



Nestlé

Good Food, Good Life

INSPIRE

NESTLÉ IN SOCIETY REPORT 2015

Creating Shared Value and Meeting Our Commitments





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What's

INSIDE



Message to Stakeholders



Our business philosophy of Creating Shared Value exemplifies the way we do business. We believe that it is vital for us as a Company to add value to the communities in which we have a presence, in order for our business to prosper over the long-term. In line with this, we are committed to ensuring that we make a positive impact by enriching the lives of people in the community.

MEETING OUR COMMITMENTS THROUGH CREATING SHARED VALUE

Creating Shared Value (“CSV”) is a fundamental part of the Nestlé way of doing business. This is best reflected in three core areas that are vital to our business strategy and for quality of life for the community: Nutrition, Water & Environment and Rural Development. These areas have the greatest potential for joint value creation, and are an integral part of our sustainability commitments, which we strive to uphold and cultivate for generations to come.

Based on our CSV philosophy as well as our Nestlé Corporate Business Principles, we have successfully conducted business and created value in the local community for over a hundred years now. As a responsible Company, we believe that this goes hand-in-hand with compliance to national laws and international standards. As a result, we have earned the trust of local consumers and nourished generations of Malaysians, proving that it is possible for the Company to do well, by doing good for the society.

This edition of the Nestlé in Society Report, which is our tenth stand-alone report for the year ended 31 December 2015 demonstrates our dedication to continue nourishing Malaysians and deliver on our promise of ‘Good Food, Good Life’, focusing on key CSV activities and initiatives embedded in the operations of the Nestlé (Malaysia) Berhad (the Company) and its subsidiaries.

The Report illustrates in detail our efforts in creating value in areas that are most relevant to the Company as well as its value chain (please refer to Nestlé in Society: Creating Shared Value and Meeting Our Commitments on pages 10 & 11 for more information). We have embarked on new and existing initiatives in order to address some of the growing environmental and societal concerns that the country faces, including health issues, environmental concerns and rural poverty.

As a business, our journey includes facing new and ongoing challenges on both the local and global scale. We endeavour to meet the ever-evolving nutrition needs of our consumers; promote sustainable water resource management; improve and optimise our product packaging; as well as ensure the use of sustainable palm oil throughout our supply chain. We will continue to address these issues and strive to improve our efforts in these areas over the mid-term to long-term. Our specific goals and targets in relation to these areas are outlined in the respective sections of this Report.



NUTRITION

Through our Nestlé Healthy Kids (“NHK”) Programme, we continued to promote healthy eating and active lifestyles amongst schoolchildren. In Malaysia, the programme consists of two components: the primary school programme, known as the Nestlé Healthy Kids Programme and the secondary school programme, *Program Cara Hidup Sihat* (“PCHS”). To date, the NHK Programme has benefitted approximately 10,000 students nationwide.

The Primary School Module, which was launched in 2010 in collaboration with the Nutrition Society of Malaysia, is currently in its second phase. It has reached 77 day boarding schools in Sabah and Sarawak, benefitting at least 4,500 children.

Meanwhile, Phase 2 saw the execution of Train-the-Trainer and Food Operators’ Workshops, as well as the implementation of modules developed in Phase 1 of the programme by the educators.

PCHS is a three-year intervention programme that took place from 2012 to 2014. It reached out to over 4,000 students from 100 secondary day boarding schools across Malaysia. In collaboration with the Ministry of Education Malaysia and Universiti Putra Malaysia, the programme was aimed at enhancing knowledge on nutrition and encouraging physical activity among lower secondary school students.

Further information on the NHK programme can be found on pages 22 & 23 of this Report.



Our Chairman Y.A.M. Tan Sri Dato’ Seri Syed Anwar Jamalullail and Managing Director Mr. Alois Hofbauer replanting forest seedlings at a Project RILEAF planting site along the Kinabatangan river.

WATER & ENVIRONMENT

Our commitment to Water & Environment saw further achievement in the area of minimising solid waste. In 2015, six out of eight of the Company's factories successfully maintained "Zero Landfill Status", recycling all solid waste materials.

In addition, via our innovative farming initiative, the Nestlé Paddy Club ("NPC"), 294 farmers have harvested over 794 hectares (ha) of cultivated area to date. This initiative has improved the earnings of the local farmers, and achieved an average yield of 6.11 metric tonnes per hectare (MT/ha), well above the national average yield of 3.7 MT/ha.

This was achieved through the implementation of an innovative farming initiative called Semi-Aerobic Intensification ("SARI"). SARI has been proven to reduce water usage and methane emission in irrigated fields. This sustainable agricultural technique provides significant benefits, increasing productivity and minimising environmental impact.

RURAL DEVELOPMENT

We understand that the overall wellbeing of our various stakeholders, including farmers, rural communities, employees, small entrepreneurs and suppliers, is key to our continued success as well as the nation's development. As such, the Company continuously looks to improve the lives of rural communities via our CSV efforts.

One such initiative is the Nestlé Chilli Club ("NCC"), a Chilli Contract Farming Scheme. In collaboration with the local Farmers' Association Board, the NCC provides rural farmers with a sustainable source of income by educating them on best agricultural practices to grow quality raw materials. By improving yields and quality of crops, the local farmers are able to harvest high quality chillies that meet global standards for producing MAGGI Chilli Sauce. To date, 80 farmers have successfully produced a yield of 350 MT of fresh chillies over 32 ha of land.

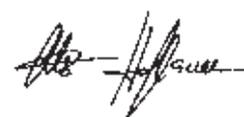
With this Report, we are committed to communicating transparently to our shareholders and stakeholders on the areas in which we engage with society. We have engaged PricewaterhouseCoopers ("PwC") to verify our Report in accordance with the Global Reporting Initiative ("GRI") 4.0 Standards Comprehensive. The assurance is performed in accordance with the internationally recognised standard ISAE3000 issued by the International Auditing and Assurance Standards Board ("IAASB"). ISAE3000 is widely adopted by independent assurance providers to give guidance for the performance of assurance on sustainability reporting, which sets out the purpose and elements of all assurance engagements.

We hope you will find this Report informative, as we aim to provide a better understanding on how we operate our business as a responsible and caring corporate citizen. This Report also details our long-term impact on society, which is fundamental to the success of our long-term business strategy.

We value your feedback and look forward to hearing your suggestions on how we can further improve our various CSV engagements. Our contact details can be found on the back cover of this Report.



**Y.A.M. TAN SRI DATO' SERI
SYED ANWAR JAMALULLAIL**
Chairman of the Board of Directors



ALOIS HOFBAUER
Managing Director

FAST FACTS

FOUNDED IN
1866
BY HENRI NESTLÉ



WORLD'S
LARGEST
FOOD MANUFACTURER
WITH HEADQUARTERS
IN VEVEY, SWITZERLAND



OPERATIONS
IN MORE THAN
150 COUNTRIES



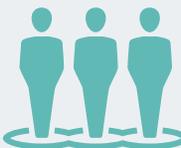
1 OVER
BILLION
PRODUCTS SOLD
EVERY DAY
REPRESENTING OVER
2,000
GLOBAL AND
LOCAL BRANDS



**The Nestlé
Group**

CHF
1.7 BILLION
GLOBAL INVESTMENT
IN R&D IN 2015




EMPLOYS
335,213
PEOPLE WORLDWIDE

WORLD'S
LARGEST PRIVATE
NUTRITION
RESEARCH
NETWORK BASED
IN SWITZERLAND

436
FACTORIES IN
85 COUNTRIES



40 R&D
AND PRODUCT
TECHNOLOGY
CENTRES
WORLDWIDE



Categories of Products in Malaysia

- Beverages
- Foods
- Dairy
- Ready-to-Drink
- Infant and Maternal Nutrition
- Performance Nutrition
- HealthCare Nutrition
- Breakfast Cereals
- Chilled Dairy
- Ice Cream
- Confectionery
- Nestlé Professional

 COMMERCIAL OPERATIONS IN MALAYSIA SINCE 1912

 EMPLOYS 5,578 PEOPLE

 HEAD OFFICE
LOCATED IN MUTIARA DAMANSARA, SELANGOR

 TURNOVER OF RM4.84 BILLION IN 2015

 HALAL CENTRE
OF EXCELLENCE AS WELL AS THE BIGGEST HALAL PRODUCER IN THE NESTLÉ WORLD

PRODUCES OVER 500 HALAL PRODUCTS, WITH MADE-IN-MALAYSIA LEADING BRANDS SUCH AS MILO, MAGGI AND NESCAFÉ



PUBLIC LISTED ON BURSA MALAYSIA SINCE 1989



8 FACTORIES AND A NATIONAL DISTRIBUTION CENTRE





Good Food, Good Life

THE NESTLÉ LEGACY

...captures the very essence of Nestlé and the promise that we commit ourselves to everyday, everywhere, as the leading Nutrition, Health and Wellness Company.

THE NESTLÉ CREATING SHARED VALUE LEGACY

Nestlé's legacy of CSV originated with our founder, Swiss pharmacist Henri Nestlé. In an effort to save his neighbour's child who was unable to accept his mother's breast milk, he developed the world's first milk food supplement for infants. In an era when infant mortality rates in Europe were high due to malnutrition, this product was timely and well-received. This signified the beginning of Nestlé's CSV philosophy, which is deeply embedded within our values and Corporate Business Principles today. As we commemorate our 150th anniversary this year, Nestlé has earned the reputation of being the world's leading Nutrition, Health and Wellness company, with an unwavering commitment to cultivating a business rooted in firm values and principles.

THE PRIDE OF NESTLÉ: THE 'NEST'

Henri Nestlé adopted his coat-of-arms as a trademark in 1867. The German word Nestlé, which means 'little nest', is universally understood to represent warmth, security, nourishment, family togetherness, nurturing and caring values. It remains the recognisable symbol of the Nestlé brand across the world.

THE MEANING OF 'GOOD FOOD, GOOD LIFE'

'Good Food, Good Life' is at the heart of Nestlé. Given the importance of nutrition and healthy eating, Nestlé believes that good food is the foundation of good life.

In addition to being the leading Nutrition, Health and Wellness company, Nestlé also aims to be an industry benchmark for financial performance and trusted by all stakeholders.

The philosophy of CSV is embedded in everything we do, and we are proud to say that it spurs us forward and helps create what we mean by 'Good Food, Good Life'.



ORGANISATION STRUCTURE



Nestlé in Society:

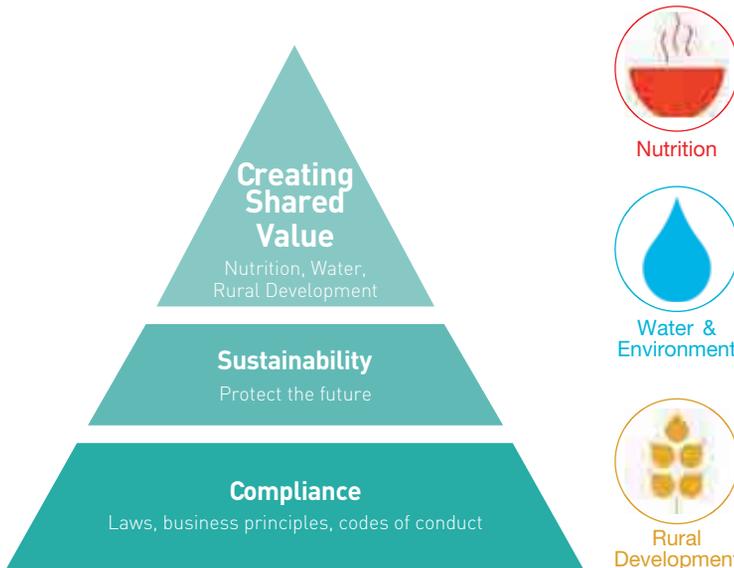
CREATING SHARED VALUE AND MEETING OUR COMMITMENTS

“For us at Nestlé Malaysia, Creating Shared Value has become an integral part of our everyday business operations. Nourishing Malaysians since 1912, Nestlé has earned the trust of our consumers not only for our quality brands and products, but also for our commitment to improve the lives of the local community. We strive to empower communities to be able to generate their income sustainably and independently.”

*Alois Hofbauer
Managing Director, Nestlé (Malaysia) Berhad*

At Nestlé, we believe that in order to create long-term value for the company, we must concurrently create value for the society. With the view that corporate success and social welfare are interdependent, we need to ensure that the communities that we serve and operate in prosper as well, in order for us to prosper over the long-term.

CSV is Nestlé’s way of doing business, and we are focused on creating value for society in three areas that we have identified possess the greatest potential for joint value creation: Nutrition, Water & Environment, and Rural Development. These areas are core to our business strategy and operations.



THE NESTLÉ IN SOCIETY PYRAMID

Why Nutrition?

Food and nutrition are the basis of health and of our business – it is the reason we exist.

Why Water?

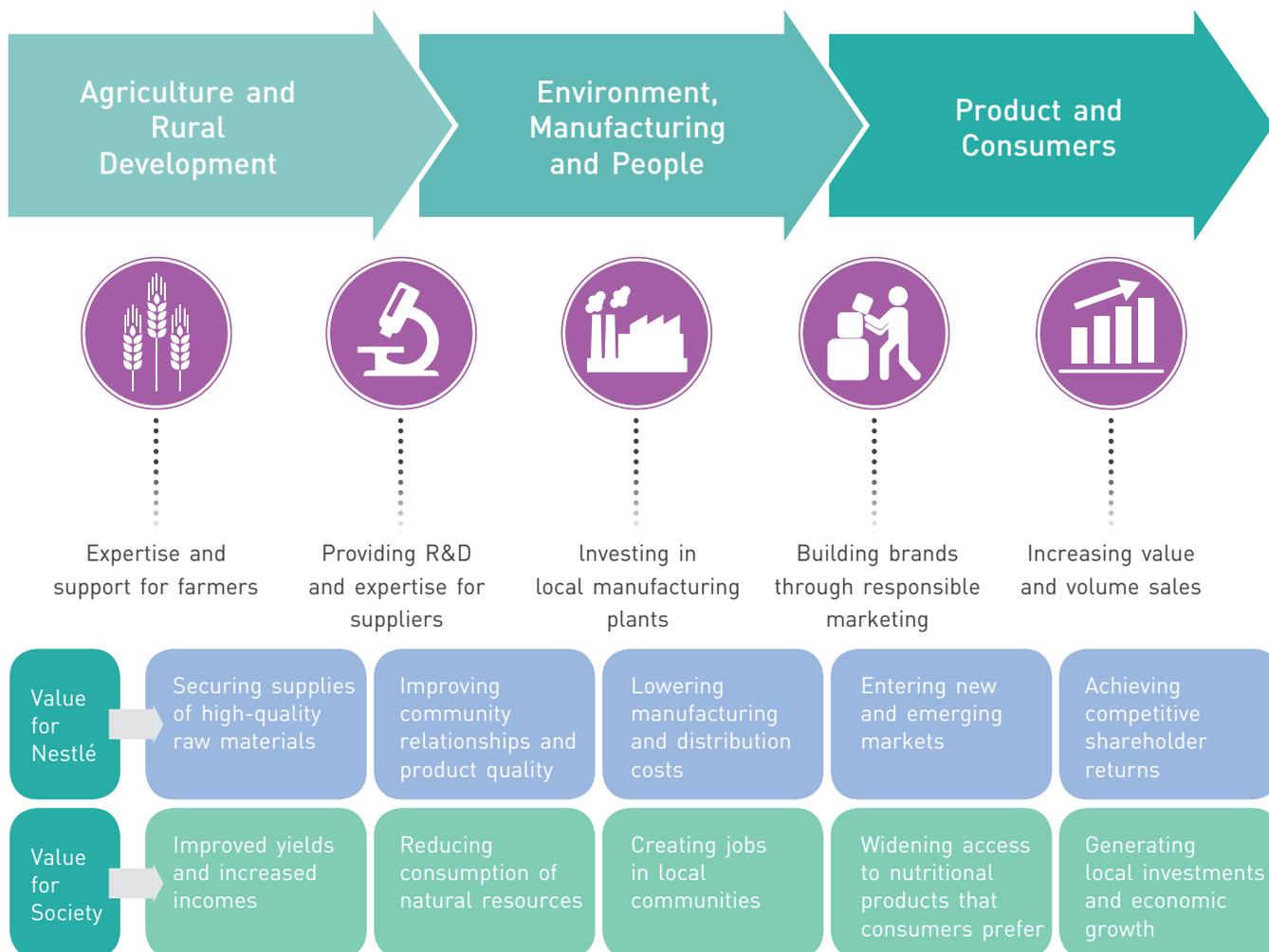
Water is one of our most critical resources, the scarcity of which will have a drastic impact on quality of life as well as on our business operations.

Why Rural Development?

The overall wellbeing of our various stakeholders – farmers, rural communities, employees, small entrepreneurs and suppliers – is key to our continued success and the nation’s development.

As a company that has won the hearts and minds of Malaysian consumers, we are proud to elaborate on the many ways in which we have created value for society. A range of these initiatives are detailed in this report.

CREATING SHARED VALUE AT EACH STAGE OF THE VALUE CHAIN



“We believe we can make an important contribution to society, by going a step beyond corporate social responsibility to create value through our core business, both for our shareholders and society. We prioritise the areas of Nutrition, Water and Rural Development to create shared value; this requires long-term thinking...”

Peter Brabeck-Letmathe
Chairman, Nestlé S.A.

“Creating Shared Value is built upon fundamental commitments to society, both to achieve the highest standards of compliance with laws, codes of conduct and our own Nestlé Corporate Business Principles, as well as to protect the environment for future generations.”

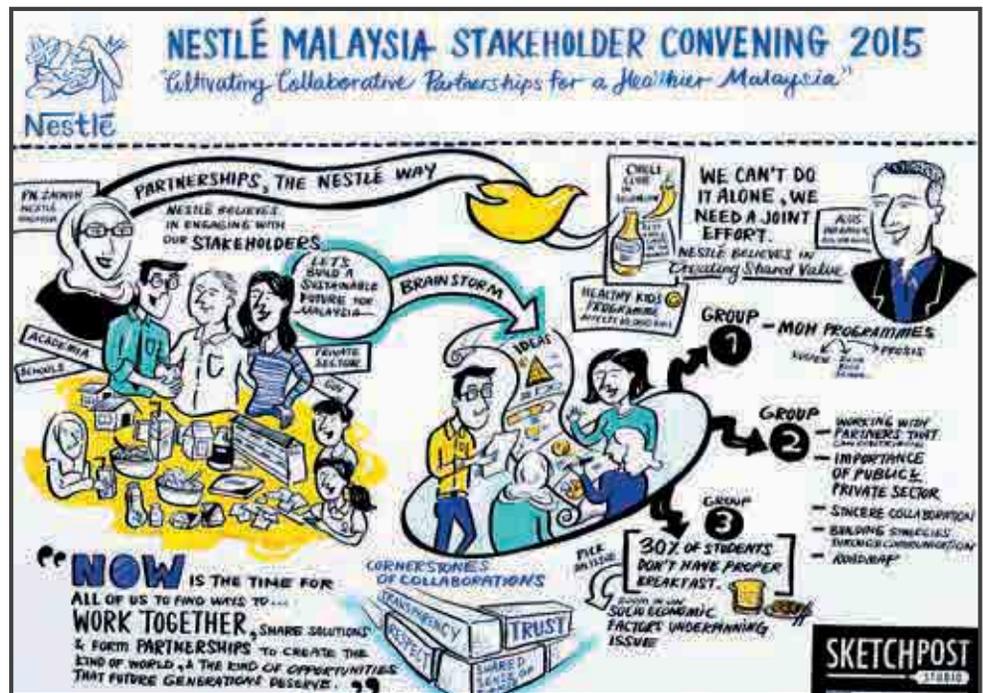
Paul Bulcke
Chief Executive Officer, Nestlé S.A.

ENGAGING OUR STAKEHOLDERS

Driven by our philosophy of Creating Shared Value, we strongly believe in the importance of engaging our stakeholders as part of our Company's strategy to strengthen our bonds with the communities in which we operate.

As a responsible corporate citizen, Nestlé recognises the importance of engaging our stakeholders in order to continue making a positive impact within the communities in which we operate. In line with our CSV philosophy, we believe that transparency is critical to building trust and strengthening bonds. We aim to seek out non-competitive collaborative solutions in addressing economic, social and environmental challenges.

In line with this objective, we conduct Stakeholder Convening Sessions on a regular basis to update our stakeholders on our Company's performance, business growth opportunities, market dynamics, as well as the status of various CSV initiatives undertaken. In addition, these sessions provide our stakeholders with a platform to participate in and have constructive discussions with Nestlé. Along with bridging communication gaps, these sessions also encourage open dialogue while ensuring that the interests of our stakeholders are aligned with that of our company.



The Stakeholder Convening focused on how multi-stakeholder collaborations can be improved to make a difference in shaping the lifestyles of Malaysians for the better.

The stakeholders whom we continuously communicate with are relevant and essential to the three key focus areas of the Nestlé value chain and business – Nutrition, Water & Environment, and Rural Development. They include

representatives from Non-Governmental Organisations (“NGOs”) and government bodies covering sectors such as Corporate Governance, Environment, Sustainable Development, Nutrition & Health and Consumers Issues.

In June 2015, we held a convening session at The Royale Chulan Damansara based on the theme, “Cultivating Collaborative Partnerships for a Healthier Malaysia”. As the world’s leading Nutrition, Health and Wellness company, Nestlé recognises that the issues faced today are complex, calling for joint action to achieve sustainable results. Multi-stakeholder partnerships allow us to listen and learn from different opinions, share experiences and contribute positively to the implementation of best practices.

As such, we strongly believe that initiatives such as the convening session are a step forward in that direction. As we strive towards cultivating a fitter and healthier Malaysia, it is vital that all stakeholders join hands in a collaborative effort to realise this objective. This convening session saw participants sharing their thoughts and providing feedback on the following areas that Nestlé is involved in:

- To strengthen Nestlé’s Nutrition, Health and Wellness programmes and initiatives by leveraging on multiple stakeholders’ expertise and to work towards establishing non-conflicting partnerships such as promoting food nutrition;
- Sustainable partnerships can be formed through several methods, such as structuring a roadmap with different taskforces for multi-stakeholders to work towards the same goals and fostering Gen-Y friendly partnerships to encourage relevant and innovative ideas;
- At the Community level, Nestlé can look into identifying issues surrounding nutrition intake, especially among children, as well as to identify the communities that face this issue; and
- Nestlé to actively engage with community service clubs to work towards ensuring that Nutrition, Health and Wellness initiatives are successful.

It is vital that the various sectors play their roles in promoting Nutrition, Health and Wellness in this country. We firmly believe that by working together with key stakeholders from the Government, NGOs, private sector organisations and the community, we can make a difference in changing and shaping the lifestyles of Malaysians for the better.

MATERIALITY

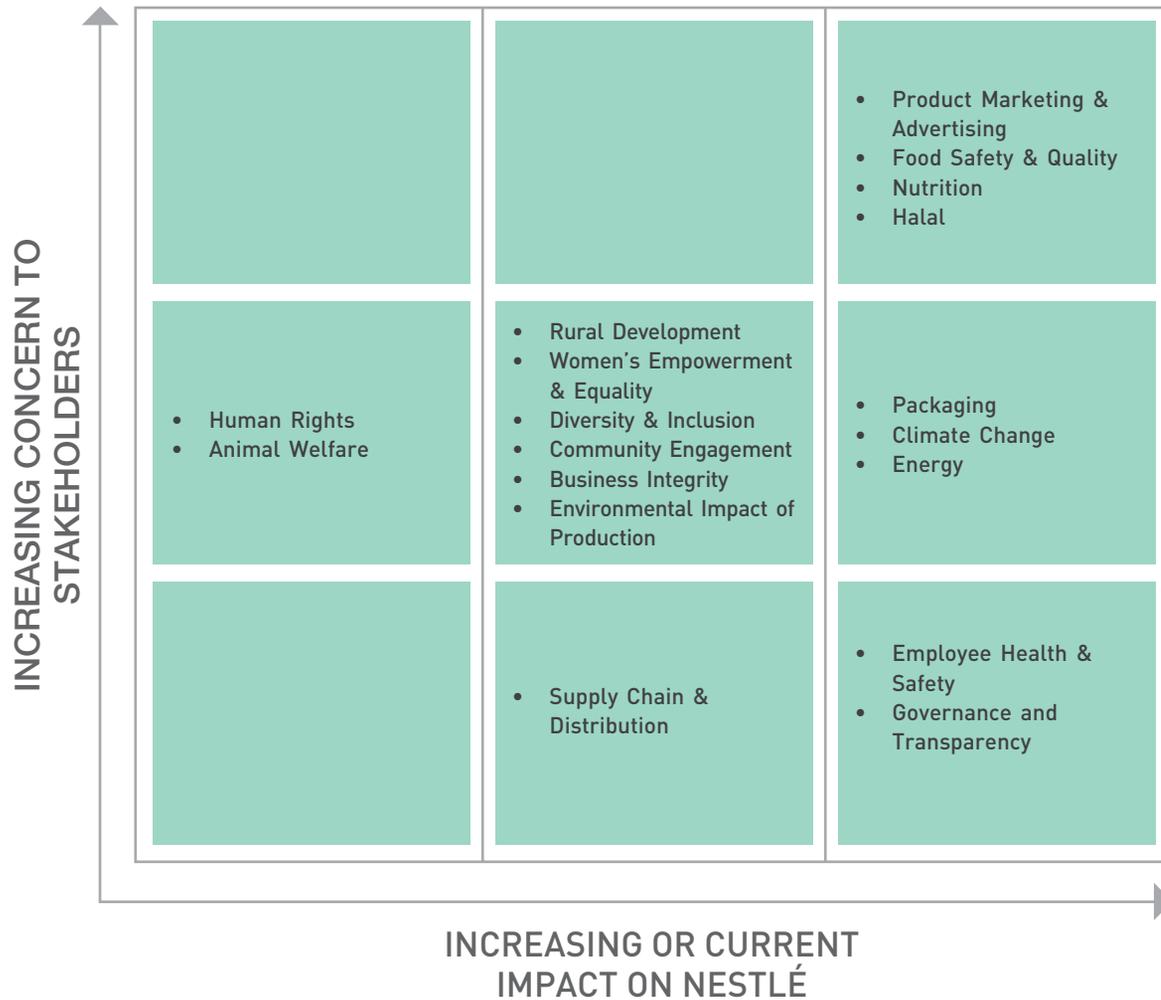
In line with our aim to ensure the sustainable growth of our business, we believe in the importance of assessing Nestlé’s material issues. According to the GRI, a global standard on sustainability reporting and disclosure, materiality refers to aspects that reflect an organisation’s significant economic, environmental and social impacts and how a company can have a substantial influence on the assessments and decisions of stakeholders.

To improve our reporting, we first introduced a Materiality Matrix in our Nestlé in Society Report 2014, outlining the areas and issues that are important to both our business and stakeholders. Our Materiality Matrix reflects the material issues which our business faces by plotting the economic, environmental and social issues that our stakeholders are most concerned with against the potential financial, operational and reputational impact that these issues may have on the Company. In today’s globalised and fast-paced environment, these material issues constantly evolve.

The material issues which we have included reflect our business philosophy of Creating Shared Value. Through the Materiality Matrix, we were able to realign our priorities, subsequently identifying societal challenges of increasing importance. Through the Stakeholder Convening session in June 2015, we were able to identify the following areas that needed to be addressed:

- The importance of community engagement for a healthier nation
 - o As the leading Nutrition, Health and Wellness company, we believe that in order for our business to prosper over the long-term, we must first ensure that the communities in which we operate are able to prosper as well.
- Marketing of our products to our consumers
 - o We are fully committed towards practising responsible marketing and advertising, particularly when targeted towards children.
- The safety and quality of our products
 - o As a responsible company, the safety and quality of our products are our top priorities.

