



Nestlé. Good food, Good life

NESTLÉ IN SOCIETY REPORT 2022



Good Food Good Life, everyday everywhere



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

Inside This Report

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



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2 Basis of This Report

Nestlé Malaysia is committed to ensuring transparency in our reporting and communications via our dedicated sustainability report, Nestlé in Society. The report details our continued progress throughout the year, keeping our stakeholders informed of where we stand in our Environmental, Social and Governance (ESG) journey.

This year, as Malaysia transitioned into the endemic phase of COVID-19, our 17th Nestlé in Society report reflects our efforts in ramping up our sustainability actions to make a positive difference in society and the environment. In striving to realise our sustainability goals, we continued to be guided by our Creating Shared Value (CSV) framework, which enabled us to address material issues in meaningful ways.

REPORT SCOPE AND BOUNDARY

This Report encompasses the operations of Nestlé (Malaysia) Berhad ("Company") and its subsidiaries ("Group"), for the reporting period of 1 January 2022 to 31 December 2022.

The report details the initiatives spearheaded by the Company throughout the year, premised on creating value in key impact areas and for respective stakeholders, across our operations and value chain. The 2022 Materiality Review was our benchmark to ensure that the Company's priorities for the year focused on issues of greatest relevance to the business, society and the environment.

ICONS IN THIS REPORT

- AR** Annual Review 2022
- CGFR** Corporate Governance & Financial Report 2022
- NIS** Nestlé in Society Report 2022
- |** Directs readers to pages or other supplementary reports with more information



REPORTING FRAMEWORK

This Report has been developed based on GRI Universal Standards 2021. In accordance with GRI Standards, we have disclosed information on material economic, environmental and social issues that matter most to our stakeholders.

As per our global reporting suite guidelines, our progress is indicated by our CSV Key Performance data. Additionally, reflecting our commitment to the United Nations Global Compact and the Ten Principles on human rights, labour, environment and anti-corruption, the CSV Key Performance data also forms part of Nestlé S.A.'s annual submission of Communication on Progress (CoP) to the Global Compact.

In accordance with the Integrated Reporting Framework, this Report forms our Annual Reporting Suite together with our dedicated Annual Review. This Report also fulfills the Main Market Listing Requirement of Bursa Malaysia Securities Berhad relating to Sustainability Statement in Annual Report.

As part of our efforts to improve transparency levels in climate-based reporting, we continue to voluntarily implement the recommendations of the Task Force on Climate-Related Financial Disclosure (TCFD) in this Report. Globally, Nestlé remains fully supportive of the TCFD, which is not only in line with the interests of investors but promotes stronger risk management and mitigation frameworks.

INDEPENDENT ASSURANCE

Independent assurance allows us to ensure the accuracy, objectivity and transparency of the information detailed in this Report. As such, a limited independent assurance on Subject Matter Information was conducted by PricewaterhouseCoopers PLT. For more details on the scope of work and observations, please refer to the full independent assurance statement at the end of this Report.



HEAD OFFICE LOCATED IN

**BANDAR UTAMA,
PETALING JAYA,
SELANGOR**

Public listed on Bursa
Malaysia since 1989

RM15 million channelled
to community relief efforts

Market capitalisation of
**RM32.8
BILLION**
as at 31 December 2022

Turnover of
**RM6.7
BILLION**
in 2022



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

The biggest Halal producer
in the Nestlé world



Nestlé has been operating commercially in Malaysia
since 1912

EMPLOYS

5,391

people as at 31 December 2022



EMPLOYS

100%

Malaysian manufacturing
workforce

ALL OUR

**PRODUCTS
ARE HALAL-
CERTIFIED**

including Malaysian favourite, locally-made
household brands such as MILO, MAGGI and
NESCAFÉ

OUR PORTFOLIO

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



4 Message from Our Chairman and Our CEO

Dear stakeholders,

As the nation progresses on the path to post-pandemic recovery, our commitment to ESG-related progress, shaped by our outstanding CSV approach and supporting business continuity for the long run has taken on even greater prevalence. Particularly with the wide-ranging impact of climate change impacting the way we live and disrupting ecosystems across the world, complacency is no longer an option. Action must be taken now, especially by corporations with global scale and resources such as Nestlé, to step up as a force for good through meaningful initiatives that bring positive value to shareholders, stakeholders and society, securing a brighter future for the world.



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



Juan Aranols
Chief Executive Officer (Right)



Working towards this, we adopt a short-term and long-term approach to drive financial value creation for our shareholders, while contributing to address material societal issues. In all that we do, from our products to our activities, we are firmly dedicated to upholding our promise of Good Food, Good Life and delivering on our purpose to unlock the power of food to enhance quality of life for everyone, today and for generations to come.

We continued to implement robust ESG practices in 2022, achieving tangible progress in our sustainability agenda. Reflecting this, we made positive headway for several of our key ambitions, namely to achieve plastic neutrality by 2025, to reduce greenhouse gas (GHG) emissions by at least 20% compared with our 2018 baseline and to transition to 100% recyclable or reusable packaging by 2025.

CONTRIBUTING TO NUTRITIOUS AND SUSTAINABLE DIETS

Living up to our purpose, we strive to contribute to healthier and happier lives with a wide range of products meeting the needs of all Malaysians, including those to which affordability is important. With this in mind, we introduced many new healthier offerings that resonated strongly with consumers.

Hand-in-hand with better innovation, we also aim to inspire Malaysians to lead healthier lives by strengthening nutrition knowledge and promoting healthy and active lifestyles. Our Nestlé for Healthier Kids (N4HK) programme, a longstanding partnership with the Ministry of Education (MoE) and Nutrition Society of Malaysia (NSM), continues to shape a healthier generation of young Malaysians. Since 2019, we have engaged over 124,000 schoolchildren through N4HK, including over 24,000 in 2022 alone.

Alongside this, with the support of our brands, we undertook various nutrition, health and wellness initiatives throughout the year, such as the MILO Sports programme, MAGGI Secondary School Cooking Competition (MSSCC), MAGGI 'Sajian Seimbang Tanda Sayang' campaign and NESTLÉ OMEGA PLUS Walk-A-Million-Miles (WAMM). This year also marked the launch of our collaboration with Universiti Putra Malaysia for the PUTRA Community Nutrition Ambassador Programme (PUTRACNAP) to empower mothers as nutrition ambassadors within their communities.

PROTECTING, RENEWING AND RESTORING NATURAL RESOURCES

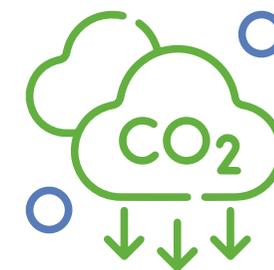
In line with Nestlé's global ambitions, we have established clear ESG targets with an aim to leverage our size, scale and reach to mitigate the impact of climate change. We are committed to reducing our carbon emissions by at least 20% by 2025, halving our emissions by 2030 and achieving net zero by 2050. Contributing to this was our transition to 100% renewable electricity across our operations throughout Malaysia since January 2022 via the subscription of the Green Electricity Tariff Programme, which translates to a reduction of 67,000 tonnes of CO₂e in GHG emissions. Additionally through our direct efforts, our CO₂ footprint was also improved by actions taken within Nestlé's global supply chain network to reduce the environmental impact of farming and agricultural activities, with a reduction of 6.94% carbon footprint in 2022 versus our 2018 baseline. This involved efforts in milk collection districts, coffee and cocoa planting, as well as many others.

Meanwhile, through our Forest Positive strategy, we are taking tangible action to conserve our forests. On this note, our Project RELeaf targets to plant three million trees across selected locations in Malaysia and is making progress. While we faced a slowdown in planting activities due to COVID-19 disruptions, we are now well on-track to achieve this target by the end of 2024, with nearly 1 million trees planted since the restarting of the project post COVID-19 lockdowns.

Complementing our reforestation efforts, we are working closely with the local chilli, paddy and coffee farming communities to accelerate our transition towards regenerative agriculture. This also helps to support the nation's food security and ensures responsible sourcing within our supply chain.



Nestlé's reforestation efforts are aimed at preserving precious ecosystems.



As clearly indicated through our net zero roadmap, we are committed to reducing our carbon emissions by 20% by 2025, halving our emissions by 2030 and achieving net zero by 2050



Message from Our Chairman and Our CEO

Recognising the critical role we play in protecting water sources, we implement best practices in water resource management throughout our operations. On top of this, we champion water conservation and access to water, sanitation and hygiene (WaSH) in communities through our Safe Water, Safe Communities initiative.

As part of our efforts to shape a sustainable future, we have pledged to reduce the use of virgin plastics in our packaging by at least one-third and make 100% of our packaging recyclable and reusable by 2025. We continued to make steady progress in this endeavour in 2022, with 75% of our total plastic packaging already designed for recycling and 90% in terms of total packaging. This achievement was made possible through our sustainable packaging innovations, such as the launch of recycled polyethylene terephthalate (rPET) resin bottles for our Ready-to-Drink (RTD) product range, 100% recyclable paper cluster packs for our MILO UHT 125ml product and paper packaging for some of our ice cream products, as well as our ongoing trial to utilise 30% recycled polypropylene (rPP) in our MAGGI Nutri-licious packaging. Closing off the year on a positive note, we also replaced our MAGGI plastic bowls with paper bowls.

In addition to sustainable packaging solutions, we are working towards establishing a viable circular economy model for post-consumer packaging through Project SAVE. Under this project, we carried out five voluntary Extended Producer Responsibility (EPR) initiatives in 2022. This included expanding our existing community collection and recycling programme to more areas across the Klang Valley, thus enabling us to reach more than 112,000 households. We also kickstarted our KITAR Recycling



[From left] Geetha Balakrishna, Silvin See, Juan Aranols and Teo Heng Keat presenting the Company's range of sustainable packaging innovations across multiple brands.

Programme as a suburban area recycling programme, and undertook efforts to formalise informal sectors to ensure that more recyclables are recycled instead of ending up in landfills. Additionally, we continued to lead the Malaysian Recycling Alliance (MAREA) and work with policymakers, industry participants, consumers and other stakeholders to establish, expand and strengthen a circular value chain enabled by solid collection, sorting and recycling schemes.

STRENGTHENING COMMUNITIES

During the year, we spearheaded various community initiatives geared towards increasing the employability of young Malaysians via our Nestlé Needs Youth platform, engaging over 20,000 youths alongside providing nearly 700 youths with employment opportunities and training. As a result of our efforts, we were honoured to receive industry-wide recognition as an employer of choice with awards such as the Graduate Choice Award – FMCG Sector and Malaysia's 100 Leading Graduate Employer Award, amongst others.

Our ongoing Farmer Connect programmes also enabled us to uplift rural farming communities, through which we locally sourced key raw ingredients for our products such as chilli, rice and coffee beans. Furthering our commitment towards sustainable production and responsible sourcing, we are exploring avenues to locally source other ingredients such as low-carbon cocoa and palm oil, while undertaking regenerative agriculture trials under our existing Farmer Connect programmes.



Supporting communities in need through our Nestlé CARES initiatives.

Our efforts to uphold sustainable production extends throughout the value chain and we are committed to respect and ensure respect for human rights by all parties we work with, from local farmers and suppliers to our partners and employees.

OPERATING RESPONSIBLY

As part of our ongoing efforts to foster diversity at Nestlé, we have put in place inclusive and equitable practices that act as guiding principles. Our aim is to create a truly inclusive organisational culture, where people from all walks of life are respected and differences are celebrated.

To empower women in the workforce, our Gender Balance Acceleration Plan is an integral part of our succession planning to ensure that a proportionate number of women hold leadership roles in the organisation. This is aligned with our global target of 30% women within the top 200 positions in Nestlé, with Nestlé Malaysia having surpassed this milestone with 36% of women in senior leadership position and 53% women in head of department roles.

In line with our purpose and values and the way we do business, we remain guided by the Nestlé Corporate Business Principles which set out the actions and behaviors of everyone at the Company and reflect our culture which has developed over more than 110 years. They provide a strong ethical framework, ensuring integrity of action and compliance with laws, regulations and our own commitments.

COMMITMENT TO TRANSPARENT REPORTING

Following Bursa Malaysia's updated reporting requirements, the implementation of recommendations of the TCFD will be made mandatory by 2025. In support of elevating sustainability reporting in Malaysia, Nestlé Malaysia has begun implementation of the enhanced climate-related disclosures in phases, well ahead of the stipulated timeline.

We also conducted a materiality assessment in 2022 which culminated in two new topics for our Materiality Matrix, namely biodiversity and data privacy and security, which have become increasingly important to our stakeholders.

→ *Further details on our materiality assessment process and updated materiality matrix can be found on [page 17](#) of this report.*



Our employees drive us forward as a force for good and reflect our corporate values which are rooted in RESPECT.

Demonstrating our commitment to transparent reporting, we engaged PricewaterhouseCoopers PLT to conduct independent assurance on selected key performance indicators (KPIs), as indicated throughout this report.

SUSTAINING OUR ESG MOMENTUM IN 2023

While we are proud of our achievements over the years and the significant strides taken in 2022, we are conscious that ESG is a journey of continuous and accelerated improvement. To that end, we are working hard to achieve our ESG goals and commitments as we forge ahead, including cultivating strategic partnerships with relevant stakeholders to drive meaningful change. We are excited to seek out new opportunities in 2023 and look forward to sharing our progress as we realise our aspirations for a brighter future in the years to come.

8 Nestlé In Society: Creating Shared Value

Our CSV approach is the philosophy that drives all that we do at Nestlé and brings to life our ESG aspirations. It forms the foundation of our culture and principles, informing how we impact the world as a force for good while growing our business sustainably. This approach enables us to create value for our shareholders, stakeholders and society at large, thus helping to realise our vision of a sustainable future for all. This is how we live up to our purpose – **to unlock the power of food to enhance quality of life for everyone, today and for generations to come.**

To drive impactful solutions that address key global challenges, our CSV approach has evolved to the following four pillars:



We have laid out long-term commitments in each of these areas, with specific targets in place to propel us forward. This is complemented by materiality assessments and evaluations by external parties alongside key milestones for all our programmes, enabling us to make meaningful progress in achieving our objectives.

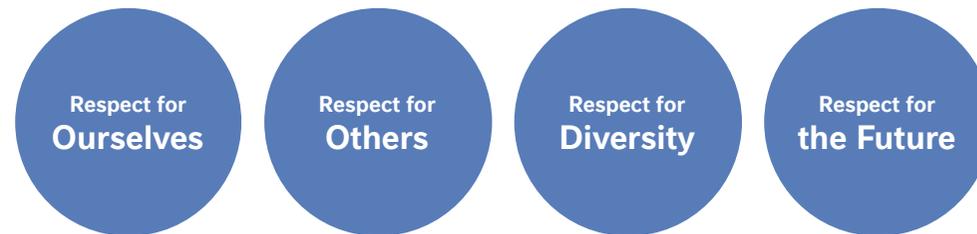
As a global leader in the food and beverage (F&B) sector, we are conscious of our responsibility in paving the way forward to raise the bar in the industry by implementing best practices throughout our operations. This encompasses compliance standards, corporate governance and abiding by local and international laws and regulations. [The Nestlé Corporate Business Principles \(NCBP\)](#), which are essential to our CSV strategy, further support this objective.

OUR PURPOSE

For 156 years, Nestlé has been driven by a singular purpose: to unlock the power of food to enhance quality of life for everyone, today and for generations to come. More so today as consumers are becoming more health-conscious and taking ownership of their well-being, this purpose takes on even greater relevance. In tandem, companies worldwide are facing greater scrutiny with regards to sustainable practices, with stronger calls for business development to go hand-in-hand with sustainability, in order to mitigate prevalent social and environmental challenges.

As the Good Food, Good Life company, we are committed to enabling happier and healthier lives by delivering accessible, high-quality, nutritious and sustainably produced offerings to our consumers. Furthering our efforts to shape a healthier future for all, we undertake initiatives that aim to both strengthen communities and protect, renew and restore our natural resources.

Our sustainability commitments are underpinned by our core values which are rooted in **RESPECT**:



We are mindful that our business and impact extend beyond our own operations. As such, we advocate these values of RESPECT throughout the value chain to encourage our partners and stakeholders to uphold the same values and contribute to effecting positive changes in society.

Reflecting our commitment to our purpose and values, we abide by a strict ethical code, which is outlined in our NCBP and [Code of Business Conduct](#) that all employees of Nestlé must adhere to. This includes a zero-tolerance policy for fraud, bribery and corruption, stringent personal data protection, alongside relevant public policies.

CONTRIBUTING TO THE SUSTAINABLE DEVELOPMENT GOALS

In line with Nestlé Global's contribution to the establishment of the United Nations' (UN) 17 Sustainable Development Goals (SDGs) and our global long-term commitments, our CSV framework streamlines our efforts towards achieving five global ambitions in areas where we can make the greatest impact. This enables us to further contribute to the achievement of the SDGs and helps us measure our progress against the UN's 2030 Agenda for Sustainable Development.

The five global ambitions are:



Further to this, we spearhead initiatives that specifically address prevailing material issues in Malaysia. We measure the success of our CSV actions based on their contribution to the SDGs, to ensure that our efforts remain meaningful and impactful in terms of result.



Contributing to nutritious and sustainable diets

Enhancing quality of life for people and families with accessible, nutritious and sustainable options.

Nutrition

Helping to protect, renew and restore natural resources

Minimising our impact on the world's resources, contributing to a future in which they are available for generations to come.

Climate

Nature & Biodiversity

Water

Packaging & Circularity

OUR FOCUS AREAS

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

Strengthening communities

Boosting the wellbeing of communities and enabling a just transition to regenerative practices.

Produced Sustainably

Human Rights

Youth Opportunities

Operating responsibly

Creating a positive business environment and empowering our employees to make sustainable business decisions.

Our People



We continue to support the United Nations' SDGs and are working hard to help achieve them. Find out more about our SDG contributions throughout our 2022 Annual Reporting Suite.



10 Creating Shared Value Governance

Our robust governance structure and ethical principles are fundamental pillars of the legacy of trust that we have cultivated over the years. This is built on the strong foundation of the purpose and values which are at the heart of Nestlé, leading us forward as a force for good.

NESTLÉ CORPORATE BUSINESS PRINCIPLES

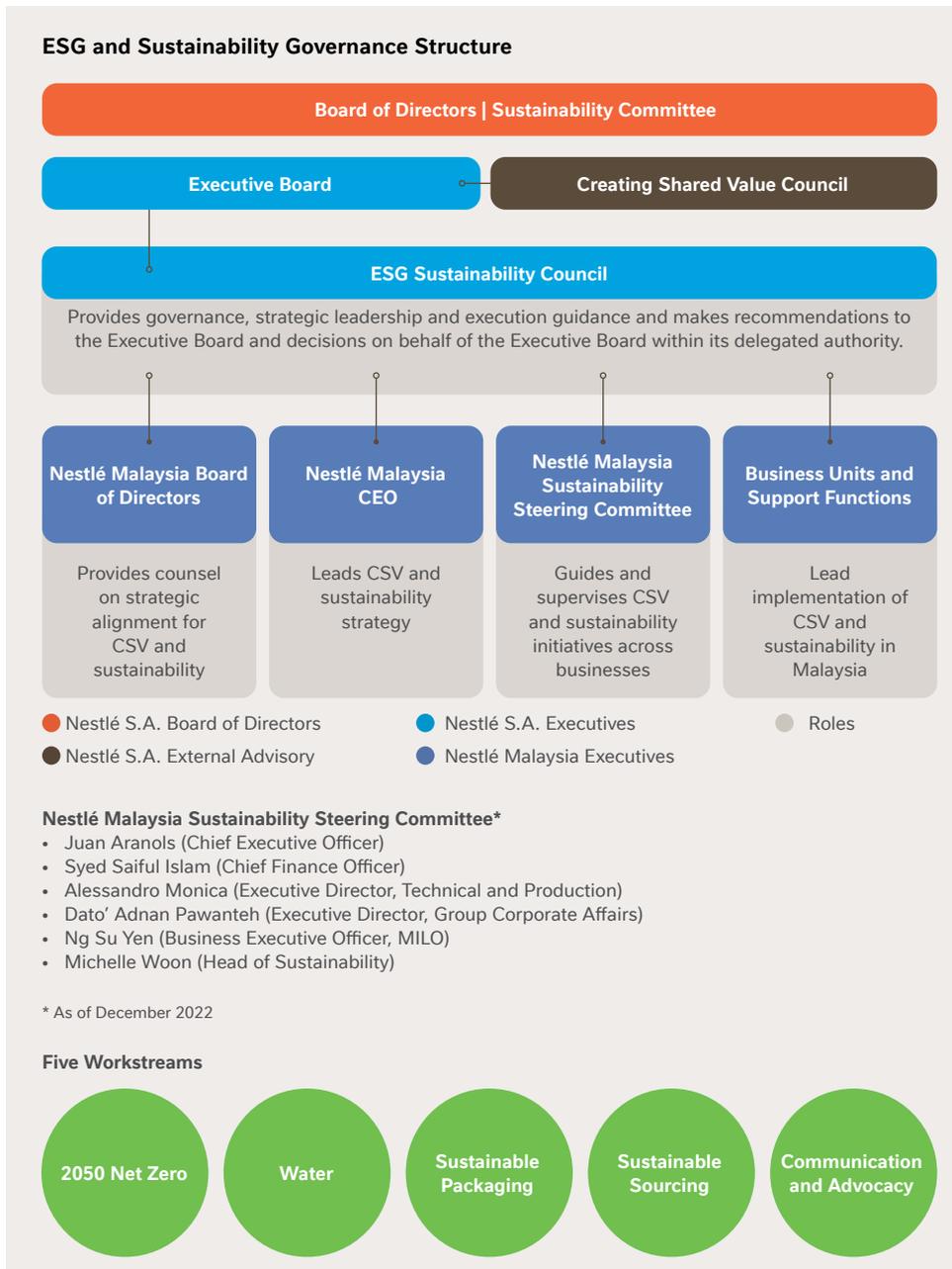
The [NCBP](#) acts as a framework for our culture, values and CSV strategy, guiding how we operate within the Company and throughout the value chain. It ensures that we implement best practices in sustainable and socially responsible policies and reporting requirements, in line with the United Nations Global Compact (UNGC) Principles.

The NCBP sets forth non-negotiable standards of behaviour that must be complied with by all Nestlé employees, as prescribed by the business codes, policies, processes and tools that we have put in place. We evaluate the effectiveness of the NCBP through regular assessments of our employees via various platforms. This includes our CARE (Nestlé Corporate Compliance Assessment Programme of Human Rights and Labour Practices, Business Integrity, Safety & Health, Environmental Sustainability and Security audits.

ESG AND SUSTAINABILITY GOVERNANCE STRUCTURE

Our role in society and CSV strategy is driven by Nestlé’s Global Leadership Team, comprising the Nestlé S.A. Board of Directors, Chairman, Chief Executive Officer (Group CEO and Executive Board. The Global Leadership Team is supported by internal management bodies and relevant Committees that determine our commitments and objectives. With sustainability at the core of Nestlé’s governance structure, we have a dedicated Sustainability Committee in place to lead focused and aligned actions towards achieving the global targets that the Company has set. These targets are then cascaded down to all markets including Nestlé Malaysia. Further information on the full governance structure of Nestlé S.A. can be found on the Nestlé S.A. website at www.nestle.com.

At Nestlé Malaysia, the Sustainability Steering Committee is responsible for steering the Company’s CSV strategy and sustainability agenda. Under the stewardship and guidance of the CEO, strategic counsel is also provided by the Board to ensure that the Company’s CSV and sustainability strategy is well-aligned with long-term business targets. The Board also reviews the Company’s progress in achieving its commitments on a quarterly basis.



Key CSV and Sustainability topics reviewed by the Board and Sustainability Steering Committee in 2022 include:

Climate Change (GHG emissions)

Sustainable Packaging

Water Efficiency

Quarterly CSV Specific Topics

Subject matter experts are responsible for managing CSV and sustainability initiatives across the Company's respective business units and support functions, lead by the head of sustainability who defines sustainability priorities at a market level based on corporate commitments and brand initiatives. Apart from that, the head of sustainability also identifies, plan and initiate projects to further build and improve sustainability performance across the value chain. To maintain accountability with regards to progress, the head of sustainability and subject matter experts undergo periodic reviews and deliver scheduled monthly reports to update the Sustainability Steering Committee and CEO.

In tandem with this, the Sustainability Steering Committee monitors sustainability matters both locally and globally and reports relevant developments that may potentially affect the Company's business to the CEO. The Sustainability Steering Committee also keeps the management team well-informed on the progress of all sustainability projects through monthly Sustainability Steering Committee meetings, in addition to quarterly meetings to provide updates on CSV activities.

Beyond Nestlé Malaysia, monthly progress reports pertaining to our sustainability initiatives, such as Project RELeaf, plastic recovery projects and our efforts to reduce water usage and GHG emissions, are submitted to Nestlé Zone Asia, Oceania and sub-Saharan Africa (Zone AOA). Meanwhile, we hold quarterly meetings with the Board of Directors to report on the progress of all matters relevant to sustainability, including our CSV initiatives.

Collectively, our internal engagements and periodic reporting helps us to stay the course in achieving our CSV and sustainability commitments, as well as ensuring robust CSV governance within the Company.



[From left] Syed Saiful Ismail and Cyndi Chin taking part in tree planting activities.

12 Stakeholder Engagement and Material Issues

At Nestlé, we recognise that regular engagement with our stakeholders is a key enabler to our Creating Shared Value strategy. By seeking the views and perspectives of a diverse set of experts and advocates, we obtain meaningful insights into material issues that help us strengthen prospects for our business while we continue to act as a force for good in the world.

