decision-Making Team – Sanctions Compliance
New Corporate in-House (CiH) Programmes	<p>Cultivating a culture of continuous learning, we provide our employees with in-house training programmes that enable them to acquire and develop skills and competencies. In 2023, we expanded our programmes to include the following:</p> <ul style="list-style-type: none"> Building Agility & Resilience Holistic Wellbeing for People Managers Mental Health First-Aider Certification for People Managers Profit & Loss for Non-Finance Competency Based Interview Nestlé Good Lifers Programme for retiring employees <p>In addition, we continued to support the leadership development of those holding managerial roles in the Company through the LEAders Ready Now (LEARN) Assessment Centre, with one cohort completed and eight People Managers benefitting.</p> <p>As of 31 December 2023, a total of 755 employees participated in our CiH programmes.</p>

LEARN Assessment Centre	<p>We established the LEARN Assessment Centre to foster exceptional leaders by providing employees transitioning to or already immersed in leadership roles with additional support. Utilising immersive 'day-in-the-life' simulations, LEARN delivers invaluable exposure to authentic leadership challenges, helping individuals unlock their potential, refine skills and plan for development.</p> <p>Since the establishment of the Centre in 2021, 51 People Managers have participated in eight sessions, with eight undergoing assessments in 2023.</p>
Nestlé Brand Building the Nestlé Way (BBNW) Academy	<p>Through the BBNW Academy, we strive to enhance the capabilities of our marketing team as part of our efforts to elevate brand resilience and excellence. This was conducted via designated rooms for dedicated programmes as follows in 2023:</p> <ul style="list-style-type: none"> Blue Room for Knowing Your Consumers Deeply Turquoise Room for Inspire with Purpose and Guide with Brand Essence Mango Room for Sustainable & Innovative Portfolio Red Room for Creating Engaging Brand Experiences Purple Room for Idea to Launch <p>During the year, we conducted the MT Business Challenge from May to July to develop and instil business acumen and intrapreneurship amongst our Young Nestlé Talents, guided by BBNW Idea to Launch Process. A total of 27 participants attended a Design Thinking Workshop, the INC Studio's Meet & Brief and an Elevator Pitch 101 Workshop, following which they designed winning business cases.</p> <p>We also conducted sessions on Marketing Onboarding Essentials to introduce the basic tools and ways of working at Nestlé to new Brand Builders. Two sessions were conducted in June and November 2023, with a total of 57 participants.</p>
Global eBusiness Academy	<p>Recognising the critical role of digital expertise in a globalised market, the Global eBusiness Academy provides our Marketing and Sales team with digital upskilling while strengthening their knowledge base. Through this initiative, employees benefit from personalised learning pathways and role-specific credentials and certifications upon completion.</p> <p>To date, Nestlé Malaysia and Singapore has recorded a 91% adoption rate, with 413 employees successfully completing the training curriculum.</p>
Human Rights	<p>Grounded in our longstanding commitment to advocating human rights for all, our comprehensive Human Rights e-learning module equips employees with an in-depth understanding of human rights principles and responsibilities within the business context.</p> <p>In 2023, a total of 6,115 employees from Nestlé Malaysia and Singapore completed Human Rights training.</p>
Diversity & Inclusion (D&I) Training	<p>To uphold our values of respect and inclusivity, mandatory D&I Training is an integral part of every employee's journey, starting with onboarding for new hires. The programme addresses unconscious biases and equips employees with the tools and strategies to overcome them to prevent discriminatory thinking and foster a fair, equitable workplace for everyone.</p> <p>Since 2023, a total of 5,995 employees have received D&I Training.</p>

2. Embracing Inclusivity Through Wellbeing Programmes

In line with our continued hybrid working arrangements, our training and development programmes for the year were conducted via both traditional classroom settings and our online learning platforms, iLearn and Nestlé Academy. This enabled us to offer our employees a variety of formats including Hybrid Training sessions with both virtual and physical participants, Blended Learning Training Programmes involving online self-learning and in-person sessions, alongside refresher workshops on function-specific capability building through our digital platforms.



Training programmes held during the year included modules on Nestlé’s Code of Business Conduct, Global Anti-Trust training, Popularly Positioned Product (PPP) Affordable Nutrition training for our Marketing and Sales, Operations, and Research and Development teams, as well as Sanctions Compliance training for corporate leaders and decision-making teams. In addition, we also conducted mandatory training sessions that encompassed compliance, human rights and sexual harassment prevention.

In 2023, we expanded our focus to support the holistic wellbeing of our employees as we work towards fostering a more inclusive culture. With an aim to empower our employees to navigate challenges, prioritise their wellbeing and contribute to a supportive workforce, we introduced new programmes dedicated to mental health and holistic wellbeing, including:

Building Agility & Resilience

Holistic Wellbeing for People Managers

Mental Health First Aider Certification

Through our iLearn and Nestlé Academy platforms, we recorded a total of 4,365 participants in our training programmes during the year.

Performance Data

Description	2021	2022	2023
Total hours of training by employee category			
Management	11,546	8,719	13,165
Non-management	17,738	11,645	13,462
Average hours of training by gender and category			
Male	8.35	10.99	6.3
Female	10.61	12.70	11.2
Management	15.22	16.61	17.9
Non-management	6.79	8.32	3.1
Total spent on Training and Development annually (RM)			
	385,000 [^]	1,207,841	2,306,805
Attendance breakdown (headcount)			
Local training	26,439	27,732	33,289
Overseas training	0	38	39
Number of employees enrolled in Flexi-Benefit			
	1,574	1,589	16
Employees and stakeholders receiving nutrition training			
	209	1,125	1,671
Employees receiving performance and career development reviews			
	2,284	2,398	2,568

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



3

Safety, Health and Wellbeing

Commitment:

Advocate for a safety culture in a healthy and inspiring workplace

Recognising the intrinsic link between employee wellbeing and organisational performance, we prioritise health, wellness and personal growth to empower our people. This in turn fuels business vitality and drives sustainable growth for the future.

Reflecting our dedication to workplace safety, we relentlessly pursue the attainment of a high-performing culture, in which the transition will demand heightened dedication and nurturing to facilitate the seamless adaptation of both individuals and the system to the elevated standards of performance. We actively implement best practices throughout our operations, in compliance with the Occupational Safety and Health Act, the global [Nestlé Policy on Safety and Health at Work](#) and the Nestlé Occupational Safety and Health Management System. This ensures a safe and healthy work environment for our employees, propelling us towards our goal of zero work-related injuries and illnesses. With this objective in mind, we are committed to empower our people through emotional engagement, implementing personalised safety measures that encompass their families, and upholding an unwavering focus on 100% compliance with Nestlé's Life Saving Rules (LSR).

Supporting this, we have in place a robust safety and health risk management system comprising dedicated Safety, Health and Environment (SHE) Committees. Established across all our sites, the SHE Committees convene at least once on a quarterly basis to proactively identify, evaluate and mitigate potential safety and health hazards. Beyond this, we also empower employees through Area Ownership, through which each business function is equipped with the knowledge and resources to implement and assess risk management processes effectively. To instil a culture of safety and wellbeing, training is also provided to site leadership and management at all levels.

In tandem, we actively encourage our employees to report any relevant issues through dedicated channels. This includes an e-reporting form readily accessible on our website, or via direct communication with supervisors and line managers through our SHE-PM database and QR Code system.

To monitor and address health and safety concerns, all reports undergo scheduled reviews and regular discussion during shift handovers and operational reviews. Alongside this, we adopt a 'Go See Think Do' approach for investigating incidents at all Nestlé sites and beyond, ensuring comprehensive monitoring and root cause analysis of any health and safety issues that may arise.

Safety, Health and Environment Committees

Nestlé Malaysia maintains dedicated SHE Committees across our corporate offices, regional locations and manufacturing facilities. Led by the Executive Director of Human Resources, the committees include both employer and employee representatives to foster a collaborative environment.

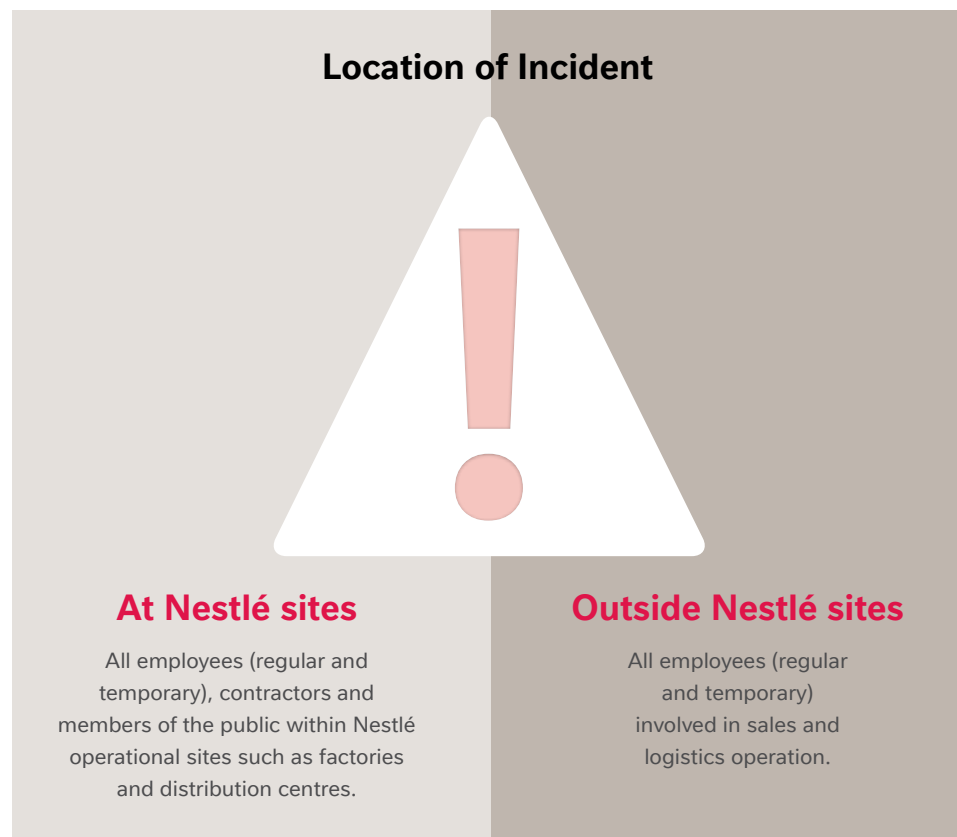
The SHE Committees are responsible for:

- developing comprehensive safety and health rules, alongside safe systems of work;
- assessing the effectiveness of safety and health programmes;
- studying accident trends, near-miss accidents, dangerous occurrences, occupational poisoning or occupational disease which occurs at the workplace; and
- reviewing existing safety and health policies at the workplace and making recommendations to the employer for necessary policy revisions.