MATERIALITY MATRIX



Our Materiality Matrix demonstrates that Product Marketing & Advertising, Environment, People, Food Safety & Quality, Nutrition and Halal are top priorities for both our Company as well as stakeholders. As per our Nestlé in Society Report 2015 and Corporate Report 2015, the Company has conducted various initiatives and activities reflecting these priorities.

On an annual basis, we review and revise our materiality analysis based on external and internal circumstances in order to remain relevant.

Moving forward, we will continue to review and share our materiality analysis each year.

DIAGRAMME 1

STAKEHOLDER ENGAGEMENT STRATEGY

PROTECT AND BUILD TRUST



DIAGRAMME 2

STAKEHOLDER ENGAGEMENT PROCESS



GOVERNANCE

Creating Shared Value is the way we do business. At Nestlé, we believe that in order for our business to prosper, we need to create value not only for our shareholders, but also for the communities in which we operate. Over the long term, creating value will result in healthy populations, flourishing economies and thriving business performance.

The Nestlé S.A. CSV Advisory Board provides the Company with diverse informed ideas, recommendations and feedback, which help assess our progress, opportunities and challenges.

NESTLÉ S.A.

At the global level, which is Nestlé S.A. and within the general Nestlé corporate governance structure, the Chairman, Chief Executive Officer, and other members of the Executive Board, are responsible for the supervision and management of Nestlé's role in society and CSV. They are supported by internal management bodies. In addition, there are external advisory groups such as the CSV Council and the Nestlé Nutrition Council who provide counsel on the strategy of CSV itself.

A Nestlé in Society Board was also established to oversee the strategic implementation of CSV across all businesses. The board also leads the development and evolution of CSV as well as sustainability objectives and strategies at the Group-Level. From time to time and when necessary, the Board seeks input and confirmation from the Executive Board.

Further development of the CSV concept and analysis of the Nestlé value chain is conducted by the Nestlé CSV Advisory Board, which consists of 12 world-leading experts in the areas of corporate strategy, Nutrition, Water and Rural Development. Over a span of three years, these experts provide the Company with a variety of informed ideas, recommendations and feedback which will ultimately assist us with the assessment of our progress as well as to discuss CSV opportunities and challenges. These are then communicated to Nestlé S.A., who will cascade them down to the various Nestlé markets for implementation. For the list of experts that sit on the Advisory Board, please visit: <http://www.nestle.com/csv/what-is-csv/governance>

NESTLÉ (MALAYSIA) BERHAD

Nestlé (Malaysia) Berhad (the Company) formed a CSV Council in 2011 to ensure that CSV is present across all product categories and brand operations. The Council consists of representatives, or CSV Champions, from all the Business Units and Support Functions, and is headed by the Group Corporate Affairs Department.

In addition to taking the lead in mapping out their Units' CSV initiatives and ensuring that all activities carried out are in line with the Company's policies on sustainability and CSV, the CSV Council also serves as GRI Champions who are responsible for monitoring the activities and the measurements required. On top of that, they ensure that proper reporting procedures are adhered to based on the GRI reporting standards and guidelines.

DIAGRAMME 3

GOVERNANCE OF CREATING SHARED VALUE, SUSTAINABILITY AND COMPLIANCE OF THE NESTLÉ GROUP

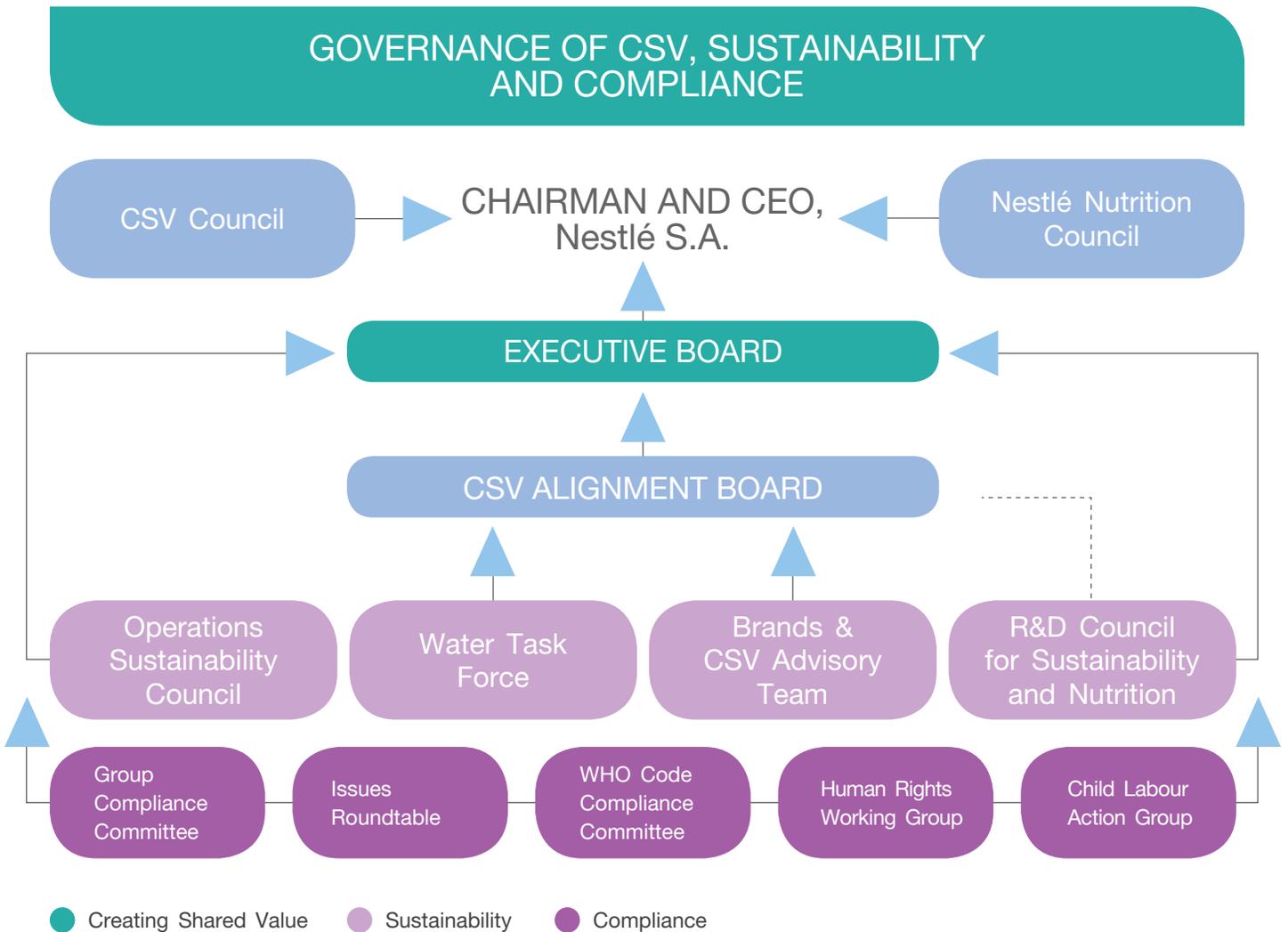
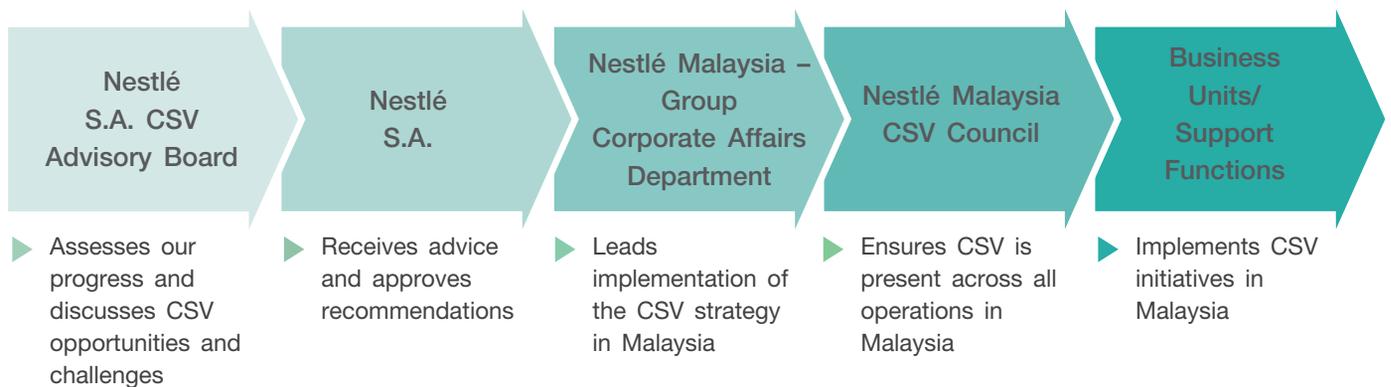


DIAGRAMME 4

DEVELOPMENT OF CSV STRATEGY GLOBALLY AND HOW IT IS ROLLED OUT IN MALAYSIA



SUMMARY OF KEY PERFORMANCE DATA

In line with the Global Reporting Initiative (GRI), we have included a set of economic indicators in this year's report:

| | GRI Reference | 2013 | 2014 | 2015 |
|---|---------------|------------|------------|-------------------|
| The Marketplace | | | | |
| NUTRITION | | | | |
| Products meeting or exceeding Nutritional Foundation profiling criteria (as % of sales) | # | 78% | 77% | 74% |
| Products meeting or exceeding consumer taste preference (as % of sales) | # | 89% | 88% | 89% |
| Products with nutritional plus over competitors (as % of sales) | # | 53% | 51% | 55% |
| Products with a Nutritional Claim on Front of Pack (FOP) (as % of sales)* | PR3 | 62% | 59% | 65% |
| Products covered with Nestlé Nutritional Compass (NNC) (as % of sales) | PR3 | 100% | 100% | 100% |
| Products with Guideline Daily Amount (GDA) labelling (as % of sales) | PR3 | 98% | 98% | 98% |
| Our Environmental Footprint | | | | |
| Total energy (GJ) ¹ | G4-EN3 | 1,526,031 | 1,346,213 | 1,298,270 |
| Total amount of energy per tonne (GJ/tonne) ¹ | G4-EN5 | 3.82 | 3.53 | 3.36 |
| Total water withdrawal (m ³ /year) | G4-EN8 | 1,863,027 | 1,710,038 | 1,664,338 |
| Volume of water recycled per reused (m ³ /year) | G4-EN10 | 80,710 | 80,710 | 121,232 |
| Total direct and indirect greenhouse gas emissions (tonne CO ₂) | G4-EN16 | 171,747 | 159,538 | 157,276 |
| Landfill waste (tonne) ² | G4-EN23 | 1,990 | 160 | 181 |
| Recycled waste (tonne) ^{2*} | G4-EN23 | 13,303 | 11,895 | 11,550 |
| Our People | | | | |
| Workforce size | | 5,847 | 5,702 | 5,578 |
| Lost Time Injury Frequency Rate ³ | G4-LA6 | 1.4 | 1.5 | 2.2 |
| Leadership positions held by women ⁴ | G4-LA12 | 37% | 43% | 45% |
| Our Community | | | | |
| <i>Number of students involved in Nestlé Healthy Kids intervention programme:⁵</i> | | | | |
| Primary School Module | | 136 | 4,835 | 4,573 |
| Secondary School Module | | 4,954 | 4,954 | - |
| <i>Project RILEAF:⁶</i> | | | | |
| Number of trees planted | G4-EN13 | 56,706 | 114,524 | 201,413 |
| Total purchase of seedlings from KAPOK (RM) | | 85,059.00 | 175,960.50 | 369,048.00 |
| Total amount of contracted work for tree planting (RM) | | 102,077.60 | 188,847.00 | 291,639.00 |

| | GRI Reference | 2013 | 2014 | 2015 |
|--|---------------|-----------|-----------|------------------|
| <i>Nestlé Paddy Club:</i> ⁷ | | | | |
| Number of farmers impacted/benefited from the project (Jan/Feb) | | 289 | 310 | 300 |
| Number of farmers impacted/benefited from the project (Aug/Sept) | | 312 | 298 | 294 |
| Total number of hectares (Jan/Feb) | | 765 | 814 | 789 |
| Total number of hectares (Aug/Sept) | | 807 | 788 | 794 |
| <i>Setiu Wetlands Project with WWF-Malaysia:</i> ⁸ | | | | |
| Mangrove replanting activity (number of seedlings planted) | G4-EN13 | 1,065 | 388 | 1,095 |
| Number of PEWANIS members (active & non-active) | | 20 | 45 | 43 |
| <i>Nestlé Employee Volunteer Programme (ROCKs):</i> ⁹ | | | | |
| Total number of volunteers (employees & non-employees) | # | 209 | 152 | 174 |
| Total number of volunteer hours | # | 952 | 835.5 | 1,111.75 |
| Economic | | | | |
| OPERATIONAL FOOTPRINT | | | | |
| Number of total factories | # | 7 | 7 | 8 |
| VALUE GENERATION (RM) | | | | |
| Total sales for Malaysia | G4-EC1 | 4,787,925 | 4,808,933 | 4,837,957 |
| VALUE DISTRIBUTION (RM) | | | | |
| Turnover | G4-EC1 | 4,787,925 | 4,808,933 | 4,837,957 |
| Operating costs | G4-EC1 | 963,375 | 975,005 | 1,105,280 |
| Taxes | G4-EC1 | 157,353 | 150,803 | 136,978 |
| Net profit | G4-EC1 | 561,701 | 550,384 | 590,733 |
| Earnings per share (sen) ¹⁰ | G4-EC1 | 239.53 | 234.71 | 251.91 |
| Net dividends per share (sen) | G4-EC1 | 235.00 | 235.00 | 260.00 |
| Dividend yield | G4-EC1 | 3.5% | 3.4% | 3.5% |

* The data has been independently audited. Please refer to the Independent Assurance Report on pages 110 - 111.

Nestlé-specific indicators.

1. Total energy in manufacturing.

2. All landfill and recycled waste are managed by an appointed and authorised Waste Management Company.

3. Source: Data from SHE-PM reporting system.

4. Source: Records from Human Resources, 2015.

5. Source: Google Analytics Search Engine Optimisation Report, from January to December 2015 and Nutrition Society of Malaysia Yearly Report 2015.

6. Source: Records from Agricultural Department, 2015.

7. Source: Yield Report by the rice millers in Kedah (Ban Eng Hin and Chuan Huat Bee Kah).

8. Source: 2014 Report by WWF Malaysia.

9. Source: Attendance Report by Nestlé Group Human Resource Department.

10. Earnings per share are based on profit after tax.



OUR RESPECT AND CARE FOR THE

COMMUN



UNITY

By leveraging on our expertise and sharing our knowledge in areas relevant to our value chain, such as nutrition and Good Agricultural Practices, we strive to create shared value for the communities in which we operate.

As a leader in Nutrition, Health and Wellness, we firmly believe that good food is the foundation of good life. More than just a tagline, 'Good Food, Good Life' embodies the very essence of Nestlé and the promise we commit ourselves to in our everyday business, which is to create value for our shareholders as well as society as a whole.

As such, we are driven not only to deliver value to our shareholders, employees and consumers, but also to making a positive difference in society. As a responsible corporate citizen, we have implemented numerous initiatives in various areas, ranging from environmental (please refer to the section on *Our Commitment to the Environment* in this report, on pages 32 - 47) to employee volunteer programmes for the community (please refer to *Our People and the Workplace* section on pages 58 & 59).

Along with the abovementioned initiatives, we are committed to reaching out to the communities in which we operate, as part of our Creating Shared Value focus areas. As food is the basis of health, and of course, is the foundation of our business, nutrition is one of our strongest focus areas. Through community-focused efforts, the Company tackles health-related issues such as malnutrition, obesity, sedentary lifestyles and an aging population.

In line with the United Nations Millennium Development Goals ("MDG"), we are pleased to have successfully engaged in several community-based initiatives focused on poverty alleviation, education and environmental sustainability. Our company is also a firm believer in the power of multi-stakeholder partnerships, hence we are proud that these successful initiatives were the result of dynamic collaborations.



NURTURING A HEALTHY YOUNGER GENERATION

ENCOURAGING HEALTHY LIFESTYLES THROUGH THE NESTLÉ HEALTHY KIDS PROGRAMME

In order to cultivate a healthy future generation, we must ensure that the youth of today embrace good nutritional habits. In light of the alarming increase in health issues and non-communicable diseases, the Nestlé Healthy Kids ("NHK") programme was introduced as a global initiative to raise awareness on nutrition, health and wellness and to promote physical activity among school-age children.

As part of Nestlé's drive to implement the programme in 80 countries by 2015, NHK was first launched in Malaysia in 2010, in collaboration with the Ministry of Education Malaysia and the Nutrition Society of Malaysia. NHK consists of two components: the primary school programme, known as the Nestlé Healthy Kids Programme and the secondary school programme, *Program Cara Hidup Sihat* ("PCHS").

In the Primary School Module, the Company held the second year of its Train-the-Trainer workshop in Kuching, Sarawak. The Train-the-Trainer workshop educates teachers and wardens from primary day-boarding schools in Sabah and Sarawak on early age inculcation, with various modules on nutrition and physical activity. The teachers then implement these modules in their respective schools.



Left: Listening intently to their teachers, the schoolchildren learnt about good nutrition.

Right: During the session, teachers were able to gain useful tips and techniques to educate children on nutrition.

Building on the success of the first workshop, the second workshop saw returning participants as well as new participants taking part. A total of 162 teachers and wardens attended the workshop. The second phase modules were introduced by prominent healthcare practitioners, Dr. Zawiah Hashim, Dr. Chin Yit Siew and Prof. Dr. Norimah A. Karim, who covered topics such as *Fruits and Vegetables for Health* and *Let's Exercise and Do Sports*.

During the workshop, participants had the opportunity to glean useful insights from members of the NHK Expert Committee, and also refreshed their memories of the first phase of the Train-the-Trainer workshop from the previous year. In addition, participants were taught engaging ways to implement the NHK educational modules in their day-to-day lessons. Results indicated that nutrition knowledge, attitude and practice scores of students saw a significant improvement following the module implementation by teachers who had attended the workshop.

YB Tuan P. Kamalanathan, Deputy Minister of Education II, Ministry of Education [fourth from right] sharing a light moment with the teachers of the winning schools.

Program Cara Hidup Sihat

In light of the success of the Primary School Module, PCHS was developed and launched in December 2012, in collaboration with the Ministry of Education and Universiti Putra Malaysia ("UPM"). The three-year intervention programme took place from 2012 to 2014, with the aim of improving knowledge, attitude and practice of healthy lifestyles among secondary school students from 100 day-boarding schools through HEBAT (Healthy Eating & Be Active Among Teens) modules.

Similar to the Primary School Module, PCHS was a holistic programme which also reached out to teachers, wardens, hostel chief cooks, canteen operators, as well as student affairs assistants. At the end of the programme, results by UPM's research team demonstrated that PCHS was an effective intervention programme among the participating students. These students recorded significantly improved knowledge and practice scores of healthy lifestyles, and began embracing better dietary habits as well as exhibiting higher levels of physical activity. The prevalence of obesity also significantly decreased in students in the intervention group.

With the official conclusion of PCHS, the top 10 best-performing schools were rewarded for their excellent achievements. Each of the winning schools received an outdoor gym installation set worth RM15,000, as an encouragement to continue adopting healthy living habits.

Best-performing schools were assessed based on attendance and completion rates of students for PCHS sessions, improvement of knowledge, attitude and practice towards healthy lifestyles, and changes in body weight status. The participating students were also thrilled to learn that their health-conscious efforts had paid off. To date, the NHK Programme in Malaysia has benefitted approximately 10,000 students nationwide.



NURTURING CHAMPIONS

As the frontrunner for sports grassroots development amongst Malaysian school children, MILO organised the MILO Champions' Clinic – Futsal Edition to highlight the importance of sports for children, specifically through the game of futsal.

Held across three states in Malaysia – Selangor, Johor and Sarawak – in October and November, this initiative saw the participation of 150 children from the ages of 7 to 11 years old. The Champions' Clinic training module was designed by Asia Elite Futsal instructor, Coach Chiew Chun Yong. Through his expert coaching, all participants enjoyed the engaging interactive clinic.

In addition, the participants picked up basic futsal skills from experienced mentors, who shared their knowledge and insight based on their respective fields. They also imparted words of wisdom to the children, and guided parents on how to cultivate "Semangat Takkan Gentar" among their children.



The kids beaming with delight in their excitement to take part in the programme.

INSTILLING GOOD NUTRITIONAL VALUES IN CHILDREN

As a company that promotes good nutrition, the Company continues to encourage healthy home-cooking among aspiring young chefs through the MAGGI Secondary Schools Cooking Competition, which was first launched in 1997.

For the 19th year of the annual competition, young budding chefs across Malaysia had the opportunity to display their culinary skills during the competition. This contest is in line with our commitment to promote greater awareness of good food habits, especially in light of rising health issues such as obesity and diabetes among Malaysians. MAGGI aims to cultivate an interest in cooking amongst young Malaysians as well as encourage them to develop nutritious culinary practices.



Participants of the MAGGI Secondary School Cooking Competition creating their very own signature recipe.

Supported by the Ministry of Education, the 19th MAGGI Secondary Schools Cooking Competition saw a total of 6,400 participants from 1,280 schools throughout the nation competing against their peers for their school to win the top culinary spot in Malaysia. Each team did their best to impress the judges with their skills and creativity as they whipped up their states' famous dishes in conjunction with the theme, 'Healthy Homemade State Dishes'. Through this competition, the students also had the opportunity to learn more about their respective states' culture and culinary specialities.

After competing in three challenging rounds at district, state and national levels, the team from Sekolah Menengah Kebangsaan Benut, Pontian, Johor emerged as Grand Champions, walking away with a trophy, a cash prize worth RM1,000, a portable stove, certificates and MAGGI hampers.



Young chefs identifying the various categories for the '7 Colours of Healthy Food'.

BRINGING UP HEALTHY KIDS FOR A HEALTHIER FUTURE

In conjunction with International Chefs Day, approximately 200 children had the opportunity to don aprons and chef's hats, as Nestlé and 80 professional chefs taught them about the importance of nutritious diets. Themed "Healthy Kids – Healthy Future", the children learned about healthy eating in fun and educational ways. Held in Kuala Lumpur and Penang, the event saw the participation of children aged 6 to 12 years from orphanages, kindergartens and primary schools.

This collaboration builds on the partnership between World Chefs Without Borders and Nestlé Professional, a programme that helps educate future chefs about nutrition. The children were visibly fascinated by what they heard as they posed multiple questions, ranging from details on the uniforms of chefs to reasons for choosing the culinary profession.

Approximately 200 children had the opportunity to don aprons and chef's hats, as Nestlé and 80 professional chefs taught them about the importance of nutritious diets.

During the day, the children picked up practical healthy eating tips to apply in their daily lives. 'My Plate', an interactive session, illustrated the five food groups that form the building blocks for a healthy diet, including fruits, vegetables, grains, protein and dairy.

This was followed by a session called '7 Colours of Healthy Food' conducted by Chef Wilment Leong, Chairman of World Chefs Without Borders. The children were taught in a creative and interactive way to identify healthy food by matching each colour section on the 'food wheel'. Through this activity, the children learnt that it is possible to eat healthy food that also tastes good.

Reflecting the Company's belief in the importance of embracing multi-stakeholder partnerships, Penang's event was a joint collaboration between Nestlé Malaysia, Penang Junior Chefs Club, Penang Chefs Association and World Association of Chefs Societies, while the Kuala Lumpur event saw Nestlé Malaysia partnering with the Food Aid Foundation and World Chefs Without Borders.



The MyBreakfast Study is the first comprehensive nationwide study investigating the breakfast habits of Malaysian schoolchildren.

“We are glad to support this landmark study which provides a deeper understanding on the breakfast behaviour of Malaysian school children. This is indeed a valuable resource that can benefit all stakeholders and ultimately help to develop Malaysian children into successful leaders of tomorrow. As a responsible global food company, Nestlé is committed to making breakfast better.”

Ms Nirmalah Thurai
Country Business Manager, Nestlé Breakfast Cereals

MALAYSIA'S FIRST COMPREHENSIVE BREAKFAST STUDY

In partnership with the Nutrition Society of Malaysia (“NSM”), Nestlé Malaysia unveiled key findings from the first Nationwide Breakfast Study in Malaysia in December 2015. The MyBreakfast Study of School Children was the first comprehensive nationwide study to investigate the breakfast habits of 8,705 primary and secondary Malaysian school children.

Among the key findings of the study was that one in four Malaysian children were either overweight or obese. Despite the fact that breakfast is widely known to be the most important meal of the day, especially for children, the study revealed that this healthy habit was not practised by all school children throughout the nation. It was also revealed that children who skipped breakfast were 1.34 times more likely to be overweight or obese.

In addition, the MyBreakfast Study revealed that four in five children were not getting any whole grain in their diets, and 99% of the children did not meet the recommendation for whole grain intake (48g/day). For children who did consume whole grain, breakfast cereals proved to be the main source and contributed about 60% to 70% of whole grain consumed daily.

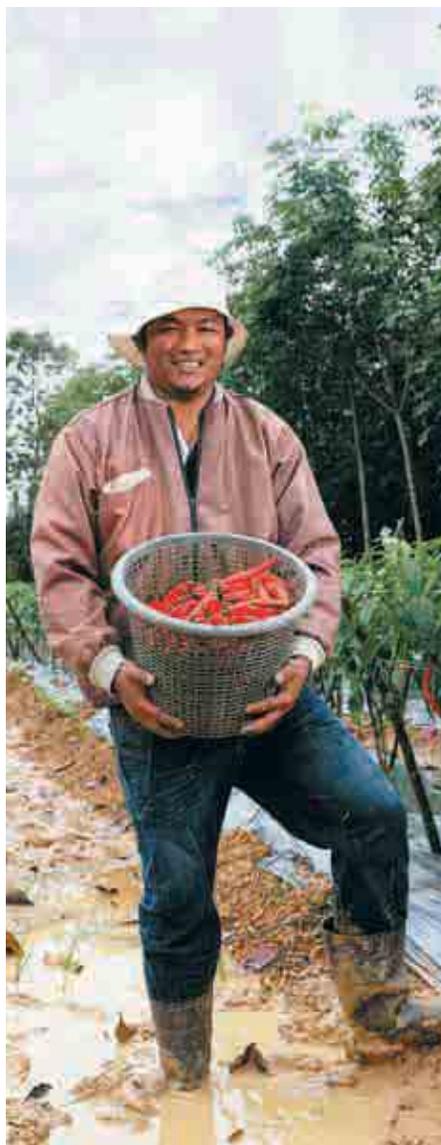
This study was part of a global initiative by Nestlé through our joint venture partner, Cereal Partners Worldwide (“CPW”) to examine the dietary habits of consumers across different population groups. By gaining a deeper understanding of dietary habits, CPW aims to identify gaps and subsequently collaborate with local stakeholders to bridge these gaps.

EMPOWERING RURAL COMMUNITIES

ALLEVIATING POVERTY AND DEVELOPING GOOD AGRICULTURAL PRACTICES

The overall wellbeing of our various stakeholders, including farmers, rural communities, small entrepreneurs and suppliers, is key to our Company's continued success and the nation's development. Towards this end, we have established initiatives that are in line with one of our CSV core pillars, Rural Development. One such initiative is the Nestlé Chilli Club ("NCC") contract farming scheme, a 20-year collaboration between the Nestlé Agricultural Services Department and Pertubuhan Peladang Kawasan Bukit Awang.

The NCC was established with the aim of improving yields and quality of crops among local farmers to meet global standards, and is aligned with Nestlé's Agricultural Policy to promote local sources of raw material supply. This initiative reflects that it is indeed possible for a business to do well by doing good as it creates shared value not only for the Company, but also for the local farming community.



Chilli Club farmer harvesting fresh chillies.