Leveraging stakeholder meetings, workshops and other engagements, we proactively build trust and mutual respect in our relationships with our stakeholders. This has helped us to keep abreast of pertinent societal issues, thus enabling us to ensure that our business strategy and activities are attuned to our stakeholders’ concerns and expectations. The feedback of our stakeholders also guides our approach to reporting and disclosure and acts as a foundation for our materiality assessment process.

Our network of stakeholders is wide-ranging, extending beyond our employees to encompass the lives impacted by our operations and those who influence our activities. This includes:

Consumers and general public	Shareholders and investors	Local communities	Non-governmental organisations (NGOs)	Government and relevant authorities
Media	Industry and trade associations	Suppliers	Customers/Retailers	Academia

In 2022, as Malaysia progressed in the endemic stage of COVID-19, we further strengthened our connection with our stakeholders by organising physical engagements wherever possible, in tandem with our various online engagements throughout the year.



STAKEHOLDER ENGAGEMENT

The following table provides a summary of our key methods of engagement for each of our stakeholder groups, including the frequency of our engagements with them, their key areas of interest and the value that we create for them.

Stakeholder Groups	Frequency & Engagement Methods	Priority Issues	Our Responses	How We Are Creating Value
Employees	<ul style="list-style-type: none"> BA People Development and Performance AR Intranet, newsletters and internal e-announcements Q Townhall meetings and roadshows AR Safety, health and environment initiatives Q Employee volunteer programme AR Employee events A Employee survey AR Nestlé Recreational Club 	<ul style="list-style-type: none"> • Employee satisfaction and well-being • Diversity, inclusion and equal opportunity • Training and development • Occupational health and safety • Fair compensation • Employee engagement 	<ul style="list-style-type: none"> • Employee Engagement, page 102 • Diversity and Inclusion, page 93 • Training and Development, page 95 • Safety, Health and Wellbeing, page 98 • Employee Compensation and Benefits, page 104 • Nestlé Cares Employee Volunteer Programme, page 102 	<ul style="list-style-type: none"> • Enhance gender balance in our workforce and empower women across the entire value chain • Create healthier workplaces • Provide opportunities for professional development
Consumers and General Public	<ul style="list-style-type: none"> O Corporate and brand websites O Consumer relationship marketing O Social media channels O Corporate and brand campaigns A Consumer research O Advertisements and promotions AR Exhibitions and showcases AR Product packaging O 24/7 Consumer Services Hotline 	<ul style="list-style-type: none"> • Food safety and quality • Halal • Nutrition, health and wellness • Responsible labelling and marketing • Innovation • Transparency and integrity • Environmental impact • Affordability • Consumer feedback and queries 	<ul style="list-style-type: none"> • Product Safety and Quality, page 39 • Our Halal Commitment, page 40 • Tastier and Healthier Choices, page 24 • Responsible Marketing and Advertising, page 37 • Enhancing Biomedical Science Through Nutritional Therapy, page 29 • Healthier Lives Through Nutrition Knowledge, page 32 • Operating Responsibly, page 90 • Helping to Protect, Renew and Restore Natural Resources, page 44 	<ul style="list-style-type: none"> • Deliver relevant product innovations and offerings that meet consumers' needs and preferences • Provide easily accessible information pertaining to our products
Shareholders and Investors	<ul style="list-style-type: none"> A Annual and Sustainability Reports A Annual General Meeting A Analyst briefings BA Announcements to Bursa Malaysia Securities Berhad AR One-on-one and group investor meetings and calls AR Disclosures on corporate website 	<ul style="list-style-type: none"> • Business performance • Integrity and governance • Business strategy • Regulatory compliance • Reporting • Risk management • Environment, social and governance updates 	<ul style="list-style-type: none"> • Fast Facts, page 3 • Operating Responsibly, page 90 • Creating Shared Value Governance, page 10 • Nestlé In Society: Creating Shared Value, page 8 • Basis of This Report, page 2 	<ul style="list-style-type: none"> • Deliver strong profits through solid financial performance

Frequency

D Daily
BA Bi-Annually

Q Quarterly
AM Alternate Month

BE Bi-ennially
BM Bi-monthly

W Weekly
AR As required

A Annually
O Ongoing

M Monthly



Stakeholder Engagement and Material Issues

Stakeholder Groups	Frequency & Engagement Methods	Priority Issues	Our Responses	How We Are Creating Value
Local Communities	<ul style="list-style-type: none"> O Community development programmes O CSV projects M Monthly food contribution programmes O Corporate Social Responsibility initiatives O Farmer Connect programmes O Food bank programmes O Initiatives supporting lower-income, hardcore poor and vulnerable communities 	<ul style="list-style-type: none"> • Employee volunteerism • Community engagement • Rural development and empowerment • Sustainable agriculture • Environmental impact • Food security • Nutrition, health and wellness • Supporting B40 group and other vulnerable communities 	<ul style="list-style-type: none"> • Employee Engagement, page 102 • Enriching Lives in Our Communities, page 89 • Farmer Connect Programmes, page 79 • Regenerative Agriculture, page 55 • Helping to Protect, Renew and Restore Natural Resources, page 44 • Tastier and Healthier Choices, page 24 • SME Mentoring Programme, page 42 • Water Partnerships and Advocacy, page 60 • Reducing Food Waste, page 53 	<ul style="list-style-type: none"> • Support the nutrition, health and well-being of communities • Contribute to the development of rural communities • Preserve and restore natural resources for future generations
Non-Governmental Organisations	<ul style="list-style-type: none"> BE Stakeholder engagement dialogues and materiality assessments AR Roundtable discussions AR Strategic partnerships and agreements O Memberships M Monthly food contribution programmes BE Key Opinion Leaders survey O Corporate Social Responsibility support 	<ul style="list-style-type: none"> • Nutrition, health and wellness • Responsible labelling and marketing • Sustainable agriculture • Labour conditions and standards • Environmental and climate change impact • Community engagement 	<ul style="list-style-type: none"> • Tastier and Healthier Choices, page 24 • Responsible Marketing and Advertising, page 37 • Regenerative Agriculture, page 55 • Diversity and Inclusion, page 93 • Safety, Health and Wellbeing, page 98 • Climate and Nature, page 46 • Helping to Protect, Renew and Restore Natural Resources, page 44 • Enriching Lives in Our Communities, page 89 	<ul style="list-style-type: none"> • Provide opportunities for partnerships and collaborations to support nutrition, health and wellness of communities in need • Drive policy development and industry-wide changes
Government	<ul style="list-style-type: none"> AR Advocacy meetings AR Roundtable issue discussions AR Ministerial engagements and dialogues O Regulatory filings AR Exhibitions and showcases AR Key Opinion Leaders survey BE Materiality assessments AR Industry and regulatory working groups 	<ul style="list-style-type: none"> • Food safety and quality • Responsible labelling and marketing • Regulatory compliance • Nutrition, health and wellness • Environmental impact • Job creation • Economic development • Regulatory reporting 	<ul style="list-style-type: none"> • Product Safety and Quality, page 39 • Responsible Marketing and Advertising, page 37 • Operating Responsibly, page 90 • Tastier and Healthier Choices, page 24 • Helping to Protect, Renew and Restore Natural Resources, page 44 • Farmer Connect Programmes, page 79 • SME Mentoring Programme, page 42 	<ul style="list-style-type: none"> • Support policy and standards development • Supporting underserved communities
Media	<ul style="list-style-type: none"> AR Face-to-face engagements AR Dialogues and forums AR Media familiarisation trip to CSV project sites AR Corporate and brand events BE Key Opinion Leaders survey 	<ul style="list-style-type: none"> • Food safety and quality • Nutrition, health and wellness • Responsible labelling and marketing • Transparency and integrity • Environmental and climate change impacts • Rural and community development • Business performance 	<ul style="list-style-type: none"> • Product Safety and Quality, page 39 • Responsible Marketing and Advertising, page 37 • Tastier and Healthier Choices, page 24 • Operating Responsibly, page 90 • Climate and Nature, page 46 • Helping to Protect, Renew and Restore Natural Resources, page 44 • Farmer Connect Programmes, page 79 • SME Mentoring Programme, page 42 • Enriching Lives in Our Communities, page 89 • Fast Facts, page 3 	<ul style="list-style-type: none"> • Foster open communication with media practitioners • Distribute important information on the business to the public

Frequency

D DailyQ QuarterlyBE Bi-enniallyW WeeklyA AnnuallyM MonthlyBA Bi-AnnuallyAM Alternate MonthBM Bi-monthlyAR As requiredO Ongoing

Stakeholder Groups	Frequency & Engagement Methods	Priority Issues	Our Responses	How We Are Creating Value
Industry and Trade Associations	<ul style="list-style-type: none"> AR Key associations AR Advisory panelists BE Key Opinion Leaders survey AR Exhibitions and showcases 	<ul style="list-style-type: none"> • Responsible labelling and marketing • Sustainable agriculture • Labour conditions and standards • Environmental and climate change impact • Economic development • Regulatory compliance • Job creation 	<ul style="list-style-type: none"> • Responsible Marketing and Advertising, page 37 • Sustainable Sourcing, page 75 • Regenerative Agriculture, page 55 • Climate and Nature, page 46 • Helping to Protect, Renew and Restore Natural Resources, page 44 • SME Mentoring Programme, page 42 • Operating Responsibly, page 90 • Farmer Connect Programmes, page 79 • Youth Opportunities, page 86 	<ul style="list-style-type: none"> • Support compliance with industry standards and regulation • Provide beneficial support for mutual growth across the industry
Suppliers	<ul style="list-style-type: none"> BE Supplier Engagement Day AR Training on Responsible Sourcing Standard and Anti-Corruption O Small and Medium Enterprise Mentoring Programme 	<ul style="list-style-type: none"> • Occupational health and safety • Human rights • Responsible sourcing • Sustainable agriculture • Regulatory compliance • Rural development and empowerment 	<ul style="list-style-type: none"> • Safety, Health and Wellbeing, page 98 • Farmer Connect Programmes, page 79 • Sustainable Sourcing, page 75 • Our Commitment to Sustainable Palm Oil, page 77 • Regenerative Agriculture, page 55 • Operating Responsibly, page 90 	<ul style="list-style-type: none"> • Support development of suppliers throughout the value chain • Support compliance of suppliers with laws and regulations • Promote sustainability in the production of food and beverages
Customers/ Retailers	<ul style="list-style-type: none"> O Product campaigns O Consumer engagement activities O Customer relationship management O Corporate Social Responsibility support 	<ul style="list-style-type: none"> • Innovation • Responsible labelling and marketing • Nutrition, health and wellness • Food safety and quality • Customer satisfaction 	<ul style="list-style-type: none"> • Enhancing Biomedical Science Through Nutritional Therapy, page 29 • Healthier Lives Through Nutrition Knowledge, page 32 • Responsible Marketing and Advertising, page 37 • Tastier and Healthier Choices, page 24 	<ul style="list-style-type: none"> • Deliver relevant product innovations and offerings that meet consumers' needs and preferences • Provide easily accessible information on products
Academia	<ul style="list-style-type: none"> AR Partnership programmes AR Talks and forums O Employer branding activities (e.g. career fair) BI Key Opinion Leader survey 	<ul style="list-style-type: none"> • Nutrition, health and wellness • Food safety and quality • Responsible labelling and marketing • Environmental and climate change impact 	<ul style="list-style-type: none"> • Tastier and Healthier Choices, page 24 • Product Safety and Quality, page 39 • Responsible Marketing and Advertising, page 37 • Climate and Nature, page 46 • Helping to Protect, Renew and Restore Natural Resources, page 44 	<ul style="list-style-type: none"> • Support underserved communities • Promote knowledge-sharing

Frequency

D Daily
BA Bi-Annually

Q Quarterly
AM Alternate Month

BE Bi-ennially
BM Bi-monthly

W Weekly
AR As required

A Annually
O Ongoing

M Monthly



16 Stakeholder Engagement and Material Issues

ENGAGING WITH PURPOSE

With consumers today placing heightened importance on the environmental and social sustainability of the food and beverages they consume, Nestlé strives to uphold a high benchmark of transparency with regards to the impact of our business on the environment and communities.

Recognising the vital role of stakeholders in driving positive change, we also make an effort to meaningfully engage with consumers to encourage them to play their part in protecting people and the planet, while educating them on the health and wellness benefits of our products.



[Centre] Juan Aranols sharing about our sustainable packaging innovations with Duli Yang Teramat Mulia Tengku Amir Shah during a visit to our Head Office, 1 Powerhouse.

2022 Stakeholder Engagement Sessions

Nestlé’s stakeholder engagement and materiality assessment sessions are conducted every two years, enabling us to recognise and stay well-informed on the environmental, economic and social issues that are relevant to our business and that our stakeholders consider most important.

During the year under review, we carried out virtual engagement sessions with the participation of a total of 41 external stakeholders comprising representatives from multiple industry groups, including Government agencies, NGOs, academicians, partners and suppliers. The robust dialogue sessions covered three key topics, namely:

- Halal and Nutrition, Health and Wellness
- Strengthening Communities
- Environmental Sustainability

Each session featured an open discussion, where stakeholders were able to raise queries and share feedback and insights. Through these discussions, we were able to identify cross-industry concerns and interests, thus highlighting opportunities to develop initiatives that can create positive impact across Environmental, Social and Governance (ESG) pillars.

To gauge the relevance of our focus areas, participating stakeholders were also invited to rank the importance of Nestlé’s material topics via a poll.

Multi-Stakeholder Partnerships

In 2022, we continued to leverage multi-stakeholder partnerships as a vehicle to propel meaningful solutions. Amongst others, we continued to collaborate closely with relevant industry players through the Federation of Malaysian Manufacturers (FMM), where Nestlé chairs the Malaysian Food Manufacturing Group and sustainable development committee. Nestlé Malaysia is also a Steering Committee member of the CEO Action Network, which is a closed-door peer-to-peer informal network of CEOs and Board members that focuses on sustainability advocacy, capacity-building and developing business models that enable a more sustainable future for all.

In our efforts to address the issue of plastic pollution in Malaysia, we also continued to spearhead MAREA with our fellow members, alongside exploring new partnerships with Alam Flora Environmental Solution (AFES) and the Klang Municipal Council to expand our community recycling programmes. Beyond environmental sustainability, we also support the needs of the communities through partnerships such as the PUTRA Community Nutrition Ambassador Programme, in collaboration with Universiti Putra Malaysia (UPM).



[From right] Juan Aranols and Muhammad Bin Hashim, Representative of the Kampung Sungai Kandis Village Community Management Council, demonstrating how tricycle motorbikes are used for the weekly door-to-door collection of recyclables.



MATERIAL ISSUES

Through our bi-ennial materiality assessments, we remain well-informed regarding the needs of our various stakeholders, while deepening our understanding of their interests and expectations. These insights inform our CSV strategy and priorities, alongside the actions we take to tackle key environmental, economic and social issues. We conducted our most recent materiality assessment in 2022.

Materiality Assessment Process

Nestlé’s material matters are determined based on a rigorous materiality assessment process, comprising the following steps:



Nestlé 2022 Materiality Matrix

To ensure that our material topics remain up to date and relevant with industry trends and stakeholders’ priorities, once again we conducted a materiality assessment in 2022. As part of the assessment, material topics were benchmarked against relevant sustainability frameworks and ratings such as GRI 13: Agriculture, Aquaculture and Fishing Sectors 2022, Sustainability Accounting Standards Board Food and Beverage Sector and the FTSE4Good Index, as well as our peers in the industry, to determine the topics that were of greatest relevance to our business. As a result, we identified two new topics, namely Data Privacy and Security, and Biodiversity. Following the review, we have generated the 2022 Materiality Matrix to reflect the current interests of Nestlé and our stakeholders as follows:



Our materiality assessment and matrix reveal that Food Quality and Safety, Data Privacy and Security, Integrity and Governance, Halal, and Waste Management are highly important to our consumers. In comparison to 2020, our stakeholders today place greater importance on Halal and Climate Change, while Waste Management has retained its position as relatively very high importance compared with other material topics.

Material Issues and Associated ESG Risks and Opportunities

ENVIRONMENTAL					
Helping to Protect, Renew and Restore Natural Resources					
Material Issues	Why It Matters	Risks	Opportunities	Stakeholders Affected	What We Are Doing
<p>Climate Change Measures taken to adapt the business to a changing climate, increase resilience and transition to a low-carbon economy by reducing greenhouse gas emissions through energy efficiency, improved production technology and low-carbon processes.</p>	<p>Climate change poses a long-term risk to global supply chains, agricultural food systems and food security.</p>	<ul style="list-style-type: none"> Inability to manage the transition to low-carbon processes may impact long-term resilience of the business. Reputational risk from failure to meet targets. 	<ul style="list-style-type: none"> Cultivates the trust of our stakeholders in Nestlé as a company taking action against climate change. Helps protect agricultural resources which are crucial for the business. Improves public perception of Nestlé as a sustainable company. 	<ul style="list-style-type: none"> Local Communities Government NGOs Industry and trade associations Suppliers 	<ul style="list-style-type: none"> Managing Our Carbon Footprint in Manufacturing and Distribution, page 48 Reducing Energy Consumption, page 50 Forest Positive, page 54 Regenerative Agriculture, page 55
<p>Energy Efficiency Measures taken to reduce use of energy to complete an activity or achieve a goal.</p>	<p>Energy consumption is a significant source of GHG emissions and contributes to climate change.</p>	<ul style="list-style-type: none"> Lack of compliance among partners and suppliers may inhibit our ability to reduce energy consumption throughout the value chain. 	<ul style="list-style-type: none"> Potential to reduce operational costs. Improves public perception of Nestlé as a sustainable company. 	<ul style="list-style-type: none"> Suppliers Government and relevant authorities NGOs Industry and trade associations 	<ul style="list-style-type: none"> Managing Our Carbon Footprint in Manufacturing and Distribution, page 48 Reducing Energy Consumption, page 50
<p>Water Efficiency Tracking and monitoring our water consumption and water discharge to ensure sustainable water practices.</p>	<p>Water is essential to the health and well-being of communities and our business operations.</p>	<ul style="list-style-type: none"> Slow adaptation of business operations to more sustainable water practices. 	<ul style="list-style-type: none"> Potential to reduce operational costs. 	<ul style="list-style-type: none"> Government and relevant authorities NGOs Industry and trade associations 	<ul style="list-style-type: none"> Water Efficiency, page 57
<p>Waste Management Managing waste and effluents produced by our operations to reduce generation and ensure that they are disposed of/discharged in a responsible manner.</p>	<p>Proper waste management ensures that our environment remains protected for communities today and tomorrow.</p>	<ul style="list-style-type: none"> Increased operational costs to adopt infrastructure necessary to enhance waste management. 	<ul style="list-style-type: none"> Improves public perception of Nestlé as a sustainable company. Improves our environmental footprint. 	<ul style="list-style-type: none"> Government and relevant authorities NGOs Industry and trade associations 	<ul style="list-style-type: none"> Minimising Manufacturing Waste, page 52 Wastewater Treatment Plant, page 59
<p>Sustainable Packaging Ensure the end-to-end processes and lifecycle of our packaging considers its environmental impacts and opt for the most sustainable option.</p>	<p>To mitigate and reduce the amount of plastic packaging that ends up as litter and in landfills.</p>	<ul style="list-style-type: none"> Increased production costs in transitioning to more sustainable packaging. Insufficient local infrastructure or technology to adopt more sustainable materials in packaging. 	<ul style="list-style-type: none"> Improves public perception of Nestlé as a sustainable company. Improves our environmental footprint. 	<ul style="list-style-type: none"> Government and relevant authorities NGOs Industry and trade associations Suppliers Local communities Consumers and general public Customers/Retailers 	<ul style="list-style-type: none"> Packaging and Circularity, page 62
<p>Biodiversity Ensuring the protection of ecosystems in which the business is operating through appropriate management of our impacts.</p>	<p>Forests are rich in biodiversity and help us to preserve our natural resources, including water supplies, while playing the role of carbon sinks.</p>	<ul style="list-style-type: none"> Greater scrutiny on reforestation efforts and progress towards achieving ESG goals. Challenges in meeting sustainability regulations. 	<ul style="list-style-type: none"> Improves public perception of Nestlé as a sustainable company. Opportunity to develop new partnerships with NGOs, relevant Government authorities and other industry players. 	<ul style="list-style-type: none"> Government and relevant authorities NGOs Industry and trade associations Suppliers 	<ul style="list-style-type: none"> Forest Positive, page 54



SOCIAL

Contributing to Nutritious and Sustainable Diets



Material Issues	Why It Matters	Risks	Opportunities	Stakeholders Affected	What We Are Doing
<p>Nutrition, Health and Wellness Nurturing healthy and happy communities by providing innovative products and services that cater to the nutritional needs of consumers of varying income levels across their lifespan.</p>	<p>Many Malaysians are lacking essential nutrients in their daily diets, leaving them vulnerable to potential health risks.</p>	<ul style="list-style-type: none"> Meeting dietary regulations may limit the extent of product innovations. Costly investments in product development. 	<ul style="list-style-type: none"> Strengthens positioning of Nestlé as a nutrition, health and wellness company. Opportunity to tap into new consumer segments. 	<ul style="list-style-type: none"> Consumers and general public NGOs Government and relevant authorities Industry and trade associations Academia Customers/Retailers 	<ul style="list-style-type: none"> Nutritious Products for Children and Adults, page 25 Addressing Our Consumption of Sugar and Sodium, page 26 Improving Nutrition Through Fibre-Rich Grains and Vegetables, page 27 Micronutrient Fortification, page 28 Enhancing Biomedical Science through Nutritional Therapy, page 29 Providing Nutritional Information, page 30 Portion Guidance, page 31
<p>Supporting Healthier Lifestyles Committed to delivering better nutrition through our products to help support good health and well-being and raising awareness on the importance of good nutrition and active lifestyles.</p>	<p>Although Malaysian consumers are becoming increasingly discerning towards making healthier choices, non-communicable diseases (NCDs) are on the rise in Malaysia, particularly among lower-income communities.</p>	<ul style="list-style-type: none"> Insufficient engagement among relevant communities may impact outcome of health and wellness initiatives. Socio-economic background of target communities may impact engagement of beneficiaries in health and wellness initiatives. 	<ul style="list-style-type: none"> Opportunity to develop new partnerships with NGOs, relevant Government authorities and other industry players. Strengthens positioning of Nestlé as a nutrition, health and wellness company. Builds trust among consumers. 	<ul style="list-style-type: none"> Consumers and general public NGOs Government and relevant authorities Industry and trade associations Academia Customers/Retailers 	<ul style="list-style-type: none"> Encouraging Healthy Cooking, Eating and Lifestyles, page 33 Nutritious Products for Children and Adults, page 25 Addressing Our Consumption of Sugar and Sodium, page 26 Improving Nutrition Through Fibre-Rich Grains and Vegetables, page 27 Micronutrient Fortification, page 28 Enhancing Biomedical Science through Nutritional Therapy, page 29 Providing Nutritional Information, page 30 Portion Guidance, page 31
<p>Food Safety and Quality Upholding the trust of consumers by delivering products that adhere to the highest standards of quality and safety.</p>	<p>To protect the safety, health and well-being of our consumers.</p>	<ul style="list-style-type: none"> Potential backlash from consumers following incidents related to food safety and quality. 	<ul style="list-style-type: none"> Enhances reputation of Nestlé as a brand that delivers safe and high-quality products. 	<ul style="list-style-type: none"> Consumers and general public Government and relevant authorities Customers/Retailers 	<ul style="list-style-type: none"> Product Safety and Quality, page 39
<p>Halal Ensuring that all products manufactured, imported and distributed by Nestlé Malaysia are Halal-certified by the Department of Islamic Development Malaysia (JAKIM) and other relevant recognised Islamic authorities.</p>	<p>To uphold the trust of consumers and provide peace of mind during consumption of our food and beverages.</p>	<ul style="list-style-type: none"> Challenges in ensuring compliance to Halal throughout the value chain. 	<ul style="list-style-type: none"> Provides new business opportunities in markets looking to venture into Halal. 	<ul style="list-style-type: none"> Consumers and general public NGOs Government and relevant authorities Industry and trade associations Academia Customers/Retailers 	<ul style="list-style-type: none"> Our Halal Commitment, page 40
<p>Innovation Fostering growth through innovation to improve productivity, brand recognition and value and minimise adverse impacts on the environment.</p>	<p>To cater to the evolving needs and preferences of our wide range of consumers.</p>	<ul style="list-style-type: none"> Costly investments in product development. 	<ul style="list-style-type: none"> Maintains brand relevance and excitement among consumers. 	<ul style="list-style-type: none"> Consumers and general public NGOs Government and relevant authorities Industry and trade associations Academia Customers/Retailers 	<ul style="list-style-type: none"> Nutritious Products for Children and Adults, page 25 Addressing Our Consumption of Sugar and Sodium, page 26 Improving Nutrition through Fibre-Rich Grains and Vegetables, page 27 Micronutrient Fortification, page 28 Enhancing Biomedical Science through Nutritional Therapy, page 29