Based on the site of incidents, the scope of the Nestlé Occupational Safety and Health Management System is as follows:

Affected Person in Scope



Performance

1. Safety Tagging

To cultivate an open culture which encourages employees to speak up on occupational safety and health matters and enhance safety accountability, in 2023, we established a tagging system to enable shop floor team members to easily report and take action to resolve potential hazards within their work environment. Utilising the Total Productive Maintenance methodology, a tagging platform where employees can report on-site hazards, identified issues are systematically escalated to designated persons for resolution. The effectiveness of the system is overseen by SHE personnel who monitor the number of open Safety Tags and closure rates. In 2023, over 23,000 Safety Tags were submitted by team members, recording a significant growth from 2,032 submissions in 2022.

2. Machinery and Safety

In working towards minimising machine-related injuries to safeguard our employees, we implement best practices in machine safety throughout our operations. This applies across three key areas, namely the continuous improvement of machine guarding and safety intervention features across our facilities, training our employees to safely operate machines and equipment, as well as the strict implementation of the Lock Out Tag Out protocol for the servicing and maintenance of moving machinery parts.

3. Vehicles and Driving

Since 2021, we have implemented robust driving and road safety initiatives for our employees and partners, including long-term distributors and third-party logistics providers. This includes our Road Safety Awareness campaign and Defensive Driving and Journey Management workshops, alongside our e-Mentor Driving mobile application, which enables us to monitor the driving behaviours of vehicle drivers and take action when necessary.

4. Caring Leadership in Safety

To solidify a safety-first mindset, we continued to implement our Caring Leadership in Safety framework in 2023. This framework fosters deeper engagement and collaboration between leadership teams and employees to strengthen safety culture integration in daily operations.

5. Life Saving Rules

In response to a root cause analysis of all serious incidents conducted in 2022, which revealed that over 80% of major incident were preventable, we developed the 8 Life Saving Rules Handbook. This handbook helps to ensure adherence to vital safety standards by employees as well as contractors throughout our value chain.

6. Safety Starts with Me

In 2023, we continued our 'Safety Starts with Me' initiative established by the global Corporate Safety Department in 2022. Recognising that employee engagement is paramount to achieving our safety goals, the initiative seeks to cultivate a culture of active participation in upholding our safety standards and adhering to our established 8 Life Saving Rules.

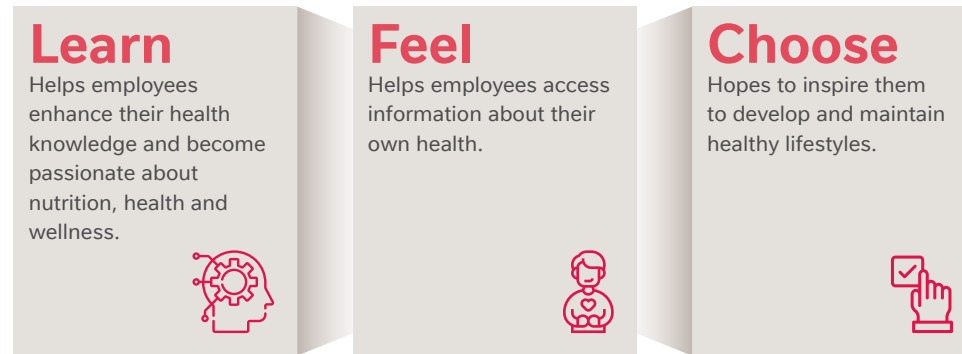


Operating Responsibly

Nestlé Framework for Employee Health

Within the Nestlé Framework for Employee Health, we have in place a broad range of initiatives designed to promote healthier lifestyles among our employees and their families.

Supporting this is a comprehensive framework of best health practices anchored in three central pillars: Learn, Feel and Choose.



Performance

1. Lunch N Learn

With a view towards enhancing employee wellbeing, we hosted virtual Lunch N Learn sessions throughout 2023. Partnering with a diverse range of professional guest speakers, we delivered 16 informative sessions on relevant topics, spanning from cancer awareness, mental health, diabetes awareness and cardiovascular health, to financial literacy and balancing work-life responsibilities. In total, 840 employees attended these lunch sessions.

2. Wellness Tips

To support our employees in prioritising their personal health and adopting healthy habits, we shared monthly wellness tips focused on mental wellbeing strategies, physical health and managing NCDs, amongst others. A total of 11 wellness tips were disseminated Company-wide via email and strategically placed posters at work sites.

3. Group Exercise

In line with our commitment to employee wellness and to promote an active lifestyle, we implemented a six-session group exercise programme in 2023. The programme was well-received with over 121 employees participating across a diverse range of engaging activities.

4. My Health Numbers Programme

With the goal of helping our employees gain valuable insights into their personal health and proactively address potential health concerns, we offer free health screenings to all employees through the My Health Numbers Programme. This initiative successfully facilitated improved health awareness and lifestyle choices among 1,828 employees, representing a 7.2% increase compared to 2022.

5. NESTLÉ OMEGA PLUS Walk A Million Miles Challenge 2023

Building on the success of our previous NESTLÉ OMEGA PLUS WAMM Challenge, we renewed our commitment to promoting heart health with the return of the challenge in 2023. The campaign emphasised the positive effects of walking and physical activity on cardiovascular wellbeing, encouraging employees, in groups or as individuals to incorporate daily walks into their lifestyle. As a result, we achieved a significant increase in employee engagement with 1,155 employees taking an impressive 323,504,940 steps. We also rewarded 15 groups of employees who successfully completed the challenge, acknowledging their individual contributions to creating a heart-healthy workplace culture.

6. World Diabetes Day 2023

Commemorating World Diabetes Day, we collaborated with health experts to host an informative health talk aimed at promoting awareness about this disease. Alongside the talk, we organised a Diabetes Trivia session to further educate employees. The talk received an encouraging turnout of 100 employees.

7. Mental Health Programmes

With mental wellbeing serving as a cornerstone of a supportive and productive work environment, we spearheaded several mental health initiatives in 2023. This included training 81 employees as certified mental health first-aiders, enabling them to support colleagues experiencing distress. Additionally, we held training sessions on holistic wellbeing as well as resilience and adaptability, attended by 63 and 119 employees respectively.

Performance Data

Description	2021	2022	2023
Number of employees receiving health and safety training	547	650	317

Total Lost Time Injury Frequency Rate ^{1, #}			
Nestlé Malaysia	1.1	0.6*	1.3

Lost Time Injury Rate for Total Workforce by Location [#]			
Nestlé Head office	0.0	0.0	0.0
NMM Shah Alam	1.1	0.4	1.1
NMM Sri Muda	0.0	0.0	5.3
NMM Batu Tiga	1.9	0.8	1.2
NMM Kuching	2.2	0.0	0.0
NMM Chembong	0.8	0.6	2.4
NMM Ice Cream	0.0	1.1	2.9
Nestlé NDC	0.7	0.7	1.9
Sales & Marketing	1.7	0.8	0.8

Total Lost Day Rate ²			
Nestlé Malaysia	47.8	25.2	28.9

Lost Day Rate for Total Workforce by Location ²			
Nestlé Head office	0.0	0.0	0.0
NMM Shah Alam	1.8	38.0	41.7
NMM Sri Muda	0.0	0.0	0.0
NMM Batu Tiga	42.7	74.0	26.8
NMM Kuching	0.0	0.0	0.0
NMM Chembong	39.5	5.3	14.5
NMM Ice Cream	0.0	7.0	12.1
Nestlé NDC	10.0	0.0	52.7
Sales & Marketing	18.0	35.0	74.7

Description	2021	2022	2023
Absolute number of fatalities			
Nestlé Head office	0	0	0
NMM Shah Alam	0	0	0
NMM Sri Muda	0	0	0
NMM Batu Tiga	0	0	0
NMM Kuching	0	0	0
NMM Chembong	0	0	0
NMM Ice Cream	0	0	0
Nestlé NDC	0	0	0
Sales & Marketing	0	0	0
Number of hours worked	13,899,720	14,018,303	15,095,297
Number of high-consequence work-related injuries	2	2	3
Number of recordable work-related injuries	15	15	24

Note: This data includes all employees i.e permanent, temporary and contract employees.

- 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.

* Correction of 2022 data to disclose Lost Time Injury Frequency Rate due to inadvertently disclosing Recordable Injury.

This data has been independently assured. Please refer to the Independent Limited Assurance Report on pages 133 to 135.



4

Employee Engagement

Commitment:

Advocate for healthy workplaces and healthier employees

We recognise that our people are integral to the Company, as their wellbeing directly enables us to fulfil our promise of *Good food, Good life*. As such, caring for our workforce of over 5,000 employees is a top priority. We invest holistically in our people, prioritising their growth and wellbeing while cultivating conducive work environments where they feel supported to thrive. This culture of care also flows outward, as we provide platforms for our employees to contribute positively to the community and environment, empowering our collective ability to create shared value.

Performance

1. Employee Engagement Survey

Promoting our people’s wellbeing and building a fulfilling work culture starts with listening to what matters most. To this end, consistent engagement anchored in empathy sits at the heart of our approach. We gain valuable insights through frequent touchpoints like our Nestlé & I Survey, supplemented by interim pulse checks. These channels help us understand evolving priorities and spotlight opportunities to further enrich our culture and employee experience.