In line with Nestlé's CSV philosophy, the NCC helps provide local farmers with a sustainable source of income by educating them on best agricultural practices to generate the highest yields and grow quality raw materials. The farmers are then able to become responsible and reliable suppliers of quality fresh chillies to Nestlé. In return, Nestlé offers a fair market price for their produce.

Through the NCC, local farmers are given agricultural training sessions which focus on increasing productivity, reducing farm costs, minimising environmental impact as well as enhancing work safety. In addition, the Nestlé Agricultural Services Department ensures that farmers are provided with technology support and technical know-how to assist them in getting the highest yields from their crops and to meet global standards.

In June, MAGGI launched their 'Fresh from the Farm' Chilli Sauce with all-new packaging to celebrate the Malaysian farmers responsible for this well-loved product. Every bottle of MAGGI Chilli Sauce contains fresh, high quality chillies which have created the signature fresh taste that has made MAGGI Chilli Sauce an essential household item across the nation.

To date, the NCC has 80 farmers producing a yield of 350 metric tonnes of fresh chillies over 32 hectares of land.

Kebun Dapur MAGGI Unveiled

MAGGI marked a milestone in 2015, celebrating the 20th year of the collaboration with PPKBA. In conjunction with this, *Kebun Dapur MAGGI* was launched.

As an expansion of the NCC, the one-acre farm is dedicated to innovative research and development initiatives to establish sustainable and holistic farming practices. Through *Kebun Dapur MAGGI*, along with chilli crops, MAGGI aims to cultivate the best high quality, high-yielding breeds of various types of fresh vegetables, herbs and spices that are used in MAGGI's wide range of products. This initiative will also enable us to nurture more local farmers.

During the official opening of *Kebun Dapur MAGGI*, representatives from MAGGI, the Farmers' Organisation Authority and PPKBA had a walkabout through the farm, experiencing first-hand the hard work of the NCC farmers. This was followed by a cooking demonstration by Chef Muluk, Executive Chef from MAGGI, who showcased the preparation of two delicious dishes, *Ayam Tumis Cili* and *Kerabu Buah* using MAGGI Chilli Sauce.



A MAGGI representative showcasing the fresh chilli planted by the local farmers of the Nestlé Chilli Club.

In addition, the achievements of the local farmers in the NCC were also recognised. Certifications of appreciation and Nestlé gift boxes were presented to NCC members based on varying categories, including 'Most Productive Farmer To-Date' and 'Longest Servicing Farmer To-Date'. The recipients were delighted to have earned these awards.

To date, the NCC has 80 farmers producing a total yield of 350 metric tonnes of fresh chillies over 32 hectares of land.

CELEBRATING TERENGGANU'S WETLANDS

As part of its commitment to sustainability, Nestlé (Malaysia) Berhad formed a partnership with WWF-Malaysia in 2006, establishing the Setiu Sustainable Development Project. This project is dedicated to the sustainable management and conservation of the rich natural resources and biodiversity of the Setiu Wetlands.

The project also aims to enhance the livelihood of local communities. Through this initiative, local women through *Persatuan Wanita Kampung Mangkok Setiu* ("PEWANIS") have been empowered as guardians of the wetlands, becoming environmental ambassadors for the area and improving their entrepreneurial skills through eco-tourism activities.

In 2015, the Company took part in PEWANIS Day, celebrating the achievements of PEWANIS members in environmental conservation efforts. During this get together, a dialogue session was held between Nestlé Malaysia, WWF-Malaysia and PEWANIS. In celebration of PEWANIS Day, guests were treated to a special choir performance by students from SK Mangkok.

Along with the performance, a photo gallery was set up depicting the various conservation and eco-tourism activities that have taken place from 2007 to 2015, with the theme "Setiu Wetlands: Past, Present & Future". PEWANIS members and other members of the local community also demonstrated their skills in handicraft work. In addition, PEWANIS members took the opportunity to demonstrate techniques for replanting mangroves from seedlings, which is one of their main activities in creating conservation awareness.

In tandem with encouraging income generation and empowering women via the PEWANIS group, the Setiu Sustainable Development Project aims to educate and reach out to local children and youth, as well as the community as a whole.

MOVING FORWARD

Nestlé remains committed to making meaningful contributions to the community. We will continue to seek out opportunities to make a positive difference via our CSV initiatives as we move forward.



The school children of SK Mangkok had the time of their lives as they did their best to win the colouring competition.

“The partnership between Nestlé Malaysia and WWF-Malaysia has greatly benefited our local community in Setiu. Along with being a source of income for our local communities, our efforts will help us to protect the environment for our future generations. The eco-tourism activities are also beneficial to the public as we are able to educate people on environmental conservation and sustainable living.”

Rusnita Ngah
Chairperson of PEWANIS

OUR COMMUNITY - OUR PERFORMANCE

| | GRI Reference | 2013 | 2014 | 2015 |
|---|---------------|-----------|-----------|------------------|
| KEY COMMUNITY PROJECTS | | | | |
| Nestlé Healthy Kids Programme¹ | | | | |
| Primary School Module | | | | |
| Number of schools impacted | | 6 | 77 | 75 |
| Total number of students involved in intervention programme | | 136 | 4,835 | 4,924 |
| Total number of visits to the Healthy Kids Website | | 51,395 | 19,821 | 41,173 |
| Total number of page views on the Healthy Kids Website | | 164,303 | 51,282 | 85,811 |
| Secondary School Module | | | | |
| Number of schools impacted | | 100 | 100 | - |
| Total number of students involved in intervention programme | | 4,954 | 4,954 | - |
| Total number of teachers and wardens trained in the educational module | | 203 | 202 | - |
| Total number of teachers, canteen owners and chief cooks trained in healthy cooking | | 332 | 293 | - |
| MAGGI Secondary School Cooking Competition² | | | | |
| Number of schools involved | | 1,680 | 1,600 | 1,280 |
| Number of participating students | | 5,040 | 4,800 | 6,400 |
| KOKO KRUNCH Junior Taekwondo Championship³ | | | | |
| Number of participants | | 1,800 | 1,800 | 2,000 |
| Nestlé Paddy Club, Kedah⁴ | | | | |
| Number of farmers impacted/benefited from the project (Jan/Feb) | | 289 | 310 | 300 |
| Number of farmers impacted/benefited from the project (Aug/Sept) | | 312 | 298 | 294 |
| Average yield (Jan/Feb) | | 5.02MT/ha | 5.85MT/ha | 4.81MT/ha |
| Average yield (Aug/Sept) | | 7.06MT/ha | 6.40MT/ha | 6.11MT/ha |
| Total number of hectares (Jan/Feb) | | 765 | 814 | 789 |
| Total number of hectares (Aug/Sept) | | 807 | 788 | 794 |

| | GRI Reference | 2013 | 2014 | 2015 |
|--|---------------|-------|-------|----------|
| Nestlé Employee Volunteer programme (ROCKS)⁵ | | | | |
| Number of activities | # | 11 | 14 | 11 |
| Number of volunteers: | | | | |
| i) Employees | # | 205 | 146 | 165 |
| ii) Non-employees | # | 4 | 6 | 9 |
| Total number of volunteer hours | # | 952 | 835.5 | 1,111.75 |
| Setiu Wetlands Project with WWF-Malaysia⁶ | | | | |
| Mangrove replanting activity (number of seedlings planted) | G4-EN13 | 1,065 | 388 | 1,095 |
| Outreach programme (beyond Kg. Mangkuk) | | 5 | 1 | 1 |
| Number of PEWANIS members: | | | | |
| i) Active members | # | 15 | 15 | 23 |
| ii) Non-active members | # | 5 | 30 | 20 |

Nestlé specific indicators.

1. Source: Google Analytics Search Engine Optimisation Report, from January to December 2015 and Nutrition Society of Malaysia Yearly Report 2015.
2. Source: Official appreciation letter by Kementerian Pelajaran Malaysia.
3. Source: Various media articles by Breakfast Cereal Team and report by 3rd party agency.
4. Source: Yield Report by the rice millers in Kedah (Ban Eng Hin and Chuan Huat Bee Kah).
5. Source: Attendance Report by Nestlé Group Human Resource Department.
6. Source: 2015 Report by WWF Malaysia.



OUR COMMITMENT TO THE

ENVIRONMENT



MENT

As a responsible manufacturer in the food and beverage industry, Nestlé has always been committed to progressing in a sustainable manner. This is clearly reflected in our business growth as well as our environmental conservation efforts. Ensuring a sustainable future is a crucial responsibility, benefitting not only the Company but also our future generations.

Sharing Our Vision, Journey and Environmental Footprint

“Respect is at the heart of Nestlé - Respect for the society in which the Company operates; respect for the environment; and respect for future generations.”

Paul Bulcke

CEO, Nestlé S.A. and co-chair of The Consumer Goods Forum

Towards this end, we are focused on enhancing efficiencies throughout our operations and instilling best practices along the supply chain. We also work closely with our partners to optimise the environmental performance of our products along the value chain.

In tandem with this, we have implemented various initiatives aimed at raising awareness on the importance of environmental conservation and sustainable practices.

It is a known fact that food production and consumption utilise a significant share of the world’s resources. However, we operate in an environment where water is increasingly scarce and biodiversity is on the decline. Our world continues to face environmental challenges such as climate change and global warming. In light of these environmental issues, it is imperative that we embrace sustainability in all areas of our business, including supply chain, operations, activities, brands and products.

As a responsible global company, Nestlé continuously strives to implement eco-friendly business practices along the supply chain. Over the years, we have sought out solutions to improve the environmental performance of our operations.

Nestlé ensures that its supply chain tackles various environmental issues, from start to finish. For example, we assist farmers to adapt their farming practices to overcome environmental challenges arising from climate change. The NESCAFÉ Plan, the Nestlé Cocoa Plan and Nespresso Ecolaboration ensure that key commodities for Nestlé – such as coffee and cocoa – are cultivated through more sustainable methods, from an economic, social and environmental perspective. The Company also encourages its 400 biggest suppliers to report their greenhouse gas emissions targets through Carbon Disclosure Project (“CDP”), an international not-for-profit organisation that enables companies to measure, disclose and share vital environmental information.

Among Nestlé’s environmental goals is to ensure that our products do not result in harmful practices such as deforestation. As a full member of the Roundtable on Sustainable Palm Oil (“RSPO”), this is proven through our policy towards the responsible sourcing of palm oil, reflecting our pledge to only use 100% RSPO-certified palm oil in our products and operations. This is also supportive of the New York Declaration on Forests, which aims to halt and reverse the loss of forests. In addition, we support the CDP initiative which aims to remove commodity-driven deforestation from all supply chains by 2020.

On the other end of the supply chain, we are committed to utilising modern technology when it comes to keeping products like ice cream and yogurts cool and safe to eat. We strongly support the development and use of safe and efficient natural refrigerant solutions for commercial application, and we are also phasing out appliances which require the use of Hydrofluorocarbon (“HFC”). We have invested over £160 million into finding carbon-neutral natural alternatives in 93% of our industrial refrigeration systems. Today, we are proud to state that all new ice cream chest freezers in Europe use natural refrigerants.

The Company is also determined to combat food wastage, which is a major source of greenhouse gas emissions, and on behalf of The Consumer Goods Forum, we are co-steering the development of the World Resources Institute Food Loss and Waste Protocol. These actions contribute to ensuring that Nestlé products are not only ‘tastier and healthier’, but also better for the environment along the entire value chain.

OUR COMMITMENTS

In all activities and initiatives that Nestlé engages in, we are committed to embracing “Environmentally-Sustainable Business Practices”. At each stage of the product lifecycle, we strive to use natural resources efficiently and encourage the use of sustainably-managed renewable resources, as well as targeting zero waste.

Our commitments in the area of environmental sustainability are to:

- Improve resource efficiency;
- Assess and optimise the environmental impact of our products;
- Provide climate change leadership;
- Preserve natural capital, including forests; and
- Provide meaningful and accurate environmental information and dialogue.

As part of our drive towards environmental sustainability, Nestlé made the commitment to purchase 100% renewable electricity energy within the shortest practical time frame. This is in line with the 21st Conference of the Parties (COP 21) to the United Nations Framework Convention on Climate Change held in December 2015.

NESTLÉ ENVIRONMENTAL POLICY

The Nestlé Policy on Environmental Sustainability incorporates the United Nations Global Compact (“UNGC”) environmental principles, which states that businesses should support a precautionary approach to environmental challenges, undertake initiatives to promote greater environmental responsibility, and encourage the development and diffusion of technologies with better environmental performance.

The policy is complemented by more detailed commitments on key environmental issues:

- The Nestlé Commitment on Climate Change;
- The Nestlé Commitment on Biofuels;
- The Nestlé Commitment on Water Stewardship;
- The Nestlé Commitment on Natural Capital;
- The Nestlé Commitment Towards Zero Food Wastage; and
- The Nestlé Commitment on Deforestation and Forest Stewardship.

OUR JOURNEY IN NESTLÉ MALAYSIA

Here in Malaysia, we ensure that our operations comply with local regulations as well as Nestlé’s global guidelines. We are also accredited by the International Inspection Authorities for ISO 14001 implementation.

In 2015, the Company aimed to achieve the following objectives:

1. Reduce specific Water Usage (m³/tonne product) by 4%
2. Reduce specific Energy Usage (GJ/tonne product) by 4%
3. Reduce absolute amount of Solid Waste by 10%

Note: All reductions are in comparison to 2014.

In order to achieve these goals, all our factories in Malaysia committed to a number of reduction programmes for each area of the environmental objectives. These programmes were tracked globally via a central-based software reporting structure known as SHE-PM (Safety, Health and Environment Performance Monitoring).

In tandem with this, the Company has undertaken proactive initiatives in all Business Units and throughout our Supply Chain, with a view to actively reduce our carbon footprint through initiatives such as a recycling campaign for packaging materials, a market trial for Natural Gas Refrigerant Freezers, economising travel distance for our goods and personnel, and the Zero Landfill initiative.

OUR STRATEGY

These objectives and initiatives have translated into a strong commitment across the Group to ensure that every single individual associated with the Company understands the importance of environmental preservation efforts. We regularly review the general Environmental Aspect and Environmental Impact ("EAEI") assessment for all our operations, enabling us to assess the impact of our own operations and the wider value chain.

In 2015, our efforts resulted in the reduction of the consumption of energy, water, greenhouse gases, solid waste and packaging materials. We employ three key strategies to continuously improve our performance:

1. Strengthen our standard routines and operators' ownership

This strategy ensures that we continue to be "Brilliant at Basics". We have put into place routine maintenance and monitoring procedures to prevent energy and water leakages. This includes monitoring the performance of steam traps, compressed air, electrical panels and large equipment bearings on an average of two to three times per year.

At the same time, to ensure smooth operations and prevent wastage at all levels, we have incorporated the Total Performance Management ("TPM") philosophy into our operations. Commencing in 2014, we empowered the shop-floor level with ownership of energy and water usage, conducting regular

monitoring and implementing initiatives to reduce wastage. This has resulted in successful situations where leakages were identified and arrested within 24 – 48 hours.

2. Rationalise operations

As much as possible, the productivity of our equipment is maximised to gain economies of scale and waste-minimisation programmes are carried out with the support of focus working groups. In addition, we benchmark our key processes against set standards developed by Centre through a programme called "DIY" (Do It Yourself). A list of best-in-class practices for various processes is displayed in the repository for factories to put into effect.

3. Investments in new technology and automation

With strong support from industry experts in various fields, the Company continuously seeks out green energy technology options such as cleaner fuel, high energy-efficient equipment, automation of processes with accurate feedback control, thermal energy recovery units and Reverse Osmosis (RO) purifiers that enable us to recycle water for our operations.

These key strategies are monitored and implemented in all our factories through a collaborative network of Energy Management Teams. With the cooperation of the various operating factories, this approach has enabled us to shorten the learning curve in executing these strategies.

On top of that, each Energy Management Team from the larger factories organised an Energy Audit programme known as Energy Target Setting ("ETS"). Through this initiative, industry experts, vendors, product technologists and energy servicing companies come together to find opportunities towards Energy and Water Savings. Three major ETS programmes and one small-scale ETS programme were successfully organised in 2015.

In the area of supply chain and sales, the Company continues to monitor the carbon footprint for the transportation of our finished goods and travel of sales personnel. We have also seen further improvements to our "Load Optimisation Project", which aims to reduce the carbon footprint at our Nestlé Distribution Centre.

For our Ice Cream business, we have tested new freezers, which are more energy-efficient and use natural refrigerants such as Hydrocarbon Gas, replacing Synthetic Gas which is detrimental to our environment. Gradually, we aim to expand to other areas of the supply chain and transportation, as well as to our business partners.

The savings in water utilisation rate of 4.31 m³/year in 2015 is enough to sustain over 1,200 people annually or 300 families.

WATER MANAGEMENT – OUR TOP PRIORITY

- *The savings in water utilisation rate of 4.31 m³/year in 2015 is enough to sustain over 1,200 people annually or 300 families.*
- *This is equivalent to specific savings of 3.8%.*

Responsible water management is a top priority for Nestlé. As testament to this, we are a founding signatory of the 'UN Global Compact CEO Water Mandate' and a key member of the 'Water Environment and Federation Water Task Force and 2030 Water Resources Group'.

As a company, we have continuously:

- Worked to reduce the amount of water utilised throughout our manufacturing operations by implementing various measures. This includes raising awareness among the factory staff to eliminate waste, re-using processing water for vacuum pumps and process pumps where appropriate, optimising water supply pressure in our selected unit operations and social blocks, and recycling processed water to social blocks and selected operations while ensuring that all hygiene standards are adhered to;

- Ensured that our water-related activities respect local water resources;
- Ensured that excess water discharged into the environment is clean;
- Engaged with vendors, suppliers and our farmers to encourage water conservation; and
- Collaborated with external parties to enhance awareness within various communities and to educate them on the importance of water conservation.

In 2015, the Company achieved savings of 3.8% for specific water usage of 4.31 m³/tonne. The savings of 65,686 m³ water per year is equivalent to the average usage of 1,200 people in one year.

In addition to the direct usage of water in our operations, we are also looking at ways to reduce water consumption throughout the supply chain. This includes ongoing research and development efforts with our rice suppliers on SARI farming, where initial results have shown that SARI conserves up to 50% of water as compared to conventional wetland rice farming.

We have also conducted awareness and educational programmes with our contract farmers and relevant agencies, as well as sharing our best practices and environmental performance with local authorities and stakeholders.

Looking ahead, we are planning to install "Reused Treated Effluent" with further treatment for non-potable users such as cooling towers and social blocks. We also aim to use more technology to reuse processed water in our production process.

In order to ensure the sustainability of this precious resource, we believe that there needs to be strong awareness at all levels of the supply chain, from the farmers that provide our raw materials to the end-users of our products.

ADDRESSING CLIMATE CHANGE – ENERGY AND GREENHOUSE GAS MANAGEMENT

- *The savings in energy utilisation rate of 3.36 GJ/year in 2015 is enough to sustain fuel for 1,579 cars annually.*
- *This is equivalent to specific savings of 4.8%.*

Climate change presents many challenges to our business, such as global warming which affects our agriculture supply chain and further exacerbates the issue of water supply and scarcity. Harvests can be jeopardised and this can lead to an increase in food prices and economic hardship.

At Nestlé, we are doing our part to address the problem by reducing our specific energy consumption and the emission of greenhouse gases in our operations.

ENERGY MANAGEMENT

In 2015, we recorded savings of 4.8% for energy usage per tonne product of 3.36 GJ per tonne product, surpassing the annual 4% target.

Essentially, the savings were achieved via the following programmes:

- Raising awareness among factory staff on improving process efficiencies to maximise productivity and minimise waste;
- Strengthening our standard routines for steam traps, condensate recovery management and air leak management. Efficient maintenance in this area prevents unnecessary losses;

- Reducing steam pressure to reduce fuel usage;
- Installing energy recovery equipment in our boilers i.e. Economisers, which have the capability of increasing boiler efficiencies by 3% to 5%;
- Installing new equipment with lower energy usage, e.g. by installing air diffusers for our waste water treatment plants replacing traditional aerators, using low pressure steamers for our noodle line, installing Reverse Osmosis water treatment for boilers, LED lights, etc.; and
- Including an energy-efficient criteria in the selection of equipment for our processes i.e. motors, pumps, boilers, chillers and air compressors.

Looking ahead, the Company will explore the use of:

- 1) Renewable energy. For example, photovoltaic cells such as using solar panels to harness electrical energy;
- 2) Clean fuel such as natural gas in place of light fuel oil; and
- 3) The possibility for Co-Generation, which will provide greater energy efficiency.

The savings in energy utilisation rate of 3.36 GJ/year in 2015 is enough to sustain fuel for 1,579 cars annually.



The Economiser is used to recover potential energy emitted from the boilers at our factories.

In January 2015, our truck load capacity was increased to 41.4 m³/truck, an improvement from 38.3 m³/truck in October 2013.

REFRIGERANT MANAGEMENT

As a responsible global citizen, Nestlé has in place strict purchasing policies on Refrigeration and management of Refrigerant Gases due to their detrimental impact on Ozone Depletion Potential (“ODP”) and Global Warming Potential (“GWP”).

Our immediate priority is to purchase natural refrigerants that have zero ODP and GWP – Ammonia, Carbon Dioxide or Hydrocarbon – for our operations, wherever technically possible. In the absence of natural refrigerant equipment or technology, HFC synthetic refrigerant will be used with special permission as the next best option due to its zero ODP impact.

We ensure that strict monitoring and tracking of refrigerant gases consumption are carried out on a monthly basis. The scheduled replacement of old equipment follows the aforementioned policy.

We are currently testing 200 units of freezers in our Ice Cream outlets using Hydrocarbon gas, and if successfully proven to be safe and energy-efficient, we will gradually adopt the technology for the rest of our operations.

REDUCING CO₂ IMPACT OF TRANSPORT OPERATIONS

As part of our efforts to preserve our environment and address the worrying issue of global warming, we have introduced various initiatives with a greater focus on load optimisation projects throughout Malaysia.

One of the measures which we have undertaken is improving the load capacity of our trucks. In January 2015, our truck load capacity increased to 41.4 m³/truck, an improvement from 38.3 m³/truck in October 2013. This resulted in the following:

- 8% increment in truck capacity;
- 8% reduction in the number of trips per month;
- Carbon emissions dropped to 67 tonnes, from 72.6 tonnes previously.

In addition, we successfully reduced truck movements by implementing direct dispatches from factories for export operations instead of the National Distribution Centre.

Over the next few years, we will continue to roll out initiatives with the aim of reducing the impact of carbon emissions within our Supply Chain.



We ensure that 100% of wastewater from our factories is treated and complies with local environment regulations before being discharged.

MINIMISING SOLID WASTE

Our Goal Towards Zero Waste to Landfill

- Since June 2013, six out of eight of the Company's factories have achieved Zero Landfill status.
- We are committed to achieve Zero Landfill status for our factory in Kuching, Sarawak by the end of 2016.
- To date, we have converted 5,476 tonnes of organic waste to fertiliser.

Since 2013, the Company has made successful inroads to attain Zero Landfill status. This was achieved due to the strong commitment from our environmental team who conducted the following initiatives:

- Sorting of packaging waste at source is done extensively in all our sites to ensure that paper, plastic, glass and rejected products are segregated at source for recycling purposes. Only damaged packaging and rejected products are disposed of. At the same time, our waste management company does a second inspection to recover recyclable materials before sending it out for landfill;

- Converting food waste to animal feed;
- Recycling most of our market returns in our central warehouse to animal feed/organic fertilisers and sending packaging for recycling.

Our key breakthrough were:

- Conversion of waste water treatment plant sludge and food waste to organic fertiliser using special microbes in a reactor;
- Conversion of laminates which could not be recycled previously into building materials such as roofing sheets, partitions, etc.

OUR NEXT TARGET

The Company is committed to recycle 100% of its landfill waste in our operations in East Malaysia, i.e. our Kuching Factory in Sarawak by end of 2016. We are conducting site surveys and looking into opportunities in feasible and sustainable operations in order to achieve 100% recycling.

PACKAGING

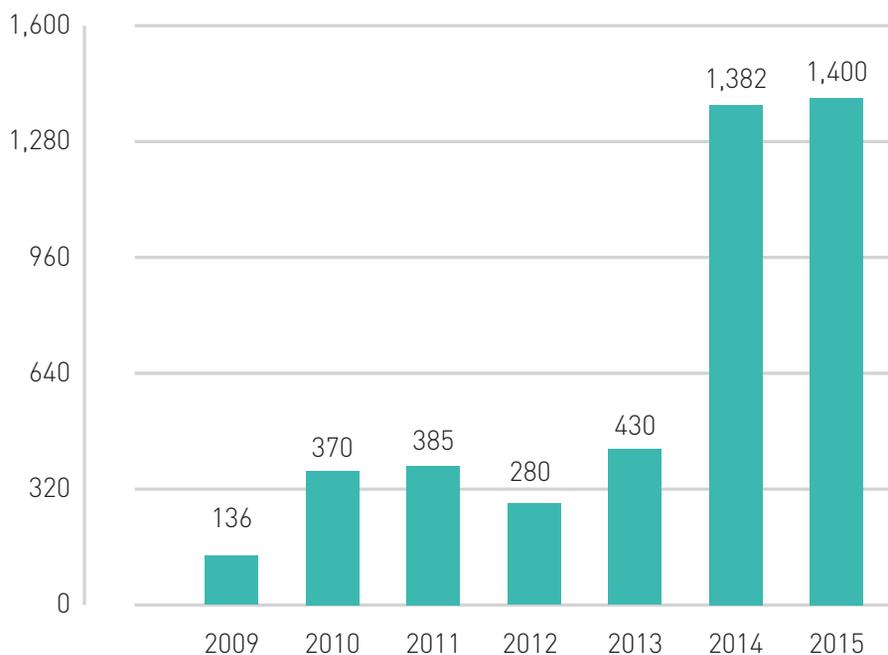
Product packaging is an essential part of our commitment to our customers as it creates differentiation for our brands, helps keep our products fresh and free from contamination and provides the relevant information on ingredients and nutritional content.

However, packaging also generates waste, and is one of the most common items found in landfills. Hence, it is important that we design our packaging to be fully recyclable in order to minimise its negative impact on the environment.

We take a holistic approach to assessing the environmental impact of our packaging, utilising the analytical Life Cycle Assessment (“LCA”) tool to select the most optimal packaging solutions. The LCA covers the environmental impact of packaging throughout the supply chain, from material extraction and manufacturing process, to disposal after consumption of the product.

In 2015, packaging optimisation projects enabled us to reduce material usage by 1,400 tonnes.

PACKAGING MATERIAL SOURCE REDUCTION (TONNES)





Through the CAREton Project, recycled beverage cartons are made into roofing tiles to build homes for Orang Asli communities.

RECYCLING FOR A GREEN FUTURE

First launched in 2012, the CAREton Project is a joint environmental sustainability initiative by the Company in partnership with food processing and packaging solutions company, Tetra Pak (Malaysia) Sdn Bhd. This project aims to educate Malaysians and create awareness on the benefits of recycling beverage cartons. Over 480 collection points have been set up nationwide for the convenience of consumers.

Through the CAREton Project, beverage cartons are recycled and turned into roofing tiles for use by social enterprise EPIC Homes, which has collaborated with the CAREton Project over the past two years to build homes for Orang Asli communities.

In 2015, the CAREton Project exceeded its initial target of 8.5 million used drink packs, collecting a total of 9.3 million packs.

With every 7,247 recycled drink packs, a single nine-by-four feet roofing tile is produced. These roofing tiles are made of compressed poly aluminium, a highly durable lightweight material that can withstand heat and rain. Forty-six roofing tiles are required to build one EPIC home.

In 2015, the CAREton Project exceeded its initial target of 8.5 million used drink packs, collecting a total of 9.3 million packs. These will be recycled into 1,150 roofing tiles, with the aim of building 25 homes in the East Coast or for Orang Asli communities, as determined by EPIC Homes.