SOCIAL					
Contributing to Nutritious and Sustainable Diets					
Material Issues	Why It Matters	Risks	Opportunities	Stakeholders Affected	What We Are Doing
<div style="text-align: right;">       </div>					
Responsible Product Marketing and Advertising Having strict standards in place for responsible marketing and advertising of products to consumers, ensuring accuracy and transparency to support informed decision-making.	To uphold the trust of consumers and ensure they are able to make informed choices.	<ul style="list-style-type: none"> Challenges in meeting marketing and advertising regulations. 	<ul style="list-style-type: none"> Builds trust among consumers. Protects the company from potential backlash from consumers. 	<ul style="list-style-type: none"> Consumers and general public NGOs Government and relevant authorities Media Industry and trade associations Customers/Retailers 	<ul style="list-style-type: none"> Responsible Marketing and Advertising, page 37 Responsible Marketing of Breast-Milk Substitutes, page 38
<div style="text-align: right;">           </div>					
Sustainable Supply Chain and Distribution Building relationships and transparency throughout our supply chain and developing sustainable supply chain practices.	To protect the welfare of the communities where we operate and uphold the trust of consumers who are becoming increasingly conscious of the sustainability of the products they consume.	<ul style="list-style-type: none"> Lack of compliance among partners and suppliers may inhibit ability to build a sustainable supply chain. Increased costs. 	<ul style="list-style-type: none"> Improved continuity of supply of key raw ingredients for production. Improves public perception of Nestlé as a sustainable company. 	<ul style="list-style-type: none"> Local Communities Suppliers NGOs Government and relevant authorities Industry and trade associations 	<ul style="list-style-type: none"> Safety, Health and Wellbeing, page 98 Produced Sustainably, page 74 Regenerative Agriculture, page 55 Operating Responsibly, page 90
Human Rights Respecting and protecting the rights of all those associated with our operations.	As staunch advocates of human rights, we have a responsibility to ensure no human rights violations occur within our organisation or in our value chain.	<ul style="list-style-type: none"> Challenges in monitoring compliance among suppliers. 	<ul style="list-style-type: none"> Enhances reputation of Nestlé as a brand that protects people and communities. 	<ul style="list-style-type: none"> Employees Local Communities Suppliers 	<ul style="list-style-type: none"> Safety, Health and Wellbeing, page 98 Produced Sustainably, page 74 Regenerative Agriculture, page 55 Operating Responsibly, page 90
Rural Development and Empowerment Empowering and creating positive social impacts for the communities in which we operate or those that are connected to our operations.	Empowering rural communities will help to enhance their quality of life and livelihoods. In tandem, this also contributes positively to the success of our business.	<ul style="list-style-type: none"> Increased cost to invest in programmes supporting rural development. Challenges in scaling up programmes for more impactful results. 	<ul style="list-style-type: none"> Provides opportunity for Nestlé Malaysia to responsibly source key ingredients locally. Provides a sustainable supply of raw ingredients for our products. 	<ul style="list-style-type: none"> Local Communities NGOs Government and relevant authorities Industry and trade associations Suppliers 	<ul style="list-style-type: none"> Produced Sustainably, page 74 Regenerative Agriculture, page 55
<div style="text-align: right;">       </div>					
Diversity and Inclusion Promoting a diverse and inclusive workplace where every employee is treated with dignity and respect.	Our employees are our driving force, and an inclusive working environment will allow them to thrive in the workplace, thus allowing them to contribute more effectively to the success of the business.	<ul style="list-style-type: none"> Lack of diversity and inclusion may impact business decision and strategies. 	<ul style="list-style-type: none"> Helps to improve morale and productivity among employees. Contributes towards improved employee retention. 	<ul style="list-style-type: none"> Employees 	<ul style="list-style-type: none"> Diversity and Inclusion, page 93



SOCIAL					
Operating Responsibly					
Material Issues	Why It Matters	Risks	Opportunities	Stakeholders Affected	What We Are Doing
<p>Training and Development Supporting our employees to drive their own careers and fulfil their needs in terms of flexibility, training, growth and rewards.</p>	<p>Providing our employees with opportunities for growth and development supports their well-being alongside equipping them with the skills to perform their responsibilities and contribute to the business.</p>	<ul style="list-style-type: none"> Increased costs relating to labour. 	<ul style="list-style-type: none"> Positions Nestlé Malaysia as an employer of choice that prioritises its employees. Helps to improve morale and productivity among employees. Contributes towards improved employee retention. 	<ul style="list-style-type: none"> Employees 	<ul style="list-style-type: none"> Training and Development, page 95
<p>Employee Health and Safety Inspiring and empowering our people to choose a healthier future for themselves, their families and our business while providing a healthy working environment.</p>	<p>Our employees' health and safety are key priorities for us as their well-being ensures the success of our business and operations.</p>	<ul style="list-style-type: none"> Increased cost to invest in health and wellness programmes for employees. Privacy and confidentiality risks pertaining to employee health status. 	<ul style="list-style-type: none"> Minimises disruptions to business continuity. Contributes towards improved employee retention. 	<ul style="list-style-type: none"> Employees 	<ul style="list-style-type: none"> Employee Engagement, page 102 Diversity and Inclusion, page 93 Training and Development, page 95 Safety, Health and Wellbeing, page 98 Employee Compensation and Benefits, page 104 Nestlé Cares Employee Volunteer Programme, page 102
<p>Industry Engagement and Collaboration Establishing and building on long-standing partnerships and collaborations and various stakeholders to drive our sustainability efforts forward.</p>	<p>Strong partnerships and collaborations with external parties enable us to leverage diverse sets of expertise to drive meaningful change across communities and the industry.</p>	<ul style="list-style-type: none"> Reputational risks of partners may impact stakeholder trust in Nestlé. 	<ul style="list-style-type: none"> Opportunity to leverage on knowledge and expertise of partners to achieve our ESG goals. 	<ul style="list-style-type: none"> NGOs Government and relevant authorities Industry and trade associations Academia 	<ul style="list-style-type: none"> Encouraging Healthy Cooking, Eating and Lifestyles, page 33 Responsible Marketing and Advertising, page 37 Regenerative Agriculture, page 55 Diversity and Inclusion, page 93 Safety, Health and Wellbeing, page 98 Produced Sustainably, page 74 Packaging and Circularity, page 62 Our Halal Commitment, page 40
GOVERNANCE					
Operating Responsibly					
Material Issues	Why It Matters	Risks	Opportunities	Stakeholders Affected	What We Are Doing
<p>Integrity and Governance Establishing a culture founded in strict ethical standards to mitigate risks and build trust with stakeholders.</p>	<p>Integrity and robust governance are crucial for successful business operations, the protection of all our stakeholders and to uphold the trust of our shareholders and investors.</p>	<ul style="list-style-type: none"> Lack of integrity and robust governance may lead to corruption and mismanagement. Potential of reputational damage. 	<ul style="list-style-type: none"> Builds trust among stakeholders and investors. 	<ul style="list-style-type: none"> Employees Shareholders and investors Suppliers 	<ul style="list-style-type: none"> Operating Responsibly, page 90
<p>Data Privacy and Security Ensuring initiatives are in place to prevent breaches of customer privacy and losses of customer data.</p>	<p>Robust data privacy and security protects our customers and enables them to continue trusting us with their data.</p>	<ul style="list-style-type: none"> Security breaches may impact business operations. Breaches in data privacy may lead to reputational damage and backlash from customers. 	<ul style="list-style-type: none"> Helps to sustain stakeholder trust. 	<ul style="list-style-type: none"> Consumers and general public 	<ul style="list-style-type: none"> Operating Responsibly, page 90



Contributing to **Nutritious** and **Sustainable** Diets



We aim to deliver safe, great-tasting, nutritious offerings that are sustainably-produced, as well as being accessible and affordable for the full spectrum of consumers. We leverage our global resources and capabilities combined with local market expertise to provide relevant products that meet the evolving expectations of Malaysians.

Material Issues:

Nutrition, Health and Wellness
Supporting Healthier Lifestyle

Food Safety and Quality
Halal

Innovation
Responsible Product Marketing and Advertising

SDG Contribution



Nestlé Global Ambition

- To make safe, tasty and sustainable food that is nutritious, accessible and affordable

Nestlé Malaysia Impact Areas

In contribution to Nestlé Global Ambition, here are our action areas and commitments:

TASTIER AND HEALTHIER CHOICES

- Launch more nutritious foods and beverages, especially for mothers-to-be, new mothers and children
- Further decrease added sugars and sodium
- Increase vegetables, fibre-rich grains, pulses, nuts and seeds in our food and beverages
- Address under-nutrition through micronutrient fortification
- Build biomedical science leading to health-promoting products, personalised nutrition and digital solutions
- Apply and explain nutrition information on packs, at point-of-sale and online
- Offer guidance on portions for our products

HEALTHIER LIVES THROUGH NUTRITION KNOWLEDGE

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

Our Progress

Achieved further reduction of added sugar and sodium in **25** products

Provided our consumers with **3.5 billion** servings of micronutrient fortified products

More than **124,000** schoolchildren benefitted from the N4HK programme and Halal@School programme

923 SMEs reached through our SME Mentoring Programme

TASTIER AND HEALTHIER CHOICES

Background

For over 150 years globally, we have upheld our promise of Good Food, Good Life by delivering tastier and healthier choices that are accessible to consumers from all segments of society. With our diverse portfolio of innovative and nutritious products, we strive to meet diverse needs in order to support individuals and families in their journey towards happier and healthier lives.

In line with our role as a food innovator, we consistently work towards developing high-quality and affordable nutritious foods and beverages that fulfil the taste preferences of Malaysians by leveraging our broad knowledge base, nutrition expertise and science and technology solutions.

Approach

To shape a healthier future for Malaysians, we adopt a science-driven approach to nutrition, encompassing the following key pillars:

- 01 Nutritious Products for Children and Adults
- 02 Addressing Our Consumption of Sugar and Sodium
- 03 Improving Nutrition Through Fibre-Rich Grains and Vegetables
- 04 Micronutrient Fortification
- 05 Enhancing Biomedical Science Through Nutritional Therapy
- 06 Providing Nutritional Information
- 07 Portion Guidance



01

Nutritious Products for Children and Adults

Commitment:

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

Consumers continue to be increasingly health-conscious about the food and beverages they consume, more so following the COVID-19 pandemic. In line with our commitment to support good health and well-being, we consistently work to improve the nutritional content of our products, from our existing offerings to new product innovations.

To ensure that our products meet our high nutritional standards, we utilise the Nestlé Nutritional Profiling System (NNPS), which outlines specific requirements pertaining to essential nutrients. This includes calcium, protein, fibre and wholegrains, alongside other nutritional factors such as sugars, saturated fats, trans fats, sodium and energy content. All products that fulfil NNPS requirements are accorded the Nestlé Nutritional Foundation (NF) 'Yes' status. As of 2022, 69% of our total product sales achieved the NF 'Yes' status.

Performance

In 2022, we expanded our portfolio to include a number of new healthier offerings including:

PLANT-BASED MEAL SOLUTIONS

HARVEST GOURMET Plant-based Nuggets

The latest addition to the HARVEST GOURMET range, these 100% plant-based nuggets are made from soy and wheat combined with a selected blend of spices to deliver the best experience in taste and texture. HARVEST GOURMET Plant-based Nuggets serve as a delicious and convenient meat and cholesterol free snack that is high in protein, a good source of fibre, and low in saturated fat.



INSTANT NOODLES

MAGGI Nutri-licious Aglio Olio and Tomato Delight

As the first and only instant noodles in Malaysia certified with the Ministry of Health's Healthier Choice Logo*, MAGGI Nutri-licious offers the delicious goodness of baked wholegrain noodles made from Australian wheat. Available in two tantalising variants comprising Aglio Olio and Tomato Delight, these noodles are also lower in fat** and act as a good source of protein, fibre and vitamin B6.



* Based on list of products HCL products at <https://myhcl.moh.gov.my/index.php/site/productlist> (As of December 2022)

** More than 50% less fat compared with MAGGI Pedas Giler Seafood Berapi

ADULT DAIRY

NESTLÉ OMEGA PLUS Dark Choc Powder

Made with the goodness of milk and delicious cocoa, two servings a day of NESTLÉ OMEGA PLUS Dark Choc powder provides 100% of daily calcium needs alongside 11 vitamins and minerals. This high-protein, low-fat product also contains ACTICOL, 1.2g plant sterols, which has been proven effective in lowering cholesterol. With less than one teaspoon of added sugar in a serving, NESTLÉ OMEGA PLUS Dark Choc is Healthier Choice-certified and makes a great partner to support heart health.



BREAKFAST CEREAL

NESTLÉ GOLD Honey & Berries Flakes and NESTLÉ GOLD Honey & Banana Flakes

Expanding our All-Family breakfast cereal range, NESTLÉ GOLD Honey & Berries Flakes and NESTLÉ GOLD Honey & Banana offer the same crunchy texture with wholegrain flakes combined with the sweetness of real fruit pieces and honey. These tasty, nutritious breakfast cereals are high in B Vitamins, iron, calcium and serve as a great source of fibre with no artificial colours or flavours added.



02

Addressing Our Consumption of Sugar and Sodium

Commitment:
Further decrease added sugars and sodium

Recognising the adverse effects of diets that are high in sugar and sodium, we aim to support consumers in leading healthier lives through efforts to reduce the levels of added sugar and sodium across our portfolio of products progressively, where relevant.



Performance

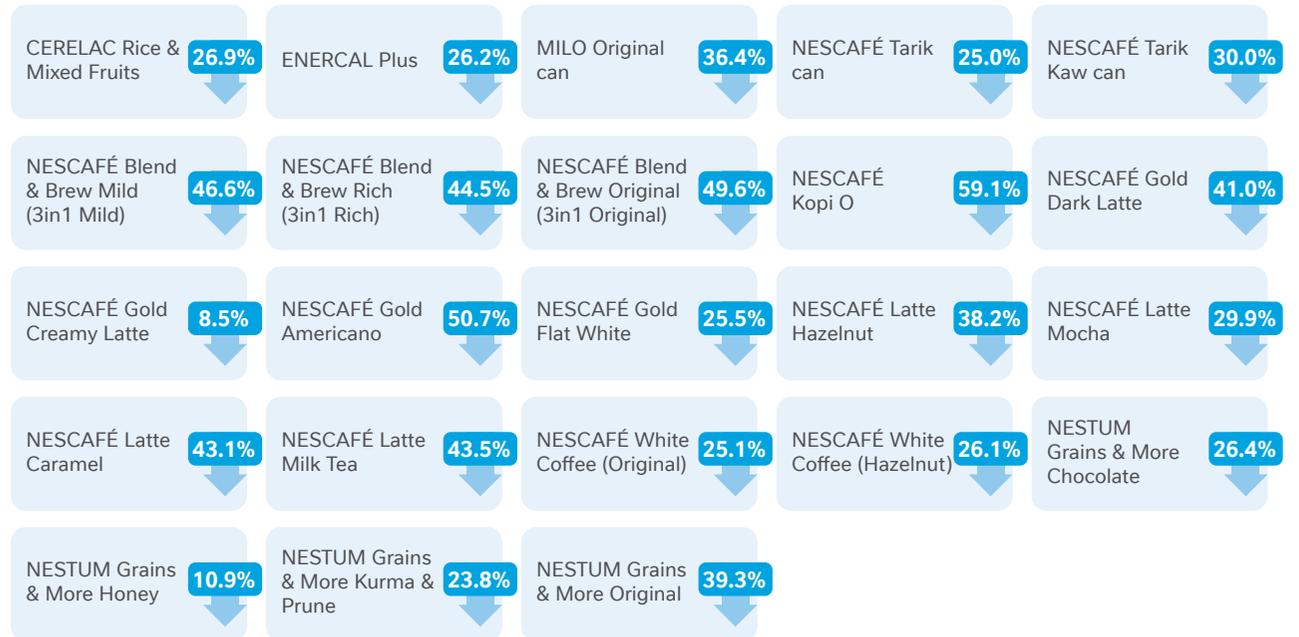
Added sugar reduction



Since 2017, **71** products have undergone added sugar reduction.

Since 2018, **87%** of our coffee mixes portfolio have undergone added sugar reduction, ranging between 8% and 59% per serving.

We have continued to innovate and reformulate our products to proactively reduce added sugar levels. In 2022, this included:



Sodium reduction



Since 2017, a total of **36** products have undergone sodium reduction.

Since 2018, **50%** of our instant noodle portfolio has seen reduced sodium levels, ranging between 4% to 32% per serving.

We have continued to innovate and reformulate our products to proactively reduce sodium levels further. In 2022, this included:





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

- **To enable** consumers to make informed decisions pertaining to food and beverage products by displaying pertinent information on the front label of product packaging.
- **To help** consumers make healthier food and beverage choices.
- **To encourage** food and beverage companies to create healthier product innovations.
- **To educate** Malaysians on good nutrition and healthy food choices in order to cultivate smarter eating habits.

To support better dietary habits among Malaysians, the HCL guidelines which set strict criteria with regards to sugar, sodium, fibre, calcium and fat content, among other areas, were further enhanced in 2020 with more stringent requirements.

As a result of our consistent efforts to provide tastier and healthier choices for our consumers, a total of 40 Nestlé Malaysia products are HCL-certified to date, including four* products which were HCL certified in 2022. Having attained HCL certification for 33% of our products, Nestlé Malaysia continues to offer the largest HCL-certified product portfolio within relevant categories in Malaysia.

→| **This data has been independently assured. Please refer to the Independent Limited Assurance Report on pages 120 to 121.*

03

Improving Nutrition Through Fibre-Rich Grains and Vegetables

Commitment:

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

As important sources of vitamins, minerals and dietary fibre, it is crucial to ensure sufficient intake of vegetables, grains, pulses, nuts and seeds in one's diet. However, Malaysians from all walks of life continue to suffer from a lack of fibre and wholegrains. To help close this gap, we aim to help increase the consumption of wholegrains and dietary fibre amongst consumers by prioritising wholegrains, fruits, vegetables, nuts and seeds as key ingredients in some of our products, alongside educating consumers on the importance of meeting daily nutritional needs.

Performance

To encourage Malaysians to increase their intake of wholegrains and fibre, we use wholegrains as the main ingredient in all of our cereal products. Reflecting this is the 'Whole Grain Tick' on our product packaging, which helps consumers identify products that contain a minimum of 8g of wholegrains per serving.



To date, close to **45%*** of our relevant product portfolio contains wholegrains, fruits, vegetables, nuts or seeds. This includes our range of HARVEST GOURMET Plant-based Meal Solutions, which are high in protein and fibre.

* Based on number of active products in relevant portfolio i.e milk powder, instant noodles, adult nutrition, MILO, breakfast cereal, Plant-Based Meal Solutions and Ready-to-Drink (as of December 2022).

04

Micronutrient Fortification

Commitment:

Address under-nutrition through micronutrient fortification

The [2022 Global Nutrition Report](#) highlighted the nutrition consequences derived from the COVID-19 pandemic, with the lack of access to healthy and sustainable diets contributing to rising malnutrition issues worldwide.

Reflecting this, a [2021 UNICEF report](#) indicated increasingly worrying levels of malnutrition in Malaysia, with the percentage of children facing stunting and obesity increasing to 20.9% and 6.1% respectively, compared to 18.3% and 6.0% in 2012. According to the [National Health and Morbidity Survey 2019](#), Malaysian adults also suffer from malnutrition, with approximately half of the Malaysian adult population being either overweight or obese. The survey further reported that 29.9% of women of reproductive age (15-49) face iron deficiency, which can result in health conditions such as anaemia.

Understanding the important role of micronutrients in addressing under-nutrition among both Malaysian children and adults, we fortify our products with essential micronutrients.

Performance

In 2022, we provided our consumers with 3.5 billion servings of micronutrient fortified products. 100% of our MILO and milk products as well as breakfast cereals are fortified with important micronutrients. Some examples include:



CERELAC CITARASA IBU

High in iron, protein, calcium, 15 vitamins and minerals



NESTUM

High in calcium, iron, and Vitamins C and D



KOKO KRUNCH

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



EVERYDAY

High in calcium and Vitamins A and C



LACTOGROW AKTIF

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

05

Enhancing Biomedical Science Through Nutritional Therapy

Commitment:

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

As a leading food and beverage manufacturer, our consumers trust us to deliver products that are backed by sound scientific research. To that end, we utilise cutting-edge research in biomedical science to develop products that cater to the needs of consumers of different life stages and health conditions. By helping to fulfil specific nutritional needs, our products provide personalised nutrition, supporting consumers in treating and preventing chronic diseases such as obesity and diabetes.

Performance

Through NESTLÉ HEALTH SCIENCE, we have undertaken clinical trials to ensure that our nutritional therapies deliver targeted nutritional value for consumers in the management of various medical illnesses. Our portfolio of nutritional solutions include:



06

Providing Nutritional Information

Commitment:

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

Encouraging consumers to take charge of their health and make better-informed decisions, we strive to present relevant nutritional information on our products in an accessible and transparent manner.



To this end, we display the Guideline Daily Amount (GDA) on the front-of-pack of our products to highlight key nutritional data and energy contribution. In addition, our Nestlé Nutritional Compass (NNC) provides easy access to pertinent information on nutritional content such as energy, protein, carbohydrate and fat outlined in a Nutrition Information Panel, alongside contact details for consumer queries and concerns. This is accompanied by helpful tips to empower consumers towards better nutrition.

Performance

In 2022, we displayed the GDA label on 92% of relevant products and the NNC on 98% of all our products. To complement this, consumers are also able to access further nutritional information via our corporate website, brand websites and e-Commerce platforms.

Description	2020	2021	2022
Products displaying the NNC (% of sales)	98	98	98
Products with GDA labelling (% of sales)	95	94	92



07

Portion Guidance

Commitment:

Offer guidance on portions for our products

We are cognisant that there continues to be a lack of awareness that portion sizes are equally important as nutritional content in balanced meals. As a trusted food and beverage company, we are well-positioned and committed to educating consumers on the importance of balanced portion sizes as part of a healthier lifestyle.

Nestlé Portion Guidance

To raise awareness on healthy portion sizes, we display our voluntary Nestlé Portion Guidance on-pack. Developed in line with the recommendations of the World Health Organization (WHO), relevant experts, policymakers and national food guides, our guidelines are aimed at enabling consumers to identify the appropriate portion sizes for our products.



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

Established by the MoH in 2017, the Malaysian Healthy Plate campaign utilises the ‘Quarter-Quarter-Half’ or ‘Suku-Suku Separuh’ concept as an easy-to-use tool in practicing healthy eating habits. By using easy-to-understand visuals, the campaign aims to raise awareness on the right portion sizes for a balanced meal, which constitutes:

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

In line with our commitment to guide consumers on balanced portions, we have incorporated the Healthy Plate model in several of our initiatives. This includes N4HK, MILO Malaysia Breakfast Day, MSSCC and the MAGGI *Sajian Seimbang Tanda Sayang* campaign.



Outlook

As we continue to serve Malaysians nationwide, we remain clear in our commitment to provide tastier and healthier food and beverages that are accessible to consumers from all walks of life. As such, we will continue to innovate across key areas, including micronutrient-fortified foods and nutritional therapies, to ensure that we continue to deliver relevant product offerings that meet the dietary needs of both adults and children across various life stages. In tandem, we aim to continuously enhance our product formulations to provide Malaysians with healthier choices with lower levels of added sugar and sodium.

Alongside this, to encourage consumers to make healthier choices with regards to food and beverages, we are exploring new ways to enhance our on-pack nutrition labelling strategy as well as our Nestlé Portion Guidance initiative.

HEALTHIER LIVES THROUGH NUTRITION KNOWLEDGE

Background

As the global population contends with the triple burden of malnutrition, comprising undernutrition, micronutrient deficiencies and rising overweight or obesity rates, we remain dedicated to taking a holistic approach by improving the nutritional quality of our products in tandem with nutrition education initiatives. By strengthening nutrition knowledge, this helps Malaysians make informed choices for balanced diets at every stage of life. In tandem, we market our products responsibly to help all consumers make good nutrition part of their daily lives.

Approach

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

- 01 Encouraging Healthy Cooking, Eating and Lifestyles
- 02 Responsible Marketing and Advertising
- 03 Responsible Marketing of Breast-Milk Substitutes
- 04 Product Safety and Quality
- 05 Our Halal Commitment



01

Encouraging Healthy Cooking, Eating and Lifestyles

Commitment:

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

To support the overall well-being of Malaysians from all facets of society, it is crucial to raise awareness on the importance of cultivating healthier lifestyles and consumption habits. To instil good nutrition amongst communities, we partner with like-minded stakeholders such as the local authorities and nutrition organisations.



Encouraging good nutrition and active lifestyles among children through N4HK.

Performance

Nestlé for Healthier Kids

Conscious that nurturing healthy practices from a young age is key to shaping healthy children and adults, we established the N4HK programme in 2010 in collaboration with MoE and NSM.

The N4HK programme aims to equip students aged 7 to 12 years old with nutrition knowledge through virtual teaching sessions. Topics covered under N4HK modules include:

- The Malaysian Food Pyramid
- Food Portioning and Healthy Food Choices
- Physical activities
- COVID-19 Prevention and Advice for Kids

Through N4HK in 2022, we engaged a total of 24,704 schoolchildren in primary schools across the nation. This contributed to a cumulative total of over 122,000 schoolchildren since the programme was launched in 2010, with an investment of RM1.3 million to date.

Description	2020	2021	2022
Number of schools involved	19 [#]	134	108
Number of students involved	5,337 [#]	24,986	24,704

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

MILO Sports Programme

Our MILO brand is a long-standing champion of grassroots sports in Malaysia, spearheading sports programmes to encourage Malaysian youths to take up sports and active lifestyles, while providing the nutrition and energy they need to lead healthier lives.

With Malaysia transitioning to the endemic phase of COVID-19, our MILO Sports Programme returned to its physical format in 2022. During the year, we continued to support parents in providing their children with opportunities to learn a sport through the MILO Champions Clinic, espousing sports as a great teacher to not only encourage children to stay active but also learn important life values. To deepen our impact, we expanded the initiative to include a Coach Finder Feature with the aim of expanding our network of coaches while providing opportunities for coaches to hone their skills.

Contributing to Nutritious and Sustainable Diets



Supporting the development of grassroots sports through our MILO Sports Programme.

Through our MILO Sports Programme, we also joined hands with the Ministry of Education Malaysia to organise MILO *e-ActivJam Senam Aerobik*, enabling Malaysian youths to demonstrate their aerobic exercise skills. Further supporting grassroots-level sports in Malaysia, we continued our collaboration with the Football Association of Malaysia for MILO *HIDUP BOLA* Futsal Tournament, which kicked off in December 2021 with the aim of training 5,000 football coaches and 100,000 children nationwide over the course of five years.