Reflecting this, based on our 2022 findings, our 2023 Pulse Survey assessed the core areas of career mobility and advancement, collaboration and teamwork, development, diversity and inclusion, efficiency, engagement, leadership, retention, safety and workplace environment, and wellbeing. With a participation rate of 99% comprising 1,649 management employees across Malaysia, the results of the survey highlighted the following key areas:

Standout Attributes	Focus Areas To Maintain	Focus Areas To Improve
<ul style="list-style-type: none"> Engagement – Employees are proud of their jobs and the Company Safety & Workplace Environment – Employees feel that their People Managers are vigilant in ensuring workplace safety. Diversity and Inclusion – Employees feel respected and treated equally, regardless of background. Talent Development – Employees value People Managers’ support and role in development opportunities. 	<ul style="list-style-type: none"> Diversity and Inclusion - Fostering a more inclusive workplace, where different perspectives and experiences are valued, and respected. Career Advancement - Opportunity to support and drive employees’ career growth by providing career clarity, promote transparency and enabling the necessary development opportunities to grow. Retention - Continue to promote a stable, engaged, and high-performing workforce across all sites, Business Units, and Functions. 	<ul style="list-style-type: none"> Efficiency - Opportunity to improve on work processes, timeliness in decision making, and adaptability. Wellbeing - Opportunity to review workload distribution and support employee’s work-life balance.

Equipped with this actionable feedback, efforts are underway to develop a two-pronged plan for corporate-level and function-specific actions to address relevant focus areas based on the findings of the survey.



2. Nestlé Cares Employee Volunteer Programme

We believe that caring for community starts from within. To this end, under our Nestlé Cares umbrella, we actively cultivate a vibrant culture of volunteerism, empowering employees to make a hands-on positive impact. On an annual basis, each employee receives 16 working hours to help social and environmental causes close to their hearts. From participating in community outreach initiatives to conserving local natural ecosystems, our people contribute their time, passion and talents to uplift those in need. These volunteer activities not only create shared value for people and planet, but also foster greater camaraderie, purpose and leadership skills internally.

Nestlé Cares Nationwide Tree Planting

Our dedication to environmental conservation is reflected through Project RELeaf, which aims to plant 3 million trees by 2025 as part of our broader objective to achieve net-zero carbon emissions by 2050. Providing opportunities for our people to contribute to our sustainability goals, our Nestlé Cares volunteers alongside our partners TDMP and SDP took part in a Tree Planting Day to plant 7,000 seedlings. In conjunction with World Environment Day, this collaborative effort spanned five strategic locations simultaneously, namely SDP's estates in Carey Island in Selangor, Gunung Mas in Johor, Tenom in Sabah and Hutan Simpan Bukit Bintang in Perlis, as well as TDMP's Jernih Estate in Terengganu. This initiative marked a milestone by engaging the highest number of participants – 450 in total – for a single planting event in recent years, as well as setting a new record for the most seedlings planted during a Nestlé Cares activity.



NorFa'izan Hashim, Head of Corporate Communications of TDM Berhad together with Yong Lee Keng, Agriculture Services Manager at the Nestlé Cares Nationwide Tree Planting Event in Terengganu.



Juan Aranols alongside Nestlé Cares volunteers, participating in the Underwater Clean Up.

Nestlé Cares Nationwide Beach and Underwater Clean Up

Reflecting our commitment to net zero emissions and plastic neutrality, every year our Nestlé Cares volunteers come together to clean up beaches across Malaysia in conjunction with World Clean Up Day. Through this annual initiative, we are able to showcase the importance of civic responsibility to protect natural ecosystems, while instilling a mindset of responsible waste management behaviour.

In 2023, two tonnes of waste were collected from eight beaches nationwide through the efforts of 400 Nestlé Cares volunteers, also joined by representatives from the Malaysia External Trade Development Corporation and the Ministry of Natural Resources, Environment and Climate Change. We continued to extend our efforts beneath the waves, with Nestlé Cares volunteers and our CEO conducting underwater clean-ups at two locations, namely Perhentian Island, Terengganu, and Mabul Island, Sabah, where the cleaning of corals also took place.

Since 2019, this initiative has diverted over 14 tonnes of waste from polluting oceans and landfills. All collected waste is sent to specialised ocean-bound recyclers for separating, recycling or safe disposal, ensuring nothing ends up in landfills or the ocean.

Nestlé Cares Nationwide Flood Aid

Strengthening our existing partnership with MRCS and building on our flood relief efforts in previous years, in 2023 we established our Nestlé Cares Nationwide Flood Aid programme. Aimed at extending much-needed aid to those affected by floods during the monsoon season, this is part of our commitment to supporting communities in need.

During the year, 150 Nestlé Cares and MRCS volunteers come together to assemble 4,000 boxes of food relief packs. Volunteers also travelled to flood-affected regions to distribute the food relief packs to impacted individuals and families in Temporary Relocation Centres and communities in the East Coast. Apart from this, MILO and MAGGI trucks were also stationed at relief centres to offer complimentary drinks and food.



Packing Food Aid Relief boxes for families affected by the floods.

5







Employee Compensation and Benefits

Commitment:

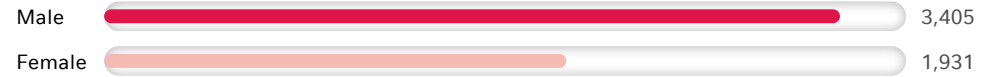
Ensure all our employees receive fair and competitive compensation

Reflecting our efforts to foster a culture of care, we provide compensation and benefits that help enrich quality of life. This applies to both permanent and contract-based employees, with benefits spanning key areas.

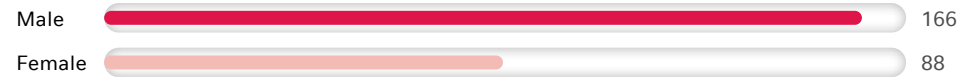
Based on employment status, benefits provided to employees include the following:


Fixed and short-term bonuses 	Staff purchase discount for Nestlé products 
Health insurance coverage 	Outpatient and in-patient medical coverage 
Additional employer contribution to the Employees Provident Fund 	Higher annual leave allocation against industry benchmark 

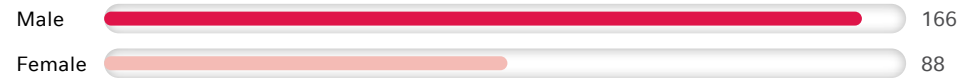
Total number of employees that are entitled to parental leave by gender 




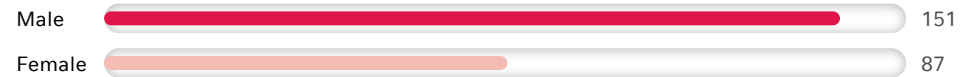
Total number of employees that took parental leave by gender 



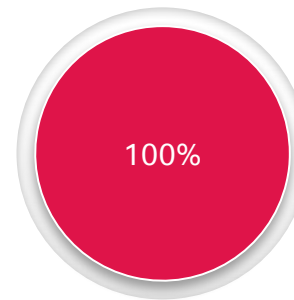
Total number of employees that returned to work after parental leave ended by gender 



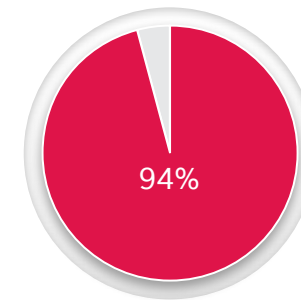
Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work 



Return to work rate (%)



Retention rate (%)



6

Employee Relations

Commitment:

Ensure fair treatment of employees and foster effective engagements with mutual trust and transparency

Trust, mutual respect and open communications anchor our organisational culture. In accordance with the [Nestlé Employee Relations Policy](#), we strive to cultivate a working environment where all our people feel heard, valued and engaged. This framework also guides us in upholding positive relations with trade unions and representatives, collectively championing employee welfare through constructive dialogue.

Collective Bargaining and Freedom of Association

Upholding fundamental human rights, we continue to be staunch proponents of freedom of association and collective bargaining. Employees can exercise such rights through their chosen platforms, helping to eliminate forced labour risks.

We proactively collaborate and strive to maintain positive relations with trade unions which are critical for safeguarding employee welfare. Alongside this, our employee representatives welcome transparent discussions to solve issues fairly in employees’ best interests.

Performance

Our collective bargaining agreements are as follows:

- The Collective Bargaining Agreement 2022-2024 with the National Union of Commercial Workers (NUCW) was signed on 23 November 2022 and remains in effect until the end of 2024.
- The Collective Bargaining Agreement 2023-2025 with the Food Industry Employees’ Union (FIEU) was signed on 3 July 2023.

Our Collective Bargaining Agreements which are available on our intranet clearly outline the salaries and wage schedule for non-management employees. Our minimum hiring wage is aligned with the Minimum Wages Order 2022.

Currently, 3,395 employees comprising 66% of our total workforce are covered by Collective Bargaining Agreements.

Performance Data

Description	2021	2022	2023
Employees covered by collective bargaining agreement (%)	64	62 [^]	66

[^] Small reduction in headcount due to employment turnover.

Outlook

Leveraging the results of our Pulse Survey in 2023, our Nestlé Leadership Team and cross-functional working groups are tackling the identified key focus areas to further enrich employee engagement and experience. We also plan to continue expanding diversity, equity and inclusion programmes such as differently-abled internships.

Meanwhile, relevant learning platforms will nurture personal and professional development. Our goal is building a high-performance, caring culture enabling all talent to thrive.





ETHICAL BUSINESS

Background

Earning stakeholders' enduring trust compels us to act with integrity always, while ensuring that we deliver on commitments. Our Company's purpose, values, [NCBP](#) and [Code of Business Conduct](#) provide ethical guardrails, guiding us to uphold regulations and societal expectations.

Grounded in integrity, our commitment to ethical conduct and compliance empowers us to navigate complex landscapes while staying true to our role of being a force for good.

Approach

Our approach to ethical business comprises the following areas:

1

Business Ethics and Compliance

2

Managing Data Responsibly and Ethically

1

Business Ethics and Compliance

Commitment:

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

Our robust Compliance Programme serves as a guiding compass for our people to make ethically-sound decisions, reinforcing the trusted reputation that we have built. Rigorous internal controls such as our CARE audits track internal compliance, enabling us to address gaps promptly. Ensuring adherence to relevant regulations, our [NCBP](#) and [Code of Business Conduct](#), we adopt an integrated risk-based approach, assessing end-to-end value chain risks to uphold integrity across our operations. In 2023, we recorded zero instances of significant non-compliance with laws and regulations, whereby significant refers to acts of non-compliance that result in a monetary sanction.