In order to encourage consumers to take part in this environmental sustainability initiative, Tetra Pak and Nestlé Malaysia pledged to match the number of roofing tiles if the target was achieved, by providing an additional 1,150 roofing tiles to build another 25 homes. As the CAREton Project surpassed its collection target, we fulfilled our pledge to donate additional roofing tiles to build a combined total of 50 homes. The CAREton Project will deliver its commitment for 2015 in the following year, as the distribution of roofing tiles, which is managed by EPIC Homes, depends entirely on the needs of its recipients.

PROJECT RILEAF

In line with Nestlé's commitment in the focus area of Water & Environment, Project RILEAF was launched in 2011 as an initiative to restore 2,400 hectares ("ha") of land along the riparian area of lower Kinabatangan River in Sabah, the second longest river in Malaysia. This initiative is supported by Sime Darby Foundation, who has been committed to co-funding the project's resources since 2014, through a collaborative agreement. Project RILEAF is driven by Nestlé (Malaysia) Berhad ("the Company") in collaboration with other stakeholders including Universiti Malaysia Sabah, Oil Palm Smallholders & Plantations, the Sabah State Government and the local communities.

The Kinabatangan landscape has been the heart of oil palm production since the 1980's, and its mega-diversity has caught the attention of conservationists. As a full member of the Roundtable on Sustainable Palm Oil ("RSPO"), the Company is committed to the development and procurement of sustainable palm oil. Thus, together with Universiti Malaysia Sabah, we engaged with palm oil smallholders within the Kinabatangan floodplains to impart 'back-to-basics' Good Agricultural Practices, encouraging smallholders to minimise oil palm's environmental footprint by mitigating water pollution from soil sedimentation as well as agricultural fertiliser run-offs.

From an economic perspective, Project RILEAF collaborates with oil palm smallholders to create a secure supply-chain of RSPO-certified sustainable palm oil in Kinabatangan.

Reflecting the Company's CSV approach, Project RILEAF also supports capacity-building in the local community through the purchase of indigenous tree seedlings for reforestation from community-based seedling producers – Komuniti Anak Pokok Kinabatangan ("KAPOK"). In addition, this initiative engages local communities to assist with providing services as contractors for demarcation, planting and maintenance work.

Project RILEAF demonstrates the success of embracing a multi-stakeholder approach as it brings

together different sets of capabilities, combining various expertise and specialists to work towards the common goal of implementing a viable environmental initiative.

In 2015, a total of 201,413 trees were planted, covering 193ha within the 20m riparian zone. Since the launch of the project in 2011, a total of 484,580 trees have been planted, covering more than 2,300ha of degraded forests. Ultimately, we believe that Project RILEAF will contribute towards the protection and sustainability of our environment for future generations.



Seedlings that are ready to be planted are carefully handled and transported to planting sites.

NESTLÉ PADDY CLUB

Under the key pillar of Rural Development, one of the three core areas in the Company’s CSV platform, the Nestlé Paddy Club (“NPC”) is an innovative farming initiative that was officially launched in 2012.

The NPC aims to provide a sustainable source of income for paddy farmers in Kedah, while encouraging them to adopt an environmentally-friendly approach. In lieu of the traditional method of farming rice where the paddy stalks are immersed in flooded fields, the local farmers in Kedah are taught to utilise an environmentally-friendly and sustainable innovation known as the SARI method.

This is a water-saving approach applied in lowland paddy fields that has been proven to reduce water usage and methane emission in irrigated fields. The SARI farming practice effectively reduces the levels of greenhouse gases and uses irrigation water more efficiently, conserving up to 30% to 40% of water. In addition, farmers’ crop yields are increased by using environmentally-friendly microbial supplements such as Agri-Organica, which are provided by the Company.

The farmers are also taught Good Agricultural Practices and sustainable farming methods, which help to ensure food safety and quality. The high-quality rice that is harvested can then be used for the manufacturing of Nestlé infant cereals. Ultimately, this innovative method enables farmers to improve their yields and crop quality to meet global standards, which in turn helps to reduce the Company’s reliance on imports.



The NPC provides a sustainable source of income for paddy farmers in Kedah, while encouraging them to adopt an environmentally-friendly approach.

Through the NPC, local farmers are taught rice farming methods to help grow higher quality raw materials at stable market prices. This initiative has resulted in poverty alleviation amongst the NPC farmers. At the same time, our Company benefits from the NPC as we are able to maintain the stability of supply, traceability as well as freshness of our raw materials.

To date, we have improved the earnings of 294 farmers and achieved an average yield of 6.11 metric tonnes per hectare (“MT/ha”), well above the national average yield of 3.7MT/ha, with over 794ha of cultivated area. NPC meets our supply for our infant cereal, CERELAC.

NPC adopts Semi-Aerobic Intensification farming method, which reduces water usage and methane emission in irrigated fields.

A SUSTAINABLE FUTURE

Over the long-run, the conservation of our planet’s precious resources is vital. Through these initiatives, we aim to work towards a sustainable future to ensure the prosperity of our business as well as the communities in which we operate.



| Harvest Season/Year | February | August |
|---------------------|-------------|-------------|
| 2012 | 4.48 MT/ha | 6.85 MT/ha |
| | 104 farmers | 170 farmers |
| | 274 ha | 475 ha |
| 2013 | 5.02 MT/ha | 7.06 MT/ha |
| | 289 farmers | 312 farmers |
| | 765 ha | 807 ha |
| 2014 | 5.85 MT/ha | 6.40 MT/ha |
| | 310 farmers | 298 farmers |
| | 814 ha | 788 ha |
| 2015 | 4.81 MT/ha | 6.11 MT/ha |
| | 300 farmers | 294 farmers |
| | 789 ha | 794 ha |

OUR ENVIRONMENTAL FOOTPRINT - OUR PERFORMANCE

| | GRI Reference | 2013 | 2014 | 2015 |
|---|---------------|-----------|-----------|------------------|
| Production | | | | |
| Production Volume (tonne) | | 399,168 | 381,886 | 386,390 |
| Materials Used | | | | |
| Non-renewable materials (tonne) ¹ | G4-EN1 | 783 | 590 | 546 |
| Direct materials (tonne) | G4-EN1 | 411,681 | 374,913 | 397,042 |
| Total weight of materials used (tonne) | G4-EN1 | 413,663 | 376,576 | 398,520 |
| Recycled materials (tonne) ² | G4-EN2 | 15,414 | 13,180 | 13,540 |
| Percentage of recycled materials (%) | G4-EN2 | 3.73% | 3.50% | 3.40% |
| Energy³ | | | | |
| Total energy (GJ) | G4-EN3 | 1,526,031 | 1,346,213 | 1,298,270 |
| Total direct energy consumption by primary source (GJ) | G4-EN3 | 785,848 | 682,063 | 623,776 |
| Total direct energy per tonne of finished goods (GJ/tonne) | G4-EN3 | 1.97 | 1.79 | 1.61 |
| Total direct energy by renewable primary source (GJ) (Coffee Ground) | G4-EN3 | 83,805 | 61,769 | 22,677 |
| Total direct energy by non-renewable primary source (GJ) (NG/LFO/Diesel/LPG) | G4-EN3 | 702,043 | 620,294 | 601,099 |
| Indirect energy consumption by primary source (GJ) | G4-EN3 | 740,157 | 664,150 | 645,933 |
| Indirect energy per tonne | G4-EN3 | 1.85 | 1.74 | 1.67 |
| % of Renewable Energy for Indirect Energy | G4-EN3 | - | 6.40% | 6.4% |
| Renewable Energy for Indirect Energy (GJ) | G4-EN3 | - | 42,505 | 41,339 |
| Non Renewable Energy for Indirect Energy (GJ) | G4-EN3 | - | 621,644 | 604,594 |
| Energy Consumption Outside Organisation (GJ) | G4-EN4 | - | - | 150,346 |
| Total amount of energy per tonne (GJ/tonne) | G4-EN5 | 3.82 | 3.53 | 3.36 |
| Energy saved due to improvements (GJ) | G4-EN6 | 35,104 | 113,726 | 65,687 |
| Water | | | | |
| Total water withdrawal by source (m ³ /year) | G4-EN8 | 1,863,027 | 1,710,038 | 1,664,338 |
| Total water withdrawal per tonne | G4-EN8 | 4.67 | 4.48 | 4.31 |
| Volume of water recycled per reused (m ³ /year) | G4-EN10 | 80,710 | 80,710 | 121,232 |
| Percentage of water recycled and reused (%) | G4-EN10 | 4% | 5% | 7.2% |

| | GRI Reference | 2013 | 2014 | 2015 |
|--|---------------|-----------|---------|----------------|
| Emissions, Effluents and Waste | | | | |
| Direct greenhouse gas (GHG) emissions (tonne CO ₂) - scope 1 | G4-EN15 | 63,239 | 57,240 | 56,855 |
| Energy indirect greenhouse gas (GHG) emissions (tonne CO ₂) - scope 2 | G4-EN16 | 108,509 | 102,298 | 100,421 |
| Total direct and indirect greenhouse gas emissions (tonne CO ₂) | G4-EN16 | 171,747 | 159,538 | 157,276 |
| Total greenhouse gas per tonne of finished goods (kg CO ₂ /tonne) | G4-EN16 | 432 | 420 | 407 |
| Other indirect greenhouse gas emissions by weight (tonne) ⁴ - scope 3 | G4-EN17 | - | - | 674 |
| Greenhouse gas (GHG emission intensity) scope 1, 2 and 3 over prod vol (kg/tonne) | G4-EN18 | - | - | 409 |
| Greenhouse gas reductions (tonne CO ₂) | G4-EN19 | -26,444 | 4,773 | 5,007 |
| Percentage of specific greenhouse gas reductions (%) | G4-EN19 | -18% | 2.9% | 3.1% |
| Emission of ozone-depleting substance (kg) | G4-EN20 | 277 | 254 | 346 |
| NO, SO, and other significant air emissions (type & weight)⁵ | | | | |
| SOx (tonne) | G4-EN21 | 177 | 144.6 | 142.6 |
| NOx (tonne) | G4-EN21 | 179.4 | 159.7 | 157.6 |
| Particulate Matter (PM) (tonne) | G4-EN21 | 44.45 | 44 | 44* |
| Total water discharge by quality and destination (m ³ /year) ⁶ | G4-EN21 | 1,010,999 | 966,636 | 902,916 |
| Total weight of waste by type and disposal method⁷ | | | | |
| Hazardous Waste (tonne) | G4-EN23 | 26 | 46 | 24 |
| Landfill waste (tonne) | G4-EN23 | 1,990 | 160 | 181 |
| Recycled waste (tonne)* | G4-EN23 | 13,303 | 11,895 | 11,550 |
| Recovered waste (tonne Coffee Ground for fuel) | G4-EN23 | 9,882 | 6,172 | 6,536 |
| Estimated composting organic material (tonne) | G4-EN23 | 3,079 | 4,917 | 5,476 |
| Total number and volume of significant spills | G4-EN24 | nil | nil | nil |
| Weight of transported waste deemed hazardous (tonne)⁸ | | | | |
| Weight of hazardous waste transported | G4-EN25 | 26 | 46 | 24 |
| Weight of imported hazardous waste | G4-EN25 | nil | nil | nil |
| Weight of exported hazardous waste | G4-EN25 | nil | nil | nil |
| Weight of treated hazardous waste | G4-EN25 | 2.97 | nil | nil |

| | GRI Reference | 2013 | 2014 | 2015 |
|---|---------------|-----------|-----------|------------------|
| Travel | | | | |
| Total distance travelled for finished goods for land and sea ('000 km) | G4-EN30 | 8,418 | 9,391 | 6,903 |
| Total CO ₂ discharge for above travels (tonne) | G4-EN30 | 9,647 | 12,056 | 7,516 |
| Average of CO ₂ for every tonne of finished goods, over the total distance travelled (CO ₂ /tonne km) | G4-EN30 | 52 | 60 | 51 |
| Total distance travelled by Nestlé Staff on business ('000 km) ⁹ | G4-EN30 | 7,512 | 11,859 | 8,622 |
| Total CO ₂ discharge from business related travel (tonne) ⁹ | G4-EN30 | 1,187 | 1,873 | 1,362 |
| Total environmental protection expenditures and investments (RM) | | | | |
| Waste disposal, emission treatment and remediation cost (RM) | G4-EN31 | 4,169,057 | 3,885,187 | 4,317,723 |
| Prevention and environmental management cost (RM investment cost) | G4-EN31 | 3,533,470 | 2,398,283 | 3,036,076 |
| Solid waste disposal cost (RM) ¹⁰ | G4-EN31 | 395,211 | 34,260 | 32,070 |

* The data has been independently audited. Please refer to the Independent Assurance Report on pages 110 - 111.

- Fuel usage is not reported in EN1 for year 2013 onwards to be aligned to Nestlé GI. Fuel is reported as energy in G4-EN3.
- Calculations based on Packaging Technologist report i.e. corrugated board = 50%; glass = 35% & MAGGI Hot Cup = 25%.
- G4-EN4 consists of energy used for finished goods transportation by contractor trucks to outlets and salesman travel. G4-EN5 Total energy in manufacturing.
- G4-EN17 GHG emission from finished goods transport.
- Note: Other gases ex POP (Persistent Organic Pollutants), VOC (Volatile Organic Compounds) and HAP (Hazardous Air Pollutants) are not relevant to our industry.
- All waste water discharged from factories are treated in biological waste water treatment plants and all discharge parameters comply with local environmental regulations.
- All landfill and recycled waste is managed by an appointed and authorised Waste Management Company.
- All hazardous waste is managed by DOE authorised contractors for further treatment and disposal.
- Source: <http://www.carpages.co.uk/co2/-158gCO2/kM>. For 2014 business travel from factories on road has been included together with salesman.
- Significant reduction in landfill cost due to Zero Landfill efforts in six out of eight factories.



OUR PEOPLE AND THE

WORKPLACE



Our talent pool is the backbone of Nestlé, driving our achievements and propelling the Company to greater heights. As such, attracting and retaining the best talents is among our top priorities.

Creating a conducive and harmonious work environment is imperative, especially in today's fast-moving and globalised era. Only then will our employees be able to thrive and achieve their maximum potential within the organisation, and ultimately allow us to deliver on the Nestlé promise of 'Good Food, Good Life' to our consumers.

As a people-inspired company, we place people at the heart of everything we do. We are well-aware that our workforce is our greatest asset, and we have established training programmes and leadership workshops to nurture and strengthen the capabilities of our employees. We are confident that providing such opportunities to our best assets will not only help them achieve their goals, but also motivate them to contribute to the Company's development.

DIVERSITY AND GENDER BALANCE

Our organisational culture is driven by the values of equal opportunity, dignity and respect. Diversity and gender balance are key priorities for our Company, and we encourage gender equality and empower women not just within our workplace, but also in the marketplace and communities in which we operate.

In Nestlé (Malaysia) Berhad ("the Company"), approximately 35% of our workforce consists of women employees, and over 44% of leadership positions in the Company are held by women. This is in line with the Government and Nestlé global's plans to increase the participation of women in the corporate field to 30%, and we are proud that the Company is already ahead of this target. We strongly believe that gender balance makes good business sense, as different perspectives and ways of thinking ultimately complement each other and lead to better decisions.

In Nestlé globally, we will continue to raise awareness and roll out Unconscious Bias Training through a network built around the world, which helps advance a change in mind-set. This will bring us to the next phase of creating a diverse and inclusive workforce.

To encourage women to participate in long-term career development and boost retention rate of mid-career hires, we have initiated structured leadership development programmes. Among these include our "Becoming an Effective Leader" programme, which promotes awareness on career management and retention of female employees. This initiative sees over 57% women participation.

We also provide facilities and implement policies to create a conducive working environment for working mothers to manage their roles as a working professional together with their family needs. These programmes include mentoring, flexible work hours, extended maternity leave, and dedicated facilities for nursing mothers.

At Nestlé, our gender policies are not based on setting artificial quotas. Instead, we believe in nurturing an environment that brings about natural gender-balance and diversity within the organisation. By 2018, we aim to be a gender-balanced company, and we will work towards this by creating suitable conditions in our work environment to increase and maintain the percentage of women managers and senior leaders.

At Nestlé Malaysia, our people are our greatest and most valuable assets.





The Company organises Safety, Health & Environmental (SHE) Day on an annual basis to raise awareness amongst our employees on the importance of upholding safety at the workplace.

SAFETY, HEALTH AND WELLBEING OF OUR PEOPLE

SAFETY AT THE WORKPLACE

As a leading food manufacturing company, safety is a non-negotiable priority and a fundamental part of our work culture. In line with this, we strive to provide a safe and conducive environment to prevent work-related accidents, injuries and illnesses amongst our employees, contractors and other vendors involved in the value chain.

In order to raise awareness on the importance of maintaining safety at the workplace, our employees are encouraged to join the Company's annual Safety, Health & Environmental ("SHE") Day.

This year's SHE Day garnered a positive response from employees, as they had the opportunity to learn more about workplace safety through fun interactive activities, such as the SHE Amazing Race, a First Aid class and a fire extinguishing demonstration. They were also able to take part in health and fitness activities, including Spine and Eye Checks and a cooking demonstration for nutritious and tasty dishes. In addition, the Company's recycling campaign saw a mass collection of recycled material from employees, which helped create greater awareness on environmental sustainability.

NURTURING HEALTHY LIFESTYLES

Along with promoting good nutrition and healthy lifestyles for our consumers, it is equally important that our own employees embrace this as well. At Nestlé, we strive to create a healthy work environment and organisational culture through the Employee Wellness Programme. This programme has seen various initiatives conducted throughout the year, including the following:

Lunch N' Learn

Conducted on a monthly basis, these one hour interactive sessions raise awareness on relevant topics among employees, ranging from health and nutrition to managing personal finances. These engaging sessions feature speakers who are experts in their various fields, and each session attracts at least 95% participation from employees. The high level of participation reflects how our employees have gained a good understanding on the importance of embracing health and wellness in their everyday lives.

Group Exercise

In order to further encourage our staff to lead active lifestyles, the Company organises exercises classes on a weekly basis for head office employees, ranging from Yoga, Yogapilates and Zumba to Strength Training and Power Aerobics.

Classes are held at Nestlé's Surian Tower headquarters every Wednesday, from 5.15pm to 6.15pm. The popularity of these classes was reflected in 2015 with a 180% increase in participants compared to 2014, from 250 people to 450 people.

Apart from providing a convenient platform for exercise, these classes also foster closer ties between staff, as personnel from various departments come together with the common goal of leading healthier lifestyles.

Blood Donation

Employees were encouraged to do their bit for society by taking part in a blood donation drive. A total of 93 donors took part, and out of these, 35 people were first-time donors.

In true Ramadan spirit, healthy red rice *bubur lambuk* was distributed to our staff during the fasting month to raise awareness on the benefits of eating red rice.

Weight Wellness Challenge

During this popular six-month programme which ran from July to December, participating employees were encouraged to lose body fat percentage and weight. The inaugural challenge in the Nestlé Malaysia and Singapore market received a strong response, with 21% participation from our Malaysia and Singapore workforce.

As part of the programme, participants underwent three rounds of body measurements, held every two months over a period of six months. Those who showed the best improvement in weight, body mass index (BMI) and body fat percentage were selected as winners, walking away with cash vouchers worth RM1,000, RM500 and RM300. The grand prize winner won a holiday package worth RM3,000.

Through this challenge, employees were motivated to learn the importance of maintaining a healthy body in a fun and competitive manner.



Employees were encouraged to contribute to a good cause by taking part in the blood donation drive, which saw 35 people donating blood for the first time.



Participants of the Wellness Chef Challenge had great fun in this friendly competition to outdo each other's teams by preparing tasty and nutritious meals.

Nestlé Wellness Chef Challenge

This unique employee challenge saw eight teams in friendly competition to prepare two healthy and nutritious meals within 40 minutes. The challenge was organised to emphasise that healthy food preparation can be convenient and fun. Each team was tasked with explaining the nutritional content of their dishes. Ultimately, the winners were judged based on their knowledge on nutrition as well as the best-tasting, most nutritious dish. All the participants enjoyed working together with their colleagues during this engaging challenge.

World Health Day 2015

Held in the month of April, World Health Day was based on the theme, "Food Safety". This initiative was a result of a collaboration between Nutrition Quotient ("NQ") and Wellness Department, and saw as many as 706 employees participating, learning more about the importance of food safety through health info-sharing booths such as 'Food Label' and 'Hand Wash'. Participants were also given the opportunity to test their newfound knowledge at the Food Safety Quiz booth, where they walked away with various goodies.

Zumba with NESTUM

In order to demonstrate that health and wellness activities can be fun, the NESTUM brand surprised participants of group exercise sessions with a 'Tummy Tap Dance' Challenge. After a fun and exciting Zumba Dance session in which participants enjoyed a fast-paced cardio workout, all walked away with a special door gift from NESTUM.

Participants enjoyed the fun-filled Zumba work-out, which ended on a high note with a special door gift from NESTUM.





This initiative was a great success as participants displayed improvements in their knowledge on nutrition, health and wellness.



Healthier Families

As a company that cares, Nestlé organised a NHK Session for employees. A spin-off of the NHK Primary School Module (please refer to the section on *Our Respect and Care for the Community* in this report, on pages 22 & 23), this programme was aimed at improving nutrition knowledge and promoting healthy lifestyles among the young children of Nestlé employees, in addition to fostering closer family ties.

Six topics were taught over a span of three sessions by Lim Chain Yin, a Nestlé Malaysia nutritionist. Open to all employees, including staff from factories, as many as 32 children and 15 parents took part in this programme.

We are pleased that this initiative was a big success, showing improvements among the children in terms of their Knowledge, Attitude and Practice scores on nutrition, health and wellness. This clearly reflects that the Company not only prioritises the health of our employees, but also that of their loved ones.

As a spin-off of the Nestlé Healthy Kids (NHK) Primary School Module, the children of our employees had the opportunity to take part in an NHK session.

DEVELOPING LEADERS

CULTIVATING AND NURTURING LEADERS

With the aim of enhancing Nestlé's work culture, the Company once again conducted the Leadership & Personal Effectiveness Programme (LEAD PEP 2.1). This programme was developed for senior leaders throughout the business, including the Company's Managing Director, Alois Hofbauer, as well as division heads and business unit managers.

The objective of LEAD PEP 2.1 was to strengthen relationships between leaders and teams, with a view towards achieving the Company's growth targets as well as to increase Employee Engagement scores.

The programme addressed a wide range of essential topics for leadership development, such as self-awareness, motivation and engagement of employees, coaching, strategic human capital, cultural sensitivity and awareness, and navigating complex and abstract challenges.

LEAD PEP 2.1 was led by two senior facilitators from the Melbourne Business School. Leading faculties from the university also provided training courses. Throughout the four-month programme, each participant underwent two short residential modules and a more in-depth module that focused on an individual development project. Since the roll-out of this programme in 2014, 240 participants have participated in 10 different cohorts. In 2015 alone, 77 new participants completed Module 1 and 115 participants completed Module 3.

Along with achieving its objectives, LEAD PEP 2.1 received encouraging feedback from participants, who reported that they enjoyed the thought-provoking modules, and felt more empowered as leaders to bring positive transformations to their teams.



Participants of LEAD PEP 2.1 learnt about the importance of strengthening relationships between leaders and teams in order to achieve growth targets.



In this first-of-its-kind leadership programme, participants were encouraged to develop a keener sense of self-awareness and succeeded in strengthening their leadership skills.

DEVELOPING STRONGER TEAM LEADERS

We recognise that strong leaders are the basis of a strong team. In line with this, the Company held the first-of-its-kind leadership programme, "Effective Frontline Leadership in Sales" and "Effective Leadership in Technical & Production".

Providing employees with practical skills to enable them to lead their teams more effectively, this programme encouraged leaders to develop a keener sense of self-awareness. The workshop modules focused on many aspects of leadership such as leading with integrity, learning to manage team conflicts, delegating effectively, leading across different generations, and building trust and developing leadership courage. Each module was also tied to the Nestlé leadership competencies.

This six-month programme saw a percentage improvement of at least 55% in positive behavioural change, surpassing the original target of 30%. The programme received excellent feedback from participants, who were pleased with the interactive training sessions offered. Many were eager to recommend it to their fellow colleagues.

Through this initiative, the participants succeeded in bridging leadership gaps and were inspired to effectively engage their teams to deliver improved results.



The "I'm The Next International" programme provides top talents with greater exposure on a global scale, in order to ultimately build a pipeline of leaders who will be greater assets to the Company.

INTERNATIONAL STEPPING STONE

Our high-performing employees were given a unique opportunity for personal development and exposure through our inaugural "I'm the Next International" programme, which enabled employees to travel to different countries within the Nestlé global family. This competition proved to be very popular among Nestlé Malaysia employees and saw 79 participants vying for a chance to win postings to other Nestlé markets, including Switzerland, Japan, United States and the Philippines, which would enable them to deepen their expertise and develop their capabilities.

Employees who met the criteria were encouraged to apply for this programme and shortlisted candidates underwent stringent assessments based on the Nestlé Leadership Framework. They were tested on their learning agility, business acumen, cultural adaptability, collaboration and leadership abilities. Candidates also had the opportunity to display their critical thinking skills.

At the end of the assessment phase, 23 semi-finalists walked away with a detailed development report, and three category winners were recognised with awards for Best Presenter, Best Case Study, and Best English Proficiency.

Ultimately, the best six Nestlé Malaysia employees were selected for international assignments that ranged from three months to three years.

Through this programme, we aim to expose our top talents to new international horizons in order to develop them further as future leaders, as well as to build a pipeline of leaders who will provide further value to the business.

This competition proved to be very popular among Nestlé Malaysia employees and saw 79 participants vying for a chance to win postings to other Nestlé markets, including Switzerland, Japan, United States and the Philippines.



Employees who took part in the CSV Treasure Hunt gained a deeper understanding of our CSV philosophy in a fun and engaging manner.

A total of 100 employees from various departments took part in the fun-filled activity, as they competed to win a total of RM3,500 worth of cash vouchers.

INSPIRING OUR EMPLOYEES TO CREATE SHARED VALUE

CSV TREASURE HUNT

In order to inculcate the spirit of CSV within our organisation, a CSV Treasure Hunt was held in September. A total of 100 employees from various departments took part in the fun-filled activity, as they competed to win a total of RM3,500 worth of cash vouchers.

During the Treasure Hunt, the participants were able to deepen their knowledge and understanding of the CSV philosophy, as well as learning more about the various CSV initiatives implemented by the Company.

CSV AWARENESS DAY

In March 2015, the CSV team organised 'CSV Awareness Day' which saw informative sharing sessions take place between CSV project owners and Nestlé Malaysia HOU staff. The aim of this programme was to create greater awareness amongst employees on Nestlé's CSV initiatives. Organised as a Mini CSV Marketplace Tour, participants were briefed on the various CSV pillars – Nutrition, Water & Environment, Rural Development, Nestlé's Halal Commitment, as well as Reaching Out to Community and Kids ("ROCKS") employee volunteer programme.

CSV Awareness Day saw a total of 50 participants from various units taking part in the interactive sessions, during which project owners shared their knowledge, insights and initiatives carried out in their respective fields. Participants were encouraged to ask questions in order to ensure a more comprehensive and educational experience. At the end of the day, an engaging quiz was held to test their knowledge.

As the programme received positive feedback from participants, we are planning to conduct similar sessions within HOU and later on roll it out to our factories.

NESTLÉ ROCKS EMPLOYEE VOLUNTEER PROGRAMME

Our Nestlé Reaching Out to Community and Kids Employee Volunteer Programme, or ROCKS as we like to call it, is the Company's very own initiative towards contributing to the community through active voluntary employee participation. In line with the Company's Employee Volunteer Framework, ROCKS is dedicated towards mobilising our employees' hearts and minds, encouraging them to make a difference in the lives of the communities in which we operate.