Through the MILO Sports Programme, we have engaged over 618,000 Malaysians to date. In 2022, 892 teams participated in MILO *HIDUP BOLA* Futsal Tournament, making it Malaysia's largest futsal tournament. Additionally, we also recorded a 5% increase in registrations for the MILO Champions Clinic and over 4,000 participants joining our *e-ActivJam Senam Aerobik* initiative.

Description	2020	2021	2022
Number of participants for MILO Sports Programme	60,000 ^o	100,000 ^o	618,000

^o Virtual engagements only.

MAGGI Secondary School Cooking Competition

In line with Nestlé's promise of Good Food, Good Life, MAGGI has cultivated an interest in healthy cooking and nutrition among young Malaysians through the annual MSSCC in partnership with the Ministry of Education Malaysia. First launched in 1997, the MSSCC provides students with a platform to sharpen their culinary and other life skills, as well as build their self-confidence.

In 2022, we successfully held the 26th edition of the MSSCC. Comprising two phases, students were first required to complete five educational modules and submit a cooking video together with a written recipe. The educational modules consisted of:

- Healthy and Balanced Cooking
- Learning Food Safety and Hygiene
- Professional Food Styling Tips
- Building Your Self-Confidence
- Introducing Plant-based Dishes

Following this, shortlisted participants were then invited to attend an interview session where the top five participants were selected as national winners.

This year saw the participation of over 2,000 students from more than 544 schools nationwide. Reflecting our continuous efforts to encourage young talents to develop and showcase their culinary skills, this represents the highest number achieved since the inception of MSSCC in 1997.

Description	2020	2021	2022
Number of schools involved	Temporarily Suspended [#]	300	544
Number of students involved	Temporarily Suspended [#]	1,000	2,000

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

NESTLÉ OMEGA PLUS Walk-A-Million-Miles

Living up to its role as a leading heart health brand in Malaysia, NESTLÉ OMEGA PLUS continued to amplify and champion heart health among Malaysians with the third edition of its 30-day virtual NESTLÉ OMEGA PLUS WAMM event. In conjunction with World Heart Month, the event encouraged participants to walk every day for their own heart health and for their loved ones, to galvanise Malaysians nationwide to embrace heart-healthy habits.



Launch of WAMM 2022 [Left to Right] Juan Aranols, Toh Puan Dr. Aishah Ong - Chairman of IJNF, Lam Pui Yuee - Business Executive Officer, Milks Business Unit and Dato' Dr. Aljafri Abdul Majid - Chairman of YJM.

Leveraging our digital reach, the WAMM walkathon garnered a total of 25,946 participants during the year, representing a 130% increase compared to 2021.

With 65% of participants tracking and clocking in a minimum of 150,000 steps throughout the month, we successfully achieved 1,483,300 miles collectively, thus exceeding our target of one million miles. To commemorate this accomplishment and in support of heart patients in Malaysia, we contributed a total of RM100,000 to Institut Jantung Negara Foundation (IJNF) and Yayasan Jantung Malaysia (YJM).

Description	2020	2021	2022
Number of participants	16,000	12,988	25,946

MAGGI Sajian Seimbang Tanda Sayang

As a trusted partner in everyday cooking, MAGGI aims to empower parents to prepare simple, affordable and balanced meals for their families using MAGGI Noodles as a convenient base. Through the *Sajian Seimbang Tanda Sayang* campaign, we provided guidance in creating balanced meals in line with the Malaysian Healthy Plate concept and shared recipes featuring Balanced Bowls of MAGGI Noodles paired with fresh ingredients. The campaign also provided an opportunity to celebrate the culinary ingenuity of mothers in preparing wholesome dishes, further encouraging them to explore new recipes for a balanced and varied diet.

MyMenu IQ

To guide consumers towards choosing healthier, nutritious meals, we established MyMenu IQ as an intuitive nutritional service. A first-of-its-kind tool, MyMenu IQ is featured on the MAGGI brand recipes website. It acts as a simple and easy-to-use guide that helps consumers evaluate the nutritional value of dishes and provides suggestions on how to improve the nutritional balance of a meal. With consumers becoming increasingly reliant on digital technology, this initiative enables Nestlé to better connect with consumers to provide practical nutrition education.



PUTRA Community Nutrition Ambassador Programme

Driven by our purpose to enhance quality of life today and for future generations, we collaborated with UPM to develop sustainable, healthier communities through the one-year PUTRA Community Nutrition Ambassador Programme (PUTRACNAP).

Leveraging on the power of community engagement, UPM Nutrition students and researchers trained mothers of primary schoolchildren in selected People's Housing Project (PPR) communities within the Klang Valley as Community Nutrition Ambassadors to drive positive change and empower their respective communities towards more sustainable, healthier lifestyles.



Through PUTRACNAP, a total of 32 mothers were recruited as Community Nutrition Ambassadors, whereby they participated in train-the-trainer workshops to equip them with the right tools and knowledge on nutrition, physical activity, urban farming and sustainable lifestyle habits to empower their extended communities.

32
mothers
were trained as
Community Nutrition
Ambassadors



36 Contributing to Nutritious and Sustainable Diets

#HariHariEveryday

Micronutrient deficiencies are a significant health burden in Malaysia, with one in three families not consuming sufficient micronutrients in their daily meals. As part of our efforts to address this, the #HariHariEveryday campaign was organised to drive awareness on this prevalent health issue and help close the nutritional gaps in micronutrient intake among Malaysians. Alongside sharing tips and recipe ideas to inspire families to meet their daily nutritional needs, we also went on ground to engage lower income communities via a nutrition education roadshow conducted at 12 PPRs. Through our multiple activations, we engaged close to 3,000 participants from these PPRs.

Halal@School

As the Halal Centre of Excellence for Nestlé globally, our efforts to share Halal knowledge extends beyond the food and beverage industry. Partnering with the Institute of Fatwa and Halal under the Islamic Science University Malaysia (USIM), we actively promote awareness on Halal nutrition and healthy lifestyles among school students through the Halal@School with Nestlé initiative.

Established in 2018, the programme features engaging activities such as Halal nutrition talks, Halal awareness via educational quizzes and interactive games to help students gain a good understanding of the benefits of Halal in leading healthier lives.

In 2022, Halal@School with Nestlé returned for the first time since the pandemic as a six-series programme involving 41 schools across Malaysia, representing a significant increase compared to the six schools reached in 2019. The programme engaged 961 students in 2022, contributing to a collective total of 3,144 students since 2018.

Description	2020	2021	2022
Number of schools involved	Temporarily Suspended [#]	Temporarily Suspended [#]	41
Number of students involved	Temporarily Suspended [#]	Temporarily Suspended [#]	961

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



02

Responsible Marketing and Advertising

Commitment:

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

In our role as the world's largest food and beverage manufacturer, we are mindful that our marketing and advertising practices can significantly influence the decisions made by consumers. In upholding the trust of our consumers, we strive to ensure accuracy and transparency in the marketing of our products, including to children. To that end, we are guided by our [Nestlé Marketing Communication to Children Policy](#), which is based on two core elements:



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

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

Performance

To ensure strict adherence to best marketing standards, all our marketing and advertising initiatives are benchmarked against the Nestlé Consumer Communication Principles. In 2022, we recorded zero reports of non-compliance to marketing communications and product and service information and labelling guidelines.



03

Responsible Marketing of Breast-Milk Substitutes

Commitment:

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

Breast-milk plays an essential role in the first 1,000 days of life, serving as an optimal source of nutrition for the healthy development of infants, in addition to building resilience against diseases and nurturing strong bonds with mothers. To this end, Nestlé is a staunch advocate of the recommendation by the WHO and the MoH Malaysia for exclusive breastfeeding in the first six months of life, followed by the introduction of safe, adequate and nutritious complementary foods along with continued breastfeeding for up to two years to ensure nutritional needs are met.

Understanding that every mother and child is unique, we recognise infant formula as a safe and legitimate breast-milk substitute (BMS), as guided by the WHO International Code of Marketing of Breast-Milk Substitutes (WHO Code). In this regard, we strictly abide by [responsible marketing standards](#) and uphold transparency across our portfolio of BMS products.

Testament to this, we implement the Malaysia Code of Ethics for the Marketing of Infant Foods and Related Products, as well as adhering to the WHO Code since its establishment in 1982. Our Nestlé Instructions guideline was specifically developed to guide our employees in the implementation of this code, with further revisions made in 1996, 2004 and 2010 to ensure effective implementation. Our [Nestlé Policy and Procedures](#) was also further updated in 2017 and 2022. In tandem with the WHO Code, we are wholly committed to complying with necessary requirements as set by the authorities alongside all other relevant laws and regulations.

To ensure compliance, we utilise a global management system that allows internal and external stakeholders to raise relevant concerns through our Ombudsperson system or 'Speak Up' platform. Alongside strategic procedures to address any violations of our BMS marketing standards, we undertake internal and external audits with the results published on our [corporate website](#). Further to this, over 1,500 employees within the BMS business, as well as our partners, undergo a global training exercise on the WHO Code and the Nestlé Policy and Procedures on the implementation of the WHO Code.

Performance

In 2022, there were no material sanctions due to product labeling or marketing violations in Nestlé Malaysia.

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

The FTSE4Good Index Series comprises high-performing companies based on Environmental, Social and Governance practices, benchmarked against rigorous verification requirements. Reflecting our high standards in the responsible marketing of BMS, Nestlé Global was the first BMS manufacturer to be included in the FTSE4Good BMS Index in 2011 and to date we have continued to maintain our inclusion in the index, marking the 11th year in a row. We also improved our score in the 2021 Global Access to Nutrition Index (ATNI™) BMS and Complementary Foods Marketing Index 2021 by 12 points (57% in 2021 vs. 45% in 2018) and achieved second-place in the BMS sub-ranking, which assesses the marketing policies and practices of the world's six largest baby food companies.



04

Product Safety and Quality

Commitment:

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

The safety and quality of our products is integral to our business. To this end, we strictly abide by Nestlé's 10 Corporate Business Principles, which underpins our unwavering commitment to the highest standards in food safety and quality management.

Guiding us is our [Quality Policy](#), which sets out a clear framework to ensure best practices are implemented throughout our entire value chain:

1. Fostering a quality mind set with the objective of developing, manufacturing and providing products and services with zero defects that are trusted and preferred by individuals and families and deliver on our promise to enable healthier and happier lives.
2. Complying with relevant laws and regulations as well as internal requirements.
3. Improving quality management systems to guarantee product safety, prevent quality incidents and eliminate defects through the review of quality objectives and results.
4. Encouraging participation and promotion of quality responsibilities amongst all employees and third parties through standards, education, training and coaching, supervision and effective communication.

Nestlé Management System

Facilitating our safety and quality standards is the Nestlé Management System, which serves as a comprehensive tool that helps us to fulfil food safety and quality assurance requirements. Further reinforcing this, we regularly engage independent certification bodies to audit the Nestlé Management System. This ensures that we remain in compliance with internal policies, ISO standards, laws and regulations.

Performance

How we ensure food safety

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



Contributing to Nutritious and Sustainable Diets

24-Hour Engagement Services

To enable our Consumer Engagement Services team to effectively monitor current sentiments, we adopted new Consumer Engagement Services technologies in 2022. In addition, we enhanced working processes with the implementation of the Engage OMNI global system, as well as the Sprinklr global system for social media management.

We continued to keep track of conversations on our products and brands via Social Media Listening (SML) across relevant and fast-emerging digital platforms, including TikTok. Our SML provided useful insights which allowed us to proactively take action to mitigate potential issues, thus preventing potential negative impact towards our business.

Reduction of
10.0%
in total cases
received

Decreased number
of non-product
related complaint
cases by
61.0%

Achieved a
customer
satisfaction
rating of
96.6%

Description	2020	2021	2022	Reduction %
a. Number of cases handled	45,877	41,557	37,409	-9.98%
b. Number of enquiries	39,421	32,696	32,668	-0.09%
c. Number of complaints	6,456	8,861	4,640	-47.64%
d. Feedback on marketing programmes and non-product-related complaints (Contact reasons: Communications & Marketing, Business, Sales & Distribution, Non-Food & Nestlé Corporate)	3,522	5,153	1,991	-61.36%
e. Product-related complaints (Contact reasons: Food, Health & Nutrition, Packaging)	2,934	3,708	2,649	-28.56%
f. Critical complaint cases (Foreign bodies, alleged illness and infestations)	532	589	446	-24.28%

05

Our Halal Commitment

Commitment:

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

Living up to our leadership position in Halal, we are dedicated to upholding our Halal commitment and ensuring the integrity of our Halal practices. This has enabled us to maintain the long-held trust of our consumers, providing them with peace of mind as they enjoy our wide offering of foods and beverages.

Since our Halal journey began in the 1970s, our approach to honing our Halal expertise and establishing Halal standards has been centred on collaborations with relevant stakeholders. This includes being instrumental in working alongside with the Malaysian Government to develop Malaysia's Halal certification in 1994. We participated in establishing the Malaysian Standard on Halal Food (MS1500) and subsequently the rest of Malaysian Halal Standards, all of which contributed to shaping Halal standards both within and beyond Malaysia.

In line with our role as the Global Halal Centre of Excellence for the Nestlé Group, this collaborative approach encompasses our efforts to assist other Nestlé markets in establishing Halal best practices. We support Nestlé markets worldwide by sharing technical know-how and policy guidelines, alongside exporting Malaysian-made Halal products to over 50 countries.



Performance

Halal Audits and Assessments

As Malaysia transitioned into endemicity, we continued to adapt our Halal audits and assessments to include both physical and virtual sessions, integrated with providing training and technical assistance. In this way, we ensured Halal compliance was maintained throughout the value chain by inculcating a better understanding of Halal best practices amongst suppliers.

We successfully conducted 45 surveillance audits on Halal in 2022 at both local and overseas factories to engage relevant stakeholders throughout the value chain, including our raw material and packaging suppliers, R&D centre, co-manufacturers, co-packers, warehouses and distributors.

Halal Certification

Recognising the value of Small and Medium Enterprises (SMEs) as potential vendors, we utilise our technical expertise and know-how to provide guidance in obtaining Halal certification from relevant religious authorities such as JAKIM.

In 2022, we engaged two new SME co-manufacturers including Quantum Supplies for our MILO Chocobar product and Altratec for our MAGGI Cukup Rasa product range and successfully achieved Halal certification.

We also successfully obtained Indonesia Halal Certification for new products in 2022:

Cereal Partners 2 products	Plant-Based Meal Solutions 4 products
Soluble Coffee 1 product	STARBUCKS (liquid drink) 2 products



42 Contributing to Nutritious and Sustainable Diets

Technical Committees

Nestlé Malaysia is committed to facilitate the development of the global Halal industry by actively participating in various Technical Committee and Halal Conferences across the world.

Representing Malaysia, we attended the Technical Committee meeting of the Standards and Metrology Institute for Islamic Countries in Istanbul, Turkey, deliberating on standards for Halal Food, Halal Supply Chain and Definition and Interpretation of Halal Terminology.

Halal Standards Working Groups

Over the years, Nestlé Malaysia has continued to contribute to the development of the latest Halal standards in Malaysia through our active participation in various working groups that aim to further enhance Halal Standards, encompassing pertinent areas such as:

- Halal meat production
- Halal ingredients
- Industrial Skills Framework

Halal Assurance System Training

As Nestlé's Global Halal Centre of Excellence, we provide guidance to other Nestlé markets to establish Halal best practices through training sessions on our Halal Assurance System.

In 2022, we conducted Halal Assurance System training sessions for a total of 65 participants from our Middle East and North Africa (MENA) factories.



Sharing on Halal Best Practices by Puan Hazlin from Nestlé Halal Affairs.

SME Mentoring Programme

Guided by our CSV approach, we work closely with relevant stakeholders including industry players, the Halal Industry Development Corporation and SME Corp to provide local SMEs with growth opportunities within the Halal industry through the SME Mentoring Programme. Established in 2009, the programme has provided an avenue for us to share our in-depth knowledge on Halal best practices with SMEs and facilitate a good understanding of relevant standards and requirements to help them grow into potential suppliers for multinational companies.

The SME Mentoring Programme has seen a participation of over **1,281** individuals

Collectively to date, our SME Mentoring Programme has seen the participation of over 1,281 individuals from 923 SME companies, including 51 participants representing 51 companies that attended the event physically in 2022. This year's edition focused on key topics such as Halal Best Practices, the Malaysian Food Act and Regulation, and Productivity and Competitiveness.

Description	2020 ^o	2021 ^o	2022
Number of companies	130 [#]	55 [#]	51
Number of participants	150 [#]	157 [#]	51

^o Virtual engagements only.

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

Halal Talks

With an aim to raise awareness on Halal best practices, we continued to engage with local universities to conduct Halal talks focused on relevant Halal topics.

Complementing these efforts, we further engaged with university students on Halal matters via various public talks and our participation in a collaboration programme with JAKIM involving students from various local universities. In addition, we also shared our views and expertise on Halal at the National Halal Conference together with other industry leaders and subject matter experts.



Encik Othman Md Yusoff, Head of Halal Affairs during a media interview at Sri Muda factory.

Our online engagement with Universiti Teknologi MARA and Universiti Malaya saw a total participation of 500 students combined. Along with this, our physical classroom engagement with JAKIM and other local universities saw a total of 50 students from 10 universities participating. Meanwhile, the National Halal Conference which was held through an online platform drew a total audience of 1,000 individuals in attendance.

Media Engagements

As part of our efforts to highlight current Halal-related topics and provide transparency on the integrity of our Halal standards in the public sphere, we regularly undertake strategic engagements with local news publications.

To share our industry-leading Halal knowledge and provide insights into our Halal standards and processes via leading news publications, we organised a factory tour of our Sri Muda Factory for TV3 and Berita Harian.

Outlook

Building on our progress and learnings that we have gleaned from our various initiatives, we will continue to enhance and expand our programmes to encourage and educate consumers on good nutrition and healthier lifestyles. Among others, we plan to expand our MAGGI *Sajian Seimbang Tanda Sayang* campaign to focus on supporting lower income communities via nutrition education on balanced meals, as well as further enhance the user experience of our MyMenu IQ tool to better support consumers on their health journey.

Alongside encouraging healthy eating, cooking and lifestyles, we remain committed to upholding best practices in responsible marketing and advertising in addition to prioritising safety and quality standards. We are also dedicated to further bolstering the Halal industry in Malaysia by sharing our knowledge on Halal best practices with other industry players, with an aim to support Malaysia's aspirations to become a leading Halal hub globally.



Ensuring best Halal practices across our manufacturing facilities.

Helping to **Protect, Renew** and **Restore Natural** **Resources**



We can move beyond minimising our impact on resources and instead take a regenerative approach with the help of our partners. The way we approach sustainability is evolving. This is visible through our work on climate, nature, water and packaging. Building on our Net Zero Roadmap, our new efforts related to regenerative agriculture, our Forest Positive strategy and packaging and circularity lie at the heart of this change. These pioneering approaches are now inspiring the direction of travel for the entire business.

Climate Change
Energy Efficiency

Water Efficiency
Waste Management

Sustainable Packaging
Biodiversity

SDG Contribution



Nestlé Global Ambition

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

Nestlé Malaysia Impact Areas

In contribution to Nestlé Global Ambition, here are our action areas and commitments:

CLIMATE AND NATURE

- Reduce absolute Scope 1 and Scope 2 GHG emissions by 5% compared to 2021
- Secure 25% of the electrical energy we use through renewable electricity contracts
- Reduce our specific energy consumption per tonne of product by 5% compared to 2021
- Maintain zero waste to landfill status for our factories
- Preserve natural capital, including forests
- Source 20% of our key ingredients through regenerative agriculture by 2025, and 50% by 2030

WATER

- Reduce our absolute water consumption by 67,000m³ for the year
- Treat the water we discharge effectively
- Advocate for effective water policies and stewardship
- Raise awareness on water conservation and improve access to water and sanitation

PACKAGING AND CIRCULARITY

- 100% of our packaging recyclable or reusable by 2025
- Reduce our use of virgin plastics by one third by 2025
- Achieve plastic neutrality by 2025
- Amplify communication on environmental efforts with strong communication, education & public awareness (CEPA)

Our Progress

Achieved
68,613m³ of
absolute water savings in
2022

GHG emissions decreased
by **61,274** tonnes,
reflecting a 45% reduction at
Nestlé factories in Malaysia

Expanded our recycling
programme to include some
112,000
households

Recovered approximately
6,000 tonnes of post-
consumer packaging waste
through various programmes
under our extended producer
responsibility initiative

CLIMATE AND NATURE

Background

Protecting our planet's natural resources is integral to the long-term growth of the Company. Not only does this contribute to sustainable food production, which is at the heart of our business, it also strengthens food security and helps shape a greener future for the world by preserving biodiversity and restoring vital ecosystems.

Recognising the detrimental effects of climate change which continue to impact agri-food systems globally, we are firmly committed to taking action in our operations and supply chains to reduce carbon emissions and achieve our climate targets.

Approach

Spearheading our journey is our Net Zero Roadmap, which sets out key priorities and clear milestones to deliver on our climate and nature commitments. The Roadmap adopts a holistic approach, encompassing our operations as well as our value chain, in addition to incorporating engagement with relevant stakeholders. Our key climate and nature efforts include:

01 **Managing Our Carbon Footprint in Manufacturing and Distribution**

02 **Reducing Energy Consumption**

03 **Minimising Manufacturing Waste**

04 **Forest Positive**

05 **Regenerative Agriculture**

Climate-Related Disclosures

To ensure transparent reporting of our progress and climate change risk management strategies, our climate disclosures is prepared with reference to the TCFD.

Governance

The Board of Directors helps responsibility for the governance of climate-related measures, with meetings held four times a year to review the performance of CSV initiatives, including Nestlé Malaysia's climate strategy. This is supported by Group Corporate Affairs, which takes the lead in driving the implementation of the CSV strategy and ensuring that relevant climate change matters are accounted for throughout the organisation. The efforts of Group Corporate Affairs are steered by the CEO who provides strategic direction, accompanied by guidance from senior management members when necessary.

Strategy

Our climate strategy is guided by the direction received from Nestlé S.A., which includes the [Net Zero Roadmap](#). Direction received from Nestlé S.A. is adapted by Nestlé Malaysia to better suit our local operating context and needs. This strategy is subsequently implemented across all business operations. With our scale, presence and local relevance, we strive to lead the industry towards a greener future.

Nestlé Malaysia's Net Zero Roadmap establishes our approach towards contributing to, and achieving, Nestlé S.A.'s target to halve global GHG emissions by 2030, based on a baseline established in 2018, and achieve net zero emissions by 2050.

Guided by this Roadmap, Nestlé Malaysia's climate change mitigation efforts will see us investing in new technologies and making fundamental changes in the way we operate, including changes to the materials we use and the efficiency of our processes, as we accelerate efforts to achieve carbon and plastic neutrality. Additionally, through engagements with our suppliers, we continue to explore regenerative agriculture throughout our supply chain. We are working towards becoming an organisation that utilises advanced agricultural technologies to deliver a regenerative food system at scale, supported by zero emission logistics and green business operations. The key environmental initiatives under our climate strategy encompass six focus areas:



Environmental Efficiency



Adopt Renewable Energy



Plastic Reduction



Plastic Recovery and Circularity



Reforestation and Regeneration



Communication, Engagement and Public Awareness

Risk Management

The Group's risk management control mechanisms are outlined in the Statement on Risk Management and Internal Control on pages 29 to 33 of the Corporate Governance & Financial Report.

Metrics & Targets

To track our performance, we monitor the following key metrics:

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

Nestlé S.A. determines our climate-related targets, inclusive of year-on-year reductions in emissions.

NET ZERO ROADMAP: NESTLÉ MALAYSIA AND SINGAPORE

Our contribution to a greener future

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

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

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

Our sustainability journey: moving faster & scaling up

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

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

Our milestones & key initiatives

Environmental Efficiency

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

Plastic Reduction (Reduce, Reuse & Recycle)

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

Reforestation & Regeneration

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

Communication, Engagement & Public Awareness

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

Adopt Renewable Energy

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

Plastic Recovery & Circularity

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

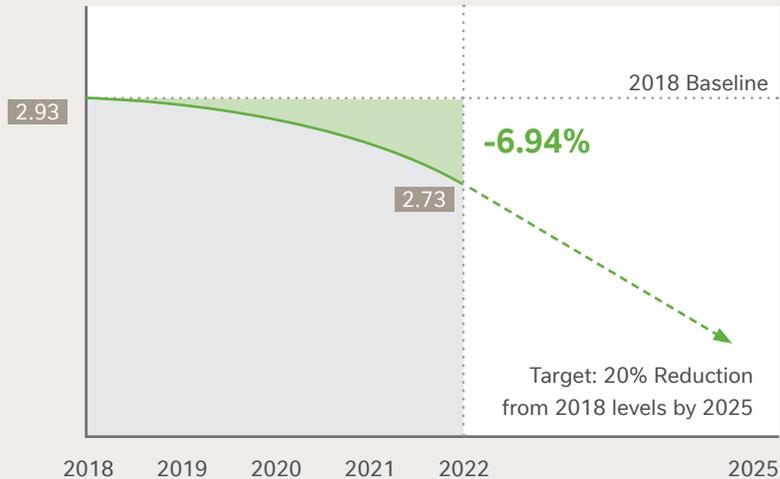
Delivering our promise

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

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



Net Zero Roadmap Scope: GHG Emission reductions against 2018 baseline (million tonnes of CO₂e)



As a result of GHG reduction projects being scaled up in our operations and supply chain, we recorded a 6.94% carbon footprint reduction in 2022 versus 2018 baseline, more than compensating for the growth in our sales volume.