Performance

1. Anti-Corruption

To remain resilient against risks of corruption and misconduct, we have identified key areas which are considered to be at high risk of corruption by virtue of dealings with third parties. To address these high-risk areas, we have put in place robust anti-corruption measures, including the Nestlé Malaysia Anti-Corruption Gifts and Entertainment Guidelines (for Employees) and the [Nestlé Malaysia Anti-Corruption, Gifts and Entertainment Guidelines \(For Customers and Suppliers\)](#) that all our employees and partners in our value chain must adhere to. The latter policy is made available for reference on the Nestlé website. The anti-corruption measures which we have in place are not confined to certain departments but across the entire organisation and our suppliers, acting as a control mechanism to mitigate risks of corruption and misconduct.

Our policies establish stringent internal controls, processes and procedures protecting us against corporate liability under Section 17A of the Malaysian Anti-Corruption Commission Act 2009. To date, we remained at zero corruption incidents recorded.

In 2023, we continued to undertake reviews and improve compliance mechanisms, including those surrounding the area of sponsorships. Having conducted an internal review of Company-wide practices at the end of 2022, the Group identified gaps in implementation of the Anti-Corruption Guidelines and sought to strengthen compliance in such areas. Our training programmes also enable us to reinforce our compliance capabilities, with e-Learning modules on anti-corruption featured in onboarding for all new hires as well as refresher training modules provided for all employees. This was accompanied by awareness creation activities to commemorate International Anti-Corruption Day.

Description	2021	2022	2023
Anti-Corruption Mandatory Training Completion Rate by Employee Category (%)			
Management	6*	7*	99#
Non-management	3*	2*	81#

* Data only covers number of new employees by category who joined the company in 2021 and 2022 respectively.

A company-wide refresher training on anti-corruption was conducted in 2023.

2. Anti-Discrimination

We advocate for fairness, respect and equal opportunities for all, regardless of background, nationality, religion, race, gender, age or sexual orientation. Reflecting our zero-tolerance approach to discrimination and harassment, we maintained our track record of zero reported incidents of discrimination in 2023.

3. Grievance Mechanisms and Remediation

A whistle-blowing channel which facilitates reporting of issues without retaliation is critical to effectively address gaps and ensure accountability in our organisation. To this end, our grievance mechanisms enable employees and partners in the value chain to safely report potential misconduct without fear of retaliation.

Our 'Speak Up' platform, a confidential reporting system managed by an independent third party, provides a vital outlet for any non-compliance concerns, allowing for anonymous reporting by both employees and external stakeholders to safeguard whistleblowers. This enables us to assess concerns impartially and address substantiated issues through appropriate corrective actions if necessary. In 2023, 26 reported non-compliance matters were reviewed and resolved through reaching an equitable resolution.



2

Managing Data Responsibly and Ethically

Commitment:

Enhance a culture of integrity across the organisation

Recognising that safeguarding personal data and respecting digital privacy is key for both internal and external stakeholders, our [NCBP](#), Nestlé Privacy Policy, Nestlé Privacy Standard and Nestlé Malaysia Personal Data Guidelines provide transparency on how data is utilised, while granting individuals control over personal information to align with evolving expectations. We avoid unethical usage risks that may infringe rights or cause harm, instead adding value ethically through consumer insights.

As digitalisation continues to ramp up globally, fortifying privacy measures becomes more vital in securing the trust of stakeholders. Through stringent cybersecurity protocols, we uphold robust protections on sensitive information adhering to best practices, pre-empting external and internal threats. More details can be found on our website's [Privacy Notice](#). In 2023, we recorded zero reported breaches in data privacy, affirming the integrity of the safeguards we have in place.

Outlook

Guided by our strict ethical code, we continually strive to uplift our culture of integrity, transparency and accountability. This conscious commitment to uphold our trusted reputation ensures that we are well-positioned to drive sustainable growth.



CSV Key Performance Data

Description	2021	2022	2023
ECONOMIC			
Operational Footprint			
Number of factories	6	6	6
Value Generation (RM'000)			
Total sales for Malaysia	5,733,816	6,664,145	7,050,879
Value Distribution (RM'000)			
Turnover	5,733,816	6,664,145	7,050,879
Operating costs	1,175,819	1,157,954	1,291,667
Taxes	182,006	239,143	219,223
Net Profit	569,811	620,334	659,870
Earnings per share (sen)	242.99	264.53	281.39
Net Dividends per share (sen)	242.00	262.00	268.00
Dividend Yield	1.8	1.9	2.3
CONTRIBUTING TO NUTRITIOUS AND SUSTAINABLE DIETS			
Products displaying the Nestlé Nutritional Compass	98	98	-*
Products with Guideline Daily Amount (GDA) labelling	94	92	-*
Number of products certified with Healthier Choice Logo	36	40	41
Nestlé for Healthier Kids Programme (Number of students involved)	24,986	24,704	25,726
Halal@School programme (Number of students involved)	0 [#]	961	1,127



CSV Key Performance Data

Description	2021	2022	2023
HELPING TO PROTECT, RENEW AND RESTORE NATURAL RESOURCES			
Total amount of energy per tonne (GJ/tonne)	3.62	3.59	3.77
Total energy consumption (GJ) ⁺	1,401,829	1,435,995	1,381,943
Total water withdrawal from all areas (ML)	1,386 ^A	1,392 ^A	1,300
Total volume of water used (ML) ⁺	829	828	864
Total waste generated (tonnes)	26,783 ^B	28,264 ^B	28,599
Total waste diverted to disposal (Hazardous waste disposed of off-site by legal third-party vendor) (tonnes) ⁺	35.50	46.90	34.10
Total waste diverted from disposal (tonnes) ⁺	26,748 ^C	28,217 ^C	28,565
Waste recycled off-site (tonnes)	11,780	12,653 ^D	10,990
Specific GHG reductions (%)	(3.47) ^E	45.7 ^E	(0.73)
Scope 1 emissions in tonnes of CO ₂ e ⁺	60,180 ^G	59,428 ^H	51,659
Scope 2 emissions in tonnes of CO ₂ e ⁺	62,305 ^G	- ^F	-^F
Scope 3 emissions in tonnes of CO ₂ e ⁺	11,489 ^G	10,913	19,211
Project RELeaf - Number of trees planted	236,508	476,055	853,946
Plastic collection volume (tonnes)	493	3,424	6,865

Description	2021	2022	2023
STRENGTHENING COMMUNITIES			
Nestlé Paddy Club			
Number of farmers purchased from NPC			
i. Jan - Feb	235	215	201
ii. Aug - Sept	228	197	192
Average yield (MT/ha)			
i. Jan - Feb	5.31	5.86	4.52
ii. Aug - Sept	6.13	4.34	5.22
Total number of hectares			
i. Jan - Feb	647	604	590
ii. Aug - Sept	627	574	561
Nestlé Chilli Club			
i. Number of farmers purchased from NCC	93	73	52
ii. Total volume of chilli purchased from NCC (MT)	300.5	237.4	218.1
iii. Total number of hectares	-	-	-
iv. Number of suppliers screened on Nestlé Responsible Sourcing Standards (Tier Supplier)	67	55	75
Total amount invested in the community where the target beneficiaries are external to the listed issuer (RM'000,000)	12	15	13
Total number of beneficiaries of the investment in communities*	- ⁰	- ⁰	- ⁰
Proportion of spending on local suppliers(%)*	30 ^M	30 ^M	30 ^M



CSV Key Performance Data

Description	2021	2022	2023
OPERATING RESPONSIBLY			
Total number of employees	5,253	5,391	5,336
Percentage of Senior Leadership positions by gender (%) - male ⁺	59	57	53
Percentage of Senior Leadership positions by gender (%) - female ⁺	41	43	47
Percentage of Leadership positions by gender (%) - male ⁺	52	48	47
Percentage of Leadership positions by gender (%) - female ⁺	48	52	53
Leadership positions held by Nestlé Malaysia's Board of Directors (%) - male ⁺	63	63	63
Leadership positions held by Nestlé Malaysia's Board of Directors (%) - female ⁺	37	37	37
Senior Leadership positions held by age group (%) - Below 30 years old ⁺	0	0	0
Senior Leadership positions held by age group (%) - 30 - 50 years old ⁺	51	55	59
Senior Leadership positions held by age group (%) - Above 50 years old ⁺	49	45	41
Leadership positions held (%) - Below 30 years old ⁺	1	0	0
Leadership positions held (%) - 30 - 50 years old ⁺	81	80	80
Leadership positions held (%) - Above 50 years old ⁺	18	20	20
Leadership positions held by Nestlé Malaysia's Board of Directors (%) - Below 30 years old ⁺	0	0	0
Leadership positions held by Nestlé Malaysia's Board of Directors (%) - 30 - 50 years old ⁺	0	0	0
Leadership positions held by Nestlé Malaysia's Board of Directors (%) - Above 50 years old ⁺	100	100	100
Total spent on training and development annually (RM)	385,000	1,207,841	2,306,805
Percentage of male employees (%) - Management ⁺	45.53	43.97	42.36
Percentage of male employees (%) - Non-management ⁺	72.69	73.15	74.36
Percentage of female employees (%) - Management ⁺	54.47	56.03	57.64
Percentage of female employees (%) - Non-management ⁺	27.31	26.85	25.64
Percentage of management employees by age group (%) - Below 30 years old ⁺	24.27	23.78	24.80
Percentage of management employees by age group (%) - 30 - 50 years old ⁺	66.00	67.04	64.64
Percentage of management employees by age group (%) - Above 50 years old ⁺	9.73	9.19	10.56
Percentage of non-management employees by age group (%) - Below 30 years old ⁺	16.21	15.42	17.28
Percentage of non-management employees by age group (%) - 30 - 50 years old ⁺	73.42	74.20	70.35
Percentage of non-management employees by age group (%) - Above 50 years old ⁺	10.37	10.39	12.37
Number of work-related fatalities ⁺	0	0	0
Lost time injury frequency rate ⁺	1.1	0.6 ^J	1.3

Description	2021	2022	2023
OPERATING RESPONSIBLY			
Number of employees trained on health and safety standards*	547	650	317
Total hours of training by employee category - management*	11,546	8,719	13,165
Total hours of training by employee category - non-management*	17,738	11,645	13,462
Percentage of employees that are contractors or temporary staff (%)*	7	9	8
Total number of employee turnover by employee category - management*	122	174	96
Total number of employee turnover by employee category - non-management*	146	222	64
Number of substantiated complaints concerning human rights violations*	0	0	0
Employees covered by collective bargaining agreements (%)	64	62	66
Percentage of employees who have received training on anti-corruption by employee category (%) - management*	6 ^K	7 ^K	99 ^L
Percentage of employees who have received training on anti-corruption by employee category (%) - non-management*	3 ^K	2 ^K	81 ^L
Percentage of operations assessed for corruption-related risks*	100 ^N	100 ^N	100 ^N
Confirmed incidents of corruption and action taken*	0	0	0
Number of substantiated complaints concerning breaches of customer privacy and losses of customer data*	0	0	0

* Given that the tracking for number of products displaying the Nestlé Nutritional Compass (NNC) has been discontinued, we have chosen to omit disclosing the number of products displaying the NNC from 2023.