ROCKS provides an avenue for Nestlé Malaysia employees to be involved in the Company's Creating Shared Value initiatives. Launched in 2005, ROCKS celebrated its 10th anniversary in April. Over the past 10 years, the ROCKS Programme has brought joy to over 50 charitable homes across the nation. During the year, the Nestlé volunteers, aptly known as Nestlé ROCKers, have had the privilege of taking part in the following activities to improve the lives of the less fortunate in society:

1. Children's Book & Toy Collection

A donation drive was organised to collect books and toys benefiting the children in University Malaya Medical Centre's Paediatric Ward and School in Hospital. Nestlé ROCKers cheered the children up by personally delivering over 300 books, stationery and toys as well as spending quality time with them.



A birthday celebration was held commemorating the 10th anniversary of the ROCKS programme.

Launched in 2005, ROCKS celebrated its 10th anniversary in April. Over the past 10 years, the ROCKS Programme has brought joy to over 50 charitable homes across the nation.

2. ROCKS 10th Anniversary

A birthday celebration was held to commemorate the 10th anniversary of Nestlé's ROCKS programme. During the event, a photo gallery and several ROCKS exhibition booths were set up to showcase the evolution of the programme and the numerous ROCKS initiatives undertaken over the past decade.



A donation drive was held for the benefit of the children at University Malaya Medical Centre's Paediatric Ward and School in Hospital.

3. ROCKin' Bazaar

The annual ROCKin' Bazaar successfully raised over RM53,000 for three selected charity organisations – Pusat Jagaan Mesra Limpahan Kasih, Pertubuhan Kebajikan Yesuvin Mahligai Selangor and Pusat Jagaan Kanak-kanak Down Syndrome dan Hyper Active – as well as for Nestlé ROCKS volunteering initiatives. The bazaar saw hundreds of guests dropping by to take part in the charity sales and games.

4. ROCKS Buka Puasa

Nestlé ROCKS treated 153 underprivileged children aged 5 to 17 years to a delectable 'buka puasa' spread at the Mines Wellness Hotel, Seri Kembangan. 33 ROCKers had the opportunity to spend quality time with the children during the event.

5. School Mural Painting

A mural painting activity was organised in Sekolah Kebangsaan Bukit Lanjan (Asli), with a colourful mural showcasing the importance of Nutrition, Health and Wellness for school children. The activity was also in support of the #SaySomethingNice campaign, which encourages Malaysians to showcase the best of Malaysia through simple and kind gestures.

6. Deepavali

In conjunction with the festive spirit of Deepavali, Nestlé ROCKers devoted their time at Sinthamani Divine Life Ashram to spruce up the residence and bring cheer to the home. The ROCKers also used this session to bond with the children.



The annual Bazaar raised over RM53,000 in 2015.



ROCKers painted a mural to showcase the importance of Nutrition, Health and Wellness for schoolchildren.

CONCLUSION

As a Company, we are committed to instilling a strong work ethic, integrity and honesty within our organisation. Through our current workplace initiatives, we are confident we will continue to develop and uphold the dynamic nature of the Company. As our greatest assets, our employees determine the success of our Company, and we will continuously strive to develop them further.

OUR PEOPLE - OUR PERFORMANCE

| | GRI Reference | 2013 | 2014 | 2015 |
|--|---------------|-------|-------|--------------|
| Workforce - Full Time Equivalent Employees¹ | | | | |
| Total number of employees | | 5,847 | 5,702 | 5,578 |
| Total number of employees - Nestlé Products Sdn Bhd (NPS Head Office, NPS NDC & Sales) | | 1,524 | 1,585 | 1,573 |
| Total number of employees - Nestlé Manufacturing Malaysia (Factory, NHM HOU & NMM NDC) | | 4,156 | 4,117 | 4,005 |
| NMM Shah Alam | | 1,116 | 1,126 | 937 |
| NMM Petaling Jaya | | 670 | 610 | 590 |
| NMM Batu Tiga | | 904 | 901 | 893 |
| NMM Kuching | | 229 | 234 | 228 |
| NMM Chembong & Chembong Ice Cream | | 1,957 | 951 | 924 |
| NMM Sri Muda | | - | - | 144 |
| NMM HOU | | 80 | 75 | 71 |
| NMM NDC | | 200 | 220 | 218 |
| Permanent employees (%) | | 99% | 99% | 99% |
| Temporary & Contract employees (%) | | 1% | 1% | 1% |
| Total number of new employees by gender - Male | G4-LA2 | - | 131 | 175 |
| Total number of new employees by gender - Female | G4-LA2 | - | 116 | 148 |
| Total number of employees leaving employment by gender - Male | | 188 | 181 | 255 |
| Rate of employees leaving employment by gender (%) - Male | | 3.32% | 3.17% | 4.57% |
| Total number of employees leaving employment by gender - Female | | 143 | 174 | 129 |
| Rate of employees leaving employment by gender (%) - Female | | 2.52% | 3.05% | 2.31% |
| Total number of employees leaving employment by region - Nestlé Products Sdn. Bhd. | | 206 | 184 | 201 |
| Total number of employees leaving employment by region (%) - Nestlé Products Sdn. Bhd. | | 3.63% | 3.23% | 3.60% |
| Total number of employees leaving employment by region - Nestlé Manufacturing Malaysia | | 125 | 171 | 183 |
| Total number of employees leaving employment by region (%) - Nestlé Manufacturing Malaysia | | 2.20% | 3.00% | 3.29% |

| | GRI Reference | 2013 | 2014 | 2015 |
|--|---------------|------|------|--------------|
| Labour/Management Relations² | | | | |
| Percentage of employees covered by collective bargaining agreement | G4-11 | 73% | 72% | 71% |
| Occupational Health and Safety³ | | | | |
| Lost Time Injury Frequency Rate | G4-LA6 | 1.4 | 1.5 | 2.2 |
| Injury Rate for Total Workforce by Region⁴ | | | | |
| Nestlé HOU | G4-LA6 | 0.0 | 0.9 | 0.7 |
| NMM Shah Alam* | G4-LA6 | 3.5 | 0.6 | 2.7 |
| NMM Petaling Jaya | G4-LA6 | 3.0 | 0.5 | 2.0 |
| NMM Batu Tiga* | G4-LA6 | 1.5 | 2.0 | 2.6 |
| NMM Kuching | G4-LA6 | 3.5 | 1.8 | 0.0 |
| NMM Chembong* | G4-LA6 | 3.9 | 3.2 | 1.5 |
| NMM Ice Cream | G4-LA6 | 0.0 | 16.8 | 3.8 |
| Nestlé NDC | G4-LA6 | 2.1 | 0.5 | 1.5 |
| Sales & Marketing | G4-LA6 | 0.0 | 2.1 | 2.1 |
| Lost Day Rate for Total Workforce by Region⁵ | | | | |
| Nestlé HOU | G4-LA6 | 0.0 | 17.4 | 0.0 |
| NMM Shah Alam* | G4-LA6 | 4.3 | 8.2 | 74.3 |
| NMM Petaling Jaya | G4-LA6 | 14.5 | 1.5 | 40.2 |
| NMM Batu Tiga* | G4-LA6 | 3.9 | 4.3 | 36.7 |
| NMM Kuching | G4-LA6 | 0.0 | 0.0 | 0.0 |
| NMM Chembong* | G4-LA6 | 10.3 | 7.6 | 85.6 |
| NMM Ice Cream | G4-LA6 | 0.0 | 77.3 | 108.5 |
| Nestlé NDC | G4-LA6 | 0.0 | 3.1 | 9.9 |
| Sales & Marketing | G4-LA6 | 0.0 | 2.8 | 89.3 |

| | GRI Reference | 2013 | 2014 | 2015 |
|--|---------------|------------|---------|------------------|
| Absolute Number of Fatalities for Total Workforce by Region⁶ | | | | |
| Nestlé HOU | G4-LA6 | 0 | 0 | 0 |
| NMM Shah Alam | G4-LA6 | 0 | 0 | 0 |
| NMM Petaling Jaya | G4-LA6 | 0 | 0 | 0 |
| NMM Batu Tiga | G4-LA6 | 0 | 0 | 0 |
| NMM Kuching | G4-LA6 | 0 | 0 | 0 |
| NMM Chembong | G4-LA6 | 0 | 0 | 0 |
| NMM Ice Cream | G4-LA6 | 0 | 0 | 0 |
| Nestlé NDC | G4-LA6 | 0 | 0 | 0 |
| Sales & Marketing | G4-LA6 | 0 | 0 | 0 |
| Training and Development⁷ | | | | |
| Training provided to employees per year (value of training - RM) | | 16,596,413 | 617,647 | 9,064,843 |
| Number of attendance - local training | | 4,029 | 4,018 | 5,079 |
| Number of attendance - overseas training | | 269 | 121 | 61 |
| Number of employees enrolled in Flexi-Benefit | | 748 | 887 | 928 |
| Average hours of training per year, per employee, per employee category | | | | |
| - Management | G4-LA9 | 15.61 | 12.73 | 20.51 |
| - Non-management | G4-LA9 | 14.74 | 11.11 | 14.44 |
| Average hours of training per year by gender | | | | |
| - Male | G4-LA9 | - | 900 | 16.24 |
| - Female | G4-LA9 | - | 1,869 | 21.35 |
| Percentage number of employees receiving performance and career development reviews | | | | |
| - Management | G4-LA11 | 100% | 100% | 100% |
| Diversity⁸ | | | | |
| Gender profile (total) - % male | G4-LA12 | 65% | 66% | 65% |
| Gender profile (total) - % female | G4-LA12 | 35% | 34% | 35% |
| Leadership positions held by women | G4-LA12 | 37% | 43% | 45% |

| | GRI Reference | 2013 | 2014 | 2015 |
|---|---------------|-----------------------|-----------------------|-----------------------------|
| Female/Male salary ratio (women:men) | | | | |
| Top Management | G4-LA13 | 17:83 | 31:69 | 43:57 |
| Senior Management | G4-LA13 | 29:71 | 34:66 | 35:65 |
| Middle Management 1 | G4-LA13 | 42:58 | 38:62 | 42:58 |
| Middle Management 2 | G4-LA13 | 48:52 | 48:52 | 49:51 |
| Executives | G4-LA13 | 53:47 | 52:48 | 54:46 |
| Confidential Administrator Support | G4-LA13 | 84:16 | 79:21 | 75:25 |
| Non-Management (unionised) | G4-LA13 | 29:71 | 28:72 | 35:65 |
| Human Rights and Labour Standards⁹ | | | | |
| New employees trained on employee requirements, human rights and labour standards (number of employees) | G4-HR2 | 172 | 145 | 128 |
| Percentage and total number of business units analysed for risks related to corruption | G4-S03 | 15 out of 84 (18%) | 10 out of 85 (12%) | 7 out of 81 (9%) |
| Number of employees trained in organisation's anti-corruption policies and procedures | | | | |
| – Management | G4-S04 | 1,585 | 385 | 228 |
| – Non-management | G4-S04 | 4,262 | 47 | 25 |
| – Audited Employees | G4-S04 | 4,660 | 833 | 1,172 |

* The data has been independently audited. Please refer to the Independent Assurance Report on pages 110 - 111.

1. Source: Records from Human Resources, 2015.

2. Source: Records from Human Resources, 2015.

3. Source: Data from SHE-PM reporting system.

4. Source: Data from SHE-PM reporting system.

5. Source: Data from SHE-PM reporting system.

6. Source: Data from SHE-PM reporting system.

7. Source: Records from Human Resources, 2015.

8. Source: Records from Human Resources, 2015.

9. Source: Records from Human Resources, 2015.



OUR CONSUMERS AND THE

MARKETING



Nestlé has been in Malaysia for over 100 years, and since then, many of our brands have grown to become household names and part of the Malaysian way of life. In line with our promise to deliver 'Good Food, Good Life', we strive to nourish and delight our consumers with our products.



The large number of participants in Malaysia Breakfast Day 2015 reflects the fact that more Malaysians are embracing the importance of healthy living.

As the leading Nutrition, Health and Wellness company, we are committed to encouraging Malaysians to embrace healthier lifestyles, both through our products as well as our various initiatives.

With consumers at the heart of our business, we continuously invest in the innovation and renovation of our products by capitalising on our global resources, which include the world's largest private nutrition research and development network. Through our research, we create healthier and more nutritious products to meet the ever-evolving needs of our consumers. As a result of these efforts, we have achieved a number of firsts in the Nestlé world with our product innovations in Malaysia.

Along with this, Nestlé also looks for ways to actively engage with our consumers in order to raise awareness on the importance of leading healthy and active lifestyles. By implementing a range of initiatives which are targeted at different stakeholders, we aim to help Malaysians lead healthier, happier lives.

MAKING BREAKFAST A WAY OF LIFE

Research has shown that breakfast is the most important meal of the day and is essential for a strong, healthy start to the day. Despite this, breakfast is also one of the most commonly-skipped meals, especially in today's fast-paced world. This is particularly worrying as studies have shown that one in four Malaysian school children skip breakfast.

In order to address this issue, Malaysians' favourite chocolate malt beverage brand, MILO, launched Malaysia Breakfast Day in 2013 at University Putra Malaysia and has held it on an annual basis since then. The aim of this initiative is to cultivate healthy breakfast habits amongst Malaysians and to create awareness on the importance of starting your day right. Malaysia Breakfast Day also fosters closer bonds between friends and family members, as everyone is encouraged to join the run together and enjoy a hearty and nutritious breakfast after the run.

In order to reach out to even more Malaysians, the Malaysia Breakfast Day 2015 edition was held in three major cities across Malaysia: Ipoh, Kuching and Putrajaya. We are proud that this year's edition of the Malaysia Breakfast Day saw a significant increase in participants, with a total of 11,545 runners, including children. Compared to 2014 which saw 7,709 runners taking part, this increase reflects how more Malaysians are beginning to adopt healthier lifestyles.

As a company that truly cares for our consumers, we are pleased that Malaysia Breakfast Day encourages healthy living and happy families. The initiative also saw 8,076 family members joining in the fun day. After the run, participants as well as their loved ones were treated to a range of healthy and nutritious Nestlé products for breakfast.



Consumers learned about the importance of healthier lifestyles through the 'Lagi Sihat, Lagi Happy' campaign.

DELIGHTING CONSUMERS WITH GREATER VALUE

As part of our ongoing efforts to promote Nutrition, Health and Wellness, Nestlé Malaysia organised the 'Lagi Sihat, Lagi Happy' promotional campaign. The five-week campaign was the latest in a series of successful consumer campaigns held by Nestlé. It is part of Nestlé's continuous commitment to provide consumers with high quality, great-tasting nutritious products at affordable prices, while driving awareness on the importance of leading healthier lifestyles.

The 'Lagi Sihat, Lagi Happy' campaign saw irresistible offers and great savings for a wide range of Nestlé products, alongside a variety of health-related activities that consumers could participate in. It was made all the more exciting by popular Malaysian actor and TV host, Dato' Jalaludin Hassan as ambassador.



The Lagi Sihat, Lagi Happy campaign was part of Nestlé's commitment to provide consumers with great-tasting and nutritious products at affordable prices.

Throughout the campaign, consumers could take part in the 'Nestlé Lagi Sihat, Lagi Happy Nationwide Contest'. Thousands of contestants joined the contest, vying for prizes worth a total of RM1 million. The contest culminated in the top eight finalists battling it out in a Grand Finale Game Show, with Chester Tan Sing Keat, a 25 year old business owner, emerging victorious, taking home the coveted Grand Prize of RM50,000 in cash. During the Grand Finale Game Show, Dato' Jalaludin thrilled the audience and contestants alike with his flair for showmanship.

HALAL CENTRE OF EXCELLENCE

SHARING OUR HALAL EXPERTISE WITH SMALL-MEDIUM CORPORATIONS

Nestlé Malaysia is recognised as the Company's Halal Centre of Excellence, providing policy guidelines, know-how and expertise on Halal to other Nestlé markets. As part of our philosophy to Create Shared Value within the communities in which we operate, Nestlé Malaysia signed a memorandum of agreement with Halal Industry Development Corporation Sdn Bhd ("HDC") and Small-Medium Entrepreneurs Corporation ("SME Corp") in August 2009 to conduct the Small-Medium Entrepreneurs ("SME") Mentoring Programme. This dynamic partnership reflects Nestlé's belief in the importance of multi-stakeholder partnerships in order to achieve positive outcomes.

With the aim of promoting the development of business opportunities for SMEs involved in Malaysia's Halal food and beverage industry, the SME Mentoring Programme comprises four sessions per year. Through this initiative, SMEs gain a deeper understanding on Halal implementation and best practices from Nestlé and HDC.

As the leading Nutrition, Health and Wellness company, we also utilise this platform to share our experience and expertise on food regulation, productivity, and sales and marketing. In addition, participants are able to learn more about the requirements to be suppliers for multinational companies. In order to ensure that this programme is fully comprehensive, HDC and SME Corp provide further insights on the status of the Halal industry on a global and local scale, as well as elaborate further on the types of assistance available for SMEs.

Within three months following the programme, participating SMEs are evaluated on the best practices that they have learnt and implemented. This includes initiatives such as the formation of an internal Halal committee, ensuring good manufacturing practices, and improving quality processes to reduce food safety issues.

The SME Mentoring Programme has reached out to a total of 327 companies and 450 participants.



As the Company's Halal Centre of Excellence, Nestlé Malaysia shares our Halal expertise with SMEs in order to encourage a deeper understanding on Halal best practices in Malaysia's Halal food and beverage industry.

Completing its final session for the year in October 2015, the SME Mentoring Programme has reached out to a total of 327 companies and 450 participants.

Halal Mentoring Sessions for SMEs from 2010 to 2015:

| Year | Location | No. of companies | No. of participants |
|-------------|---|-------------------------|----------------------------|
| 2010 | HDC Training Centre, Bandar Utama, Selangor | 8 | 13 |
| 2011 | HDC Training Centre, Bandar Utama, Selangor New York Hotel, Johor Bahru, Johor HDC Training Centre, Bandar Utama, Selangor Sunway Seberang Jaya Hotel, Penang | 50 | 74 |
| 2012 | HDC Training Centre, Bandar Utama, Selangor Awana Kijal, Terengganu Renaissance Hotel, Melaka Hotel Grand Margherita, Kuching, Sarawak | 55 | 89 |
| 2013 | Park Avenue Hotel, Sg. Petani, Kedah Belmont Marco Polo Hotel, Tawau, Sabah Hotel Perdana, Kota Bharu, Kelantan HDC Training Centre, Bandar Utama, Selangor | 61 | 76 |
| 2014 | Hotel Impiana, Ipoh, Perak Hotel Park City Everly, Miri, Sarawak Thistle Hotel, Johor Bahru, Johor Dewan Mahkota, SME Corp, KL Sentral, Kuala Lumpur | 76 | 98 |
| 2015 | Dewan Serbaguna, Yayasan Pembangunan Usahawan, Kuala Terengganu, Terengganu Hotel Grand Alora, Alor Setar, Kedah Horizon Hotel, Kota Kinabalu, Sabah Dewan Mahkota, SME Corp, KL Sentral, Kuala Lumpur | 77 | 100 |
| | Total | 327 | 450 |

Nestlé Malaysia is recognised as the Company's Halal Centre of Excellence, providing policy guidelines, know-how and expertise on Halal to other Nestlé markets.

INAUGURAL NESTLÉ HALAL FORUM

During the year, we held the inaugural Nestlé Halal Forum, emphasising the strong prospects of Malaysia as a leader in the global Halal industry. Themed 'Malaysia, The Halal Centre of Excellence: A Flourishing Global Market', the event saw industry stakeholders from both the public and private sector joining this informative session. Dato' Seri Jamil Bidin, Chief Executive Officer of Halal Industry Development Corporation Sdn Bhd, also graced the event as keynote speaker.

The forum featured a number of value-adding talks, presentations and panel discussions by noteworthy speakers from Malaysia's Halal industry. This included En. Mohd Fakarudin bin Mas'od, Principal Assistant Director, Halal Hub Division of the Department of Islamic Development Malaysia (JAKIM), En. Wan Ahmad Sabree Wan Mohammad, Customer Service and Regulatory Manager and Halal Chairman of Puratos Malaysia Sdn Bhd, and Nestlé Malaysia's own dedicated Halal team members, En. Sariffuddin Mahmud, Halal Operations Manager and En. Othman Md. Yusoff, Head of Halal Affairs, who concluded the session, speaking on the way forward for the industry.



Dato' Seri Jamil Bidin, Chief Executive Officer of Halal Industry Development Corporation Sdn Bhd., graced the inaugural Nestlé Halal Forum as a keynote speaker.

This forum reflects Nestlé's firm belief in the strong prospects for the Halal F&B industry, particularly given the rising demand for Halal products, both regionally and globally. The forum provided a platform to share resources, technical capabilities and best practices with other industry participants. Ultimately, as the Company's global Halal Centre of Excellence, Nestlé aims to facilitate the development of local suppliers to be able to compete in the global business environment, which will in turn elevate the standards of the local F&B industry.



The Nestlé Halal Forum saw various discussions about the robust prospects for Malaysia as a leader in the global Halal industry.



The StarLIVE session on “Nestlé’s Water Guide: Save Every Drop” enlightened participants on ways to conserve one of our most critical resources, water.

ENRICHING OUR LOCAL COMMUNITY

As part of our philosophy of Creating Shared Value, we believe that in order for us to prosper over the long-term, we must first ensure that the communities in which we operate prosper as well. In tandem with this, the Company utilised several StarLIVE talks as a platform to engage with the local community in 2015. Participants from all walks of life attended these sessions.

“Nestlé’s Nutrition Guide: What’s On Your Plate?”

Nestlé’s Corporate Wellness Manager, Cher Siew Wei, shared about the importance of embracing nutritious diets during this session, giving the audience useful tips on portion control and healthy living habits. Nestlé’s Corporate Chef, Nicholas Pang, also gave a live demonstration of how to prepare a nutritious meal in under 15 minutes, proving that it is possible to eat healthy even in today’s fast-paced world.

“Nestlé’s Water Guide: Save Every Drop”

In line with one of our key CSV pillars, Water & Environment, this session provided participants with a greater insight into the importance of water conservation. The then Nestlé’s Group Engineering Manager, Hasmukhpinder Singh, taught the audience simple yet effective ways to conserve water, and highlighted the role of corporate entities such as Nestlé in water conservation, especially in a world where this precious resource is becoming increasingly scarce. In conjunction with the talk, children between the ages of four and seven were also invited to join an environmentally-themed colouring contest.



During the StarLIVE "Nestlé's Farming Guide: Eat What You Grow" session, participants learnt how to plant chilli in a flower pot, a convenient solution for city dwellers.

"Nestlé's Farming Guide: Eat What You Grow"

Nestlé's Agricultural Services Manager, Yong Lee Keng, provided practical tips on growing chilli at home during this session, and taught the audience about the importance of sourcing for produce sustainably. Participants were also given an overview of the amount of work that went into producing a bottle of chilli sauce and learnt more about the Nestlé Chilli Club, one of Nestlé's CSV initiatives which creates a 'win-win' solution for both the Company as well as the livelihood of farmers in Kelantan (please refer to the section on *Our Respect and Care for the Community* in this report, on pages 27 & 28).

Through the various StarLIVE talks, participants gained useful tips about leading healthier lifestyles as well as the importance of doing our part to ensure a more sustainable future. Each session received positive feedback and provided deeper insights into the various CSV initiatives by Nestlé Malaysia.

Participants were also given an overview of the amount of work that went into producing a bottle of chilli sauce and learnt more about the Nestlé Chilli Club, one of Nestlé's CSV initiatives which creates a 'win-win' solution for both the Company as well as the livelihood of farmers in Kelantan.

NOURISHING COMMUNITIES

As a responsible corporate citizen, Nestlé Malaysia is firmly committed to nourishing Malaysians. This goes back to the core of our business, to enhance the quality of consumers' lives every day, everywhere, by offering tastier and healthier food and beverage choices and encouraging a healthy lifestyle.

THE MARKETPLACE - OUR PERFORMANCE

| | GRI Reference | 2013 | 2014 | 2015 |
|---|---------------|--------|--------|---------------|
| Nutrition | | | | |
| Products meeting or exceeding Nutritional Foundation profiling criteria (as % of sales) | # | 78% | 77% | 74% |
| Products meeting or exceeding consumer taste preference (as % of sales) | # | 89% | 88% | 89% |
| Products with nutritional plus over competitors (as % of sales) | # | 53% | 51% | 55% |
| Products with a Nutritional Claim on Front of Pack (FOP) (as % of sales)* | PR3 | 62% | 59% | 65% |
| Products covered with Nestlé Nutritional Compass (NNC) (as % of sales) | PR3 | 100% | 100% | 100% |
| Products with Guideline Daily Amount (GDA) labelling (as % of sales) | PR3 | 98% | 98% | 98% |
| Nutrition, Health & Wellness¹ | | | | |
| Total number of employees who received nutrition training | # | 188 | 7,169 | 4,300 |
| Consumer Services | | | | |
| Number of cases handled | # | 21,601 | 16,700 | 23,432 |
| Number of enquiries | # | 18,151 | 13,078 | 20,383 |
| Number of complaints | # | 3,342 | 3,579 | 2,932 |
| Number of praises | # | 108 | 43 | 117 |

* The data has been independently audited. Please refer to the Independent Assurance Report on pages 110 - 111.

Nestlé-specific indicators.

1. Number based on NQ Classroom Training at Factories and NQ Booster – Wellness Tips via email blast.

AWARDS AND ACHIEVEMENTS



04



05



06



03



01



04



02



03



07

AWARDS AND ACHIEVEMENTS

01

Minority Shareholder Watchdog Group (“MSWG”) – ASEAN Corporate Governance Transparency Index, Findings & Recognition

The MSWG – ASEAN Corporate Governance Transparency Index, Findings & Recognition Awards recognises public-listed companies with best practices for corporate governance and disclosure. In 2015, Nestlé Malaysia received the Industry Excellence Award in the Food & Beverages category for demonstrating transparency as well as good corporate governance.

02

PricewaterhouseCoopers (“PwC”) Building Trust Awards 2015

PwC Malaysia’s inaugural Building Trust Awards evaluates Malaysian companies based on their corporate reporting and how they are perceived by investors and customers. In recognition of Nestlé Malaysia’s commitment to be transparent and genuine in our communications with our stakeholders, we were awarded Runner-Up in PwC’s Building Trust Awards 2015.

03

ACCA Malaysia Sustainability Reporting Awards (“ACCA MaSRA”) 2015

The ACCA MaSRA Awards honours companies for high standards of corporate transparency and for communicating their sustainability performances. In 2015, Nestlé Malaysia received Runner-Up for the ‘Best Sustainability Award’ for incorporating the core elements of sustainability reporting, including environmental, economic and social aspects into the Company’s strategy and value chain.

04

Prime Minister’s Hibiscus Awards 2014/2015

The Prime Minister’s Hibiscus Awards is a premier private sector environmental accolade which rewards businesses and industries for their environmental accomplishments. In recognition of Nestlé Malaysia’s commitment towards environmental stewardship, our Company won the Selangor State Award and Exceptional Achievement in Environmental Performance in 2015.

05

National Annual Corporate Report Awards (“NACRA”) 2015

Jointly organised by Bursa Malaysia Berhad, the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants, the NACRA Awards encourages greater transparency and accountability in financial reporting. In 2015, Nestlé Malaysia received the Silver Award for Best Corporate Social Responsibility reporting and Best Inclusiveness & Diversity reporting. The Company was also conferred the Industry Excellence for Consumer Products award.

06

The Effie Awards 2015

The Effie Awards recognise and honour marketing campaigns that demonstrate impactful and effective marketing communications. In 2015, Nestlé Malaysia was awarded the Bronze Award for MILO's campaign, 'MILO For All' in acknowledgement of the campaign's creative ideas and excellent execution. The Effie Awards is jointly organised by the Malaysian Advertising Association, Association of Accredited Advertising Agents Malaysia and Media Specialists Association, in association with the Malaysia External Trade Development Corporation.