The key projects contributing to this reduction include:

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



Implementation of various **environmental efficiency projects** in manufacturing sites



Efforts in **reducing the environmental impact of farming and agricultural activities** led by Nestlé Global supply chain



01

Managing Our Carbon Footprint in Manufacturing and Distribution

Commitment:

Reduce absolute Scope 1 and 2 GHG emissions by 5% compared to 2021

With climate change currently at a tipping point, affecting ecosystems and livelihoods alike, action must be taken now to tackle this global issue. To this end, as we strive towards carbon neutrality, we have implemented a number of projects aimed at reducing GHG emissions within our operations.

This is closely tracked through our Safety, Health and Environmental Sustainability - Performance Management (SHE-PM) platform, which allows us to monitor fuel and energy consumption at our manufacturing and distribution sites, namely our Nestlé Distribution Centre and Central Factory Warehouse. The largest source of GHG emissions in our operations is during the manufacturing and distribution stages.

Performance

In 2022, our total Scope 1 (direct) and Scope 2 (indirect) GHG emissions amounted to 61,953 tCO₂e, representing a 49% decrease compared to 2021 which was mainly contributed by Scope 2 GHG emission reduction from the conversion to Green Electricity in our Nestlé factories.

Transportation and Distribution

Transportation of our finished goods and products is by nature, a fuel intensive activity. To minimise the GHG emissions associated with this stage of our value chain, we work with third-party logistics partners to track and reduce our mileage, fuel consumption and noise. In 2020, we rolled out the Transportation Hubs Programme (THUB) which utilises advanced data analytics and digital tools to optimise routing and truck loads, with the aim

of reducing idle space and increasing average tonnage transported per journey. Consequently, we are able to transport the same quantity of product using fewer vehicles. Since the launch of THUB in 2020, we have recorded an approximately 13% improvement in vehicle utilisation - from 62% in 2020 to 75% in 2022. This delivers efficiency not only in terms of cost-savings, but also leads to a reduction of at least 1,000 tonnes of CO₂ per year.

Solar Powered Sampling Vans and Green Fleet Project

In 2021, we ran a pilot test to fit two of our MILO sampling vans with solar panels to replace fuel-dependent generators which resulted in the reduction of 97% of CO₂ emissions per hour whilst the sampling vans were actively in use. In 2022, we continued this effort and have installed solar panels in 12 more sampling vans, which resulted in a total of 14 vans running on solar power.

Additionally, through our Green Fleet Project, we are shifting to electric, hybrid or plug-in hybrid vehicles for management employees. Since 2021, we switched a total of nine management cars and vehicles in our corporate fleet, which we estimate will lead to a reduction of close to 70% CO₂ emissions per year, across our corporate car fleet.

Performance Data

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

Emissions

We track our carbon footprint in Scope 1, Scope 2 and Scope 3 emissions in accordance with the GHG Protocol Corporate Standard, covering all factories and offices in Malaysia.

Emissions Data

Description	2020	2021	2022
a. Total direct and indirect GHG emissions (Scope 1 & 2) (tonnes CO ₂ e)	116,135 ^A	122,651 ^B	61,953*
b. Total direct GHG emissions (Scope 1) (tonnes CO ₂ e) ¹	55,542	60,051 ^C	61,953*
c. Total indirect GHG emissions (Scope 2) (tonnes CO ₂ e) ²	60,593 ^D	62,600 ^E	-*
d. Other indirect GHG emissions (Scope 3) (tonnes CO ₂ e) ³	13,564	11,489	10,913

Emissions Intensity

Description	2020	2021	2022
a. Emissions intensity per tonne of finished goods (Scope 1 & 2) (kgCO ₂ e/tonne)	299.1 ^F	319 ^G	150
b. Emissions intensity per tonne of finished goods (Scopes 1, 2 & 3) (kgCO ₂ e/tonne)	334 ^H	348 ^I	177

Emissions Reduction

Description	2020	2021	2022
a. GHG emission reductions (tonnes CO ₂ e) ⁴	560	(4,441) ^J	61,274
b. Specific GHG reductions (%) ⁵	0.29	(3.42) ^K	45.68

Ozone Depleting Substances

Description	2020	2021	2022
a. Imports of ozone-depleting substances (tonnes of CFC-11 equivalent) ^{6,1}	0.0050	0.0076	0.0109

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

Description	2020	2021	2022
a. SOx (tonnes) ^{7,1}	33.4	32.0	38.0
b. NOx (tonnes) ⁸	153.0	160.5	169.5
c. Particulate Matter (tonnes) ^{9,1}	34.6	34.6	36.5

→ **This data has been independently assured. Please refer to the Independent Limited Assurance Report on pages 120 to 121.*

Source of emission factors:

- IPCC (2006) and IEA (2021)

- Our Scope 1 direct emissions are derived from fuels and refrigerants used in Nestlé Malaysia manufacturing factories, which are in diesel generators, boilers and waste processing.
 - Our Scope 2 indirect emissions are derived from electricity consumption, including electricity consumed for hot water and steam production during manufacturing processes in Nestlé Malaysia manufacturing factories. In 2022, we recorded zero emission in our Scope 2 indirect emissions as result of the Subscription of the Green Electricity Tariff Programme by Tenaga Nasional Berhad (TNB) and the Renewable Energy Certificate Sarawak Energy Berhad (SEB).
 - Data for our Scope 3 other indirect emissions calculations are limited to salespeople travel, long-term business partners' travel and the Nestlé National Distribution Centre Carbon Report.
 - For 2022, GHG emissions reductions are calculated based on the difference between total Scope 1, 2 and 3 emissions in 2022 vs 2021. Data for 2020 has been updated based on the recalculated data for Scope 1, 2 and 3.
 - For 2021, the GHG reduction ratio is calculated based on the difference between total Scope 1, 2 and 3 emissions in 2021 and 2020. Data for 2020 and 2021 has been updated based on the recalculated data for Scope 1, 2 and 3.
 - Data based on refrigerants used in manufacturing facilities, including air-conditioning gases such as R22 and R410A. These refrigerants are converted into tonnes of CFC-11 equivalent via the SHE-PM system. Nestlé does not use CFC-11 gases and only utilises HFCs, HCFCs and ammonia. Nestlé Malaysia does not produce or export ozone-depleting substances.
 - Data based on fuel usage in manufacturing processes, as reported in the SHE-PM database.
 - Data based on fuel usage in manufacturing processes, as reported in the SHE-PM database.
 - Estimated values based on boiler operations in manufacturing factories.
- A. Recalculation of total direct and indirect GHG emissions in 2020 to reflect the recalculation of 2020 Scope 2.
- B. Recalculation of total direct and indirect GHG emissions in 2021 to reflect the recalculation of 2021 Scope 1 and 2.
- C. 2021 Scope 1 direct emissions have been recalculated to reflect updated emissions across the factories.
- D. 2020 Scope 2 indirect emissions have been recalculated to reflect updated emissions across the factories.
- E. 2021 Scope 2 indirect emissions have been recalculated to reflect updated emissions across the factories.
- F. Recalculation of 2020 emissions intensity (Scope 1 & 2) to reflect the recalculated 2020 Scope 1 and 2 emissions.
- G. Recalculation of 2021 emissions intensity (Scope 1 & 2) to reflect the recalculated 2021 Scope 1 and 2 emissions.
- H. Recalculation of 2020 emissions intensity (Scopes 1, 2 & 3) to reflect the recalculated 2020 Scope 1, 2 and 3 emissions.
- I. Recalculation of 2021 emissions intensity (Scopes 1, 2 & 3) to reflect the recalculated 2021 Scope 1, 2 and 3 emissions.
- J. Recalculation of 2021 GHG emissions reductions (tonnes CO₂) to reflect the recalculated Scope 1, 2 and 3 emissions above.
- K. Recalculation of 2021 GHG emissions reductions (%) to reflect the change in (a.) above.

02

Reducing Energy Consumption

Commitment:

- **Secure 25% of the electrical energy we use through renewable electricity contracts**
- **Reduce our specific energy consumption per tonne of product by 5% compared to 2021**

Responsible energy usage is vital to achieving our climate-related goals, given that energy consumption is a significant source of GHG emissions from our operations. To this end, we have key measures in place geared at improving our energy efficiency as well as increasing our usage of renewable energy sources.

Energy Saving Projects

With the aim of further reducing our energy usage, in 2022, we established an Energy and Water Network to implement, track and review energy and water projects. With champions appointed across our factories, this entailed the implementation of various energy efficiency initiatives such as utility optimisation, steam supply pressure reduction, flash steam recovery and LED lighting installation. Furthermore, in 2021, we initiated two biomass projects, at our Chembong Factory Complex and Kuching Factory respectively, which are expected to be operational in 2023.

Renewable Electricity

In January 2022, we successfully transitioned to utilising 100% renewable electricity for all Nestlé facilities in both East and West Malaysia, by subscribing to the Green Electricity Tariff (GET) Programme by Tenaga Nasional Berhad (TNB) and the Renewable Energy Certificate (REC) by Sarawak Energy Berhad (SEB) respectively. The renewable energy supplied by TNB is generated by solar power plants under the Large-Scale Solar (LSS) Programme, in addition to hydropower stations and other renewable energy plants approved by the Energy Commission, while the electricity supply from SEB predominantly comprises renewable hydropower.

Refrigerant Management

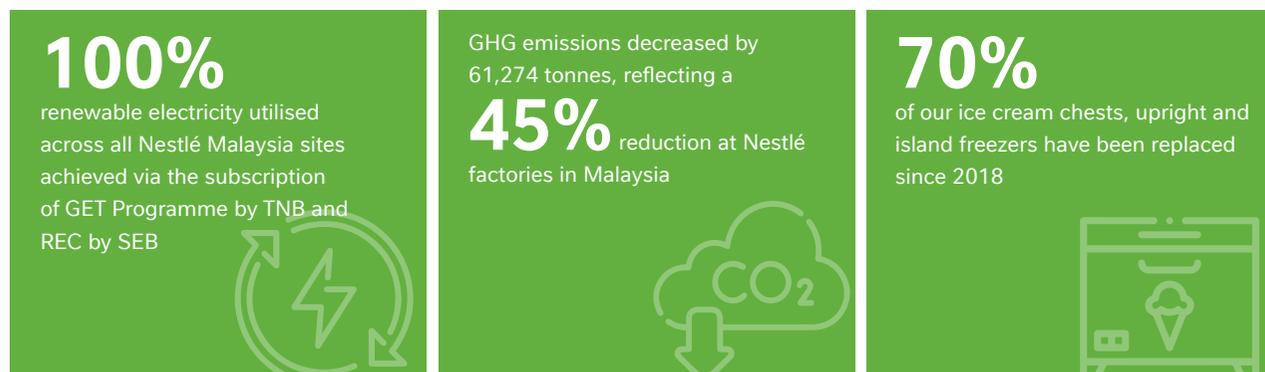
We track our monthly consumption of refrigerants and routinely replace old refrigeration equipment. Our priority is to use natural refrigerants throughout our operations as far as possible. In instances where this is not possible, we ensure that we use the synthetic refrigerant that has the least negative impact on the environment. We are working towards utilising natural refrigerants throughout 100% of our operations, as these substances have been shown to have negligible impact to the ozone layer and on climate change.



[From left] YBhg Datuk Zurinah Pawanteh, YB Datuk Seri Takiyuddin Hassan, Juan Aranols and YBhg Dato' Azian bin Osman commemorating Nestlé Malaysia's adoption of the Green Electricity Tariff programme.

Performance

Demonstrating the effectiveness of our energy saving measures and transition to renewable electricity, in 2022, our energy consumption per tonne product was 3.59GJ/t which is a 0.03GJ/t reduction compared to 2021, mainly contributed by efficiency supported by optimised production runs.



Performance Data

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

Energy Consumption

Description	2020	2021	2022
a. Total energy consumption (GJ) ¹	1,314,669 ^A	1,392,634 ^B	1,479,716
b. Total fuel consumption within the organisation from non-renewable sources (GJ) ²	869,550 ^C	959,122 ^D	999,228
c. Total fuel consumption within the organisation from renewable sources (GJ) ³	46,175 ^E	47,993 ^F	49,885
d. Electricity consumption (in GJ)	396,612	409,742	430,603
e. Energy consumption outside the organisation (GJ) ⁴	90,382 ^G	87,660 ^H	89,438

Energy Efficiency

Description	2020	2021	2022
a. Total amount of energy per tonne (GJ/tonne) ⁵	3.39 ^I	3.62 ^I	3.59
b. Energy saved due to improvements (GJ) ⁶	NA ^E	6,537	19,394

1. Consists of total energy used in Nestlé Malaysia manufacturing factories only.
 2. Total non-renewable energy sources used in Nestlé Malaysia manufacturing factories, i.e. natural gas and fuel oil.
 3. Total renewable energy sources used in Nestlé Malaysia manufacturing factories, i.e. coffee grounds and biodiesel.
 4. Energy consumption outside the organisation is derived from total energy used from salespeople travel and long-term business partners' travel. Data for transportation of finished goods and raw materials is not available.
 5. Total direct (i.e. combustible fuel sources) and indirect (i.e. purchased electricity) energy used per tonne of finished goods in Nestlé Malaysia manufacturing factories.
 6. In 2022, energy savings are calculated based on the estimated savings from energy efficiency projects launched, whose impacts are observable in FY2022.
- A. Recalculation of 2020 data to reflect changes in b and c below.
 - B. Recalculation of 2021 data to reflect changes in b and c below.
 - C. Recalculation of 2020 data to update reporting format of Scope 1.
 - D. Recalculation of 2021 data to update reporting format of Scope 1.
 - E. Recalculation of 2020 data to update reporting format of Scope 1.
 - F. Recalculation of 2021 data to update reporting format of Scope 1.
 - G. Recalculation of 2020 data to update reporting format of Scope 1.
 - H. Recalculation of 2021 data to update reporting format of Scope 1.
 - I. 2020 value recalculated to reflect changes above.
 - J. 2021 value recalculated to reflect changes above.

03

Minimising Manufacturing Waste

Commitment:

Maintain zero waste to landfill status for our factories

Proper management of the waste generated by our manufacturing processes is essential to prevent negative environmental impact. As such, we aim to reduce waste in our manufacturing processes through good recycling practices and resource optimisation.

In line with this, all recyclable materials that we produce are sorted at source, including paper, plastic, glass and rejected products. These are then sent for appropriate recyclable methods. Meanwhile, organic waste generated through our operations, mainly comprising market returns from our central warehouse, is converted into animal feed or organic fertilisers.

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

Performance

Our approach to managing our manufacturing waste has enabled us to maintain zero waste to landfill status for all Nestlé Malaysia factories since 2017, and we continued to uphold this in 2022.

Where Our Manufacturing Waste Goes:

17%

Incinerated to generate energy



26%

Organic material converted to animal feed



19%

Recycled materials



38%

Organic material converted to fertiliser



Performance Data

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

Waste Management and Materials Consumption

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

Waste by Type and Disposal Method

Description	2020	2021	2022
a. Total waste generated (tonnes) ¹	23,398	27,158	27,272
b. Total waste diverted from disposal (tonnes) ²	23,360	27,118	27,225
i. Coffee grounds converted to fuel onsite (tonnes) ³	4,511 [#]	4,509	4,716
ii. Organic fertiliser composted offsite (tonnes) ⁴	13,45 [#]	10,829	10,849
iii. Recycling offsite (tonnes) ⁵	5,483	11,780	11,660
c. Hazardous waste disposed of offsite by legal third-party vendor (tonnes) ⁶	37.90	39.72	47.33

Materials Used

Description	2020	2021	2022
a. Total weight of material used (tonnes) ⁷	405,046	408,575	433,288
b. Direct materials used (tonnes) ⁸	403,683	407,101	432,034
c. Recycled materials (tonnes) ⁹	18,065 [^]	18,222	19,325
d. Percentage of recycled materials (%) ¹⁰	4.46 [°]	4.46	4.46

- Total by-products generated from manufacturing processes, including hazardous waste generated and materials that are recycled or composted offsite.
- Total materials that are recycled offsite or composted offsite.
- Quantity of coffee grounds converted into fuel to be used in Nestlé Malaysia manufacturing facilities.
- Data extracted from solid waste management handlers' records; total quantity of organic by-products and waste converted to fertiliser.
- Data extracted from solid waste management handlers' records, i.e. tonnes of paper, plastics, metals, laminates and quantity of waste directed to waste-to-energy facilities.
- Data extracted from hazardous waste disposal vendors' records.
- Estimated data. Total weight of materials used consists of raw materials, packaging materials and associated process materials such as nitrogen and carbon dioxide gases, lubricants, ink and chemicals.
- Total weight of raw materials and packaging materials used. Weight of some materials is estimated.
- Tonnes of recycled materials used are estimated values, based on the estimated portion of recycled content used in packaging such as cartons, glass and MAGGI Hot Cups.
- These values are estimated.

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

[°] Recalculation of estimated percentage of recycled materials used, based on analysis of 2019/2020 packaging usage database. The assumption for 2021 and 2022 are maintained at 4.46%.

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

Reducing Food Waste

According to the Solid Waste and Public Cleansing Management Corporation, food waste in Malaysia has reached critical levels, with Malaysians producing enough food waste to feed 12 million people per day. At Nestlé, we place great value in taking action to reduce food waste as a means to not only address issues of malnutrition and hunger among Malaysians, but also to help minimise climate change related risks.

Food Bank Programme

Doing our part to help reduce food waste in Malaysia, we joined hands with charitable foundation, Yayasan Food Bank Malaysia and non-profit organisation, The Lost Food Project, to continue our Food Bank Programme in 2022. Through this programme, we redirect surplus Nestlé food products that are still safe for consumption to those in need, including lower-income groups, hardcore poor communities, charitable homes and underprivileged university students.

Performance

In 2022, we redirected RM1.6 million worth of food to a total of 55 charities and PPR communities, benefitting 200,000 families and communities in need.

04

Forest Positive

Commitment:

Preserve natural capital, including forests

As the green lungs of our planet, forests are not only precious ecosystems that are home to rich biodiversity, but also act as carbon sinks to absorb more than two billion tonnes of carbon dioxide on an annual basis, which is critical in addressing climate change. In addition to this, forests are integral in supporting the livelihoods of communities across the world.

Recognising the importance of preserving this natural capital, our Forest Positive strategy is aimed at ending deforestation. A key part of this is our reforestation efforts to conserve and restore natural ecosystems.



Conserving our forests for a greener Malaysia.

Performance

Project RELeaf

Following the successful completion of the Kinabatangan RiLeaf Project in 2020 with one million trees planted, we embarked on Project RELeaf to continue scaling up our reforestation efforts with the planting of three million trees throughout the nation. In addition to the Kinabatangan Wetlands in Sabah, Project RELeaf encompasses plantations in Tawau and Beluran in Sabah, Bintulu in Sarawak as well as most of the states in Peninsular Malaysia.

Project RELeaf is a collaboration with the Ministry of Energy and Natural Resources, the Forestry Department of Peninsular Malaysia, the Sabah Forestry Department, the Malaysian Nature Society as well as palm growers. Along with this, the project also contributes to the 'Plant 100 Million Trees' campaign under the Greening Malaysia Programme by the Ministry of Energy and Natural Resources.

In addition to reforestation activities, Project RELeaf supports local community livelihoods by providing opportunities to participate in community-based seedling production and tree planting operations, while also enhancing awareness on the importance of environmental preservation.

Despite delays due to COVID-19 disruptions, we were able to resume activities for Project RELeaf during the year and made progress towards achieving our target of planting three million trees by end of 2024.

As part of our collaboration with Sime Darby Plantation (SDP), in 2022 we kicked off a tree planting programme in SDP's Sua Bentong estate, which saw 3,000 seedlings planted by the volunteers from both organisations. This is part of a Memorandum of Agreement to plant over one million trees across 1,200 hectares within SDP's oil palm operation areas to restore degraded forests along riparian zones and hilly and flat terrains. Aside from this, charitable foundation Yayasan Sime Darby also contributed RM2 million in support of replanting activities and the purchase of seedlings.

We further broadened our reach by partnering with TDM Plantation Berhad in Terengganu. The partnership will see 350,000 trees planted across various farms in Terengganu.

In 2022, we successfully planted a total of 476,055 trees, alongside cultivating 954,896 seedlings for future planting activities. By end of 2022, a total of 712,563 trees have been planted to date.

Performance Data

Description	2020	2021	2022
Number of trees planted	-	236,508	476,055

05

Regenerative Agriculture

Commitment:

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

Aimed at protecting and renewing ecosystems, regenerative agriculture provides opportunities to improve soil health, restore water cycles and increase biodiversity, all of which are crucial components to sustainable food production and the achievement of our ambitious climate targets. A healthier ecosystem also helps to mitigate the impact of climate change and enhance the livelihoods of our farming communities.

Through our Farmer Connect programmes comprising Nestlé Chilli Club, Nestlé Paddy Club and NESCAFÉ Grown Respectfully, we work closely with local farmers to support them in adopting regenerative farming practices. Our support includes providing technical assistance and expertise as well as exploring suitable regenerative agriculture methods.

Performance

NESCAFÉ Grown Respectfully

We practice intercropping coffee with other crops such as lemongrass and sugarcane at our mother plant nurseries in Sik, Kedah and Gua Musang, Kelantan. This regenerative agricultural practice subsequently helps our farmers to diversify their income while helping to boost biodiversity.

Nestlé Chilli Club

We encourage the practice of live mulching amongst our Nestlé Chili Club farmers, utilising peanut and Bambara nuts to replace plastic mulching for weed control.

Nestlé Paddy Club

In Kedah with our paddy farmers, we provide minerals and bio stimulators to bring the soil back to life, thereby also helping the farmers to reduce the burden of operational costs.

Outlook

Building on our successful transition to 100% renewable electricity for all Nestlé operations in Malaysia in 2022, we aim to achieve this for all Nestlé Malaysia factories moving forward. Currently standing at 76%, we are working towards closing this gap.

As part of our ongoing efforts to reduce GHG emissions, we are currently in the process of replacing our existing fossil fuel-based boilers in our Kuching and Chembong facilities with biomass boilers. This will see sustainable palm oil biomass-based waste replace the fuel conventionally used to power our boilers, thereby reducing our dependence on fossil fuels. Once completed, the project is expected to result in an 8% reduction in GHG emissions in 2023, amounting to savings of 12,500 tonnes of CO₂, and a 12% reduction in GHG emissions in 2024, amounting to savings of 18,000 tonnes of CO₂.

Our Forest Positive strategy will continue to drive our reforestation programme, with Project RELeaf on track to realise our goal of three million trees by 2024 with more partnerships and collaborations with various stakeholders underway.

In 2023, we look forward to advancing regenerative agriculture in Malaysia with plans to conduct a trial utilising compost made using waste from Nestlé factories as part of our Nestlé Chilli Club programme. The trial is slated to kick off in January 2023, with the compost to be delivered to Nestlé Chilli Club farmers.

Meanwhile, we are targeting to launch a regenerative agriculture trial for our Nestlé Paddy Club programme in 2023. We expect to complete the development of a Farm Assessment Tool by the first quarter of 2023, which will enable us to assess the performance of farms in terms of soil management, biodiversity, water and competencies as key indicators in regenerative agriculture. Our objective is to aid farm owners to improve and reach the advanced or leading level by helping them close gaps identified through the assessment.

In addition, we will continue to work closely with relevant stakeholders in Malaysia to address the issue of food loss and waste by redirecting surplus food to communities in need. This will support us on our journey toward Net Zero and contribute to the SDG target to end world hunger by 2030.



WATER

Background

As a precious natural resource, water is integral to all facets of life. Indeed, the health and well-being of the communities in which we operate and the sustainability of our business operations rely heavily on access to clean and safe water. We recognise the critical role we play in conserving this shared resource and we are committed to minimising our impact. Guided by the Commitment on Water Stewardship outlined in the [Nestlé Policy on Environmental Sustainability](#) and the Nestlé Water Stewardship Ladder, we aim to ensure sustainable usage of water in our operations.

Approach

We practice holistic water stewardship that involves a three-step roadmap, entailing compliance, best practices in water resources management and collective action. As part of this, we take into consideration local factors to adopt a context-based approach that incorporates the following key areas:

Agricultural supply chain	Leading by example, we implement best practices in waste management in water stressed areas to help protect watersheds and ensure regeneration of the water cycle.
Nestlé factories	We closely monitor efficiency levels in our usage of water and the quality of the water we discharge.
Water in communities	We are cognisant of the impact that we have on the communities in which we have a presence and strive to help improve access to safe water.
Water partnerships and advocacy	Together with local stakeholders, we work to address threats to watersheds in Malaysia.



01

Water Efficiency

Commitment:

Reduce our absolute water consumption by 67,000m³ for the year

With a focus on reusing, recycling and optimising water used throughout our operations, our water efficiency efforts are aimed at mitigating unnecessary stress on municipal water suppliers and water infrastructure. To achieve this, we work towards continuous improvements in our processes to achieve our aim of protecting water resources.

In line with this, we have established an Energy and Water Network consisting of champions across our factories who implement, track and review our Energy and Water projects. Through this platform, we are able to execute various water saving initiatives to improve the reuse of processing water, optimise water supply pressure in selected operation units and recycle processing water to utility areas and selected operations.

Performance

Supported by the Energy and Water Network, we have successfully implemented the following water saving projects at our respective factories:

Sri Muda Factory:
Filler chilled water recovery system that recycles wasted cooling water from filler machine, hence reducing water consumption.