~ Given that the tracking for number of products with GDA has been discontinued, we have chosen to omit disclosing the number of products with GDA from 2023.

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

A Recalculation of 2021 and 2022 total water withdrawal from all areas. For more details on Water Withdrawal, refer to page 64 of this Report.

B Recalculation of 2021 and 2022 total waste generated. For more details on Waste Management and Materials Consumption, refer to page 59 of this Report.

C Recalculation of 2021 and 2022 total waste diverted from disposal. For more details on Waste Management and Materials Consumption, refer to page 59 of this Report.

D Recalculation of 2022 waste recycled off-site. For more details on Waste Management and Materials Consumption, refer to page 59 of this Report.

E Recalculation of 2021 and 2022 specific GHG reductions. For more details on Emissions, refer to page 54 of this Report.

F Zero emissions in our Scope 2 indirect emissions as result of the subscription to the Green Electricity Tariff Programme by Tenaga Nasional Berhad and the Renewable Energy Certificate by Sarawak Energy Berhad (SEB).

G Recalculation of total direct and indirect GHG emissions in 2021 and 2022. For more details on Managing Our Carbon Footprint in Manufacturing and Distribution, refer to pages 54 and 55 of this Report.

H Recalculation of total direct GHG emissions Scope 1 in 2022. For more details on Managing Our Carbon Footprint in Manufacturing and Distribution, refer to page 55 of this Report.

I Nestlé Malaysia purchases 100% of paddy from local farmers through collaboration with cooperatives, while purchasing sustainable palm oil through Sime Darby Edible Oil Berhad.

J Correction of data for 2022 Lost Time Injury Frequency Rate.

K Data only covers number of new employees by category who joined the company in year 2021 and 2022 respectively. For more details on Business Ethics and Compliance, refer to page 113 of this Report.

L A company-wide refresher training on anti-corruption was conducted in 2023. For more details on anti-corruption, refer to page 113 of this Report.

M Data is an estimation by Nestlé Malaysia's procurement department on the proportion of supplies purchased from local suppliers.

N The operations of Nestlé (Malaysia) Berhad are assessed against the key high-risk areas identified.

O Information on total number of beneficiaries of the investment in communities is not available. Nestlé will work on collating the relevant data and information.

+ Disclosure in accordance to the [Sustainability Reporting Guide issued by Bursa Malaysia Securities Berhad](#).



GRI Content Index

Statement of Use	Nestlé (Malaysia) Berhad has reported in accordance with the GRI Standards for the period 1 January 2023 to 31 December 2023.
GRI 1 Used	GRI 1: Foundation 2021

GRI STANDARD	DISCLOSURE	LOCATION
GRI 2: General Disclosures 2021	2-1 Organisational details	NiS: Inside This Report, p1 NiS: Basis of This Report, p2 NiS: Fast Facts, p3
	2-2 Entities included in the organisation's sustainability reporting	NiS: Basis of This Report, p2
	2-3 Reporting period, frequency and contact point	NiS: Basis of This Report, p2 NiS: Report Back Cover
	2-4 Restatements of information	Significant restatements of data compared to prior years are noted in the sections where they appear throughout the NiS.
	2-5 External assurance	NiS: Basis of This Report, p2 NiS: Independent Assurance Report, p152-153 CGFR: Audit and Risks Committee Report, p32
	2-6 Activities, value chain and other business relationships	NiS: Inside This Report, p1 NiS: Fast Facts, p3 Information on other relevant business relationships were not disclosed due to the confidentiality of such information.
	2-7 Employees	NiS: Our People, Diversity and Inclusion, p107 Information on non-guaranteed hours employees, full-time employees, part-time employees and methodologies and assumptions used is not available. Nestlé will work on collating the relevant data and information.
	2-8 Workers who are not employees	Information on workers who are not employees is not available. Nestlé will work on collating the relevant data and information.
	2-9 Governance structure and composition	NiS: Creating Shared Value Governance, p10-11 AR: Our Business, Nestlé Leadership Organisation Structure, p7 CGFR: Corporate Governance Overview Statement, p6, 11, 15
	2-10 Nomination and selection of the highest governance body	CGFR: Corporate Governance Overview Statement, p18-19
	2-11 Chair of the highest governance body	AR: Our Leadership, p46-57
	2-12 Role of the highest governance body in overseeing the management of impacts	NiS: Creating Shared Value Governance, p10-11 CGFR: Corporate Governance Overview Statement, p11, 17, 25
	2-13 Delegation of responsibility for managing impacts	NiS: Creating Shared Value Governance, p10-11
	2-14 Role of the highest governance body in sustainability reporting	NiS: Creating Shared Value Governance, p10
	2-15 Conflicts of interest	CGFR: Corporate Governance Overview Statement, p7-9, 15, 19, 22-23, 26-27, 29
	2-16 Communication of critical concerns	CGFR: Corporate Governance Overview Statement, p15 Information on the total number of critical concerns and nature of the critical concerns that was communicated to the Board are not available. Nestlé will work on collating the relevant data and information.
	2-17 Collective knowledge of the highest governance body	CGFR: Corporate Governance Overview Statement, p20

GRI STANDARD	DISCLOSURE	LOCATION
GRI 2: General Disclosures 2021	2-18	Evaluation of the performance of the highest governance body CGFR: Corporate Governance Overview Statement, p25
	2-19	Remuneration policies CGFR: Corporate Governance Overview Statement, p25-26 Compensation Policy
	2-20	Process to determine remuneration CGFR: Corporate Governance Overview Statement, p25 Nestlé will work on collating data and information on the results of voting by stakeholders on the remuneration policies and proposals for future disclosure.
	2-21	Annual total compensation ratio Annual total base pay for CEO (RM): 1,485,063.00 Median annual total compensation for all employees (excluding CEO) (RM): 50,652.00 Ratio of annual total compensation for CEO to median total annual compensation for all employees: 29.3 In 2023, 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 0.4
	2-22	Statement on sustainable development strategy NiS: Message from Our Chairman and Our CEO, pg4-7 NiS: Creating Shared Value, p8-9
	2-23	Policy commitments NiS: Empowerment Towards Healthier Lifestyles and Responsible Marketing, Responsible Marketing and Advertising, p42 NiS: Our People, Employee Relations, p111 NiS: Ethical Business, Managing Data Responsibly and Ethically, p114 NiS: Creating Shared Value, p8 NiS: Creating Shared Value Governance, p10
	2-24	Embedding policy commitments NiS: Creating Shared Value, Our Purpose, pg8 NiS: Our People, Employee Relations, p111 NiS: Our People, Training and Development, p101-103
	2-25	Processes to remediate negative impacts NiS: Ethical Business, Business Ethics and Compliance, p113 Nestlé will work on collating data and information on other remediation processes provided, feedback of stakeholders on the grievance mechanisms and the effectiveness of the grievance mechanisms for future disclosure.
	2-26	Mechanisms for seeking advice and raising concerns NiS: Ethical Business, Business Ethics and Compliance, p113
	2-27	Compliance with laws and regulations NiS: Ethical Business, Business Ethics and Compliance, p113
	2-28	Membership associations The Company deems our membership in the associations below as strategic: 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)
	2-29	Approach to stakeholder engagement NiS: Stakeholder Engagement and Material Issues, p12-17
	2-30	Collective bargaining agreements NiS: Our People, Employee Relations, p111 Information on employees not covered by any collective bargaining agreements is not available. Nestlé will work on collating the relevant data and information.



GRI STANDARD	DISCLOSURE	LOCATION
GRI 3: Material Topics 2021	3-1 Process to determine material topics	NiS: Stakeholder Engagement and Material Issues, p12-17
	3-2 List of material topics	NiS: Stakeholder Engagement and Material Issues, p17-21
Climate Change		
GRI 3: Material Topics 2021	3-3 Management of material topics	NiS: Material Issues and Associated ESG Risks and Opportunities, p18 NiS: Climate and Nature, Managing Our Carbon Footprint in Manufacturing and Distribution, p53-55
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	NiS: Climate and Nature, Managing Our Carbon Footprint in Manufacturing and Distribution, p54
	305-2 Energy indirect (Scope 2) GHG emissions	NiS: Climate and Nature, Managing Our Carbon Footprint in Manufacturing and Distribution, p54
	305-3 Other indirect (Scope 3) GHG emissions	NiS: Climate and Nature, Managing Our Carbon Footprint in Manufacturing and Distribution, p54
	305-4 GHG emissions intensity	NiS: Climate and Nature, Managing Our Carbon Footprint in Manufacturing and Distribution, p54
	305-5 Reduction of GHG emissions	NiS: Climate and Nature, Managing Our Carbon Footprint in Manufacturing and Distribution, p54
	305-6 Emissions of ozone- depleting substances (ODS)	NiS: Climate and Nature, Managing Our Carbon Footprint in Manufacturing and Distribution, p54
	305-7 Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant air emissions	NiS: Climate and Nature, Managing Our Carbon Footprint in Manufacturing and Distribution, p55
Energy Efficiency		
GRI 3: Material Topics 2021	3-3 Management of material topics	NiS: Material Issues and Associated ESG Risks and Opportunities, p18 NiS: Climate and Nature, Reducing Energy Consumption, p56-57
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	NiS: Climate and Nature, Reducing Energy Consumption, p57
	302-2 Energy consumption outside of the organisation	NiS: Climate and Nature, Reducing Energy Consumption, p57
	302-3 Energy intensity	NiS: Climate and Nature, Reducing Energy Consumption, p57
	302-4 Reduction of energy consumption	NiS: Climate and Nature, Reducing Energy Consumption, p57
Water Efficiency		
GRI 3: Material Topics 2021	3-3 Management of material topics	NiS: Material Issues and Associated ESG Risks and Opportunities, p18
		NiS: Water, pg62
		NiS: Water, Water Efficiency, p63-64
		NiS: Water, Wastewater Treatment Plant, p65
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	NiS: Water, Water Efficiency, p63-64
		NiS: Water, Water Partnerships and Advocacy, p66-67
	303-2 Management of water discharge-related impacts	NiS: Water, Water Efficiency, p64
		NiS: Water, Wastewater Treatment Plant, p65
	303-3 Water withdrawal	NiS: Water, Water Efficiency, p63-64
303-4 Water discharge	NiS: Water, Water Efficiency, p64	
	NiS: Water, Wastewater Treatment Plant, p65	
303-5 Water consumption	NiS: Water, Water Efficiency, p64	