07

The Putra Brand Awards 2015

The Putra Brand Awards grants recognition to Malaysia's favourite brands across various industry categories based on consumer preference. In 2015, Nestlé Malaysia won the Gold Award under The People's Choice Beverage (Non-alcoholic) for MILO and NESCAFÉ, Silver for Nestlé Breakfast Cereal (foodstuff) and Bronze for MAGGI (foodstuff). MILO also received the prestigious recognition of Putra Brand Icon.

08

Malaysia's 100 Leading Graduate Employers Award 2015

The Malaysia's 100 Leading Graduate Employers Award celebrates Malaysia's top graduate companies, who are voted on by final year university students and fresh graduates in the *trendence* Graduate Barometer – Malaysian Edition. In 2015, Nestlé Malaysia was awarded the Most Popular Graduate Employer in the FMCG category, reflecting the Company's status as a top employer of choice.

09

Advertising + Marketing Magazine's Agency of the Year and MARKies Awards 2015

The Advertising + Marketing Magazine's Agency of the Year and MARKies Awards recognises agency performance in developing creative and award-winning advertisements for the year. In 2015, Nestlé Malaysia won Best TV Advertising Idea for our MAGGI ROYALE Penang Seafood Curry advertisement.

GRI CONTENT INDEX

This Report has been prepared according to the 'In Accordance' – Comprehensive option as provided by the GRI Guidelines. The index shows each disclosure and relevant references within the Report.

GENERAL STANDARD DISCLOSURES

| G4 Indicators | Description | Reference Section (or direct response) | Page Number |
|--------------------------------|--|--|--|
| STRATEGY & ANALYSIS | | | |
| G4-1 | Statement by the highest decision-maker | NiS: Message to Stakeholders | 2 – 5 |
| G4-2 | Key impacts, risks and opportunities concerning sustainability | NiS: Engaging Our Stakeholders NiS: Materiality NiS: Summary of Key Performance Data NiS: Our Performance – Our Community NiS: Our Performance – Environmental Footprint NiS: Our Performance – Our People NiS: Our Performance – The Marketplace | 12 – 15 13 – 14 18 – 19 30 – 31 45 – 47 60 – 63 73 |
| ORGANISATIONAL PROFILE | | | |
| G4-3 | Name of the organisation | Nestlé (Malaysia) Berhad | – |
| G4-4 | Primary brands, products and services | CR: Business Review NiS: Fast Facts | 12 – 23 6 – 7 |
| G4-5 | Location of the organisation's headquarters | CR: Corporate Directory | 28 – 29 |
| G4-6 | Countries with significant operations | NiS: Fast Facts | 6 – 7 |
| G4-7 | Nature of ownership and legal form | The principal activity of the Company is that of an investment holding company, whilst the principal activities of the subsidiaries are as listed under indicator G4-17. There have been no significant changes in the nature of these activities during the financial year. As registered with the Companies Commission of Malaysia since 1983, the legal form of the Company is: <ul style="list-style-type: none"> Limited by shares Public Limited | – |
| G4-8 | Markets served | The Company manufactures and supplies products for both the domestic and export markets, consumers and also out-of-home (OOH) segments such as coffee-shops and restaurant operators; as well as other relevant stakeholders such as healthcare professionals, who are addressed through the Nestlé Start Well Stay Well Educational Programme. The Company distributes its products throughout Malaysia, defined by seven regional areas within Malaysia: Central 1 (Kuala Lumpur and Selangor), Central 2 (Negeri Sembilan and Melaka), Northern 1 (Pulau Pinang, Kedah and Perlis), Northern 2 (Perak), Southern (Johor), East Coast (Pahang, Terengganu and Kelantan) and East Malaysia (Sabah, Sarawak and Brunei). | – |
| G4-9 | Scale of the organisation | NiS: Fast Facts NiS: Summary of Key Performance Data CR: Business Review CGFR: Notes to the Financial Statements | 6 – 7 18 – 19 12 – 23 51 – 101 |

| G4 Indicators | Description | Reference Section (or direct response) | Page Number |
|---------------|---|--|-------------|
| G4-10 | Employees by employment contract and gender | <p>NiS: Our People – Our Performance</p> <p>The Company does not have a substantial portion of the organisation’s work performed by workers who are legally recognised as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors.</p> <p>The Company does not have any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries).</p> | 60 – 63 |
| G4-11 | Percentage of employees covered by collective bargaining agreements | <p>Breakdown of employees covered by collective bargaining agreements:</p> <ul style="list-style-type: none"> • Total of non-management employees – 4,099 • Total of employees under the union – 4,043 <ul style="list-style-type: none"> o NMM – 3,411 o NPS – 553 o NFM – 79 <p>Percentage of employees covered by collective bargaining agreements is 71%.</p> <p>(Source: GHRD, Nestlé Malaysia, December 2015).</p> | – |
| G4-12 | Description of the organisation’s supply chain | <p>NiS: Materiality</p> <p>Nestlé Responsible Sourcing Guideline: http://www.nestle.com/asset-library/documents/library/documents/corporate_social_responsibility/nestle-responsible-sourcing-guidelines.pdf</p> <p>The Nestlé Supplier Code: http://www.nestle.com.my/asset-library/documents/pdf/nestle_supplier_code_dec_2013.pdf</p> | 13 – 14 |
| G4-13 | Significant changes during the reporting period | <p>There were no significant changes during the reporting period regarding size, structure or ownership. However, there was a change in the management team, as featured in the Organisation Structure.</p> <p>NiS: Organisation Structure</p> | – 9 |
| G4-14 | Precautionary approach | <p>This is done in accordance to the Corporate Governance Statement that sets out the adoption and practices of the four principles practiced by the Company, as well as the application of the 8 Principles and 26 Recommendations of the Malaysian Code on Corporate Governance 2012 [“MCCG 2012”], relevant chapters of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad on corporate governance and the internal requirements as codified in the Nestlé Code of Business Conduct.</p> <p>CGFR: Corporate Governance Statement</p> <p>NCBC: http://www.nestle.com/asset-library/documents/library/documents/corporate_governance/code_of_business_conduct_en.pdf</p> | – 2 – 21 |
| G4-15 | External initiatives that the organisation endorses | <p>Nestlé S.A. signed and supports, amongst others:</p> <ul style="list-style-type: none"> • The UN Millennium Development Goals (produced first report in 2005) • UNGC GED Water Mandate (founding signatory) • Roundtable for Sustainable Palm Oil (RSPO) (15 November 2009). <p>For more details, please visit: www.Nestlé.com/csv/human-rights-compliance/global-principles</p> <p>The Company signed and supports, amongst others:</p> <ul style="list-style-type: none"> • UN Global Compact (29 March 2007) • Responsible Advertising to Children (5 August 2013) | – |

| G4 Indicators | Description | Reference Section (or direct response) | Page Number |
|---------------|---|---|-------------|
| G4-16 | Significant memberships in industry and business associations | <p>The Company deems our membership in the associations below as strategic:</p> <ul style="list-style-type: none"> Federation of Malaysia Manufacturers (FMM) – Managing Director is a Council Member and Chairman of the FMM Ethical Business Practice Committee Malaysian International Chamber of Commerce and Industry (MICCI) – Member Business Council for Sustainability and Responsibility Malaysia (BCSRM) – Executive Director, Technical & Production is an Executive Committee Member FMM Infant Formula Ethics Committee (FIFEC) – Member <p>Nestlé does not provide any additional substantive funding beyond routine membership fees/dues.</p> | – |

IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES

| | | | |
|-------|---|---|---------|
| G4-17 | Entities included in the organisation's consolidated financial statements | <p>The following are Nestlé (Malaysia) Berhad's investments in subsidiaries:</p> <ul style="list-style-type: none"> Nestlé Products Sdn. Bhd. (100%) Nestlé Manufacturing (Malaysia) Sdn. Bhd. (100%) Nestlé Asean (Malaysia) Sdn. Bhd. (100%) Nestlé Foods (Malaysia) Sdn. Bhd. (100%; inactive) Nihon Canpack (Malaysia) Sdn. Bhd. (20%) | – |
| G4-18 | Process for defining the report content | <p>NiS: Message to Stakeholders 2 – 5</p> <p>NiS: Engaging Our Stakeholders 12 – 15</p> <p>NiS: Materiality 13 – 14</p> <p>NiS: Creating Shared Value and Meeting Our Commitments 10 – 11</p> <p>NiS: Governance 16 – 17</p> <p>NiS: GRI Standard Disclosures 78 – 109</p> <p>NiS: Independent Assurance Report 110 – 111</p> | |
| G4-19 | Material Aspects identified | NiS: Materiality | 13 – 14 |
| G4-20 | Aspect Boundary within the organisation | <p>NiS: Message to Stakeholders 2 – 5</p> <p>NiS: Materiality 13 – 14</p> | |
| G4-21 | Aspect Boundary outside the organisation | <p>NiS: Message to Stakeholders 2 – 5</p> <p>NiS: Materiality 13 – 14</p> | |
| G4-22 | Restatements of information provided in previous reports | <p>There were no restatements of information provided in the previous report.</p> <p>NiS: Summary of Key Performance Data 18 – 19</p> | |
| G4-23 | Significant changes in the Scope and Aspect Boundaries | <p>All facts and figures reported in the 2015 NiS Report are in accordance with the previous year's report. There were no significant changes from the previous reporting period in the scope, boundary, or measurement methods applied in the report.</p> <p>NiS: Materiality 13 – 14</p> | – |

STAKEHOLDER ENGAGEMENT

| | | | |
|-------|--|--|---------|
| G4-24 | Stakeholder groups engaged | NiS: Engaging Our Stakeholders | 12 – 15 |
| G4-25 | Identification and selection of stakeholders | NiS: Engaging Our Stakeholders | 12 – 15 |
| G4-26 | Approach to stakeholder engagement and frequency | <p>The Stakeholder Engagement Process outlines the frequency of which we engage with the stakeholders. How effectively we communicate and engage with them depends on their influential factor to our business needs and/or impact on our corporate reputation.</p> <p>NiS: Engaging Our Stakeholders 12 – 15</p> | – |

| G4 Indicators | Description | Reference Section (or direct response) | Page Number |
|-----------------------|---|---|-------------------------|
| G4-27 | Key topics and concerns raised through stakeholder engagement and response | NiS: Engaging Our Stakeholders | 12 – 15 |
| REPORT PROFILE | | | |
| G4-28 | Reporting period | The reporting period is from 1 January until 31 December 2015. | – |
| G4-29 | Date of most recent previous report | The Company's Annual Report 2014, which consists of three books: Corporate Report, Corporate Governance and Financial Report and Nestlé in Society Report, was published in March 2015. The online version of the 2014 Annual Report can be found online at http://www.nestle.com.my/aboutus/investors/annual_report | – |
| G4-30 | Reporting cycle | The reporting cycle for the Company is on an annual basis. | – |
| G4-31 | Contact point for questions regarding the report | CR: Corporate Directory | 28 – 29 |
| G4-32 | 'In accordance' option with GRI and Content Index chosen | NiS: GRI Standard Disclosures NiS: Independent Assurance Report | 78 – 109 110 – 111 |
| G4-33 | External assurance of the report | NiS: Independent Assurance Report | 110 – 111 |
| GOVERNANCE | | | |
| G4-34 | Governance Structure | CR: Board of Directors NiS: Governance | 32 – 43 16 – 17 |
| G4-35 | Process for delegating authority for sustainability issues | NiS: Governance | 16 – 17 |
| G4-36 | Executive-level with responsibility for sustainability issues | NiS: Governance | 16 – 17 |
| G4-37 | Process for consultation between stakeholders and the highest governance body | The Company's shareholders are able to provide recommendations or direction at the Annual General Meeting (AGM) as well as by contacting Nestlé directly. Topics that they have identified include business performance, dividends and future plans. NiS: Engaging Our Stakeholders CR: Corporate Directory | – 12 – 15 28 – 29 |
| G4-38 | Composition of the highest governance body and its committees | There are a total of eight directors, with a composition of 75% (six) males and 25% (two) females, where two are executive members and the remaining six are independent and non-executive members: CR: Corporate Information CR: Board of Directors | – 26 – 27 32 – 43 |
| G4-39 | Chair of the highest governance body | The Chair of the highest governance body is the Chairman of the Board, who is independent and non-executive. CR: Board of Directors CGFR: Corporate Governance Statement (Independence) | – – 32 – 35 4 |
| G4-40 | Nomination and selection processes for the highest governance body and its committees | CGFR: Nomination Committee Report | 29 – 33 |
| G4-41 | Process for avoiding conflicts of interest | CGFR: Audit Committee Report | 25 – 28 |

| G4 Indicators | Description | Reference Section (or direct response) | Page Number |
|----------------------|---|--|---|
| G4-42 | Highest governance body's roles concerning strategy and goals | CGFR: Corporate Governance Statement | 2 - 21 |
| G4-43 | Measures taken concerning the highest governance body's knowledge in sustainability issues | CSV is embedded in our business management, and thus a core part of their role as well as in the governance model. CGFR: Corporate Governance Statement (Director's Training) CGFR: Corporate Governance Statement (Sustainability of Business) NiS: Governance NiS: Engaging Our Stakeholders NCBP: http://www.nestle.com/asset-library/documents/library/documents/corporate_governance/corporate-business-principles-en.pdf NCBC: http://www.nestle.com/asset-library/documents/library/documents/corporate_governance/code_of_business_conduct_en.pdf | - 15 - 16 9 16 - 17 12 - 15 |
| G4-44 | Evaluation of the highest governance body's performance concerning sustainability issues | CGFR: Corporate Governance Statement CGFR: Statement on Risk Management and Internal Control CGFR: Audit Committee Report | 2 - 21 22 - 24 25 - 28 |
| G4-45 | Highest governance body's role concerning sustainability impacts, risks, and opportunities | CGFR: Corporate Governance Statement CGFR: Statement on Risk Management and Internal Control CGFR: Audit Committee Report | 2 - 21 22 - 24 25 - 28 |
| G4-46 | Highest governance body's role concerning the effectiveness of risk management | CGFR: Corporate Governance Statement CGFR: Statement on Risk Management and Internal Control CGFR: Audit Committee Report | 2 - 21 22 - 24 25 - 28 |
| G4-47 | Frequency of the highest governance body's review of sustainability impacts, risks, and opportunities | CGFR: Corporate Governance Statement CGFR: Statement on Risk Management and Internal Control | 2 - 21 22 - 24 |
| G4-48 | Highest committee that formally reviews and approves the sustainability report | The full Nestlé in Society – Creating Shared Value Report was reviewed by the Managing Director and signed off by the Executive Director of Group Corporate Affairs. | - |
| G4-49 | Process for communicating critical concerns to the highest governance body | Nestlé reported to the Board of Directors as meeting agenda on a quarterly basis. CGFR: Statement on Risk Management and Internal Control | 22 - 24 |
| G4-50 | Critical concerns that were communicated to the highest governance body | NiS: Governance CGFR: Corporate Governance Statement | 16 - 17 2 - 21 |
| G4-51 | Remuneration policies for the highest governance body | CGFR: Compensation Committee Report | 34 - 36 |
| G4-52 | Process for determining remuneration | CGFR: Compensation Committee Report | 34 - 36 |
| G4-53 | Stakeholders' views regarding remuneration | In regards to the Board of Directors' compensation, we have identified our shareholders as the key stakeholders for this issue. Whenever there is revision of remuneration, the revision will be proposed for shareholders' approval at the upcoming AGM. | - |
| G4-54 | Ratio of the highest annual total compensation to the median annual total compensation | This information is currently unavailable. We are looking at how this data can be collected and our target is to include it in our 2016 NiS Report. | - |
| G4-55 | Ratio of percentage increase in annual total compensation | This information is currently unavailable. We are looking at how this data can be collected and our target is to include it in our 2016 NiS Report. | - |

| G4 Indicators | Description | Reference Section (or direct response in case of omission) | Page Number |
|---|---|---|--|
| G4-EC6 | Proportion of senior management hired from the local community | The Nestlé policy is to hire employees with attitudes and professional skills enabling them to develop a long-term relationship with the Company, with no consideration given to origin, nationality, religion, race, gender, disability, sexual orientation or age. We are an equal opportunity employer. | - |
| Material Aspect: Indirect Economic Impacts | | | |
| G4-DMA | Generic Disclosures on Management Approach | NiS: Creating Shared Value and Meeting Our Commitments NiS: Materiality NiS: Our Respect and Care for the Community NiS: Our Commitment to the Environment | 10 – 11 13 – 14 20 – 31 32 – 47 |
| G4-EC7 | Development and impact of infrastructure investments and services supported | CGFR: Notes to the Financial Statements (Goodwill) NiS: Our Respect and Care for the Community NiS: Our Commitment to the Environment NiS: Engaging our Stakeholders | 67 20 – 31 32 – 47 12 – 15 |
| G4-EC8 | Significant indirect economic impacts | Nestlé does not attempt to estimate its indirect economic impact using a measure of currency. The activities/initiatives that we embark on, in relation to the three core areas of our business – Nutrition, Water and Rural Development – are assessed over time through survey/monitoring results. | - |
| Material Aspect: Procurement Practices | | | |
| G4-DMA | Generic Disclosures on Management Approach | NiS: Creating Shared Value and Meetings Our Commitments NiS: Materiality NiS: Our Respect and Care for the Community NiS: Our Commitment to the Environment CGFR: Corporate Governance Statement | 10 – 11 13 – 14 20 – 31 32 – 47 2 – 21 |
| | | Nestlé Responsible Sourcing Guideline: http://www.Nestlé.com/asset-library/documents/library/documents/corporate_social_responsibility/Nestlé-responsible-sourcing-guidelines.pdf | |
| | | The Nestlé Supplier Code: http://www.Nestlé.com.my/asset-library/documents/pdf/Nestlé_supplier_code_dec_2013.pdf | |
| | | NCBP: http://www.Nestlé.com/asset-library/documents/library/documents/corporate_governance/corporate-business-principles-en.pdf | |
| | | NCBC: http://www.Nestlé.com/asset-library/documents/library/documents/corporate_governance/code_of_business_conduct_en.pdf | |
| G4-EC9 | Proportion of spending on local suppliers | Nestlé Responsible Sourcing Guideline: http://www.Nestlé.com/asset-library/documents/library/documents/corporate_social_responsibility/Nestlé-responsible-sourcing-guidelines.pdf | - |
| | | The Nestlé Supplier Code: http://www.Nestlé.com.my/asset-library/documents/pdf/Nestlé_supplier_code_dec_2013.pdf | |
| | | <p>There is also the Sustainable Agriculture Initiative Nestlé (SAIN) that guides our engagement in farming systems to support agricultural practices. Where possible Nestlé sources for raw materials locally (in Malaysia) and has initiated programmes such as Contract Farming to ensure quality supply of materials.</p> | |
| | | NiS: Our Commitment to the Environment (Nestlé Paddy Club) NiS: Our Respect and Care for the Community (Nestlé Chillli Club) | 44 27 – 28 |

| G4 Indicators | Description | Reference Section (or direct response in case of omission) | Page Number |
|---------------|--|--|-------------|
| FP1 | Percentage of purchased volume from suppliers compliant with company's sourcing policy | The percentage of purchased volume from compliant suppliers is 100%, as the Nestlé Suppliers Code requires each and every supplier to adhere to the code before being listed as a Nestlé supplier or vendor. The Nestlé Supplier Code: http://www.Nestlé.com.my/asset-library/documents/pdf/Nestlé_supplier_code_dec_2013.pdf | - |
| FP2 | Percentage of purchased volume which is verified as being in accordance with credible, internationally recognised responsible production standards | Due to commercial sensitivities, The Company is unable to report the details on Purchase Materials. The Company uses one standard, which is the Nestlé Supplier code. The Nestlé Supplier Code: http://www.Nestlé.com.my/asset-library/documents/pdf/Nestlé_supplier_code_dec_2013.pdf | - |

ENVIRONMENTAL

Material Aspect – Material

| | | | |
|--------|--|--|--------------------|
| G4-DMA | Generic Disclosures on Management Approach | NiS: Creating Shared Value and Meeting Our Commitments | 10 – 11 |
| | | NiS: Materiality | 13 – 14 |
| | | NiS: Our Commitment to the Environment | 32 – 47 |
| G4-EN1 | Materials used | NiS: Summary of Key Performance Data NiS: Our Environmental Footprint – Our Performance | 18 – 19 45 – 47 |
| G4-EN2 | Percentage of recycled input materials | NiS: Our Environmental Footprint – Our Performance | 45 – 47 |

Material Aspect – Energy

| | | | |
|--------|--|---|---------|
| G4-DMA | Generic Disclosures on Management Approach | NiS: Creating Shared Value and Meetings Our Commitments | 10 – 11 |
| | | NiS: Materiality | 13 – 14 |
| | | NiS: Our Commitment to the Environment | 32 – 47 |
| G4-EN3 | Energy consumption within the organisation | NiS: Our Environmental Footprint – Our Performance | 45 – 47 |
| G4-EN4 | Energy consumption outside of the organisation | NiS: Our Environmental Footprint – Our Performance | 45 – 47 |
| G4-EN5 | Energy intensity | NiS: Our Environmental Footprint – Our Performance | 45 – 47 |
| G4-EN6 | Reduction of energy consumption | NiS: Our Environmental Footprint – Our Performance | 45 – 47 |
| | | NiS: Our Commitment to the Environment (Addressing Climate Change) | 38 – 41 |
| G4-EN7 | Reductions in energy requirements of products and services | NiS: Our Commitment to the Environment (Refrigerant Management) | 39 |
| | | NiS: Our Commitment to the Environment (Packaging) | 41 |

Material Aspect: Water

| | | | |
|--------|--|--|---------|
| G4-DMA | Generic Disclosures on Management Approach | NiS: Creating Shared Value and Meeting Our Commitments | 10 – 11 |
| | | NiS: Materiality | 13 – 14 |
| | | NiS: Our Commitment to the Environment | 32 – 47 |
| G4-EN8 | Total water withdrawal | NiS: Our Environmental Footprint – Our Performance All our water sources are from Municipal Water, which are sourced from: a) Sungai Selangor - Syarikat Bekalan Air Selangor - Petaling Jaya, Shah Alam Complex and Batu Tiga factories; b) Sungai Batu Hampar - Syarikat Bekalan Air Negeri Sembilan - Chembong factories c) Sungai Sarawak - Lembaga Air Kuching - Kuching factory | 45 – 47 |

| G4 Indicators | Description | Reference Section (or direct response in case of omission) | Page Number |
|--------------------------------------|--|---|-----------------------|
| G4-EN9 | Water sources significantly affected by withdrawal of water | None of our water withdrawal sources are affected, as we are not classified as sensitive or part of the Ramsar Convention to Wetlands, 1971 list. | - |
| G4-EN10 | Percentage and total volume of water recycled and reused | NiS: Our Environmental Footprint – Our Performance | 45 – 47 |
| Material Aspect: Biodiversity | | | |
| G4-DMA | Generic Disclosures on Management Approach | Not applicable, as all factories are located in Industrial Estates designated by the respective State governments. Nevertheless, Nestlé’s commitment to the environment is reflected in its collaboration with NGOs to preserve the Setiu wetlands and reforestation of the Kinabatangan area. NiS: Our Respect and Care for the Community (Setiu Wetlands) NiS: Our Commitment to the Environment (Project RILEAF) | - 29 43 |
| G4-EN11 | Operational sites in, or adjacent to, protected areas and areas of high biodiversity value | Not applicable, as all factories are located in Industrial Estates designated by the respective State governments. | - |
| G4-EN12 | Description of significant impacts on biodiversity | Not applicable, as all factories are located in Industrial Estates designated by the respective State governments. | - |
| G4-EN13 | Habitats protected or restored | Not applicable, as all factories are located in Industrial Estates designated by the respective State governments. Nevertheless, Nestlé’s commitment to the environment is reflected in its collaboration with NGOs to preserve the Setiu wetlands and reforestation of the Kinabatangan area. NiS: Our Respect and Care for the Community (Setiu Wetlands) NiS: Our Commitment to the Environment (Project RILEAF) | - 29 43 |
| G4-EN14 | Total number of IUCN red list species and national conservation list species with habitats in areas affected by operations | Not applicable – 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 are located in developed areas as compared to a forest or natural habitats for IUCN Red List species. The Nestlé Policy on Environmental Sustainability states that we must incorporate environmental sustainability objectives when we build, construct and renovate manufacturing facilities. The Nestlé Policy on Environmental Sustainability: http://www.nestle.com/asset-library/documents/library/documents/environmental_sustainability/nestl%C3%A9%20policy%20on%20environmental%20sustainability.pdf | - |
| Material Aspect: Emissions | | | |
| G4-DMA | Generic Disclosures on Management Approach | NiS: Materiality NiS: Our Environmental to the Environment | 13 – 14 32 – 47 |
| G4-EN15 | Direct greenhouse gas (GHG) emissions (Scope 1) | NiS: Our Environmental Footprint – Our Performance | 45 – 47 |
| G4-EN16 | Energy indirect greenhouse gas (GHG) emissions (Scope 2) | NiS: Our Environmental Footprint – Our Performance | 45 – 47 |
| G4-EN17 | Other indirect greenhouse gas (GHG) emissions (Scope 3) | NiS: Our Environmental Footprint – Our Performance | 45 – 47 |

| G4 Indicators | Description | Reference Section (or direct response in case of omission) | Page Number |
|---|---|--|-------------------------------|
| G4-EN18 | Greenhouse gas (GHG) emissions intensity | NiS: Our Environmental Footprint – Our Performance | 45 – 47 |
| G4-EN19 | Reduction of greenhouse gas (GHG) emissions | NiS: Our Environmental Footprint – Our Performance NiS: Our Commitment to the Environment (Addressing Climate Change) | 45 – 47 38 – 41 |
| G4-EN20 | Emissions of ozone-depleting substances (ODS) | NiS: Our Environmental Footprint – Our Performance | 45 – 47 |
| G4-EN21 | NO _x , SO _x , and other significant air emissions | NiS: Our Environmental Footprint – Our Performance | 45 – 47 |
| Material Aspect: Effluents and Waste | | | |
| G4-DMA | Generic Disclosures on Management Approach | NiS: Creating Shared Value and Meeting Our Commitments NiS: Materiality NiS: Our Commitment to the Environment | 10 – 11 13 – 14 20 – 31 |
| G4-EN22 | Total water discharge | All wastewater discharged from factories are treated in biological wastewater treatment plants and all the discharge parameters comply with local environmental regulations. NiS: Our Environmental Footprint – Our Performance | 45 – 47 |
| G4-EN23 | Total weight of waste by type and disposal method | All recycling and landfill waste is managed by an appointed and authorised waste management company, and hazardous waste is managed by DOE-licensed contractors. There is no reuse of waste collected by our authorised waste management. NiS: Our Commitment to the Environment (Minimising Solid Waste) Management and monitoring of waste by deep well injection is not applicable or relevant to the Company's operations. NiS: Our Environmental Footprint – Our Performance | – 40 45 – 47 |
| G4-EN24 | Total number and volume of significant spills | NiS: Our Environmental Footprint – Our Performance | 45 – 47 |
| G4-EN25 | Weight of hazardous waste | All hazardous waste is managed by DOE-authorized contractors for further treatment and disposal. Storage amount in the factories is limited, as specified by local regulations i.e. under a period of six months or 20 metric tonnes. | – |
| G4-EN26 | Biodiversity and habitats affected by the organisation's discharges | All water discharged from Nestlé Malaysia factories are treated and are in compliance with the Environment Quality Act Standard B, with approval from the Environmental Authorities. Our discharge is less than 1% with respect to flow rate of river. Maximum flow from our operations in Klang Valley is 0.033 m ³ /second vs. Klang River flow of 50 m ³ /second (source: http://www.KlangRiver). | – |
| Material Aspect: Products and Services | | | |
| G4-DMA | Generic Disclosures on Management Approach | NiS: Creating Shared Value and Meeting Our Commitments NiS: Materiality NiS: Our Commitment to the Environment | 10 – 11 13 – 14 32 – 47 |
| G4-EN27 | Extent of impact mitigation of environmental impacts of products and services | NiS: Our Commitment to the Environment Nestlé has also invested in the construction of separate control rooms for boilers to reduce noise exposure in the Chembong factory. | 32 – 47 |