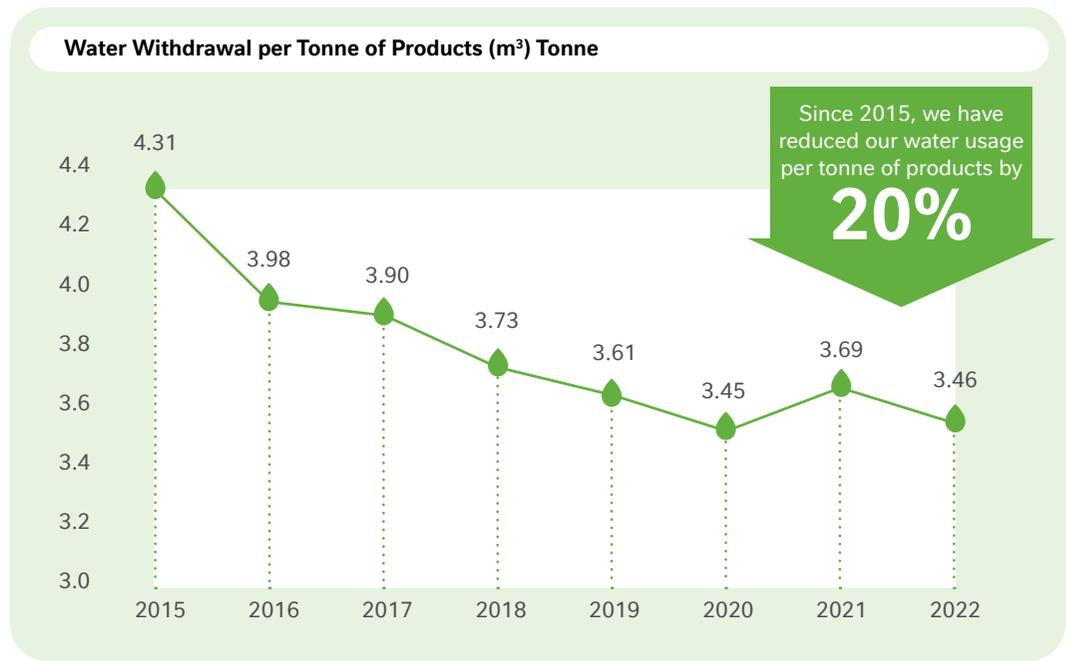
Shah Alam Factory:
Condensate recovery is the process of capturing and reusing the condensate that is produced during the operation of our plant and returning it to the boiler house as a source of water for boiler operations.



Chembong Factory:
Non Phosphate Programme to increase Cycles of Concentration (CoC) of cooling tower.



These projects have enabled us to reduce our water consumption, thus fulfilling our objective of achieving better water efficiency across our operations. Reflecting this, we achieved 68,613m³ of absolute water savings in 2022.



58 Helping to Protect, Renew and Restore Natural Resources

Performance Data

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

Water

Water Withdrawal

Description	2020	2021	2022
a. Total water withdrawal from all areas (ML) ¹	1,339	1,422 [^]	1,426

Water Discharged

Description	2020	2021	2022
a. Total water discharged (ML) ²	545	557	553
b. Water discharged to surface water (ML) ³	393	369	394
c. Water discharged to third-party water (ML) ⁴	152	187	159
d. Volume of water recycled and reused (ML) ⁵	219.7 [#]	196.5 ^{§*}	205.8
e. Percentage of water recycled and reused (%) ⁶	16.4 [◇]	13.8	14.4
f. Total water consumption from all areas (ML) ⁷	794	865	873

- Total water usage across all Nestlé Malaysia manufacturing facilities.
- Total water discharged from Nestlé Malaysia manufacturing factories treatment plants to the environment and to third-party treatment centre.
- Total water discharged from Nestlé Malaysia manufacturing factories treatment plants to the environment.
- Total water discharged to a third-party treatment centre from Nestlé Malaysia factories. Nestlé Malaysia only began discharging water to a third party for treatment in 2020.
- Total water recycled within Nestlé Malaysia manufacturing facilities.
- Calculated as total volume of water recycled d. divided by total water withdrawal a.
- Total water used in Nestlé Malaysia manufacturing factories to use in cooling towers, scrubbers and boilers, as well as for use in products. Total water consumption from all areas increased due to increased cleaning and sanitisation of facilities as a result of the COVID-19 pandemic, as well as the commissioning of new lines and our new Plant-Based Meal Solutions manufacturing site.

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

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

[§] Operational issues at the Reverse Osmosis (RO) Plant in our Chebong Factory led to a reduced volume of recycled water in 2021.

[◇] Recalculation of percentage due to restatement of data in d.

02

Wastewater Treatment Plant

Commitment:

Treat the water we discharge effectively

Proper wastewater management not only protects our water resources and the environment, but also helps to keep our communities safe and healthy. Given that our operations produce wastewater, we ensure that our wastewater is appropriately treated prior to reuse or discharge into the environment.

To discharge wastewater safely, we strictly adhere to relevant water quality standards and local environmental regulations, including the Act 1974 (Act 127), as well as Nestlé's global standards for environmental impact as outlined in the Nestlé Environmental Requirements (NER). Furthermore, approximately 96% of organic load is removed from all our wastewater before discharge.

In terms of facilities, we have in place a WHO approved Direct Potable Reuse System (DPRS) at our Shah Alam factory, to treat wastewater and be used at cooling towers and social blocks. The DPRS reduces water usage by 25% at non-production areas. All Nestlé factory complexes are also equipped with wastewater treatment plants.

Performance

In May 2022, we received a regulatory penalty from the Department of Environment for the non-compliance of the Sewerage Treatment Plant effluent discharge at our Chembong factory. This was due to a technical malfunction that caused impurities to be flushed into the final discharge to the monsoon drain in February 2022. Immediate action was taken by Nestlé to fully rectify the incident with a comprehensive action plan. Nestlé engaged a specialist to assist on the matter while working closely with the authorities continuously. The penalty relating to this incident was resolved.

An Illustration of the Process of Treating Our Wastewater



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

03

Water Partnerships and Advocacy

Commitment:

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

The roles and collaboration of relevant stakeholders, including businesses, regulators and other industry participants, is integral to effective water stewardship. Additionally, the protection of this vital resource depends on robust water policies and management practices that meets the needs of all stakeholders.

Understanding this, we support fair and equitable water governance through our regular engagements with key stakeholders, where we share our in-depth knowledge on best practices in water stewardship from an industry perspective.

Safe Water, Safe Communities Project

We firmly believe that access to water, sanitation and hygiene (WaSH) is a basic human right that is crucial in ensuring quality of life. Cognisant that communities worldwide, including in Malaysia, continue to face barriers to WaSH, we established the Safe Water, Safe Communities project in 2018 to address this issue. Together with our partner, the Global Peace Foundation Malaysia, we aim to improve access to WaSH among underserved *orang asli* communities by providing water filtration systems and funding the construction of washrooms. In tandem, we also raise awareness on the importance of good hygiene practices via WaSH training sessions.

Performance

In 2022, we expanded access to cleaner and safer water by providing five villages in Negeri Sembilan with 120 Lifestraw filters. We also encouraged proper sanitation among *orang asli* communities across four villages in Pahang, where we worked together with the local community to build a total of 15 washrooms.

Since 2018:

Benefitted
691
villagers

Provided
449
water filtration system

Built
40
washrooms



Pak Jeleta from Kampung Jenit proud of the toilet he built.



Ensuring access to clean and safe water for *orang asli* villages via the Safe Water, Safe Communities initiative.



Imparting good hygiene practices to children as part of the Safe Water, Safe Communities programme.

Outlook

We look forward to further innovating and improving our processes to strengthen our water efficiency in 2023. This will be accomplished through ongoing implementation of various water-saving projects with the support of our Energy and Water Network. By the end of 2023, we estimate that these projects will lead to collective savings of approximately 109,000m³ of water, based on a 12-month full cycle.

Our approach to caring for water will also entail continued adherence to the highest standards for quality of water and effluents discharged from our operations, as we strive for zero impact on the environment. In tandem, we will maintain close engagement with relevant stakeholders as part of our advocacy efforts to encourage best water management practices across the industry and nation.

In the coming year, we aim to expand our reach to enhance awareness on water conservation and improve access to WaSH among underserved communities in Malaysia.

PACKAGING AND CIRCULARITY

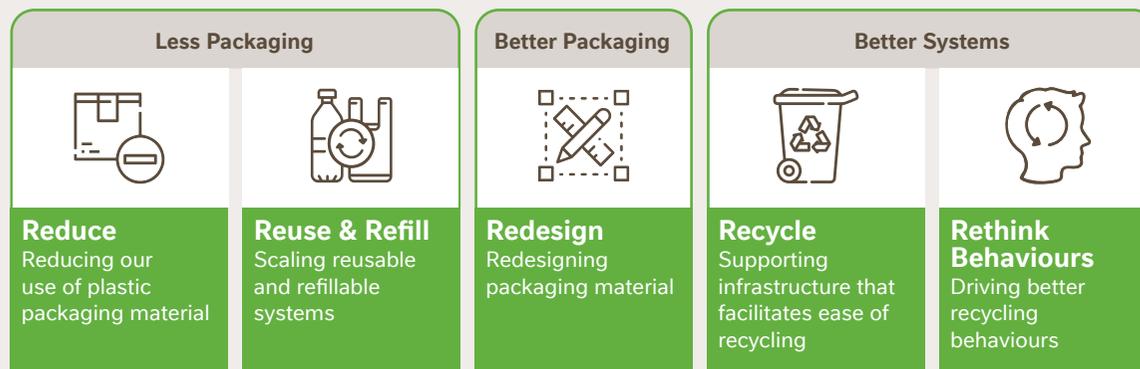
Background

Understanding that packaging plays a crucial role to ensure protection of product quality and safety, we are committed to transforming our packaging away from plastics by reducing plastic usage and achieve circularity through usage of recycled plastic where it make sense. Our global pledge is to ensure that none of our packaging, including plastics, ends up in landfills or becomes litter. Paving the way towards achieving this is our ongoing work to rethink our plastic packaging towards sustainable solutions that meet our stringent product quality standards.

Going hand-in-hand with these efforts is our action to transform the plastic economy by playing an active role in building solid waste collection, sorting and recycling infrastructure. This includes proactively engaging with stakeholders across the board such as municipalities, fellow industry participants and consumers to shape a greener waste landscape for Malaysia.

Approach

Understanding that the issue of plastic waste is complex, we leverage a multi-pronged approach structured upon five key pillars:



01

Reduce

Commitment:

- **100% of our packaging recyclable or reusable by 2025**
- **Reduce our use of virgin plastics by one third by 2025**

We have identified several types of plastic materials that we will avoid using in new product packaging and phase out from existing packaging.

Performance

At Nestlé Malaysia, packaging design and innovation abides by this negative list:

- | | |
|---|--|
| <p>1 Phased out 100% of the use of plastic straws in our UHT cartons</p> | <p>2 Removed carbon black pigments from MILO, KIT KAT ice cream tubs and NESCAFÉ bottle caps</p> |
| <p>3 100% of polystyrene has been eliminated from all products</p> | <p>4 Removing of polyvinyl chloride (PVC) film across all products</p> |

02

Reuse and Refill

Commitment:

- **100% of our packaging recyclable or reusable by 2025**
- **Reduce our use of virgin plastics by one third by 2025**

In line with Nestlé S.A.'s direction, we are testing different models of single use packaging-free delivery and reusable and refillable solutions. For example, in 2021, we conducted a three-month pilot project for an alternate delivery system in a local zero waste shop using dispensing equipment on loan from Nestlé S.A, whereby consumers could purchase products with their own reusable containers.

Performance

While the outlet and consumers were receptive of the system, we had to end the trial as we faced several practical issues with regards to the performance of the dispenser. With the valuable learnings gained from this pilot project, we aim to identify a more workable and viable model for another pilot test in 2023.



Encouraging sustainable lifestyles with zero waste practices.

03

Redesign

Commitment:

- **100% of our packaging recyclable or reusable by 2025**
- **Reduce our use of virgin plastics by one third by 2025**

To realise a waste-free future for Malaysia, we aspire to reduce the use of virgin plastics in our packaging, as well as develop better packaging that is 100% recyclable or reusable. We are accomplishing this by undertaking Virgin Plastic Reduction and Designed for Recycling projects, through which we are investing in creative alternative delivery technologies to minimise the use of excessive plastic in our packaging, particularly non-recyclable plastics.

Performance

We introduced new packaging innovations in 2022 that helped us reduce our impact on the environment. As a result of our efforts, 90% of our total packaging is designed for recycling, of which 75% of the plastics used are recyclable or reusable as of 2022.

In 2022, we reduced

479.1 tonnes*

of virgin plastic in the production of our products.



Key virgin plastic reduction projects:

MILO Refill Pack

Reduced packaging headspace.

Impact:

Reduced 33 tonnes of virgin plastic.



MAGGI Bag Noodle

Reduced width of product packaging.

Impact:

Reduced 27.4 tonnes of virgin plastic.



MILO UHT Ready-to-Drink 125ml

Replaced single-use plastic shrink wrap with paper-based cluster packaging.

Impact:

Eliminated 23 tonnes of virgin plastic.



NESCAFÉ & MILO Ready-to-Drink

Phased in 100% recycled PET resin for 225ml and 500ml NESCAFÉ and MILO Ready-to-Drink products.

Impact:

Eliminated 340 tonnes of virgin plastic.



MAGGI Nutri-licious

Converted multipack packaging to 30% recycled polypropylene (rPP).

Impact:

Eliminated the use of 0.7 tonnes of virgin plastic.



MAGGI Bowl

Replaced plastic bowls with paper bowls.

Impact:

Eliminated 55 tonnes of virgin plastic. Annually this conversion will eliminate 558 tonnes of plastic.



Note: Impacts are calculated based on calendarised value.

→ *This data has been independently assured. Please refer to the Independent Limited Assurance Report on pages 120 to 121.

In 2022, we removed

119.8 tonnes*

of non recyclable plastic to recyclable plastic
in the production of our products.



Key designed for recycling projects:

MAGGI Noodles

Transitioned to mono polypropylene (PP) laminate for the taster sachet.

Impact:

Eliminated 71 tonnes of plastic.



KIT KAT 2F & 4F

Converted multilayer laminates to recyclable laminate.

Impact:

Eliminated 48.8 tonnes of plastic.



Note: Impacts are calculated based on calendarised value.

→ *This data has been independently assured. Please refer to the Independent Limited Assurance Report on pages 120 to 121.

Transitioning to 100% Recycled Resin PET bottles

In 2022, Nestlé marked a packaging innovation milestone by becoming the first food and beverage company in Malaysia to use 100% recycled resin plastic bottles made of high-quality recycled polyethylene terephthalate (rPET) resin for our entire range of Ready-to-Drink (RTD) aseptic filled product.

Launched with the NESCAFÉ ICED Barista-style coffee range, the change prevented the usage of 340 tonnes* of virgin plastic in 2022, in line with our pledge to reduce the use of virgin plastics by at least one-third and make 100% of our packaging recyclable and reusable by 2025 globally and also in Malaysia.

Our transition to rPET involved careful planning and consideration to ensure that the alternative plastic resin grade is made of high-quality recycled plastic resin that meets packaging specifications and stringent food safety standards, as well as passing our micro biological safety validation in our factory and adhering to Halal compliance requirements.

In line with our commitment to product quality and safety, extensive research and testing was carried out over the course of approximately six months to ensure that the rPET bottles were safe for drinking use and sufficiently durable.

We worked hard to identify suppliers who were capable of meeting our rigorous standards at the quantities required for high-volume production. Additional investments were also made to upgrade our current manufacturing lines to accommodate the use of the new bottle.

Answering Three Common Questions About rPET

Q1 What is rPET?

A: rPET stands for recycled polyethylene terephthalate. The plastic resin used in rPET comes from recycled, pre-existing sources.

Q2 How can I tell the virgin and recycled bottles apart?

A: The appearance of virgin and recycled PET looks the same. However, for Nestlé products with rPET packaging, a clear on-pack communication is printed on the back of the bottle indicating that the PET bottle is made from recycled material.

Q3 Is it more expensive to produce products with eco-friendly packaging?

A: Yes, eco-friendly packaging does cost more, however, this is not passed on to consumers as this is part of our investment into our sustainability efforts. Sustainable packaging solutions are also more beneficial over the long-run as they allow us to reduce our environmental footprint and are better for the planet.



04

Recycling

Commitment:

Achieve plastic neutrality by 2025

Reliable infrastructure and systems are necessary to establish plastic circularity and divert waste away from landfills for a waste-free future. Leveraging our position as the nation's largest F&B manufacturer, we embark on collaborations with relevant stakeholders to provide Malaysians with access to enhanced waste management systems and raise awareness on good recycling habits.

A key driver of this is Project SAVE, which consists of five voluntary EPR projects focused on plastic neutrality.

Performance

Through various recycling programmes, in 2022, we managed to recover approximately 6,000 tonnes of post-consumer packaging waste, of which up to 4,000 tonnes comprised plastic materials.

River Plastic Collection

Through our partnership with Landasan Luamayan Sdn Bhd, we leverage river waste traps (logbooms) to recover and recycle post-consumer plastics such as PET bottles from the Klang River. Alongside protecting the environment, this project also supports the livelihood of the surrounding community, as logboom workers are compensated for every kilogram of plastic bottles recovered.

We collected
1.1 million
PET bottles

Between October 2021 and March 2022, we collected 11 tonnes of PET bottles, equivalent to diverting 1.1 million bottles from landfills. Additionally, our work contributed to the enhanced livelihoods of the community, who were incentivised for the collection of PET bottles.

Door-to-Door Collection and Recycling Programme

With the support and partnership of the Petaling Jaya City Council (MBPJ), KPT Recycle Sdn Bhd (KPT Recycle) and Tetra Pak (Malaysia) Sdn Bhd (Tetra Pak), we first kicked off the Door-to-Door Collection and Recycling Programme in 2020. Following strong participation rates by residents of Petaling Jaya, we continued to expand the programme to Subang Jaya in collaboration with the Subang Jaya City Council (MBSJ) in 2021. In 2022, we forged new collaborations with AFES, the Klang Municipal Council and Shah Alam City Council (MBSA) to further expand our reach and encourage separation-at-source amongst residents of Kuala Lumpur, Bandar Klang and Shah Alam respectively. We have also increased our coverage in Petaling Jaya and Subang Jaya through various phases within the year.

Under this programme, participating households are provided with recycling bags and bins, while our programme partner manages the weekly collection of mixed recyclables, which are channelled to materials sorting and recycling facilities. Complementing our collection efforts, we also actively engage with residents to raise awareness on the importance of recycling and to obtain feedback on the programme.

Engaged over
108,000
homes in 2022 with
2,831 tonnes of post
consumer recyclables
collected

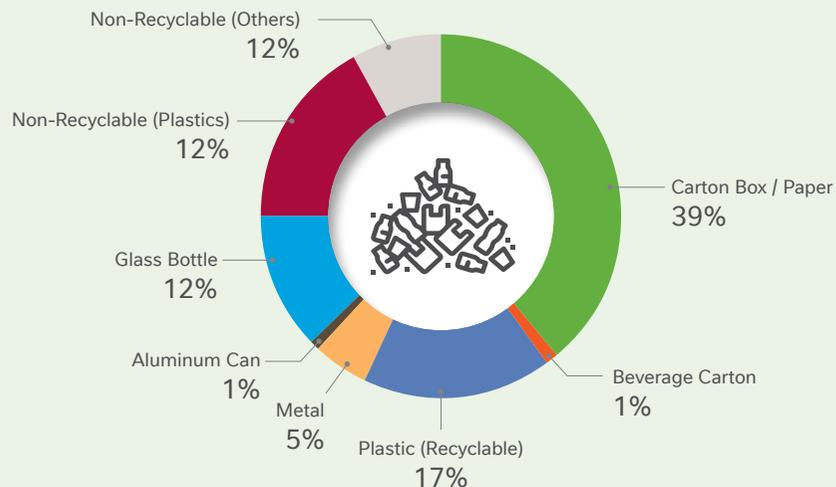
Closing the year, we successfully reached a total over 108,000 homes in selected areas in Selangor and Kuala Lumpur, thus exceeding our target of 100,000 households. As a result, over 2,831 tonnes* of recyclables were collected in 2022 alone, contributing to a collective total of approximately 4,000 tonnes since the beginning of this programme in 2020.

Additionally, we assisted KPT Recycle, our recycling partner, with the development of their semi-automated Material Recovery Facility to be better equipped for the rapid expansion of our programme. This facility can currently sort up to 30 tonnes of recyclables per day.

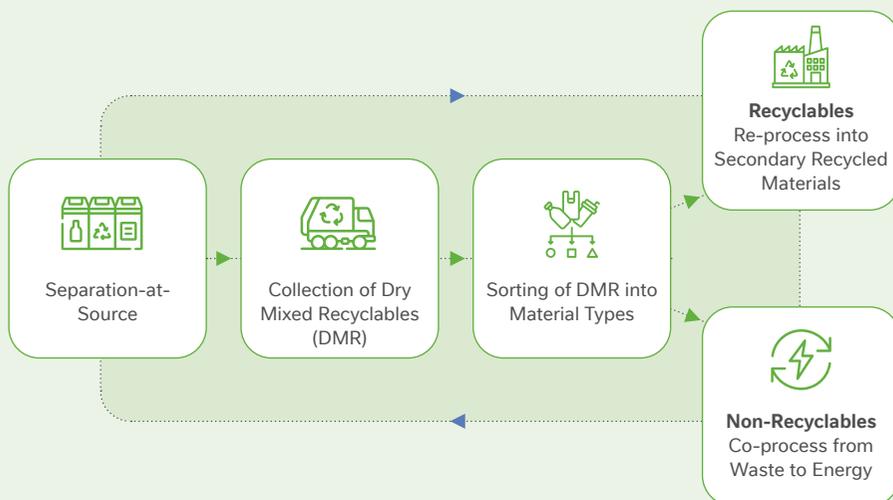
Reflecting the impact of these initiatives, we were honoured to be bestowed with several accolades, namely the Selangor Public Service Innovation Award where we were awarded as the Champion in the Social Innovation Category, a Special Award for Best Documentation and Best Hybrid Project in addition to receiving Best Practice recognition by the United Nations Environment Programme and the Ministry of Environment and Water (KASA).

→ *This data has been independently assured. Please refer to the Independent Limited Assurance Report on pages 120 to 121.

Waste Composition of Door-to-Door Collection and Recycling Programme



The Process Flow of Our Household Recycling Programme



KITAR Recycling Programme

Our KITAR Recycling Programme reflects our efforts to support better waste management systems beyond urban areas in Malaysia, as Solid Waste Management issues are most often seen in suburban areas.

Starting off as an eight-week pilot project in collaboration with MBSA, we assessed the efficiency of door-to-door collection of recyclables using tricycles at two suburban villages in Shah Alam, Selangor, namely Kampung Sungai Kandis and Kampung Jalan Kebun.

A total of 251kg of recyclables were collected in the span of eight weeks from 124 households in Kampung Sungai Kandis and over 750 households in Kampung Jalan Kebun. Additionally, we recorded a participation rate of 31% among residents of the area. Through this initiative, we were also able to enhance livelihoods within the community as residents were incentivised to facilitate the collection of recyclables.

Following the conclusion of the pilot project, we expanded this programme in December 2022 to reach

1,600 households
in Kampung Sungai Kandis and more than
923 households
in Kampung Jalan Kebun



Waste has been one of the most pressing issues in my village. However, with the existence of this recycling programme in Kampung Sungai Kandis, we can reduce the waste volumes around the communal bins. I think this is the best solution while ensuring a better environment for our future.

- **En. Muhamad Othman,**
Majlis Perwakilan Komuniti Kampung Jalan Kebun



Instilling better recycling habits amongst Malaysian communities.

Strata Recycling Programme

Building on the success of our Door-to-Door Collection and Recycling Programme, we partnered with the MBSA to provide recycling collection for strata housing communities alongside cultivating better recycling mindsets and behaviours.

Initially catering to 540 households in Seksyen 18 and Seksyen 24, we expanded the Strata Recycling Programme to two additional strata buildings in 2022 together with MBPJ. Following the expansion in stages beginning in November 2022, we are now able to cater to 600 residential units with a total collection of approximately 2,300 tonnes of post consumer recyclables.

Informal Sector Aggregation

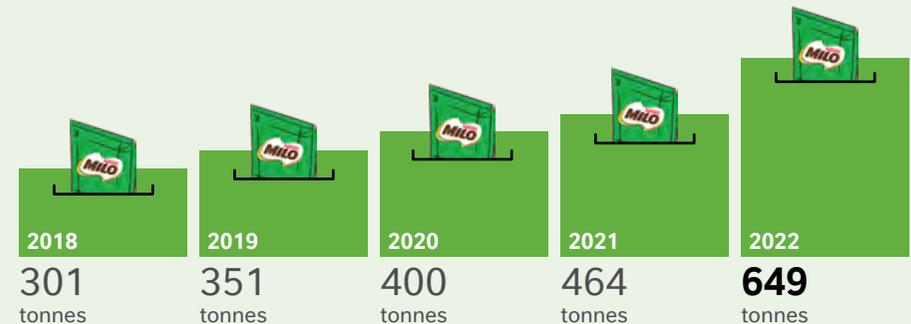
Leveraging our partnership with KPT Recycle, we launched a recycling buyback programme as a pilot project to formalise the informal recycling industry, which includes junkyards and recycling facilities. With the aim of providing a second life for all recyclables from these informal sectors, and to prevent any recyclables from ending up in landfills, the buyback programme sends the recyclables for further sorting at KPT Recycle's semi-automated Material Recovery Facility before being reprocessed for re-manufacturing. To ensure that we are only working with ESG-compliant partners, all our junkyard partners are benchmarked against stringent ESG regulations.