GRI STANDARD	DISCLOSURE	LOCATION
Waste Management		
GRI 3: Material Topics 2021	3-3 Management of material topics	NiS: Material Issues and Associated ESG Risks and Opportunities, p18 NiS: Climate and Nature, Minimising Manufacturing Waste, p68-59 NiS: Packaging and Circularity, p68-75
GRI 301: Materials 2016	301-1 Materials used by weight or volume	NiS: Climate and Nature, Minimising Manufacturing Waste, p59
	301-2 Recycled input materials used	NiS: Climate and Nature, Minimising Manufacturing Waste, p59
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	NiS: Climate and Nature, Minimising Manufacturing Waste, p58
	306-2 Management of significant waste-related impacts	NiS: Climate and Nature, Minimising Manufacturing Waste, p58
	306-3 Waste generated	NiS: Climate and Nature, Minimising Manufacturing Waste, p59
	306-4 Waste diverted from disposal	NiS: Climate and Nature, Minimising Manufacturing Waste, p59
	306-5 Waste directed to disposal	NiS: Climate and Nature, Minimising Manufacturing Waste, p59
Sustainable Packaging		
GRI 3: Material Topics 2021	3-3 Management of material topics	NiS: Material Issues and Associated ESG Risks and Opportunities, p18 NiS: Climate and Nature, Minimising Manufacturing Waste, p68-59 NiS: Packaging and Circularity, p68-75
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	NiS: Packaging and Circularity, p78-69, 71
	306-2 Management of significant waste-related impacts	NiS: Packaging and Circularity, p68-75
Biodiversity		
GRI 3: Material Topics 2021	3-3 Management of material topics	NiS: Material Issues and Associated ESG Risks and Opportunities, p18 NiS: Climate and Nature, Forest Positive, p60 NiS: Climate and Nature, Regenerative Agriculture, p61
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	Not applicable as all of our factories are located in Industrial Estates designated by the respective State Governments.
	304-2 Significant impacts of activities, products and services on biodiversity	NiS: Climate and Nature, Forest Positive, p60 NiS: Climate and Nature, Regenerative Agriculture, p61
	304-3 Habitats protected or restored	NiS: Climate and Nature, Forest Positive, p60
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	Not applicable as 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 in Environmental Sustainability



GRI STANDARD	DISCLOSURE	LOCATION
Nutrition, Health and Wellness		
GRI 3: Material Topics 2021	3-3 Management of material topics	NiS: Material Issues and Associated ESG Risks and Opportunities, p19 NiS: Contributing to Nutritious and Sustainable Diets, p28-49
GRI 417: Marketing and Labelling 2016	417-2 Incidents of non-compliance concerning product and service information and labelling	NiS: Empower Malaysians to Adopt Healthier Lifestyles, Abiding by Responsible Marketing Practices, Responsible Marketing and Advertising, p42 NiS: Empower Malaysians to Adopt Healthier Lifestyles, Abiding by Responsible Marketing Practices, Responsible Marketing of Breast-Milk Substitutes, p43
	417-3 Incidents of non-compliance concerning marketing communications	NiS: Empower Malaysians to Adopt Healthier Lifestyles, Abiding by Responsible Marketing Practices, Responsible Marketing and Advertising, p42 NiS: Empower Malaysians to Adopt Healthier Lifestyles, Abiding by Responsible Marketing Practices, Responsible Marketing of Breast-Milk Substitutes, p43
Supporting Healthier Lifestyle		
GRI 3: Material Topics 2021	3-3 Management of material topics	NiS: Material Issues and Associated ESG Risks and Opportunities, p19 NiS: Empower Malaysians to Adopt Healthier Lifestyles, Abiding by Responsible Marketing Practices, Encouraging Healthy Cooking, Eating and Lifestyles, p39-41
Food Safety and Quality		
GRI 3: Material Topics 2021	3-3 Management of material topics	NiS: Material Issues and Associated ESG Risks and Opportunities, p19 NiS: Empower Malaysians to Adopt Healthier Lifestyles, Abiding by Responsible Marketing Practices, Product Safety and Quality, p44-45
GRI 416: Customer Health and Safety 2016	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	NiS: Empower Malaysians to Adopt Healthier Lifestyles, Abiding by Responsible Marketing Practices, Product Safety and Quality, p44.
Halal		
GRI 3: Material Topics 2021	3-3 Management of material topics	NiS: Material Issues and Associated ESG Risks and Opportunities, p19 NiS: Empower Malaysians to Adopt Healthier Lifestyles, Abiding by Responsible Marketing Practices, Our Halal Commitment, p45-47
Innovation		
GRI 3: Material Topics 2021	3-3 Management of material topics	NiS: Material Issues and Associated ESG Risks and Opportunities, p19 NiS: Offer Tasty and Nutritious Food, Enhancing Biomedical Science Through Nutritional Therapy, p35
Responsible Product Marketing and Advertising		
GRI 3: Material Topics 2021	3-3 Management of material topics	NiS: Material Issues and Associated ESG Risks and Opportunities, p20 NiS: Empower Malaysians to Adopt Healthier Lifestyles, Abiding by Responsible Marketing Practices, Responsible Marketing and Advertising, p42 NiS: Empower Malaysians to Adopt Healthier Lifestyles, Abiding by Responsible Marketing Practices, Responsible Marketing of Breast-Milk Substitutes, p43
GRI 417: Marketing and Labelling 2016	417-2 Incidents of non-compliance concerning product and service information and labelling	NiS: Empower Malaysians to Adopt Healthier Lifestyles, Abiding by Responsible Marketing Practices, Responsible Marketing and Advertising, p42 NiS: Empower Malaysians to Adopt Healthier Lifestyles, Abiding by Responsible Marketing Practices, Responsible Marketing of Breast-Milk Substitutes, p43
	417-3 Incidents of non-compliance concerning marketing communications	NiS: Empower Malaysians to Adopt Healthier Lifestyles, Abiding by Responsible Marketing Practices, Responsible Marketing and Advertising, p42 NiS: Empower Malaysians to Adopt Healthier Lifestyles, Abiding by Responsible Marketing Practices, Responsible Marketing of Breast-Milk Substitutes, p43

GRI STANDARD	DISCLOSURE	LOCATION
Sustainable Supply Chain and Distribution		
GRI 3: Material Topics 2021	3-3 Management of material topics	NiS: Material Issues and Associated ESG Risks and Opportunities, p20 NiS: Produced Sustainably, p78-85
GRI 308: Supplier Environmental Assessment 2016	308-2 Negative environmental impacts in the supply chain and actions taken	NiS: Produced Sustainably, p79
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programmes	NiS: Produced Sustainably, Sustainable Sourcing, p79-82
GRI 414: Supplier Social Assessment 2016	414-2 Negative social impacts in the supply chain and actions taken	NiS: Produced Sustainably, p79
Human Rights		
GRI 3: Material Topics 2021	3-3 Management of material topics	NiS: Material Issues and Associated ESG Risks and Opportunities, p20 NiS: Human Rights, p86-88
Rural Development and Empowerment		
GRI 3: Material Topics 2021	3-3 Management of material topics	NiS: Material Issues and Associated ESG Risks and Opportunities, p20 NiS: Youth Opportunities, Nestlé Needs YOUth Initiative, p90-95
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programmes	NiS: Youth Opportunities, Nestlé Needs YOUth Initiative, p90-95
Diversity and Inclusion		
GRI 3: Material Topics 2021	3-3 Management of material topics	NiS: Material Issues and Associated ESG Risks and Opportunities, p21 NiS: Our People, Diversity and Inclusion, p99-100
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	NiS: Our People, Diversity and Inclusion, p100
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	NiS: Our People, Employee Compensation and Benefits, p110
	401-3 Parental leave	NiS: Our People, Employee Compensation and Benefits, p110
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	NiS: Our People, Diversity and Inclusion, p100
Training and Development		
GRI 3: Material Topics 2021	3-3 Management of material topics	NiS: Material Issues and Associated ESG Risks and Opportunities, p21 NiS: Our People, Training and Development, p101-103
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	NiS: Our People, Training and Development, p103
	404-2 Programmes for upgrading employee skills and transition assistance programmes	NiS: Our People, Training and Development, p101-103
	404-3 Percentage of employees receiving regular performance and career development reviews	NiS: Our People, Training and Development, p103