| G4 Indicators | Description | Reference Section (or direct response in case of omission) | Page Number |
|--|---|---|-------------|
| G4-EN32 | Suppliers that were screened using environmental criteria | <p>Nestlé conducts screening for its range of suppliers based on risk assessment using the Suppliers Ethical Data Exchange (SEDEX) platform. This assessment was conducted based on suppliers' social and environmental performance. This is part of our Nestlé policy on responsible sourcing.</p> <p>About 55%* of our high priority vendors (Logistics, Admin & HR services, Merchandising and Promotional suppliers with high number of labour) have been audited. Audits are valid for 3 years.</p> <p><i>*118 vendors out of an estimation of 215 high priority vendors.</i></p> <p>Nestlé Responsible Sourcing Guideline: http://www.Nestlé.com/asset-library/documents/library/documents/corporate_social_responsibility/Nestlé-responsible-sourcing-guidelines.pdf</p> <p>The Nestlé Supplier Code: http://www.Nestlé.com.my/asset-library/documents/pdf/Nestlé_supplier_code_dec_2013.pdf</p> | - |
| G4-EN33 | Significant actual and potential negative environmental impacts in the supply chain | <p>To date, there have been no major potential negative environmental impacts in the supply chain. However, as part of our commitment to reduce GHG emissions in transportation, we have in place a number of programmes to optimise the distance travelled as well as the use of high-capacity trucks.</p> <p>We also continue to utilise the application of highly-efficient lightings in our distribution warehouses and introduced Zero Landfill Technologies in our National Distribution Centres.</p> <p>NiS: Our Commitment to the Environment</p> | - |
| Material Aspect: Environmental Grievance Mechanisms | | | 32 - 47 |
| G4-DMA | Generic Disclosures on Management Approach | <p>All Nestlé suppliers are required to adhere to the Nestlé Supplier Code (which includes environmental, societal, labour and human rights criteria), and are audited for compliance to the Code.</p> <p>External stakeholders who wish to report any possible non-compliance incidents against NCBP or laws, both internal and external, can contact our Group Corporate Affairs Department.</p> <p>CR: Corporate Directory</p> <p>NCBP: http://www.nestle.com/asset-library/documents/library/documents/corporate_governance/corporate-business-principles-en.pdf</p> <p>Nestlé Responsible Sourcing Guideline: http://www.Nestlé.com/asset-library/documents/library/documents/corporate_social_responsibility/Nestlé-responsible-sourcing-guidelines.pdf</p> <p>The Nestlé Supplier Code: http://www.Nestlé.com.my/asset-library/documents/pdf/Nestlé_supplier_code_dec_2013.pdf</p> | - |
| G4-EN34 | Number of grievances about environmental impacts filed, addressed, and resolved | <p>To date, there have been no formal reports on grievances about the environmental impacts of our Company. Our key focus is to reduce waste generation as well as to reduce energy and water usage.</p> <p>NiS: Our Commitment to the Environment</p> | - |

| G4 Indicators | Description | Reference Section (or direct response in case of omission) | Page Number |
|--|--|---|------------------------|
| SOCIAL | | | |
| LABOUR PRACTICES AND DECENT WORK | | | |
| Material Aspect: Employment | | | |
| G4-LA1 | Total number and rates of new employee hires and employee turnover | NiS: Our People – Our Performance | 60 – 63 |
| G4-LA2 | Benefits provided to full-time employees that are not provided to temporary or part-time employees | The Group has listed down and provided full disclosure on the benefits of every employee in the Nestlé Management Employee Handbook, the Collective Agreements between Nestlé Manufacturing (Malaysia) Sdn. Bhd. and the Food Industry Employee Union, and the Collective Agreements between Nestlé Products Sdn. Bhd. and the National Union of Commercial Workers. Nestlé Management Employee Handbook (internal circulation) | – |
| G4-LA3 | Return to work and retention rates after parental leave | No data available for return to work and retention rates after parental leave. | – |
| Material Aspect: Labour/Management Relations | | | |
| G4-DMA | Generic Disclosures on Management Approach | NiS: Materiality Nestlé Management Employee Handbook (internal circulation) | 13 – 14 |
| G4-LA4 | Minimum notice periods regarding operational changes | As stated in the Collective Agreement, the minimum notice period is between three to seven days, depending on the nature of the change i.e. restructuring, outsourcing of operations, closures, expansions, new openings, takeovers, sale of all or part of the organisation, or mergers. Nestlé Management Employee Handbook (internal circulation) | – |
| FP3 | Percentage of working time lost due to industrial disputes, strikes and/or lock-outs, by country | There was no working time lost due to industrial disputes, strikes and/or lock-outs in our Malaysian operations. | – |
| Material Aspect: Occupational Health and Safety | | | |
| G4-DMA | Generic Disclosures on Management Approach | NiS: Materiality NiS: Our People and the Workplace Nestlé Management Employee Handbook (internal circulation) | 13 – 14 48 – 63 |
| G4-LA5 | Percentage of total workforce represented in health and safety committees | 100% of our total workforce were represented in health and safety committees. | – |

| G4 Indicators | Description | Reference Section (or direct response in case of omission) | Page Number | | | | | | |
|----------------------|--|--|----------------------|---------------------------|-----------------|---|----------------------|--------------------------------------|---|
| G4-LA6 | Injuries, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities | <p>All first-aid cases and Nestlé-recordable injuries and illnesses must be immediately keyed into SHE-PM, including any lost or restricted days, as soon as sufficient information has been gathered to make an initial classification.</p> <p>Environmental incidents must also be immediately keyed into SHE-PM.</p> <p>Incidents must be keyed in at the relevant site or unit. If an employee suffers an injury or illness while at another Nestlé site, the incident must be immediately keyed into SHE-PM at the site where the incident occurred. Injuries and illnesses that occur outside Nestlé sites must be immediately keyed into SHE-PM by the site where the employee is based. In the case of Sales staff, this is the relevant Sales Force (SF) location, as defined in SHE-PM.</p> <p>The scope depends on the location of the incident, as set out below:</p> <table border="1" data-bbox="607 795 1372 995"> <thead> <tr> <th data-bbox="607 810 806 832">Location of Incident</th> <th data-bbox="872 810 1136 832">Affected Persons in Scope</th> </tr> </thead> <tbody> <tr> <td data-bbox="607 857 756 878">At Nestlé sites</td> <td data-bbox="872 857 1306 942">All individuals, i.e. all employees (regular & temporary), contractors and members of the public.</td> </tr> <tr> <td data-bbox="607 963 806 985">Outside Nestlé sites</td> <td data-bbox="872 963 1235 985">All employees (regular & temporary).</td> </tr> </tbody> </table> <p>Each incident must be classified according to the severity of the consequences. The severity classifications are:</p> <ul data-bbox="607 1081 1120 1300" style="list-style-type: none"> • Fatality; • Irreversible; • Lost-time; • Restricted work; • Medical treatment beyond first-aid; • First-aid treatment; • Hurt (not mandatory to report in SHE-PM) • Near miss (not mandatory to report in SHE-PM) | Location of Incident | Affected Persons in Scope | At Nestlé sites | All individuals, i.e. all employees (regular & temporary), contractors and members of the public. | Outside Nestlé sites | All employees (regular & temporary). | - |
| Location of Incident | Affected Persons in Scope | | | | | | | | |
| At Nestlé sites | All individuals, i.e. all employees (regular & temporary), contractors and members of the public. | | | | | | | | |
| Outside Nestlé sites | All employees (regular & temporary). | | | | | | | | |

| G4 Indicators | Description | Reference Section (or direct response in case of omission) | Page Number | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|--|--|------------------------|----|---|----|---|----|-----------------------------|--|-----------|--|-----|----|-----|----|-----|----|-----|----|----------------------|--|--|--|--|--|--|--|--|-----------|---|--|---|--|---|--|---|--|--|------------------------|--|------------------------|--|------------------------|--|------------------------|--|---------------------|--|---|--|---|---|--|---|--|--|--|--|--|--|---|--|---|--|
| G4-LA7 | Workers with high incidence or high risk of diseases related to their occupation | The below table summarises the assistance programmes provided to the below recipients: | - | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Assistance Programme | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="2"></th> <th colspan="2">Education/ Training</th> <th colspan="2">Counselling</th> <th colspan="2">Prevention/ Risk Control</th> <th colspan="2">Treatment</th> </tr> <tr> <th>Yes</th> <th>No</th> <th>Yes</th> <th>No</th> <th>Yes</th> <th>No</th> <th>Yes</th> <th>No</th> </tr> </thead> <tbody> <tr> <td>Programme Recipients</td> <td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td> </tr> <tr> <td>Employees</td> <td>√</td><td></td><td>√</td><td></td><td>√</td><td></td><td>√</td><td></td> </tr> <tr> <td></td> <td>Refer to pages 48 - 54</td> <td></td> </tr> <tr> <td>Employees' Families</td> <td></td><td>√</td><td></td><td>√</td><td>√</td><td></td><td>√</td><td></td> </tr> <tr> <td></td> <td></td><td></td><td></td><td></td> <td>Immediate family members are covered under employee's medical insurance</td> <td></td> <td>Immediate family members are covered under employee's medical insurance</td> <td></td> </tr> </tbody> </table> | | | | | Education/ Training | | Counselling | | Prevention/ Risk Control | | Treatment | | Yes | No | Yes | No | Yes | No | Yes | No | Programme Recipients | | | | | | | | | Employees | √ | | √ | | √ | | √ | | | Refer to pages 48 - 54 | | Employees' Families | | √ | | √ | √ | | √ | | | | | | | Immediate family members are covered under employee's medical insurance | | Immediate family members are covered under employee's medical insurance | |
| | Education/ Training | | Counselling | | Prevention/ Risk Control | | Treatment | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Yes | No | Yes | No | Yes | No | Yes | No | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Programme Recipients | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Employees | √ | | √ | | √ | | √ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Refer to pages 48 - 54 | | Refer to pages 48 - 54 | | Refer to pages 48 - 54 | | Refer to pages 48 - 54 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Employees' Families | | √ | | √ | √ | | √ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | Immediate family members are covered under employee's medical insurance | | Immediate family members are covered under employee's medical insurance | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| All Company's factories are exposed to high-risk chemicals. Measures are being taken to reduce the risks to workers. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| There have been no reported cases of serious illnesses or diseases due to exposure to high-risk chemicals. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (Source: Chemical Health Risk Assessments: Year 2009 to 2013) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| G4-LA8 | Health and safety topics covered in formal agreements with trade unions | <p>As indicated in the Collective Agreement 2011-2013 between Nestlé Manufacturing (Malaysia) Sdn. Bhd. and the Food Industry Employee Union:</p> <ul style="list-style-type: none"> • Article 29 describes the terms and conditions, under which an employee shall or shall not be entitled to paid sick leave; • Article 30 describes the terms and conditions, under which an employee shall be granted a prolonged illness leave; and • Article 31 describes the terms and conditions, under which an employee shall be granted an industrial accident leave. | - | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Nestlé Management Employee Handbook (internal circulation) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| G4 Indicators | Description | Reference Section (or direct response in case of omission) | Page Number |
|---|--|--|-------------------------------------|
| Material Aspect: Training and Education | | | |
| G4-DMA | Generic Disclosures on Management Approach | NiS: Materiality NiS: Our People and the Workplace | 13 – 14 48 – 63 |
| G4-LA9 | Average hours of training per year per employee | NiS: Our People – Our Performance | 60 – 63 |
| G4-LA10 | Programmes for skills management and lifelong learning | NiS: Our People and the Workplace The Company partners with a robust e-learning solution that offers a variety of courses on different topics and also provides access to hundreds of books. The Company also runs a two-day workshop that covers the three Key Areas of Concern amongst potential retirees i.e. Finance, Health and Relationships. It is designed to prepare and equip participants with the required knowledge, tools and skills to work out a retirement plan that suits them. | 48 – 63 |
| G4-LA11 | Percentage of employees receiving regular performance and career development reviews, by gender and by employee category | All employees undergo review sessions at least once a year (if not more) on their performance and development as the Company's practice, or as outlined in the Collective Bargaining Agreement. | - |
| Material Aspect: Diversity and Equal Opportunity | | | |
| G4-DMA | Generic Disclosures on Management Approach | NiS: Materiality NiS: Our People and the Workplace NiS: Our People – Our Performance CGFR: Corporate Governance Statement (Diversity) | 13 – 14 48 – 63 60 – 63 11 |

| G4 Indicators | Description | Reference Section (or direct response in case of omission) | Page Number |
|---------------|-------------|---|-------------|
|---------------|-------------|---|-------------|

G4-LA12 Composition of governance bodies and breakdown of employees by aspects of diversity

Breakdown of the Company's employees in terms of ethnic composition, age group and gender.

-

| ETHNIC | Mgt. | % | N-Mgt. | % | Temp. | % | Total | % |
|--------------|--------------|--------------|--------------|--------------|-----------|-------------|--------------|---------------|
| Bumiputera | 861 | 8.3% | 3,459 | 62.0% | 33 | 0.6% | 3,953 | 71% |
| Chinese | 819 | 14.7% | 327 | 5.9% | 23 | 0.4% | 1,169 | 21% |
| Indian | 125 | 2.2% | 237 | 4.2% | 2 | 0.0% | 364 | 7% |
| Others | 78 | 1.4% | 14 | 0.3% | 0 | 0.0% | 92 | 2% |
| Total | 1,483 | 26.6% | 4,037 | 72.4% | 58 | 1.0% | 5,578 | 100.0% |

| AGE | Mgt. | % | N-Mgt. | % | Temp. | % | Total | % |
|--------------|--------------|--------------|--------------|--------------|-----------|-------------|--------------|---------------|
| Below 30 | 295 | 5.3% | 1,320 | 23.7% | 28 | 0.5% | 1,643 | 29% |
| 30-50 | 1,049 | 18.8% | 2,378 | 42.6% | 3 | 0.1% | 3,430 | 61% |
| Above 50 | 139 | 2.5% | 339 | 6.1% | 27 | 0.5% | 505 | 9% |
| Total | 1,483 | 26.6% | 4,037 | 72.4% | 58 | 1.0% | 5,578 | 100.0% |

| GENDER | Mgt. | % | N-Mgt. | % | Temp. | % | Total | % |
|--------------|--------------|--------------|--------------|--------------|-----------|-------------|--------------|---------------|
| Male | 733 | 13.1% | 2,857 | 51.2% | 37 | 0.7% | 3,627 | 65% |
| Female | 750 | 13.4% | 1,180 | 21.2% | 21 | 0.4% | 1,951 | 35% |
| Total | 1,483 | 26.6% | 4,037 | 72.4% | 58 | 1.0% | 5,578 | 100.0% |

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

| ETHNIC | % | Total |
|--------------|---------------|----------|
| Bumiputera | 37.5% | 3 |
| Chinese | 25.0% | 2 |
| Indian | 0.0% | 0 |
| Others | 37.5% | 3 |
| Total | 100.0% | 8 |

| AGE | % | Total |
|--------------|---------------|----------|
| Below 30 | 0% | 0 |
| 30-50 | 25% | 2 |
| Above 50 | 75% | 6 |
| Total | 100.0% | 8 |

| GENDER | % | Total |
|--------------|---------------|----------|
| Male | 75% | 6 |
| Female | 25% | 2 |
| Total | 100.0% | 8 |

| G4 Indicators | Description | Reference Section (or direct response in case of omission) | Page Number | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|---|-------------------------------|---------------------|-------|-------|--|-----|--|--|---------------------|----|-------|---------------------|----|-------|------------|------------|-----|------|------------|-----|------|----------------|------------|-------|------|------------|-------|------|
| Material Aspect: Equal Remuneration for Women and Men | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| G4-DMA | Generic Disclosures on Management Approach | NiS: Materiality NiS: Our People and the Workplace NiS: Our People – Our Performance | 13 – 14 48 – 63 60 – 63 | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| G4-LA13 | Ratio of basic salary and remuneration of women to men | NiS: Our People – Our Performance Below is a snapshot of the annual basic salary income by gender and headcount for 2015. | 60 – 63 | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <table border="1"> <thead> <tr> <th rowspan="2">Employee Category</th> <th colspan="3">WOMEN</th> <th colspan="3">MEN</th> </tr> <tr> <th>Annual Basic Salary</th> <th>HC</th> <th>Ratio</th> <th>Annual Basic Salary</th> <th>HC</th> <th>Ratio</th> </tr> </thead> <tbody> <tr> <td>Management</td> <td>78,758,213</td> <td>813</td> <td>1.15</td> <td>93,632,418</td> <td>794</td> <td>1.00</td> </tr> <tr> <td>Non Management</td> <td>35,547,182</td> <td>1,196</td> <td>1.62</td> <td>93,306,808</td> <td>2,916</td> <td>1.00</td> </tr> </tbody> </table> | | | | Employee Category | WOMEN | | | MEN | | | Annual Basic Salary | HC | Ratio | Annual Basic Salary | HC | Ratio | Management | 78,758,213 | 813 | 1.15 | 93,632,418 | 794 | 1.00 | Non Management | 35,547,182 | 1,196 | 1.62 | 93,306,808 | 2,916 | 1.00 |
| Employee Category | WOMEN | | | | MEN | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Annual Basic Salary | HC | Ratio | Annual Basic Salary | HC | Ratio | | | | | | | | | | | | | | | | | | | | | | | | |
| Management | 78,758,213 | 813 | 1.15 | 93,632,418 | 794 | 1.00 | | | | | | | | | | | | | | | | | | | | | | | | |
| Non Management | 35,547,182 | 1,196 | 1.62 | 93,306,808 | 2,916 | 1.00 | | | | | | | | | | | | | | | | | | | | | | | | |
| Material Aspect: Supplier Assessment for Labour Practices | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| G4-DMA | Generic Disclosures on Management Approach | All Nestlé suppliers are required to adhere to The Nestlé Supplier Code (which includes environmental, societal, labour and human rights criteria), and are audited for compliance to the Code. If any instances of non-compliance are found, corrective action plans are put in place to resolve these issues. Termination of a relationship with a supplier only occurs if they refuse to comply with the audit process, and is only undertaken as a last resort. Nestlé Responsible Sourcing Guideline: http://www.Nestlé.com/asset-library/documents/library/documents/corporate_social_responsibility/Nestlé-responsible-sourcing-guidelines.pdf The Nestlé Supplier Code: http://www.Nestlé.com.my/asset-library/documents/pdf/Nestlé_supplier_code_dec_2013.pdf | - | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | NiS: Materiality | 13 – 14 | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| G4-LA14 | Percentage of new suppliers that were screened using labour practices criteria | 100% of our new suppliers were informed on the Nestlé Supplier Code and were required to sign an acknowledgement form. The Nestlé Supplier Code: http://www.Nestlé.com.my/asset-library/documents/pdf/Nestlé_supplier_code_dec_2013.pdf | - | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| G4-LA15 | Significant actual and potential negative impacts for labour practices in the supply chain | There were no incidents reported in 2015. | - | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| G4 Indicators | Description | Reference Section (or direct response in case of omission) | Page Number |
|---|---|--|--|
| Material Aspect: Labour Practices Grievance Mechanisms | | | |
| G4-DMA | Generic Disclosures on Management Approach | <p>The Nestlé Whistleblowing Policy was introduced in August 2011 to outline when, how and to whom a concern may be raised. The Policy, distinguishes a concern from a personal grievance and allows the whistleblower the opportunity to raise a concern outside of their management line. The introduction of the Policy also saw the establishment of a Business Ethics and Fraud Committee and a Non-Compliance Hotline (free phone line and web).</p> <p>External stakeholders who wish to report any possible non-compliance incidents against NCBP or laws, both internal and external, can contact our Group Corporate Affairs Department.</p> <p>CR: Corporate Directory CGFR: Corporate Governance Statement (Whistleblowing Policy)</p> <p>NCBP: http://www.nestle.com/asset-library/documents/library/documents/corporate_governance/corporate-business-principles-en.pdf</p> | <p>-</p> <p>-</p> <p>28 - 29 7 - 8</p> |
| G4-LA16 | Number of grievances about labour practices filed, addressed, and resolved | We received 1 grievance about labour practices in 2015 and it was resolved. | - |
| HUMAN RIGHTS | | | |
| Material Aspect: Investment | | | |
| G4-DMA | Generic Disclosures on Management Approach | <p>NiS: Materiality NiS: Our People and the Workplace</p> <p>NCBP: http://www.nestle.com/asset-library/documents/library/documents/corporate_governance/corporate-business-principles-en.pdf</p> | <p>13 - 14 48 - 63</p> |
| G4-HR1 | Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening | <p>Not applicable for the Company. As stated in NCBP, Nestlé fully supports the United Nations Global Compact (UNGC) guiding principles on human rights and labour practices.</p> <p>NCBP: http://www.nestle.com/asset-library/documents/library/documents/corporate_governance/corporate-business-principles-en.pdf</p> | - |
| G4-HR2 | Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations | <p>Total trained staff in 2015:</p> <ul style="list-style-type: none"> - 2,088 employees (management and non-management) <p>Total hours (an average of 3-hour training sessions):</p> <ul style="list-style-type: none"> - 6,264 hours <p>Total training sessions:</p> <ul style="list-style-type: none"> - 12 sessions at HOU for new hires - 52 sessions in factories - 4 sessions in the Regions (Sales teams) <p>Training sessions included:</p> <ul style="list-style-type: none"> - Nestlé Corporate Business Principles (NCBP) - Nestlé Code of Business Conduct (NCBC) - Human Rights Standards and e-learning <p>NCBP: http://www.nestle.com/asset-library/documents/library/documents/corporate_governance/corporate-business-principles-en.pdf</p> <p>NCBC: http://www.nestle.com/asset-library/documents/library/documents/corporate_governance/code_of_business_conduct_en.pdf</p> | - |

| G4 Indicators | Description | Reference Section (or direct response in case of omission) | Page Number |
|--|--|---|--------------------|
| Material Aspect: Non-Discrimination | | | |
| G4-DMA | Generic Disclosures on Management Approach | <p>NiS: Materiality</p> <p>NiS: Our People and the Workplace</p> <p>NCBP: http://www.nestle.com/asset-library/documents/library/documents/corporate_governance/corporate-business-principles-en.pdf</p> | 13 – 14 48 – 63 |
| G4-HR3 | Incidents of discrimination | There were no incidents of discrimination reported in 2015. | – |
| Material Aspect: Freedom of Association and Collective Bargaining | | | |
| G4-DMA | Generic Disclosures on Management Approach | <p>We have collective bargaining and freedom of association to address the rights and responsibilities of the parties involved, thus ensuring harmonious and productive workplaces.</p> <p>Nestlé respects at all times and in all places, the right of employees to meaningful and constructive discussions over issues related to working conditions and workplace environment.</p> <p>NiS: Materiality</p> <p>NCBP: http://www.nestle.com/asset-library/documents/library/documents/corporate_governance/corporate-business-principles-en.pdf</p> | – 13 – 14 |
| G4-HR4 | Risks to the right to exercise freedom of association and collective bargaining | There were no incidents reported in 2015. | – |
| Material Aspect: Child Labour | | | |
| G4-DMA | Generic Disclosures on Management Approach | <p>All Nestlé suppliers are required to adhere to The Nestlé Supplier Code (which includes environmental, societal, labour and human rights criteria), and are audited for compliance to the code. If any instances of non-compliance are found corrective action plans are put in place to resolve these issues.</p> <p>Our policy clearly prohibits child labour, and recruitment procedures verify that prospective employees are of legal working age. There can be potential conflict in countries where human rights are compromised. We keep abreast of issues using such resources as Amnesty International, and ensure that education on human rights and equality are integrated into management training programmes.</p> <p>NiS: Materiality</p> <p>Nestlé Responsible Sourcing Guideline: http://www.Nestlé.com/asset-library/documents/library/documents/corporate_social_responsibility/Nestlé-responsible-sourcing-guidelines.pdf</p> <p>The Nestlé Supplier Code: http://www.Nestlé.com.my/asset-library/documents/pdf/Nestlé_supplier_code_dec_2013.pdf</p> | – 13 – 14 |
| G4-HR5 | Operations and suppliers identified as having significant risk for incidents of child labour | <p>We do not accept any form of child labour in our value chain.</p> <p>NiS: Materiality</p> <p>The Nestlé Supplier Code: http://www.Nestlé.com.my/asset-library/documents/pdf/Nestlé_supplier_code_dec_2013.pdf</p> | – 13 – 14 |

| G4 Indicators | Description | Reference Section (or direct response in case of omission) | Page Number |
|---|---|---|------------------|
| Material Aspect: Forced or Compulsory Labour | | | |
| G4-DMA | Generic Disclosures on Management Approach | All Nestlé suppliers are required to adhere to The Nestlé Supplier Code (which includes environmental, societal, labour and human rights criteria), and are audited for compliance to the code. If any instances of non-compliance are found, corrective action plans are put in place to resolve these issues. NiS: Materiality Nestlé Responsible Sourcing Guideline: http://www.Nestlé.com/asset-library/documents/library/documents/corporate_social_responsibility/Nestlé-responsible-sourcing-guidelines.pdf The Nestlé Supplier Code: http://www.Nestlé.com.my/asset-library/documents/pdf/Nestlé_supplier_code_dec_2013.pdf | - 13 – 14 |
| G4-HR6 | Operations and suppliers identified as having significant risk for incidents of forced or compulsory labour | We do not accept any form of forced or compulsory labour in our value chain. NiS: Materiality Nestlé Supplier Code: http://www.Nestlé.com.my/asset-library/documents/pdf/Nestlé_supplier_code_dec_2013.pdf | - 13 – 14 |
| Material Aspect: Security Practices | | | |
| G4-DMA | Generic Disclosures on Management Approach | All Nestlé suppliers are required to adhere to the Nestlé Supplier Code (which includes environmental, societal, labour and human rights criteria), and are audited for compliance to the Code. If any instances of non-compliance are found, corrective action plans are put in place to resolve these issues. All security personnel have been trained in the organisation's policies or procedures concerning aspects of human rights that are relevant to operations, as they all have to comply with the Nestlé Supplier Code. Nestlé Supplier Code: http://www.Nestlé.com.my/asset-library/documents/pdf/Nestlé_supplier_code_dec_2013.pdf | - |
| G4-HR7 | Security personnel trained on human rights policies | 100% of our security personnel have been trained in the organisation's policies or procedures concerning aspects of human rights that are relevant to operations. | - |
| Material Aspect: Indigenous Rights | | | |
| G4-DMA | Generic Disclosures on Management Approach | Not applicable – All factories are located in Industrial Estates designated by the respective States, which are located in developed areas as compared to regions where indigenous people reside in or have interests near operations of the organisation. | - |
| G4-HR8 | Violations of the rights of indigenous peoples | Not applicable – All factories are located in Industrial Estates designated by the respective States, which are located in developed area as compared to regions where indigenous people reside in or have interests near operations of the organisation. | - |