The CAREton Project

We continued to collaborate with Tetra Pak via the CAREton Project, a recycling awareness programme that transforms used beverage cartons (UBCs) into house-building materials for communities in need. UBCs are recycled into poly aluminium panel boards and roofing tiles, before being donated to EPIC Homes, who use the materials to construct homes for *orang asli* families. Additionally, the panel boards are also donated to NGOs, schools, orphanages, old folks home and to municipalities for community projects.

Consumers are able to recycle their used drink packs at any of the 650 CAREton collection points across Malaysia. In addition to the recycling element, the CAREton project features regular engagement with schoolchildren and the community, to drive behavioural changes around recycling.

In 2022, about 649 tonnes, equivalent to 47 million packs of UBCs were collected.



Nationwide Recycling Campaign with Distributors

In 2019, we initiated a recycling campaign with our distributors in an effort to recover the plastics used during the distribution of finished goods as well as post-consumer packaging.

To encourage buy-in and participation, we organised a competition as part of the campaign, rewarding participants who collected the highest volumes of recyclables. Through the campaign, 214 tonnes of plastic, including 29 tonnes of post-consumer packaging were collected in 2022.

05

Rethinking Behaviour

Commitment:

Amplify communication on environmental efforts with strong communication, education and public awareness (CEPA)

Reflecting our dedication to drive impactful change, we seek to inspire our communities to adopt good recycling habits by amplifying strong CEPA through our outreach and advocacy programmes. With the support of our MILO brand and Nestlé Green Gladiators taskforce, we work towards cultivating a stronger recycling culture both within and beyond Nestlé, encompassing our consumers, retail partners and suppliers, amongst others.

Performance

Enhancing Communications Within Communities

To foster better recycling behaviours among communities participating in our recycling programmes, we leverage selected communication channels that are most suitable for each community. In line with this, we organise engagements and campaigns such as the Community Poly-Alu Bench Reward, Recycle & Win Angpow Contest and Let's Recycle for Charity campaign, alongside virtual meetings to encourage household participation in our programmes, while promoting two-way communication with residents by utilising WhatsApp groups, surveys and in-person engagement sessions to obtain feedback. Complementing these efforts, we also develop and share communications and educational materials in the form of programme leaflets, roadside banners, videos and infographics to deliver pertinent information in an easy-to-understand manner.

MILO Sayang Bumi

In support of Nestlé's global ambition to achieve zero environmental impact in its operations by 2030, we launched MILO Sayang Bumi as a sustainability pledge movement in 2021. The campaign entails three impact goals, namely:



Lowering
plastic manufacturing



Lowering
plastic waste in landfills
and rivers



Encouraging
the use of renewable
energy sources



MILO Sayang Bumi works to inform and inspire Malaysians to take action in order to reduce plastic waste, plastic usage and littering through three key initiatives:

The CAREton Project

A used beverage carton recycling campaign by MILO UHT in partnership with Tetra Pak that transforms drink packs into 'green' roofing tiles and panel boards. The CAREton Project collected a total of 649 tonnes of used beverage cartons in 2022. We also placed 200 recycling bins with our local retail partner, 99 Speedmart, and established more than 650 collection centres nationwide. In addition, we executed a School Outreach Programme to drive behavioural changes for better recycling among students, which involved the participation of 100 schools in Malaysia.

Building a Home with Used Beverage Cartons



7,247

recycled drink packs are used to produce a single nine-by-four feet roofing tile



46

roofing tiles are required to build one EPIC home



Altogether **333,362** recycled drink packs go into the making of one EPIC home

70 Helping to Protect, Renew and Restore Natural Resources

Designed for Recycling MILO Packaging

We are actively exploring and innovating new packaging that is designed for recycling to ensure our MILO products have minimal impact on our environment. We have introduced several new packaging innovations, including 100% paper straws, MILO Mixes paper pouch, as well as paper-based cluster packaging which was launched in 2022.

Solar Panel Sampling Vans with 3R Education in Primary Schools

To support the use of clean and renewable energy, we transformed our iconic MILO vans with solar panels that convert solar power into electricity to replace fuel-dependent generators. In tandem, we spearhead outreach programmes in primary schools to educate students on the 3Rs – Reuse, Reduce and Recycle.



MILO Sampling Vans powered with solar panels.

Nationwide Recycling Campaign with Distributors

With our customers, we initiated a recycling campaign with our distributors nationwide to recover the stretch film that covers our finished goods and post-consumer packaging such as plastic bottles, containers, carton boxes, papers and aluminium. To further encourage recycling habits among our distributors, we also organised a competition to reward those with high collection volumes.

On-Pack Recycling Education

In 2022, we continued to educate consumers on how to correctly separate our product packaging for recycling through on-pack recycling guidelines. This uniform labelling system provides easy-to-understand information that helps consumers adopt better recycling practices. To date, 80% of our products feature on-pack recycling guidelines to help cultivate good recycling habits among Malaysians.

Nestlé On-Pack Recycling Guidelines



Strong Advocacy and Stakeholder Engagement

To ensure that we make a tangible positive difference, we continue to leverage multistakeholder partnerships to build effective systems for recycling. Our engagements are wide-ranging, from Government bodies such as MBPJ, MBSA, MBSJ and MPK to concessionaires such as AFES, as well as recyclers such as KPT Recycle.

In tandem, we engage closely with other industry players to implement EPR initiatives through the FMM as well as the MAREA, which comprises ten leading companies who have joined hands to drive plastic circularity. Our Chief Executive Officer, Juan Aranols, is currently leading MAREA as Chairman. Additionally, to promote fair conditions and collaborative opportunities, we also establish direct relationships with key Government stakeholders, such as the Ministry of Energy and Natural Resources (KeTSA), the Ministry of Local Government Development (KPKT) and SWCCorp Malaysia.



[From left] YBhg Dato' Mohd Zain bin Hassan, Director of AFES, and Juan Aranols marking the partnership with Nestlé for a joint kerbside recycling programme in Kuala Lumpur.

Helping to Protect, Renew and Restore Natural Resources

Outlook

Leveraging on our global expertise in research and development, we will continue to develop new packaging innovations to reduce our use virgin plastics in our packaging as well as work towards our goal of 100% recyclable or reusable packaging by 2025.

Following the success of our recycling initiatives thus far, we are excited to continue expanding our existing programmes to empower more Malaysians towards good recycling behaviour.

Among our plans include:

- Klang River Plastic Collection – To include three additional logbooms by the first quarter of 2023.
- Door-to-Door Collection and Recycling Programme – To expand our reach to other states and cities while also focusing on increasing the participation rate in existing areas where we have a presence.
- Strata Recycling Programme – To enhance current mechanism and expand to more apartment units in Petaling Jaya and Kuala Lumpur.
- KITAR Recycling Programme – To expand our reach to the whole of Kampung Jalan Kebun by end of 2023.
- Informal Sector Aggregation – Continue to formalise more informal junkyards and create more direct paths for recyclables to reach recyclers.

Alongside this, we will continue our efforts to amplify and enhance our CEPA initiatives to effectively raise awareness on the importance of recycling and tackling plastic waste throughout our value chain.



Strengthening Communities



Sustainable production, respect for human rights and investing in women and youths are at the core of Nestlé's activities to help boost rural development and livelihoods and strengthen communities. In line with this focus, we work closely with local farmers to help them thrive through our rural development programmes, which equip them with knowledge on best agricultural practices. We are also investing in the next generation, because we believe young people are at the heart of regeneration and are our future. They are the entrepreneurs and innovators of tomorrow and they help their communities thrive and benefit Nestlé with their fresh ideas, diverse perspectives and energy.

Material Issues:

Sustainable Supply Chain and Distribution

Human Rights

Rural Development and Empowerment

SDG Contribution



Nestlé Global Ambition

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

Nestlé Malaysia Impact Areas

In contribution to Nestlé Global Ambition, here are our action areas and commitments:

PRODUCED SUSTAINABLY

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

HUMAN RIGHTS

- Assess and address human rights impact across our business activities

YOUTH OPPORTUNITIES

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

Our Progress

71%

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

96%

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

485

farmers impacted through our Farmer Connect Programmes

Recruited, trained and engaged close to
21,000 youths through the Nestlé Needs YOUth Initiative

PRODUCED SUSTAINABLY

Background

To chart a sustainable future, we do our part to ensure that our food and beverages are produced responsibly. Beyond ensuring that our products are made with ethically sourced ingredients, this commitment enables us to contribute to enhancing the quality of life of the farmers we work with, preserving the environment and subsequently building more resilient and sustainable localised supply chains.

Approach

Our Sustainable Sourcing team ensures that the raw and packaging materials and the services we source have been produced in accordance with our [Responsible Sourcing Standard](#). This Standard sets out our non-negotiable requirements and ways of working with regard to sourcing and production for supply chain tiers, going back to the origins of the goods and services we buy. Our approach to sustainable sourcing entails two key areas:

01 Sustainable Sourcing

02 Farmer Connect Programmes



01

Sustainable Sourcing

Commitment:

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

Given Nestlé's global presence, we are steadfast in our commitment to producing our products in an ethical manner, utilising responsibly sourced raw ingredients. Guided by the [Nestlé Responsible Sourcing Standard \(RSS\)](#) established in 2018, we apply this throughout our supply chain to ensure that we have a positive impact on the communities connected to our operations, alongside mitigating the environmental footprint of our business. This entails tackling potential environmental and social risks, including achieving deforestation-free sourcing, protecting human rights and resolving labour rights issues such as child labour and excessive working hours.

Performance

The RSS is complemented by the Nestlé Responsible Sourcing Guideline and the Nestlé Commitment on the Responsible Use of Materials from Agricultural Origin. To strengthen our compliance with international responsible sourcing standards, we benchmark the RSS against the Organisation for Economic Co-operation and Development Guidelines for Multinational Enterprises, the Core Conventions of the International Labour Organization and the SDGs.

In line with the best practices outlined by the RSS, we regularly audit our Tier 1 suppliers based on Suppliers Ethical Data Exchange (SEDEX) principles and Sedex Members Ethical Trade Audit (SMETA) methodology. In addition, we monitor compliance of other suppliers that are not obligated to undergo on-site audits through the Ecovadis online assessment tool. Together, the audits and online assessment enable us to work with our suppliers to ensure that they meet our strict standards pertaining to labour, health and safety, the environment and business integrity.

In 2022, a total of 460 suppliers were screened based on the RSS as follows:

Suppliers screened based on the RSS	Records in Scope
Above market ¹	405
At market ²	55

¹ Suppliers managed by Nestlé S.A.

² Suppliers managed by Nestlé Malaysia

RSS Audit Process

1 SITE VISIT



The audits assess suppliers in four key areas:

- Labour Standards
- Safety and Health
- Environment
- Business Integrity

2 REPORT



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

3 RESOLUTION



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

Strengthening Communities

NESTLÉ COCOA PLAN

Established in 2009, the NESTLÉ COCOA PLAN aims to shape a responsible cocoa supply chain across cocoa-producing countries such as Côte d'Ivoire and Ghana, encompassing:

Better Farming:

Making cocoa more profitable for farmers

Better Lives:

Eliminating child labour from our supply chain

Better Cocoa:

Improving the transparency of our supply chain and the quality of our cocoa

Supporting Nestlé's global pledge to improve 30 million livelihoods in communities directly connected to our business activities by 2030, the NESTLÉ COCOA PLAN entails providing cocoa farmers with training programmes, technical assistance and resources that enable them to adopt sustainable agricultural practices. This allows us to secure a stable supply of responsibly-sourced cocoa for our confectionery products, including our Malaysian-favourite KIT KAT.

Performance

Globally, Nestlé engages 124,000 cocoa farmers to obtain a total of 202,000 tonnes of cocoa from sustainable sources per annum. In Malaysia, we are well on track to achieving 100% responsibly-sourced cocoa by 2025, with 92% of our cocoa needs for confectionery products already fulfilled by certified sustainable sources in 2022. This includes our 100% sustainably produced, Malaysian-made KIT KAT products that are exported to regional markets such as Singapore, Indonesia, Philippines, Thailand, Vietnam and Myanmar.

Additionally, we remain staunchly committed to forest protection and reforestation as part of the Cocoa and Forest Initiative. Our global progress in this area is reported by Nestlé S.A. through our Tackling Deforestation Progress Report.

Income Accelerator Programme

In 2022, Nestlé Global launched an Income Accelerator Programme that aims to improve the livelihoods of cocoa families. The programme rewards cocoa-farming families not just for the quantity and quality of their cocoa beans, but also for practices that benefit the environment and local community.

Our holistic approach aims to deliver long-lasting impact by incentivising the enrollment of children in school, while advancing regenerative agriculture practices and gender equality. The programme rewards practices that increase crop productivity and help secure additional sources of income, which aim to close the gap to living income and help protect children.

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

School enrollment for all children in the household ages 6-16

Implementing good agricultural practices, such as pruning, which increase crop productivity

Performing agroforestry activities to increase climate resilience, like planting shade trees

Generating diversified incomes, for example through growing other crops; raising livestock such as chickens, beekeeping, or processing other products like cassava

These incentives are on top of the support provided by the governments of Côte d'Ivoire and Ghana that Nestlé pays and premiums Nestlé offers for certified cocoa.

NESPRESSO AAA SUSTAINABLE QUALITY™ PROGRAMME

Driven by our aspirations to build a green coffee supply chain that is centred upon imparting good agronomic practices to coffee farmers, we launched the AAA SUSTAINABLE QUALITY™ PROGRAMME in 2003.

Performance

Working hand in hand with the Rainforest Alliance, the programme engaged over 140,000 farmers in global markets to promote sustainable coffee farming.

At of 2022, 92.5% of NESPRESSO coffee is sourced through the programme.



Cultivating a green coffee supply chain.

OUR COMMITMENT TO SUSTAINABLE PALM OIL

With the aim of ensuring that our suppliers and stakeholders respect and care for human rights, the planet and the livelihoods of farming communities, we are committed to building a supply chain of responsibly-sourced agricultural raw materials, including palm oil.

Recognising that this requires a multi-pronged approach, we work hand in hand with relevant stakeholders to implement our key initiatives in driving sustainable palm oil. Our sustainable palm oil initiatives complement our Forest Positive strategy established in 2021, through which we identify areas of deforestation in our supply chain and take action to remedy this by engaging our suppliers and stakeholders. This is further supported by Nestlé’s Labor Rights Action Plan for Palm Oil, which guides us in addressing labour rights issues in our palm oil supply chain.

Performance

No Deforestation & Landscapes (Forest Positive Strategy)

In 2022, we achieved tangible progress in our commitment to sourcing palm oil sustainably, namely:



As we continue working towards Nestlé’s global pledge to end deforestation within our palm oil supply chains, we have leveraged global satellite monitoring since 2019 to locate areas of deforestation. This has been accomplished with Starling, a tool co-developed with Airbus and Earthworm Foundation, which utilises satellite images to identify signs of deforestation. Through our findings, we are able to respond to deforestation risks and engage with suppliers to take appropriate measures. These actions are also detailed in our palm oil Transparency Dashboard report.

In tandem, under our Forest Positive strategy, we take a broad approach that goes beyond managing deforestation risks in our own supply chain. To this end, Nestlé is the Co-Funder for the Southern Central Forest Spine (SCFS) Landscape initiative, initiated by the Earthworm Foundation in 2021. The initiative represents a collaborative effort between the Government, companies and civil society organisations, including a three-year partnership between Earthworm and the Malaysia Palm Oil Board, as well as a multi-stakeholder partnership to address Human Elephant Conflict (HEC) in Johor.

Focusing on four key areas working towards set targets for 2025, progress achieved in 2022 in the SCFS region is as follows:

Focus Area	Progress in 2022	2025 Targets
Supply chain transformation	<ul style="list-style-type: none"> 61 mills are making progress to achieve 100% traceable to plantations 19 mills engaged to address No Deforestation, No Peat and No Exploitation (NDPE) 	<ul style="list-style-type: none"> 100% palm oil mills are 100% traceable to plantations 75% palm oil mills have action plans to address NDPE
Forest protection and restoration	<ul style="list-style-type: none"> 1,500 ha of land covered by human elephant coexistence programme 	<ul style="list-style-type: none"> 50% reduction in deforestation by companies and communities bordering key sensitive areas, including no new land clearings for palm oil development
Resilient farmers	<ul style="list-style-type: none"> 187 smallholders trained in good agricultural practices, income diversification and conservation 	<ul style="list-style-type: none"> 2,000 smallholder farmers engaged and trained to improve livelihoods through good agricultural practices, income diversification, sustainability and conservation initiatives
Workers and families	<ul style="list-style-type: none"> 88 companies reached through awareness sessions on forced labour and child labour 	<ul style="list-style-type: none"> Improved welfare and working conditions for over 18,000 migrant workers



Strengthening Communities

Our Approach to Transparency

In order to create transparent and sustainable supply chains, we are dedicated to leading by example by proactively disclosing information, with our disclosure documents publicly available on our website. This contains relevant data, including a list of our suppliers. Complementing these efforts, we closely track the performance and progress of our suppliers in complying with the requirements of the RSS. Should there be any gaps, we work together with our partners and suppliers to develop action plans to address these. Given that compliance to the RSS is non-negotiable, we will cease our partnerships with any suppliers not willing to take corrective measures.

Smallholder Inclusion

Understanding the important role that smallholders play in the palm oil industry, we support them in the implementation of best agricultural practices, which subsequently helps to reduce costs alongside diversifying income to enhance their livelihoods. Through the SCFS Landscape initiative, we have engaged with 187 smallholders to achieve this purpose.

We also engage smallholders through our Rurality project, which addresses HEC in Sabah arising from habitat loss. The project involves community awareness programmes with smallholders alongside conducting patrols, data collection, elephant relocation and establishing wildlife corridors by HEC mitigation committee members comprising representatives from the Sabah Wildlife Department, smallholders, plantations and local NGOs. Following a review to enhance our smallholder inclusion activities in Sabah in 2021, we continued to support the initiative in 2022 in Beluran, Sabah, currently monitored by the HEC mitigation committee.

Forest and Peat Conservation and Restoration

In 2020, our Kinabatangan Rileaf Project drew to a close with one million trees successfully planted to support forest and peat conservation and restoration. Scaling up our efforts, we extended our journey with Project RELeaf, through which we target to plant three million trees in Malaysia by 2024. This will support the establishment of wildlife corridors to mitigate human-animal conflict alongside restoring riparian zones and forest ecosystems.

While the pandemic caused delays to planting activities, during the year we took steps to accelerate our progress by partnering with local communities and seedling nurseries to produce nearly one million seedlings and saplings.

→| More information on Project RELeaf can be found on [page 54](#) of this report.

In tandem with Project RELeaf, we are also spearheading long-term sustainable conservation and reforestation of forests in our palm oil sourcing regions through the Rimba Collective. Under this initiative, we aim to protect or restore 500,000 hectares of forest to support 32,000 individuals in forest communities across Southeast Asia over a 30 year-period.

In 2022, we continued to work with relevant industry players and suppliers to implement the Rimba Collective, which entails a financial model that links costs to procurement volumes. In line with the Nestlé strategy, funding is channelled into a Special Purpose Vehicle as long-term sustainable financing for Forest Positive action.

Protecting Human Rights

To protect vulnerable communities within the palm oil supply chain, we implemented the 2021-2025 Labour Rights Action Plan for Palm Oil in April 2021. Based on an established framework, this entails engaging our suppliers and shaping action plans to tackle pertinent issues based on their risk profiles. We also collaborate with our partners to develop corrective measures and mechanisms to monitor progress.

In 2022, we partnered with our suppliers and implementation partners such as Verité, the Earthworm Foundation, and Embode, as part of our work with Winrock International to support the advancement of our Palm Oil suppliers' due diligence systems. This involved engagements with a total of six suppliers in Malaysia, Indonesia and Nigeria, with mill, refinery and plantation-level assessments conducted to address relevant gaps. Under this initiative, we also conducted training and capacity-building programmes and devised improvement plans based on the findings of the assessments.

Consumer Goods Forum

As a Board Member of the Consumer Goods Forum (CGF), Nestlé S.A. participates in the Palm Oil Working Group, contributing to the development and launch of Version 1.6 of the Palm Oil Roadmap in 2021 to address sustainability matters. The CGF aims to drive collective action among manufacturers and retailers to resolve key issues within the palm oil industry.



02

Farmer Connect Programmes

Commitment:

Improve farm economics among the farmers who supply us

Sustainable farming is crucial to circumvent the long-term risks of growing populations and climate change on food supply chains and food security. In tandem, consumers are increasingly prioritising products that are made sustainably.

To this end, we aim to cultivate the development of food systems that protect, renew and restore the environment, as well as improve the livelihoods of local farmers. Through our Farmer Connect programmes, we help farmers transition towards more sustainable farming practices, including regenerative agriculture. Ultimately, the farmers are able to benefit from better crop yields and productivity, leading to more sustainable income, while also providing Nestlé with a secure supply of responsibly sourced high-quality raw ingredients.

Performance

Nestlé Chilli Club

Beginning as a partnership with Pertubuhan Peladang Kawasan Bukit Awang and the local farmers' association in Kelantan in 1995, our Nestlé Chilli Club (NCC) initiative now spans across Peninsular Malaysia, including Kelantan, Terengganu and Selangor, amongst other locations.

Through the NCC, local chilli farmers undergo training and knowledge-building sessions with the Nestlé Agricultural Services Department. In addition to sharing technical expertise, we also educate the farmers on environmental practices. This includes progressively replacing plastic mulch with eco-friendly live mulch, which promotes soil health and fertility for better yields, alongside providing farmers with additional income in between harvesting seasons. In tandem, we encourage the use of paddy straws as organic mulch to improve soil moisture and fertility and manage weed growth.

In 2022, as part of our transition towards regenerative agriculture, we undertook a trial utilising peanut and Bambara nuts as live mulch. We are also conducting a trial to use waste from our Nestlé factories as compost for the NCC programme. Ultimately, our efforts enable better livelihoods for our local farming communities, while helping to ensure MAGGI Chilli Sauce is produced using sustainably sourced fresh ingredients.

In 2022, we engaged with 73 local chilli farmers, who successfully produced 237.4 metric tonnes (MT) of chillies. This represents 48% of the total supply of our fresh chillies in 2022. In line with our aim to embark on partnerships with large-scale producers to ensure a stable supply of chillies for our products, 88MT of our chillies were procured from two large producers in 2022. Nonetheless, we continued to source most of our raw ingredients from smallholder farmers in rural areas, with an aim to empower them to lead better lives while reducing carbon emissions and enhancing the traceability of our supply chain.

Performance Data:

Description	2020	2021	2022
a. Number of farmers impacted/benefitted from the project	60	93	73
b. Total volume of chillies purchased from NCC (MT) [§]	181	300.5	237.4
c. Total number of hectares [°]	32	-	-

§ In 2021, we reviewed the metrics included in past disclosures for our rural development programmes to ensure they represent our programmes' progress in a relevant manner. In previous years, disclosures on total yield had been based on estimation. While we recognise that total yield remains an important tracking metric, we are currently exploring the potential of enhancing our monitoring for this data. In light of this, for 2021 and 2022, we have chosen to disclose only the total volume of chillies purchased by Nestlé via the Nestlé Chilli Club.

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



Ensuring a stable supply of locally-sourced sustainably-produced chillies.

Strengthening Communities

Nestlé Paddy Club

In upholding our position as a trusted manufacturer of infant cereals for the region, we leverage our Nestlé Paddy Club (NPC) contract farming scheme as a means to ensure a sustainable supply of high-quality white rice that meets our stringent standards for our infant cereals.

Established in 2012, the NPC trains local paddy farmers in Kedah on Good Agricultural Practices and distributes eco-friendly agricultural supplements such as microbes and soil enhancers. These efforts help increase yields and bring down operational costs. The NPC initiative also imparts environmentally-conscious practices such as the Semi-Aerobic Rice Intensification (SARI) method, which reduces consumption of water for irrigation purposes.

As a result of our engagements with 215 farmers in 2022, the NPC produced an average yield of 5.86 MT/ha across 604 hectares of paddy fields for the January and February harvesting season. Meanwhile, 197 farmers produced an average yield of 4.34 MT/ha across 574 hectares of fields for the August and September season. The yield obtained during both seasons significantly surpassed the national yield of approximately 4 MT/ha.

Following our support in helping NPC farmers adopt the SARI method, our local paddy farmers can reduce the consumption of irrigation water thus contributing to lower carbon emissions.

Performance Data:

Description	2020	2021	2022
a. Number of farmers who participated in NPC			
i. Jan – Feb	212	235	215
ii. Aug – Sept	216	228	197
b. Average yield (MT/ha)			
i. Jan – Feb	6.48	5.31	5.86
ii. Aug – Sept	6.02	6.13	4.34
c. Total number of hectares			
i. Jan – Feb	580	647	604
ii. Aug – Sept	611	627	574



Equipping local farmers with good agricultural practices for better yields.

NESCAFÉ Grown Respectfully

With a view towards cultivating a more resilient local coffee farming ecosystem, we launched the NESCAFÉ Grown Respectfully (NGR) initiative in Kedah in 2019. Through technical assistance and propagation training, our NGR farmers are able to access high-quality Robusta coffee seedlings that produce better yields. To further boost livelihoods, farmers can sell the high-quality seedlings that they produce to the State Department of Agriculture and Federal Land Development Authority.

To provide NGR farmers with opportunities for income diversification as well as enhance biodiversity, we practice intercropping at our mother plant nurseries in Sik, Kedah, and our newly-established mother plant nursery with Lembaga Kemajuan Kelantan Selatan in Gua Musang.