GRI STANDARD	DISCLOSURE	LOCATION
Employee Health and Safety		
GRI 3: Material Topics 2021	3-3 Management of material topics	NiS: Material Issues and Associated ESG Risks and Opportunities, p21 NiS: Our People, Safety, Health and Wellbeing, p104-107
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	NiS: Our People, Safety, Health and Wellbeing, p104-105
	403-2 Hazard identification, risk assessment, and incident investigation	NiS: Our People, Safety, Health and Wellbeing, p104-105
	403-3 Occupational health services	NiS: Our People, Safety, Health and Wellbeing, p104-106
	403-4 Worker participation, consultation, and communication on occupational health and safety	NiS: Our People, Safety, Health and Wellbeing, p104-106
	403-6 Promotion of worker health	NiS: Our People, Safety, Health and Wellbeing, p106
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	NiS: Our People, Safety, Health and Wellbeing, p104-106
	403-8 Workers covered by an occupational health and safety management system	NiS: Our People, Safety, Health and Wellbeing, p105
	403-9 Work-related injuries	NiS: Our People, Safety, Health and Wellbeing, p107
Industry Engagement and Collaboration		
GRI 3: Material Topics 2021	3-3 Management of material topics	NiS: Material Issues and Associated ESG Risks and Opportunities, p21 NiS: Empower Malaysians to Adopt Healthier Lifestyles, Abiding by Responsible Marketing Practices, Encouraging Healthy Cooking, Eating and Lifestyles, p39-40 NiS: Empower Malaysians to Adopt Healthier Lifestyles, Abiding by Responsible Marketing Practices, Our Halal Commitment, p45-47 NiS: Climate and Nature, Forest Positive, p60 NiS: Packaging and Circularity, p68-75
Integrity and Governance		
GRI 3: Material Topics 2021	3-3 Management of material topics	NiS: Material Issues and Associated ESG Risks and Opportunities, p21 NiS: Ethical Business, Business Ethics and Compliance, p113
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	NiS: Ethical Business, Business Ethics and Compliance, p113 Nestlé Malaysia Gifts and Entertainment Guideline
	205-3 Confirmed incidents of corruption and actions taken	NiS: Ethical Business, Business Ethics and Compliance, p113
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	NiS: Ethical Business, Business Ethics and Compliance, p113
Data Privacy and Security		
GRI 3: Material Topics 2021	3-3 Management of material topics	NiS: Material Issues and Associated ESG Risks and Opportunities, p21 NiS: Ethical Business, Managing Data Responsibly and Ethically, p114
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	NiS: Ethical Business, Managing Data Responsibly and Ethically, p114



IFRS S1 INDICATOR	IFRS S1 INDICATOR DESCRIPTION	LOCATION
Governance		
27 (a) (i)	How responsibilities for sustainability-related risks and opportunities are reflected in the terms of reference, mandates, role descriptions and other related policies applicable to that body(s) or individual(s).	NiS: Creating Shared Value Governance, p10 - 11
27 (a) (ii)	How the body(s) or individual(s) determined whether appropriate skills and competencies will be developed to oversee strategies designed to respond to sustainability-related risks and opportunities.	Corporate Governance Report, Practice 4.3
27 (a) (iii)	How and how often the body(s) or individual(s) is informed about sustainability-related risks and opportunities.	NiS: Creating Shared Value Governance, p10
27 (b) (i)	Whether the role is delegated to a specific management-level position or management-level committee and how oversight is exercised over that position or committee.	NiS: Creating Shared Value Governance, p10 - 11
27 (b) (ii)	Whether management uses controls and procedures to support the oversight of sustainability-related risks and opportunities and, if so, how these controls and procedures are integrated with other internal functions.	NiS: Creating Shared Value Governance, p10 - 11
Strategy		
30 (a)	Describe the sustainability-related risks and opportunities that could reasonably be expected to affect the organisation's prospects.	NiS: Stakeholder Engagement and Material Issues, p18 – 21 CGFR: Statement on Risk Management and Internal Control, p35
33 (a)	How the organisation has responded to, and plans to respond to, sustainability-related risks and opportunities in its strategy and decision-making.	NiS: Stakeholder Engagement and Material Issues, p18 – 21
Risk Management		
44 (a) (i)	The processes and related policies the organisation uses to identify, assess, prioritise and monitor sustainability-related risks, including information about the inputs and parameters the organisation uses (for example, information about data sources and the scope of operations covered in the processes).	CGFR: Statement on Risk Management and Internal Control, p34 – 38
44 (a) (v)	How the organisation monitors sustainability-related risks.	CGFR: Statement on Risk Management and Internal Control, p34
44 (c)	The extent to which, and how, the processes for identifying, assessing and prioritising and monitoring sustainability-related risks and opportunities are integrated into and inform the organisation's overall risk management process.	CGFR: Statement on Risk Management and Internal Control, p34
Metrics and Targets		
50 (b)	Whether the metric is an absolute measure, a measure expressed in relation to another metric or a qualitative measure (such as red, amber, green – or RAG – status).	NiS: Throughout the Report and CSV Key Performance Data, p115 - 116
50 (c)	Whether the metric is validated by a third party and, if so, which party.	NiS: Independent Assurance Report, p133 – 135
50 (d)	The method used to calculate the metric and the inputs to the calculation, including the limitations of the method used and the significant assumptions made.	NiS: Within Performance Data sections throughout the Report
51 (a)	The metric used to set the target and monitor progress towards reaching the target.	NiS: Helping to Protect, Renew and Restore Natural Resources, p53, 60, 69, 71 NiS: Strengthening Communities, p81
51 (b)	The specific quantitative or qualitative target the organisation has set or is required to meet.	NiS: Within Commitment sections throughout the Report
51 (c)	The period over which the target applies.	NiS: Helping to Protect, Renew and Restore Natural Resources, p53, 60, 69, 71
51 (d)	The base period from which progress is measured.	NiS: Helping to Protect, Renew and Restore Natural Resources, p53
51 (f)	Performance against each target and an analysis of trends or changes in the organisation's performance.	NiS: Within Performance sections throughout the Report

TCFD/IFRS S2 Content Index

TCFD/IFRS S2	INDICATOR DESCRIPTION	LOCATION
Governance		
TCFD & IFRS S2	How responsibilities for climate-related risks and opportunities are reflected in the terms of reference, mandates, role descriptions and other related policies applicable to that body(s) or individual(s).	NiS: Our Task Force on Climate-Related Financial Disclosures, p22 - 23
IFRS S2	How the body(s) or individual(s) determines whether appropriate skills and competencies are available or will be developed to oversee strategies designed to respond to climate-related risks and opportunities.	Corporate Governance Report, Practice 4.3
TCFD & IFRS S2	How and how often the body(s) or individual(s) is informed about climate-related risks and opportunities.	NiS: Our Task Force on Climate-Related Financial Disclosures, p22 - 23
TCFD & IFRS S2	Whether the role is delegated to a specific management-level position or management-level committee and how oversight is exercised over that position or committee.	NiS: Our Task Force on Climate-Related Financial Disclosures, p22 - 23
TCFD & IFRS S2	Whether management uses controls and procedures to support the oversight of climate-related risks and opportunities and, if so, how these controls and procedures are integrated with other internal functions.	NiS: Our Task Force on Climate-Related Financial Disclosures, p22 - 23
Strategy		
TCFD & IFRS S2	Describe climate-related risks and opportunities that could reasonably be expected to affect the organisation's prospects.	NiS: Our Task Force on Climate-Related Financial Disclosures, p25
TCFD & IFRS S2	A description of the current and anticipated effects of climate-related risks and opportunities on the organisation's business model and value chain.	NiS: Our Task Force on Climate-Related Financial Disclosures, p25
TCFD & IFRS S2	Any climate-related transition plan the organisation has, including information about key assumptions used in developing its transition plan, and dependencies on which the organisation's transition plan relies.	NiS: Our Task Force on Climate-Related Financial Disclosures, p25 - 26
TCFD & IFRS S2	How the organisation plans to achieve any climate-related targets, including any greenhouse gas emissions targets.	NiS: Our Task Force on Climate-Related Financial Disclosures, p25 - 26 NiS: Helping to Protect, Renew and Restore Natural Resources, p55
IFRS S2	Quantitative and qualitative information about the progress of plans disclosed in previous reporting periods.	NiS: Our Task Force on Climate-Related Financial Disclosures, p26 NiS: Helping to Protect, Renew and Restore Natural Resources, p53
Risk Management		
TCFD & IFRS S2	The processes and related policies the organisation uses to identify, assess, prioritise and monitor climate-related risks, including information about the inputs and parameters the organisation uses (for example, information about data sources and the scope of operations covered in the processes).	NiS: Our Task Force on Climate-Related Financial Disclosures, p24 CGFR: Statement on Risk Management and Internal Control, p34 - 38
IFRS S2	How the organisation monitors climate-related risks; and	CGFR: Statement on Risk Management and Internal Control, p34
TCFD & IFRS S2	The extent to which, and how, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into and inform the organisation's overall risk management process.	NiS: Our Task Force on Climate-Related Financial Disclosures, p24 CGFR: Statement on Risk Management and Internal Control, p34
Metrics and Targets		
TCFD & IFRS S2	Disclose its absolute gross greenhouse gas emissions generated during the reporting period, expressed as metric tonnes of CO ₂ equivalent, classified as: Scope 1 greenhouse gas emissions.	NiS: Helping to Protect, Renew and Restore Natural Resources, p54
TCFD & IFRS S2	Scope 2 greenhouse gas emissions.	NiS: Helping to Protect, Renew and Restore Natural Resources, p54
IFRS S2	Scope 3 greenhouse gas emissions.	NiS: Helping to Protect, Renew and Restore Natural Resources, p54
TCFD & IFRS S2	Measure its greenhouse gas emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) unless required by a jurisdictional authority or an exchange on which the organisation is listed to use a different method for measuring its greenhouse gas emissions.	NiS: Helping to Protect, Renew and Restore Natural Resources, p54
TCFD & IFRS S2	Disclose the approach it uses to measure its greenhouse gas emissions including: the measurement approach, inputs and assumptions the organisation uses to measure its greenhouse gas emissions.	NiS: Helping to Protect, Renew and Restore Natural Resources, p55