| G4 Indicators | Description | Reference Section (or direct response in case of omission) | Page Number |
|--|--|--|-------------|
| Material Aspect: Assessment | | | |
| G4-DMA | Generic Disclosures on Management Approach | <p>NiS: Materiality</p> <p>NCBP: http://www.nestle.com/asset-library/documents/library/documents/corporate_governance/corporate-business-principles-en.pdf</p> | 13 – 14 |
| G4-HR9 | Operations subject to human rights reviews or impact assessments | All Company sites have been subjected to CARE (Nestlé Corporate Compliance Assessment Programme of Human Rights & Labour Practices, Business Integrity, Safety & Health, Environmental Sustainability and Security) audits. | - |
| Material Aspect: Supplier Human Rights Assessment | | | |
| G4-DMA | Generic Disclosures on Management Approach | <p>All Nestlé suppliers are required to adhere to the Nestlé Supplier Code (which includes environmental, societal, labour and human rights criteria), and are audited for compliance to the Code. If any instances of non-compliance are found, corrective action plans are put in place to resolve these issues.</p> <p>Our policy clearly prohibits child labour and recruitment procedures verify that prospective employees are of legal working age. There can be potential conflict in countries where human rights are compromised. We keep abreast of issues, using such resources as Amnesty International, and ensure that education on human rights and equality are integrated into management training programmes.</p> <p>NiS: Materiality</p> <p>Nestlé Responsible Sourcing Guideline: http://www.Nestlé.com/asset-library/documents/library/documents/corporate_social_responsibility/Nestlé-responsible-sourcing-guidelines.pdf</p> <p>Nestlé Supplier Code: http://www.Nestlé.com.my/asset-library/documents/pdf/Nestlé_supplier_code_dec_2013.pdf</p> | 13 – 14 |
| G4-HR10 | Suppliers that were screened using human rights criteria | <p>The Company does not have visibility of these activities, as we do not conduct any Human Rights sessions with third parties. They are however within the purview of the respective stakeholders, and are advocated to embrace the Human Rights and Integrity principles as contained in NCBP and the Nestlé Code of Business Conduct.</p> <p>Our new suppliers were informed on the Nestlé Supplier Code and were required to sign an acknowledgement form.</p> <p>The Nestlé Supplier Code: http://www.Nestlé.com.my/asset-library/documents/pdf/Nestlé_supplier_code_dec_2013.pdf</p> <p>NCBP: http://www.nestle.com/asset-library/documents/library/documents/corporate_governance/corporate-business-principles-en.pdf</p> <p>NCBC: http://www.nestle.com/asset-library/documents/library/documents/corporate_governance/code_of_business_conduct_en.pdf</p> | - |
| G4-HR11 | Significant actual and potential negative human rights impacts in the supply chain | There were no incidents reported in 2015. | - |

| G4 Indicators | Description | Reference Section (or direct response in case of omission) | Page Number |
|---|--|--|--|
| Material Aspect: Human Rights Grievance Mechanisms | | | |
| G4-DMA | Generic Disclosures on Management Approach | <p>The Nestlé Whistleblowing Policy was introduced in August 2011 to outline when, how and to whom a concern may be raised. The Policy, distinguishes a concern from a personal grievance and allows the whistleblower the opportunity to raise a concern outside of their management line. The introduction of the Policy also saw the establishment of a Business Ethics and Fraud Committee and a Non-Compliance Hotline (free phone line and web).</p> <p>External stakeholders who wish to report any possible non-compliance incidents against NCBP or laws, both internal and external, can contact our Group Corporate Affairs Department.</p> <p>CR: Corporate Directory CGFR: Corporate Governance Statement (Whistleblowing Policy)</p> <p>NCBP: http://www.nestle.com/asset-library/documents/library/documents/corporate_governance/corporate-business-principles-en.pdf</p> | <p>–</p> <p>28 - 29 7 - 8</p> |
| G4-HR12 | Grievances about human rights impacts filed, addressed, and resolved | There were no grievances reported in 2015. | – |
| SOCIETY | | | |
| Material Aspect: Local Communities | | | |
| G4-DMA | Generic Disclosures on Management Approach | <p>NiS: Materiality NiS: Our Respect and Care for the Community NiS: Our Commitment to the Environment</p> | <p>13 - 14 20 - 31 32 - 47</p> |
| G4-S01 | Operations with implemented local community engagement, impact assessments, and development programmes | <p>Our facilities are subject to all local building codes, regulations and requirements, including environmental impact studies.</p> <p>NiS: Message to Stakeholders NiS: Fast Facts NiS: Engaging Our Stakeholders NiS: Our Respect and Care for the Community</p> | <p>2 - 5 6 - 7 12 - 15 20 - 31</p> |
| G4-S02 | Operations with significant actual and potential negative impacts on local communities | There were no incidents reported in 2015. | – |
| Material Aspect: Anti-Corruption | | | |
| G4-DMA | Generic Disclosures on Management Approach | <p>CGFR: Corporate Governance Statement CGFR: Statement on Risk Management and Internal Control CGFR: Audit Committee Report</p> <p>NCBC: http://www.Nestlé.com/asset-library/documents/library/documents/corporate_governance/code_of_business_conduct_en.pdf</p> | <p>2 - 21 22 - 24 25 - 28</p> |
| G4-S03 | Operations assessed for risks related to corruption | NiS: Our People – Our Performance | 60 - 63 |
| G4-S04 | Communication and training on anti-corruption policies and procedures | <p>Every employee, is given a handbook – Code of Business Conduct – upon their first day of induction.</p> <p>NiS: Our People – Our Performance</p> <p>NCBC: http://www.Nestlé.com/asset-library/documents/library/documents/corporate_governance/code_of_business_conduct_en.pdf</p> | <p>–</p> <p>60 - 63</p> |

| G4 Indicators | Description | Reference Section (or direct response in case of omission) | Page Number |
|--|---|---|------------------------------|
| G4-S05 | Confirmed incidents of corruption and actions taken | There were no incidences reported in 2015. | - |
| Material Aspect: Public Policy | | | |
| G4-DMA | Generic Disclosures on Management Approach | CGFR: Corporate Governance Statement NCBC: http://www.Nestlé.com/asset-library/documents/library/documents/corporate_governance/code_of_business_conduct_en.pdf | 2 - 21 |
| G4-S06 | Value of political contributions | Nestlé does not contribute to political parties, politicians, and/or related institutions by country. Under Section 10, Page 6 of the Nestlé Code of Business Conduct, political contributions are not allowed. NCBC: http://www.Nestlé.com/asset-library/documents/library/documents/corporate_governance/code_of_business_conduct_en.pdf | - |
| Material Aspect: Anti-Competitive Behaviour | | | |
| G4-DMA | Generic Disclosures on Management Approach | CGFR: Corporate Governance Statement NCBP: http://www.nestle.com/asset-library/documents/library/documents/corporate_governance/corporate-business-principles-en.pdf NCBC: http://www.Nestlé.com/asset-library/documents/library/documents/corporate_governance/code_of_business_conduct_en.pdf | 2 - 21 |
| G4-S07 | Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes | There were no incidents reported in 2015. | - |
| Material Aspect: Compliance | | | |
| G4-DMA | Generic Disclosures on Management Approach | CGFR: Corporate Governance Statement NiS Creating Shared Value and Meeting Our Commitments NiS: Governance | 2 - 21 10 - 11 16 - 17 |
| G4-S08 | Fines and sanctions for non-compliance with laws and regulations | There were no incidents reported in 2015. | - |
| Material Aspect: Supplier Assessment for Impacts on Society | | | |
| G4-DMA | Generic Disclosures on Management Approach | All Nestlé suppliers are required to adhere to The Nestlé Supplier Code (which includes environmental, societal, labour and human rights criteria), and are audited for compliance to the Code. If any instances of non-compliance are found, corrective action plans are put in place to resolve these issues. Termination of a relationship with a supplier only occurs if they refuse to comply with the audit process, and is only undertaken as a last resort. Nestlé Responsible Sourcing Guideline: http://www.Nestlé.com/asset-library/documents/library/documents/corporate_social_responsibility/Nestlé-responsible-sourcing-guidelines.pdf The Nestlé Supplier Code: http://www.Nestlé.com.my/asset-library/documents/pdf/Nestlé_supplier_code_dec_2013.pdf | - |

| G4 Indicators | Description | Reference Section (or direct response in case of omission) | Page Number |
|---|--|---|--------------------------------------|
| G4-S09 | Suppliers that were screened using criteria for impacts on society | <p>The Company does not have visibility of these activities. However, we require our suppliers, agents, subcontractors and their employees to demonstrate honesty, integrity and fairness, and to adhere to our non-negotiable standards.</p> <p>Our new suppliers were informed on the Nestlé Supplier Code and were required to sign an acknowledgement form.</p> <p>The Nestlé Supplier Code: http://www.Nestlé.com.my/asset-library/documents/pdf/Nestlé_supplier_code_dec_2013.pdf</p> <p>NCBP: http://www.nestle.com/asset-library/documents/library/documents/corporate_governance/corporate-business-principles-en.pdf</p> <p>NCBC: http://www.Nestlé.com/asset-library/documents/library/documents/corporate_governance/code_of_business_conduct_en.pdf</p> | - |
| G4-S010 | Significant actual and potential negative impacts on society in the supply chain | There were no incidents reported in 2015. | - |
| Material Aspect: Grievance Mechanisms for Impacts on Society | | | |
| G4-DMA | Generic Disclosures on Management Approach | <p>The Nestlé Whistleblowing Policy was introduced in August 2011 to outline when, how and to whom a concern may be raised. The Policy, distinguishes a concern from a personal grievance and allows the whistleblower the opportunity to raise a concern outside of their management line. The introduction of the Policy also saw the establishment of a Business Ethics and Fraud Committee and a Non-Compliance Hotline (free phone line and web).</p> <p>External stakeholders who wish to report any possible non-compliance incidents against NCBP or laws, both internal and external, can contact our Group Corporate Affairs Department.</p> <p>CR: Corporate Directory</p> <p>CGFR: Corporate Governance Statement (Whistleblowing Policy)</p> <p>NCBP: http://www.nestle.com/asset-library/documents/library/documents/corporate_governance/corporate-business-principles-en.pdf</p> | <p>-</p> <p>28 - 29</p> <p>7 - 8</p> |

| G4 Indicators | Description | Reference Section (or direct response in case of omission) | Page Number |
|--|---|---|-------------|
| G4-S011 | Grievances about impacts on society filed, addressed, and resolved | There were no grievances reported in 2015. | - |
| PRODUCT RESPONSIBILITY | | | |
| Material Aspect: Customer Health and Safety | | | |
| G4-DMA | Generic Disclosures on Management Approach | <p>NiS: Materiality</p> <p>The Nestlé Quality Management System covers the end-to-end process, ensuring quality compliance and performance of our products across our value chain. Food safety is assessed through our yearly review of the Food Safety Management System (under FSMS requirements). The Health and Safety impacts of our products are assessed for improvements in all life cycle stages, which includes product concept development, R&D, certification, manufacturing, marketing and promotion, storage distribution, supply and disposal, reuse of recycling, and significant environmental and social impacts.</p> <p>Whenever a product is being developed, nutritional and health impact on consumers will be assessed by looking at the sensitive nutrients in the foods. The recipe will not be approved if it does not comply with the nutritional requirements of Nestlé.</p> <p>Nestlé's unique 60/40+ programme constantly re-challenges its products to ensure that they are preferred by at least 60% of consumers of a large panel. Nutritional assessments are conducted locally, which guarantees that wherever Nestlé operates, it is the nutritional needs of local consumers dictate the formulation of our products.</p> <p>Quality Policy: http://www.Nestlé.com.my/asset-library/documents/pdf/quality_policy_Nestlé.pdf</p> | 13 – 14 |
| G4-PR1 | Percentage of significant product and service categories for which health and safety impacts are assessed for improvement | <p>The Nestlé Quality Management System covers all Nestlé products. Refer to:</p> <p>Quality Policy: http://www.Nestlé.com.my/asset-library/documents/pdf/quality_policy_Nestlé.pdf</p> | - |
| G4-PR2 | Incidents of non-compliance with regulations concerning the health and safety impacts of products and services during their life cycle | <p>There were no incidents of non-compliance to regulations or voluntary codes that resulted in fines raised to Nestlé's Issues Round Table Committee between January 2015 to December 2015.*</p> <p>* <i>The data has been independently audited. Please refer to the Independent Assurance Report on pages 110 - 111.</i></p> | - |
| FP5 | Percentage of production volume manufactured in sites certified by an independent third party according to internationally recognised food safety management system standards | <p>The percentage of production sites certified by an independent third party is 89% (seven out of eight factories); based on the Nestlé Quality Management System and internationally-recognised standards. The factories are audited annually by SGS for FSSC 22000, OHSAS 18001 and ISO 14000.</p> <p>Source: <i>Manufacturing Management, Technical and Production, Nestlé Malaysia.</i></p> <p>* <i>We plan to certify our newest factory, Sri Muda, in 2016.</i></p> | - |

| G4 Indicators | Description | Reference Section (or direct response in case of omission) | Page Number |
|---------------|--|---|-------------|
| FP6 | Percentage of total sales volume of consumer products, by product category, that are lowered in saturated fat, trans fats, sodium and added sugars | <p>Due to the confidential nature of the information, Nestlé is unable to provide the percentage of total sales volume of consumer products by product category. However, we can provide the following:</p> <p>Nestlé has always been committed to improving both the nutritional benefits and taste of our food and beverage products. We pay particular attention to food safety and nutritional recommendations, whilst complying with regulatory requirements and meeting consumer expectations.</p> <p><u>Saturated Fatty Acid (inclusive of Trans Fat):</u> Since the establishment of the first Nestlé Policy on saturated fat in 2009, the saturated fat levels of many products – especially children’s products – have been significantly reduced.</p> <p>The Policy target is to further reduce saturated fat content by an average of at least 10% over three years (2014-2016) in products that do not meet the Nestlé Nutritional Foundation criteria for saturated fat as defined in the Nestlé Nutritional Profiling System.</p> <p><u>Sodium (Salt):</u> Since the establishment of the first Nestlé Policy on sodium in 2005, the sodium levels of many products, including culinary products and breakfast cereals, have been significantly reduced.</p> <p>The Policy target is to further reduce sodium content by an average of at least 10% over four years (2013-2016) in products that do not meet the Nestlé Nutritional Foundation criteria for sodium as defined in the Nestlé Nutritional Profiling System.</p> <p><u>Sugar:</u> Since the establishment of the first Nestlé Policy on sugars in 2007, the amount of sugars in many products – especially children’s products – have been significantly reduced.</p> <p>The Policy target is to further reduce content of sugars by an average of at least 10% over three years (2014-2016) in products that do not meet the Nestlé Nutritional Foundation criteria for sugars as defined in the Nestlé Nutritional Profiling System.</p> <p>[Source: Nestlé Policy on Saturated Fat: January 2014; Nestlé Policy on Sodium (Salt): January 2014; Nestlé Policy on Sugars: June 2014 [internal circulation]]</p> | – |
| FP7 | Percentage of total sales volume of consumer products, that contain increased nutritious ingredients like fiber, vitamins, minerals, phytochemicals or functional food additives | <p>At Nestlé Malaysia, we are constantly innovating and renovating our products to improve their nutritional quality. However, we do not collate quantitative data for the percentage of products that contain increased fibre, vitamins, minerals, phytochemicals or functional food additives.</p> <p>The Nestlé Policy on Fortification of Food Products with Vitamins, Minerals and Trace Elements is to promote fortification of food products with vitamins, minerals and trace elements at levels that are sufficient to help to improve health, in amounts that do not increase the risk of developing adverse consequences from excessive consumption.</p> | – |

| G4 Indicators | Description | Reference Section (or direct response in case of omission) | Page Number |
|---|--|--|-------------|
| Material Aspect: Product and Service Labelling | | | |
| G4-DMA | Generic Disclosures on Management Approach | <p>The Nestlé Quality Management System covers the end-to-end process, ensuring quality compliance and performance of our products across our value chain. We ensure that we meet all our product labelling legal requirements for product labelling.</p> <p>Quality Policy: http://www.Nestlé.com.my/asset-library/documents/pdf/quality_policy_Nestlé.pdf</p> | - |
| G4-PR3 | Procedures for product and service information and labeling | <p>The internal Regulatory and Scientific Affairs Unit states the requirements for product and service information and labelling as per the following:</p> <ul style="list-style-type: none"> • Sourcing of components of the products or service is not required by the Malaysian Food Regulations 1985. • Content, particularly with regard to substances that might produce an environmental or social impact, is not required by the Malaysian Food Regulations 1985. However, an internal process is in place, which requires the approval of the Regulatory and Scientific Affairs unit for proposals on labelling or any form of on-pack communication. The Regulatory and Scientific Affairs unit will vet through the labels or any form of on-pack communication to ensure that it complies with all requirements and to avoid any approval of labels that may potentially have environmental or social impacts. • The safe use of the product or service is required by the Malaysian Food Regulation 1985 and a procedure is in place to address food allergens contained in our products. All infant formula, infant cereal and follow-up formula products are required to enclose information on the safe use of the product on its packaging. • Disposal of the product and environmental/social impact is not applicable for our products, as the products do not require extensive special disposal methods. <p>Nestlé products feature the following labels and logos on their packaging:</p> <ul style="list-style-type: none"> • Nutritional Claim on Front of Pack (FOP) – 65% of sales in 2015.* • Nestlé Nutritional Compass (NNC) – 100% on all Nestlé products. • Guideline Daily Amount (GDA) labelling – 98% of sales in 2015. <p>* <i>The data has been independently audited. Please refer to the Independent Assurance Report on pages 110 - 111.</i></p> | - |
| G4-PR4 | Incidents of non-compliance with regulations concerning product and service information and labeling | There were no incidences reported in 2015. | - |
| G4-PR5 | Results of surveys measuring customer satisfaction | <p>An organisation-wide practice is in place to assess and maintain customer satisfaction on our products. This is known as Goal Alignment, whereby all manufacturing sites that produce our products are measured by the number of unprepared incidents. The annual target is 'Zero Unprepared Incident' and as of December 2015, the target has been achieved and maintained throughout the year.</p> <p>For our supply chain management, the Customer Satisfaction Level report is in place to measure factors that related to the supply of our product to customers from our factories, such as on shelf freshness and availability of our products.</p> | - |

| G4 Indicators | Description | Reference Section (or direct response in case of omission) | Page Number |
|--|--|---|-------------|
| Material Aspect: Marketing Communications | | | |
| G4-DMA | Generic Disclosures on Management Approach | <p>NiS: Materiality</p> <p>Consumer communication is one of our Corporate Business Principles, which form the foundation of all we do. The Principles state: “We are committed to responsible, reliable consumer communication that empowers consumers to exercise their right to informed choice and promotes healthier diets.” Adherence to these principles is regularly monitored by Nestlé S.A.</p> <p>In February 2011, Nestlé released a comprehensive set of Consumer Communication Principles. These principles, which still apply to all kinds of consumer communication by our marketing staff and advertising agencies globally, stipulate that our advertisements must:</p> <ul style="list-style-type: none"> • Be truthful and credible; • Encourage moderation; • Not generate unrealistic expectations of popularity or success; and • Not undermine parental authority. <p>The World Health Organisation (WHO) Recommendations on Marketing of Foods and Beverages to Children was approved by Member States in May 2010. Specifically, four areas are subject to discussion, which are commercial activities in schools and related settings, the digital environment, the age definition of a child and the development of nutrition profiles for defining foods that should not be advertised to children.</p> <p>As awareness of the effects of advertising to children grew, the policy on Marketing Communication to Children was released in 2011. The updated policy states that Nestlé does not directly advertise or market our products towards children less than six years of age. Advertising to children aged six to 12 is restricted to products with a nutritional profile that helps them achieve a healthy, balanced diet, including limits for ingredients such as sugar, salt and fat.</p> <p>Nestlé Malaysia is a member of the Malaysian Advertisers Association (MAA) - that governs all advertising practices in the industry - of which Mr. Khoo Kar Khoo, Communications Director, Nestlé Products Sdn. Bhd. is the Council Member and Special Advisor to MAA (ref: malaysiaadvertisers.com.my). As a member, Nestlé complies with all regulations imposed by the relevant government agencies. Nestlé Malaysia conducts audits to monitor controls, compliance and efficiency internally within Nestlé on an annual basis.</p> <p>NCBP: http://www.nestle.com/asset-library/documents/library/documents/corporate_governance/corporate-business-principles-en.pdf</p> | 13 – 14 |

| G4 Indicators | Description | Reference Section (or direct response in case of omission) | Page Number |
|--|--|---|---|
| G4-PR6 | Sale of banned or disputed products | <p>Nestlé has a global commitment to market breast-milk substitutes responsibly. We comply with the WHO International Code of Marketing of Breast-milk Substitutes (WHO Code) as implemented by governments across the world. The WHO Code is a set of recommendations to member states, which holds responsibility for defining the Code's implementation at the country level.</p> <p>The Company has a WHO Code Compliance Committee in place to ensure compliance with the International Code of Marketing of Breast-milk Substitutes, the Malaysian Code of Ethics of the Marketing of Infant Foods and Related Products, as well as all other applicable laws and regulations in relation to the sales and marketing of infant formula.</p> | - |
| G4-PR7 | Incidents of non-compliance with regulations concerning marketing communications | <p>To our best knowledge and with reasonable steps taken, there were no incidents reported in 2015.</p> <p>As a member of the Federation of Malaysian Manufacturers (FMM), The Company also signed the pledge on Responsible Advertising to Children on 5 August 2013. We are currently working closely with the Ministry of Health through FMM to develop local Marketing to Children Regulation.</p> | - |
| Material Aspect: Customer Privacy | | | |
| G4-DMA | Generic Disclosures on Management Approach | <p>In today's ever-evolving digital landscape, we seek to anticipate and respond to evolving consumer expectations, security threats and regulations concerning data privacy. Nestlé treats the personal data of our consumers, employees and other stakeholders with the utmost respect and transparency.</p> <p>The Company respects consumers' right to privacy in the online world when they use our websites and communicate electronically with us. We have put in place all necessary measures to keep secure any personal information provided.</p> <p>Privacy Policy: http://www.Nestlé.com.my/info/privacy_policy</p> | - |
| G4-PR8 | Substantiated complaints regarding breaches of customer privacy and losses of customer data | There were no incidents reported in 2015. | - |
| Material Aspect: Compliance | | | |
| G4-DMA | Generic Disclosures on Management Approach | <p>CGFR: Corporate Governance Statement</p> <p>NiS: Creating Shared Value and Meeting Our Commitments</p> <p>NiS: Materiality</p> | <p>2 - 21</p> <p>10 - 11</p> <p>13 - 14</p> |
| G4-PR9 | Significant fines for non-compliance concerning the provision and use of products and services | There were no incidents reported in 2015. | - |

| G4 Indicators | Description | Reference Section (or direct response in case of omission) | Page Number |
|--|---|--|--------------------|
| Material Aspect: Animal Welfare | | | |
| G4-DMA | Generic Disclosures on Management Approach | Not applicable – The Company does not breed animals or handle livestock in its operations. | – |
| FP9 | Percentage and total of animals raised and/or processed, by species and breed type | Not applicable – The Company does not breed animals or handle livestock in its operations. | – |
| FP10 | Policies and practices, by species and breed type, related to physical alterations and the use of anesthetic | Not applicable – The Company does not breed animals or handle livestock in its operations. | – |
| FP11 | Percentage and total numbers of animals raised and/or processed, by species and breed type, per housing type | Not applicable – The Company does not breed animals or handle livestock in its operations. | – |
| FP12 | Policies and practices on antibiotic, anti-inflammatory, hormone, and/or growth promotion treatments, by species and breed type | Not applicable – The Company does not breed animals or handle livestock in its operations. | – |
| FP13 | Incidents of significant non-compliance with laws and regulations, and adherence with voluntary standards related to transportation, handling, and slaughter practices for live terrestrial and aquatic animals | Not applicable – The Company does not breed animals or handle livestock in its operations. | – |

Abbreviations:**NiS:** Nestlé in Society – Creating Shared Value**CR:** Corporate Report**CGFR:** Corporate Governance and Financial Report**NCBP:** The Nestlé Corporate Business Principles**NCBC:** Nestlé Code of Business Conduct



Independent Assurance Report

To Management of Nestlé (Malaysia) Berhad 2016

We have been engaged by Nestlé (Malaysia) Berhad ("Nestlé Malaysia") to perform an independent limited assurance engagement on selected non-financial data ("Selected Information") as reported by Nestlé Malaysia in their 2015 Creating Shared Value Report ("Nestlé Malaysia's 2015 Creating Shared Value Report").

Management's Responsibility

Management of Nestlé Malaysia is responsible for the preparation of the Nestlé Malaysia's 2015 Creating Shared Value Report in accordance with the Global Reporting Initiative's ("GRI") G4 Sustainability Reporting Guidelines.

This responsibility includes the selection and application of appropriate methods to Nestlé Malaysia's 2015 Creating Shared Value Report as well as the design, implementation and maintenance of systems and processes relevant for the preparation. Furthermore, the responsibility includes the use of assumptions and estimates for disclosures made by Nestlé Malaysia which are reasonable in the circumstances.

Our Responsibility

Our responsibility is to provide a conclusion on the subject matter based on our evidence-gathering procedures performed in accordance with the approved standard for assurance engagements in Malaysia, International Standard on Assurance Engagements (ISAE) 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information". This standard requires that we comply with ethical requirements, and plan and perform the assurance engagement under consideration of materiality to express our conclusion with limited assurance.

The accuracy and completeness of the Nestlé Malaysia's 2015 Creating Shared Value Report indicators are subject to inherent limitations given

their nature and methods for determining, calculating and estimating such data.

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

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

Subject Matter

The following information collectively known as Selected Information (hereon after referred to as "Selected Information") on which we provide limited assurance consists of:

- The management and reporting processes with respect to the preparation of the following six (6) Selected Information reported and marked in Nestlé Malaysia's 2015 Creating Shared Value Report as follows:
 - Total water withdrawal (m³/year) for the financial year 2015;
 - Total weight of recycled waste (tonne) for the financial year 2015;
 - Injury Rate for Shah Alam, Batu Tiga and Chembong manufacturing plants for the financial year 2015;
 - Lost Day Rate for Shah Alam, Batu Tiga and Chembong manufacturing plants for the financial year 2015;
 - Incidents of non-compliance to regulations or voluntary codes related to health and safety impacts of products and services that resulted in fines raised to Nestlé's Issues Round Table Committee between January 2015 to December 2015; and
 - Products with a Nutritional Claim on Front of Pack (as a percentage of sales) for the financial year 2015.



- Nestlé Malaysia's declaration that Nestlé Malaysia's 2015 Creating Shared Value Report is prepared in accordance with the Comprehensive GRI's G4 Sustainability Reporting Guidelines

Criteria

- Nestlé Malaysia's internal non-financial data reporting guidelines and procedures by which the Selected Information is gathered, collated and aggregated internally; and
- The "GRI's G4 Sustainability Reporting Guidelines".

Main Assurance Procedures

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

- Inquiries of personnel responsible for internal reporting and data collection at the corporate and business unit level for the Selected Information;
- Inspection on a sample basis of internal documents contracts, reports, and data capture forms from Nestlé and external service providers supporting the Selected Information for completeness, accuracy and adequacy;
- Reviewing the appropriateness of the management, reporting and validating processes for the Selected Information and assessing the collation and reporting of data at the corporate, division and business unit level;
- Reviewing the appropriateness of the use of formulas, proxies and default values for calculating the Selected Information; and
- Assessing the Nestlé Malaysia's 2015 Creating Shared Value Report in accordance with the Comprehensive GRI's G4 Sustainability Reporting Guidelines.

Conclusion

Based on our limited assurance engagement, in all material respects, nothing has come to our attention that causes us to believe that, for the year ended 31 December 2015:

- The Nestlé Malaysia's 2015 Creating Shared Value Report disclosures are not sufficient to report in accordance with the Comprehensive GRI's G4 Sustainability Reporting Guidelines; and
- The Selected Information has not been fairly stated in accordance with Nestlé Malaysia's internal sustainability reporting guidelines.

Other matters

This report is issued for the sole purpose for inclusion in the Nestlé Malaysia's 2015 Creating Shared Value Report, and should not be used or relied upon for any other purpose. We do not assume responsibility to any other person for the content of the report.

PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Chartered Accountants
Kuala Lumpur

7 March 2016

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