TCFD/IFRS S2	INDICATOR DESCRIPTION	LOCATION
Metrics and Targets		
IFRS S2	Any changes the organisation made to the measurement approach, inputs and assumptions during the reporting period and the reasons for those changes.	NiS: Helping to Protect, Renew and Restore Natural Resources, p55
TCFD & IFRS S2	An organisation shall disclose the quantitative and qualitative climate-related targets it has set to monitor progress towards achieving its strategic goals, and any targets it is required to meet by law or regulation, including any greenhouse gas emissions targets. For each target, the organisation shall disclose the metric used to set the target.	NiS: Helping to Protect, Renew and Restore Natural Resources, p53
IFRS S2	The objective of the target (for example, mitigation, adaptation or conformance with science-based initiatives);	NiS: Helping to Protect, Renew and Restore Natural Resources, p53
IFRS S2	The part of the organisation to which the target applies (for example, whether the target applies to the organisation in its entirety or only a part of the organisation, such as a specific business unit or specific geographical region);	NiS: Helping to Protect, Renew and Restore Natural Resources, p53
TCFD & IFRS S2	The period over which the target applies;	NiS: Helping to Protect, Renew and Restore Natural Resources, p53
TCFD & IFRS S2	The base period from which progress is measured;	NiS: Helping to Protect, Renew and Restore Natural Resources, p53
TCFD & IFRS S2	Any milestones and interim targets;	NiS: Our Task Force on Climate-Related Financial Disclosures, p26
TCFD & IFRS S2	The metrics used to monitor progress towards reaching the target; and	NiS: Helping to Protect, Renew and Restore Natural Resources, p53
IFRS S2	An organisation shall disclose information about its performance against each climate-related target and an analysis of trends or changes in the organisation's performance.	NiS: Helping to Protect, Renew and Restore Natural Resources, p53
IFRS S2	For each greenhouse gas emissions target disclosed, an organisation shall disclose: which greenhouse gases are covered by the target.	NiS: Helping to Protect, Renew and Restore Natural Resources, p53



Performance Data Table from Bursa Malaysia ESG Reporting Platform

Bursa Malaysia as a Listed Issuer is required to provide mandatory ESG disclosures as part of the Main Market Listing Requirements. This aligns with the updated [Sustainability Reporting Guide, 3rd Edition](#). The table below presents performance data that is relevant to our significant concerns. These figures have been verified both internally and externally, as indicated for each indicator.

INDICATOR	MEASUREMENT UNIT	2023
Bursa (Energy management)		
Bursa C4(a) Total energy consumption	Megawatt	383,873.05
Bursa (Water)		
Bursa C9(a) Total volume of water used	Megalitres	864.000000
Nestlé (Water)		
Total water withdrawal from all areas (ML)	Megalitres	1,300.000000
Bursa (Waste management)		
Bursa C10(a) Total waste generated	Metric tonnes	28,599.00
Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	28,565.00
Bursa C10(a)(ii) Total waste directed to disposal	Metric tonnes	34.10
Bursa (Emissions management)		
Bursa C11(a) Scope 1 emissions in tonnes of CO ₂ e	Metric tonnes	51,659.00
Bursa C11(b) Scope 2 emissions in tonnes of CO ₂ e	Metric tonnes	0.00
Bursa (Community/Society)		
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	13,000,000.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	636
Bursa (Supply chain management)		
Bursa C7(a) Proportion of spending on local suppliers	Percentage	30.00
Bursa (Health and safety)		
Bursa C5(a) Number of work-related fatalities	Number	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	1.00
Bursa C5(c) Number of employees trained on health and safety standards	Number	317
Nestlé (Health and Safety)		
Lost time injury frequency rate	Per One Million Hours Worked	1.3

● External assurance

INDICATOR	MEASUREMENT UNIT	2023
Bursa (Diversity)		
Bursa C3(a) Percentage of employees by gender and age group, for each employee category		
Age Group by Employee Category		
Management Under 30	Percentage	24.80
Management Between 30-50	Percentage	64.64
Management Above 50	Percentage	10.56
Non-executive/Technical Staff Under 30	Percentage	17.28
Non-executive/Technical Staff Between 30-50	Percentage	70.35
Non-executive/Technical Staff Above 50	Percentage	12.37
Gender Group by Employee Category		
Management Male	Percentage	42.36
Management Female	Percentage	57.64
Non-executive/Technical Staff Male	Percentage	74.36
Non-executive/Technical Staff Female	Percentage	25.64
Bursa C3(b) Percentage of directors by gender and age group		
Male	Percentage	63.00
Female	Percentage	37.00
Under 30	Percentage	0.00
Between 30-50	Percentage	0.00
Above 50	Percentage	100.00
Number of Board Directors	Number	8
Number of independent Directors on the board	Number	5
Number of women on the board	Number	3

Performance Data Table from Bursa Malaysia ESG Reporting Platform

INDICATOR	MEASUREMENT UNIT	2023
Bursa (Labour practices and standards)		
Bursa C6(a) Total hours of training by employee category		
Management	Hours	13,165
Non-executive/Technical Staff	Hours	13,462
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	4.00
Bursa C6(c) Total number of employee turnover by employee category		
Management	Number	96
Non-executive/Technical Staff	Number	64
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0
Bursa (Anti-corruption)		
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category		
Management	Percentage	99.00
Non-executive/Technical Staff	Percentage	81.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0
Bursa (Data privacy and security)		
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0

To the Board of Directors of Nestlé (Malaysia) Berhad

Independent Limited Assurance Statement on Selected Sustainability Key Performance Indicators in Nestlé in Society Report 2023

Scope

We have been engaged by Nestlé (Malaysia) Berhad to perform a 'limited assurance engagement,' as defined by International Standards on Assurance Engagements, here after referred to as the engagement, to report on Nestlé's Key Performance Indicators (the "Subject Matter") contained in Nestlé (Malaysia) Berhad's (the "Company's") Nestlé in Society Report FY2023 as of 18 March 2024 for the year ended 31 December 2023 (the "Report").

The scope of our work was limited to the selected key performance indicators ("KPIs") presented in the NiS Report FY2023 and did not include coverage of data sets or information unrelated to the data and information underlying the selected KPIs and related disclosures; nor did it include information reported outside of the NiS Report FY2023, comparisons against historical data, or management's forward-looking statements.

Subject Matter

Our limited assurance engagement was performed for the selected KPIs listed in the table below, as presented in the NiS Report FY2023:

KPI	Scope
1. Greenhouse gases ("GHG") Scope 1 and 2	<ol style="list-style-type: none"> NMM Shah Alam Complex NMM Batu Tiga NMM Sri Muda NMM Chembong NMM Chembong Ice Cream NMM Kuching Nestlé Head Office
2. Total water withdrawal from all areas in megalitres	<ol style="list-style-type: none"> NMM Shah Alam Complex NMM Batu Tiga NMM Sri Muda NMM Chembong NMM Chembong Ice Cream NMM Kuching
3. Total weight of waste generated in manufacturing sites in metric tonnes	<ol style="list-style-type: none"> NMM Shah Alam Complex NMM Batu Tiga NMM Sri Muda NMM Chembong NMM Chembong Ice Cream NMM Kuching

4. Total plastic collected from Project SAVE in tonnes	<ol style="list-style-type: none"> Project SAVE Informal Sector Long Term Partner
5. Reduction of virgin plastic and removal of non-recyclable plastic to recyclable plastic in the production	<ol style="list-style-type: none"> KIT KAT Sharebag Nescafe & Milo Ready-to-Drink 225ml and 500ml MAGGI Concentrated Chicken Stock Nescafe & Milo Ready-to-Drink 240ml can products KIT KAT 2 Fingers MILO Refill Pack
6. Recordable injury rate	<ol style="list-style-type: none"> NMM Shah Alam Complex NMM Batu Tiga NMM Sri Muda NMM Chembong NMM Chembong Ice Cream NMM Kuching Nestlé Distribution Centre Nestlé Central Factory Warehouse Nestlé Sales and Marketing
7. Lost time injury frequency rate	<ol style="list-style-type: none"> NMM Shah Alam Complex NMM Batu Tiga NMM Sri Muda NMM Chembong NMM Chembong Ice Cream NMM Kuching Nestlé Distribution Centre Nestlé Central Factory Warehouse Nestlé Sales and Marketing
8. Number of farmers and total volume of chilli purchased from Nestle Chilli Club	<ol style="list-style-type: none"> PPK Bukit Awang PPK Kuala Langat

Criteria applied by Nestlé (Malaysia) Berhad

In preparing the Subject Matter, Nestlé (Malaysia) Berhad applied the Global Reporting Initiative (GRI) Standards and Nestlé's relevant policies and procedures ("Criteria").



Nestlé (Malaysia) Berhad's responsibilities

Nestlé (Malaysia) Berhad's management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

EY's responsibilities

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the *International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* ('ISAE 3000 (Revised)') and *International Standard for Assurance Engagements on Greenhouse Gas Statements* ('ISAE 3410') (collectively referred to as the "Standards") and the terms of reference for this engagement as agreed with Nestlé (Malaysia) Berhad on 12 January 2024. Those Standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

Our independence and quality management

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, and have the required competencies and experience to conduct this assurance engagement.

EY also applies International Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services engagements*, which requires that we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Subject Matter and related information, and applying analytical and other appropriate procedures.

Our procedures included:

- ▶ Conducted interviews with personnel to understand the business and reporting process
- ▶ Conducted interviews with key personnel to understand the process for collecting, collating and reporting the subject matter during the reporting period
- ▶ Checked that the calculation criteria have been correctly applied in accordance with the methodologies outlined in the Criteria
- ▶ Undertook analytical procedures of the data and made inquiries of management to obtain explanations for any significant differences we identified
- ▶ Analytical procedures and inspection of documents on a sample basis with respect to the compilation and reporting of the KPIs
- ▶ Tested, on a sample basis, underlying source information to check the accuracy of the data
- ▶ Performed recalculations of KPIs using input data
- ▶ Checked that measurements made at the end of the reporting period are timely entered in the records and the NIS Report

We also performed such other procedures as we considered necessary in the circumstances.



Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the matters stated above in our report as of 18 March 2024 for the year ended 31 December 2023, in order for it to be in accordance with the Criteria.

Restricted use

This report is intended solely for the information and use of Nestlé (Malaysia) Berhad and is not intended to be and should not be used by anyone other than those specified parties



Ernst & Young Consulting Sdn. Bhd.
18 March 2024
Kuala Lumpur, Malaysia



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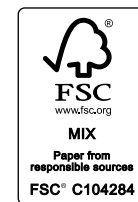
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