Since the establishment of NGR in 2019, we have provided technical support to raise a total of more than 200,000 Robusta coffee seedlings. Additionally, we have also supported coffee farmers in Kedah with the purchased of 100MT of coffee beans in 2022 for the production of our coffee products. As a result of our commitment to shaping a greener coffee supply chain in Malaysia, we launched our first ever Malaysian-made coffee, NESCAFÉ Classic Kopi Kedah, in 2020, produced using 100% locally sourced coffee beans grown by Kedah farmers.

NESCAFÉ Classic Kopi Kedah 2.0

Our local coffee farmers are at the heart of our NESCAFÉ Classic Kopi Kedah, growing the coffee beans used to produce this home-grown coffee with the utmost care and expertise. In 2022, we launched the second generation of our NESCAFÉ Classic Kopi Kedah, made from the Kedah-grown coffee beans for Malaysians to continue enjoying the authentic home-grown taste and aroma.



Outlook

In 2023, we look forward to continuing our trials under the NCC to support local farmers in transitioning towards regenerative agriculture, with compost made from our factory waste expected to be delivered to farmers by January 2023.

Concurrently, we are developing a Farm Assessment Tool (FAT) which will help to determine the level of regenerative agriculture at a farm, factoring in indicators such as soil management, biodiversity, water consumption and key competencies. This will allow us to classify farms into relevant categories. Once the tool is completed by the first quarter of 2023, we aim to conduct regenerative agriculture trials under the NPC, which will focus on gaps identified via the FAT such as nutrient management, reduction of soil tillage and water management.

Additionally, we aim to introduce agroforestry to our NGR mother plant nurseries to complement our existing intercropping practices. These nurseries will be utilised as a source of Robusta coffee planting material for the local community as well as demo farms to demonstrate more sustainable agricultural techniques.



Uplifting the livelihoods of local farmers.

HUMAN RIGHTS

Background

People and respect for human rights are at the core of Nestlé's culture. By providing fair and resilient livelihoods with safe and dignified work, while reducing inequalities, we can advance and promote human rights. At the same time, contributions to global emissions can be reduced by accelerating the transition to ever more regenerative practices. We strive to reward all our stakeholders for producing quality ingredients and making positive contributions to their communities and the environment.

We aim to use our scale, experience and resources to contribute to this vision, by raising awareness around human rights, promoting best practices and empowering people across our operations and within our supply chains.

Approach

Guided by our Human Rights Framework and Roadmap, we aim to enhance our level of due diligence by addressing the most salient and important issues we face through dedicated action plans. Our Human Rights Framework and Roadmap explains how we assess, address and report on these issues across our value chain, while fostering powerful collaboration on the ground.



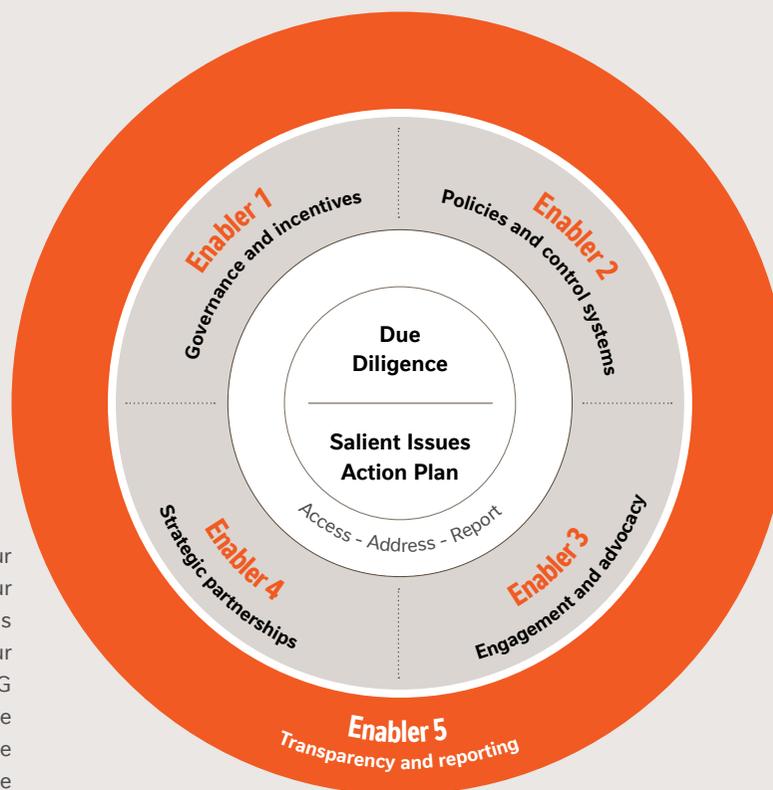
01

Human Rights Framework

Commitment:

Assess and address human rights impact across our business activities

Our framework puts due diligence at the core of our approach and defines the five enablers that support our work. Our global Board-level Sustainability Committee aims to ensure that we carry out due diligence and report on our most significant risks to human rights, while our global ESG and Sustainability Council manages salient issues in the upstream supply chain. This is supported by the work of the Human Rights Community, gathering more than 20 people from different functions with human rights responsibilities.



Due diligence is at the heart of our new Human Rights Framework

To enhance our due diligence, we are developing and implementing dedicated action plans for each of our salient issues.

These action plans will help create crucial synergies across Nestlé. Our experience has taught us that to be effective, our action plans will need to be built on the following enablers:

Enabler 1

Governance and incentives

We will integrate human rights at all levels of our governance structure.

Enabler 2

Policies and control systems

We will leverage our policies and control systems to ensure human rights are embedded throughout the organisation.

Enabler 3

Engagement and advocacy

We will engage with key stakeholders and advocate for smart due diligence legislation and collective action on the ground.

Enabler 4

Strategic partnerships

We will partner with thought-leading and boots-on-the-ground organisations.

Enabler 5

Transparency and reporting

We will provide a high level of transparency of the progress we make and the challenges we face.

10 Salient Issues Identified for Nestlé Globally

01 Child labour and access to education



→| More information on our [Responsible Sourcing Standards](#) can be found on [page 75](#) of this report.

02 Forced labour and responsible recruitment



→| More information on our [Responsible Sourcing Standards](#) can be found on [page 75](#) of this report.

03 Living income and living wage



04 Gender equity, non-discrimination and non-harassment



→| More information on our [Diversity and Inclusion](#) efforts can be found on [page 93](#) of this report.

05 Safety and health at work



→| More information on our [Safety, Health and Wellbeing](#) efforts can be found on [page 98](#) of this report.

06 Freedom of association and collective bargaining



→| More information on our [Employee Relations](#) can be found on [page 105](#) of this report.

07 Right to water and sanitation



→| More information on our [Safe Water, Safe Communities](#) project can be found on [page 60](#) of this report.

08 Indigenous peoples and local communities' land rights



09 Data protection and privacy



→| More information on [Managing Data Responsibly and Ethically](#) can be found on [page 108](#) of this report.

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



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

What We've Done

Living Wage

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

Our key actions on living wage include:

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

Our actions are governed by our ESG and Sustainability Council, as well as dedicated governance structures incorporated within relevant brands and business units. To ensure a living wage amongst our employees, a re-assessment exercise is conducted every three years across Nestlé markets. This evaluates relevant criteria such as annual base salary, allowances and benefits.

In Malaysia, we completed this exercise in 2021, with results determining there was no indication of any gaps in the established living wage amongst our employees.

PUTRACNAP

We are staunch advocates of the fundamental human right to food and access to nutritious, affordable and adequate diets. Reflecting this, we embarked on PUTRACNAP with UPM, which is aimed at cultivating healthier communities through nutrition empowerment. Through this programme, mothers within PPR communities are trained to become Nutrition Ambassadors to subsequently encourage proper nutrition and physical activity among their extended communities.

→| More information on our PUTRACNAP can be found on [page 35](#) of this report.



UPM Nutritionist demonstrating food portioning.

Formalising Informal Sector

As part of our plastic recovery project, we are spearheading efforts to formalise the informal recycling sector. Alongside ensuring a second life for all recyclables with our partner KPT Recycle buying recyclables from informal junkyards and recycling facilities, our aim is to also improve ESG compliance for these informal sectors.

We helped develop a [Code of Business Conduct](#) and evaluation matrix using ESG standards. Based on this, KPT Recycle will consistently engage with eligible vendors to improve their practices, particularly with respect to human rights and labour standards.

Outlook

Respecting human rights for all is intrinsic to the values of our Company. We will continue to drive this forward through our Human Rights Framework and Roadmap. This enables us to tackle human rights issues, strengthen due diligence and advance human rights throughout our value chain. We remain focused on continuous enhancement as we safeguard the rights of our people and those within our supply chain.



People and respect for human rights are at the core of Nestlé's culture.

YOUTH OPPORTUNITIES

Background

Youth unemployment and youth employability continues to be a growing concern, with recent reports indicating that one in 10 Malaysian youths are in the NEET category, which indicates not in employment, education, or training. Sharing the nation's aspirations of addressing this by strengthening youth employability, Nestlé continues to empower young talent with the necessary skills to thrive in the workforce. Our efforts include a range of educational and training initiatives such as apprenticeships, internships, upskilling programmes and youth engagement.

Approach

Our work to create opportunities for young people is driven by our Nestlé Needs YOUth initiative. Through the initiative, we help young people kickstart their careers, equipping them with beneficial skills that will enable them to build a stable livelihood.

01 Nestlé Needs YOUth Initiative



01

Nestlé needs YOUth Initiative

Commitment:

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

The Nestlé needs YOUth programme is a global initiative that aims to enhance the employability of young people by providing opportunities for professional development and career advancement. This is aimed at facilitating greater accessibility to employment opportunities, subsequently enabling them to lead better livelihoods.

As part of this, in 2020, Nestlé Malaysia committed to providing job opportunities for 500 youths through the Nestlé Management Trainee Programme, virtual and on-site apprenticeships and internships as well as direct hire opportunities. This is also in line with our global ambition to help 10 million young people have access to economic opportunities by 2030.

Performance

In 2022, we provided a total of 677 youths* with employment opportunities, along with training and engaging close to 21,000 youths through the following initiatives:

Recruited **138 youths*** as direct hires



Recruited **238 youths*** as contractual hires



Offered **272 youths*** the opportunity to gain on-the-job experience through our physical internship and apprenticeship programmes



Hired **29 young potential leaders*** through our Management Trainee Programme



Reached **20,416 talent** through virtual and physical engagement activities



→ ** This data has been independently assured. Please refer to the Independent Limited Assurance Report on pages 120 to 121.*

Strengthening Communities

In 2022, we were honoured to receive industry recognition as an employer of choice.

Graduate Choice Award Winner for the FMCG Sector

Malaysia's 100 Leading Graduate Employer Award Winner for the FMCG Sector

Randstad's #1 Randstad Employer Brand Research

Graduan Brand Award – Malaysia's Most Preferred Employer for the FMCG Sector

Building a Talent Pipeline

In 2022, Nestlé continued to be a highly sought-after company by fresh graduates, retaining our leadership position as an employer of choice in the fast-moving consumer goods industry (FMCG). On an annual basis, we connect with youths from local universities via physical and virtual career fairs, webinars and seminars, amongst other channels.

During the year, this included a number of career fairs and youth webinars, namely:

- Graduan Aspire Virtual Fair
- Malaysian Career Fair 2022 (UK Fair)
- AIESEC Malaysian Youth Leadership Development Seminar
- Mega Careers & Study Fair
- Malaysia Career & Training Fair
- Campus Career Fair
- Graduan x Nestlé International Youth Day Live Webinar
- Nestlé x Gallup CliftonStrengths Masterclass - IYD Celebration
- NestGen YOUth e-Fest
- NestLevel Digital Global e-Convention

International Youth Day Celebration 2022

Established by the United Nations, International Youth Day is aimed at raising awareness on prevalent issues faced by youths, while supporting them to reach their full potential and become contributing members of society.

Each year in conjunction with International Youth Day, Nestlé Malaysia partners with GRADUAN, a well-established and trusted career resource for local graduates, to engage with young talent through various platforms.

In 2022, a live virtual discussion featuring two experienced panellists was organised by Nestlé. Themed 'Growing with Nestlé and How You Can Too', the session was aimed at inspiring young talent to become future leaders.



[Centre] Juan Aranols joining our youth engagement initiative with Sunway University students.

Outlook

As part of our global commitment to help 10 million young people have access to economic opportunities by 2030, Nestlé will continue to spearhead programmes to empower youth. Not only is this aimed at helping young Malaysians realise their full potential and enhance their employment prospects for a better quality of life, it will also contribute to strengthening our talent pipeline.

Underpinning all our efforts is our unwavering commitment to continuously reinforce our ethical code of conduct amongst our people. This will ensure that we continue to grow in a responsible, sustainable manner that benefits all the lives we touch.

ENRICHING LIVES IN OUR COMMUNITIES

We strive to make a positive difference in society through our community outreach programmes. This includes working closely with NGOs such as Empire Project, Kechara Soup Kitchen, PERTIWI Soup Kitchen, The Lost Food Project and Yayasan Food Bank to deliver nourishment to communities in need. Alongside this, we actively provide aid and create opportunities to enhance quality of life.

Performance

With a focus on underprivileged communities, we invested a total of RM15 million in various community programmes in 2022.

Program Mentor Wanita Cukup Berani MAGGI

Building on the success of MAGGI's flagship mentorship programme, in 2022 we supported 12 mentees from a pool of 2,000 women who participated in a series of upskilling workshops in 2021. The women were empowered with mentorship in the areas of business acumen, personal growth and cooking skills.



Empowering women to unlock their potential via *Program Mentor Wanita Cukup Berani* MAGGI.

Flood Relief Efforts

To help families impacted during the monsoon season, Nestlé contributed a total of RM200,000 to the Malaysian Red Crescent Society (MRCS) to support flood relief efforts. This included a RM100,000 cash donation to purchase hygiene kits and RM100,000 worth of Nestlé food products for vulnerable communities. We were honoured to receive a certification of appreciation from MRCS for all our contributions and collaborations since 2020.



[Third from left] Juan Aranols presenting our contribution to YTM Dato' Seri DiRaja Tan Sri Tunku Puteri Intan Safinaz binti Almarhum Sultan Abdul Halim Mu'adzam Shah, Tunku Temenggong Kedah, National Chairperson, MRCS.

MAGGI Bubur Lambuk

In the spirit of sharing and giving, MAGGI expanded its annual *bubur lambuk* distribution in 2022 to more than 200 locations across Malaysia, with over 120,000 nutritious bowls distributed to B40 families, orphanages, welfare homes and charitable organisations. The initiative was undertaken with support from the Food Aid Foundation and the Malaysian Association for the Blind.



Preparing nourishing bowls of MAGGI *bubur lambuk*.

KIT KAT *Rezeki Dikongsi Bersama*

Through a nationwide campaign during Ramadan, KIT KAT rallied Malaysians to extend a helping hand to those in need, with 10 sen for every purchase of KIT KAT packs contributed to charity organisations. In total, RM400,000 was raised, with the funds channelled to Yayasan Food Bank Malaysia, Dignity for Children Foundation and EPIC Homes.



Kaamatan and Gawai Dayak Festivities

In celebration of *Tadau Kaamatan* and *Hari Gawai* festivities, MAGGI raised a total of RM42,437 through its '*Jom Masak & Kongsi Bersama*' campaign to upgrade living facilities and provide food and household contributions to MRCS in Sabah, Hope Place and Special Needs Society Kuching in Sarawak.



Sharing the joy with underprivileged communities during festive seasons.

Operating Responsibly



By creating a healthy, positive and ethical business environment, enabling our people to make sustainable business decisions and putting the right systems in place, Nestlé is building for our future.

The way we operate, our systems, policies and procedures and our integrity and ethics are all essential to transformative action. Our goal is to ensure that employees feel they can bring their true, authentic selves to work, so they can thrive. A key part of that is recognising the needs of specific communities within our employees to ensure they can progress.

Material Issues:

Diversity and Inclusion

Employee Health and Safety

Integrity and Governance

Training and Development

Industry Engagement and Collaboration

Data Privacy and Security

SDG Contribution



Nestlé Global Ambition

- To increase the proportion of women in our top 200+ senior executive positions to **30%** by 2022.

Nestlé Malaysia Impact Areas

In contribution to Nestlé Global Ambition, here are our action areas and commitments:

OUR PEOPLE

- Enhance gender balance in our workforce and empower women across the entire value chain
- Advocate for healthy workplaces and healthier employees
- Provide training on Corporate Business Principles, nutrition and environmental sustainability
- Advocate for healthy workplaces and healthier employees
- Ensure employees are treated with mutual trust and fairness

ETHICAL BUSINESS

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

Our Progress

Increased paid maternity leave, primary caregiver leave and child adoption leave from 105 calendar days to **126** calendar days in 2022

Over **RM1.2 million** invested in training and development of our employees in 2022

Increased number of female Heads of Departments in Sales from 33% in 2021 to **42%** in 2022

Achieved **36%** women in senior leadership position in 2022, above the global target of 30%



OUR PEOPLE

Background

Our purpose of enhancing quality of life begins with our people. With 5,391 Nestlé Malaysia employees, our human capital is our most valuable asset, enabling us to realise our goals and drive the Company forward as a force for good in the world.

To this end, we are steadfast in our commitment to nurture our people through equal opportunities for talent development and by providing them with the right environment to unlock their potential.

Guided by our values which rooted in respect, we are cultivating a culture of trust and care for all our employees.

Approach

Our approach to our people entails six key areas:

- 01 Diversity and Inclusion
- 02 Training and Development
- 03 Safety, Health and Wellbeing
- 04 Employee Engagement
- 05 Employee Relations
- 06 Employee Compensation and Benefits



01

Diversity and Inclusion

Commitment:

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

Given the increasingly diverse nature of today's workforce, we are cognisant of the importance of nurturing an inclusive organisational culture which respects and empowers every employee, irrespective of background. Underpinned by our corporate values, we embrace openness and diversity in not just our people but also all interactions across our operations. In line with this, we have key initiatives in place aimed at enhancing gender balance and inclusion within our workforce. Not only does this allow us to cultivate a diverse workforce that is reflective of society and our wide consumer base, it also brings multiple perspectives to the organisation, enhances collaboration and promotes greater innovation.

Performance

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

We continued to empower female leadership through our Gender Balance Acceleration Plan.

This year, our Sales Division registered an increase of 9% in female HODs and Direct Reports. There was a decrease in the number of female HODs and Direct Reports for the Technical and Production Division due to two additional roles that are now included in the metrics.

Division HODs & Direct Reports to Leadership Team	2020 Female	2021 Female	2022 Female
Sales Division	18%	33%	42%
Supply Chain	17%	17%	17%
Technical and Production	20%	31%	28%*

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

2. Enhanced Parental Policy

Effective July 2022, we have fully implemented our enhanced [Nestlé Global Parental Support Policy](#), which is applicable for all employees of newborns and adoptive parents who adopt newborn babies up to two years old.

The enhanced policy increases paid maternity leave, primary caregiver leave and child adoption leave to 126 calendar days. Employees also have the option of extending their leave by an additional 54 days of unpaid leave. In addition, paid paternity leave has been extended to 28 calendar days.

3. International Women's Day Celebration 2022

Recognising the instrumental role of women across the organisation, we leverage the annual International Women's Day Celebration to raise awareness on the importance of inclusivity, putting the spotlight on the success stories of women at Nestlé, along with inspirational women in the world. The senior management team also maintains their steadfast commitment to driving forward our gender equality agenda.

This year, we organised a livestreaming event themed *#JomTolakPrejudis* (*#BreakTheBias*) for our employees to share their insights and perspectives. The event also featured our Female Material Handling Equipment / Forklift Driver Graduation Event and a live talk segment with the winner and mentors of *Program Mentor Wanita Cukup Berani* MAGGI.

4. Gender Pay Equality

We have been measuring our Gender Equal Pay since 2019 in the organisation and are proud to report that the gender equal gap is significantly low and below the Nestlé Global defined threshold. This confirms the fair and equal pay practices we have put in place in the market relating to the hiring and promotion of women. We have transparently shared the outcome of our measures with all employees and shareholders and will continue to uphold gender pay equality.

5. Empowering Differently-abled Individuals in our Workforce

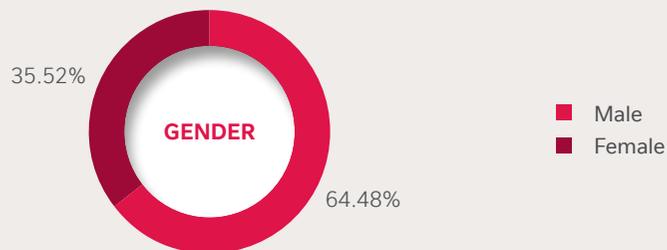
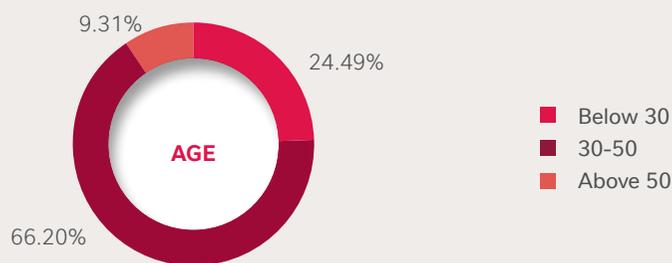
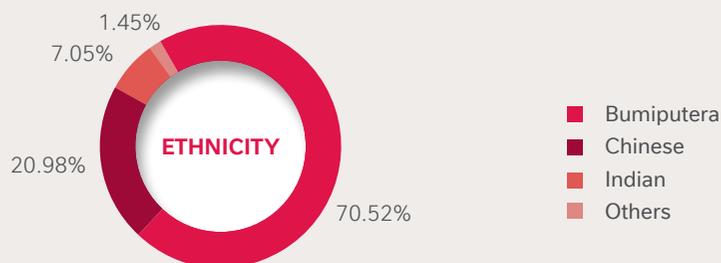
As we progress in our journey to create a diverse and inclusive workplace for all, we launched our differently-abled internship programme in 2022. In line with our commitment to disability inclusion, in partnership with relevant agencies, we recruited two differently-abled interns in Malaysia and one in Singapore.

We aim to expand our internship opportunities to empower differently-abled talent beyond our Head Office, alongside implementing awareness and capability-building sessions for our People Managers to create an enabling workplace for the differently-abled community.

Performance Data:

Description	2020	2021	2022
Senior Leadership positions held by women (%)	37	35	36*
Leadership positions held by women (%)	52	51	54
Leadership positions held by women in Nestlé Malaysia's Board of Directors (%)	43	43	43

Employee Breakdown by Ethnicity, Age and Gender



→ | * This data has been independently assured. Please refer to the Independent Limited Assurance Report on pages 120 to 121.

Our Workforce

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

Workforce Overview

Description	2020	2021	2022
Total number of employees	5,018	5,253	5,391
Total number of employees - Nestlé Products Sdn Bhd	1,520	1,511	1,557
Total number of employees - Nestlé Manufacturing Malaysia (NMM)	3,498	3,742	3,834
NMM Shah Alam	852	949	930
NMM Batu Tiga	966	980	1,029
NMM Kuching	163	161	162
NMM Chembong & Chembong Ice Cream	1,071	1,180	1,209
NMM Sri Muda	182	185	207
NMM Head Office	60	78	64
NMM Nestlé Distribution Centre	204	209	233
Employee Breakdown (%)			
Permanent employees	96	93	91
Temporary & Contract employees	4	7	9
Number of new employees by gender			
Male	292	368	384
Female	162	179	266
Number of employees leaving employment by gender			
Male	114	159	234
Male (%)	2.27	3.03	4.34
Female	82	109	162
Female (%)	1.63	2.08	3.00
Number of employees leaving employment by location			
Nestlé Products Sdn Bhd	76	122	174
Nestlé Products Sdn Bhd (%)	1.51	2.32	3.23
Nestlé Manufacturing Malaysia	120	146	222
Nestlé Manufacturing Malaysia (%)	2.39	2.78	4.12

02

Training and Development

Commitment:

Provide training on Corporate Business Principles, nutrition and environmental sustainability

Enabling our people to perform at their best subsequently supports the growth and success of the Company. To this end, we provide continuous learning opportunities to help our employees advance in their personal and professional development.



Providing all our people with opportunities to grow.

Performance

In 2022, more than RM1.2 million was invested in our training and development programmes.

1. Hybrid Platforms

As we continue to embrace hybrid working arrangements, our training and development programmes have shifted to adapt to the evolving needs of hybrid learners, combining traditional classroom training with our online learning platforms, iLearn and Nestlé Academy.

This includes Hybrid Training sessions with both virtual and physical participants, Blended Learning Training Programmes encompassing online self-learning and in-person sessions, as well as refresher workshops on function-specific capability building via our digital platforms.

During the year, a total of 4,007 unique learners utilised our iLearn and Nestlé Academy platforms. Our hybrid platforms also allowed us to successfully complete mandatory training programmes covering key areas, including compliance, human rights and sexual harassment prevention.

In addition to this, we also conducted training on Nestlé's Code of Business Conduct for all employees, Global Anti-Trust training for selected employees, Popularly Positioned Product (PPP) Affordable Nutrition training for our Marketing and Sales, Operations, and Research and Development teams, as well as Sanctions Compliance training for corporate leaders and decision-making teams.

2. Training and Learning Programmes

Managed by our corporate training and learning division and with the support of both internal and external providers, we offer comprehensive training and development programmes to enhance the capabilities of our employees. We review the efficacy of our programmes by evaluating participation rates, completion of training plans, total training hours and training effectiveness scores. Utilising the Kirkpatrick Model also enables us to assess participants' responsiveness, learning application and behaviour.

Relevant details of training programmes held in 2022 are presented in the following table:

Onboarding of New Hires	<p>An orientation programme is held for new employees aimed at:</p> <ul style="list-style-type: none"> Integrating new recruits and enabling them to adapt to the organisational culture. Equipping new hires with relevant information to understand their roles and responsibilities. Providing new employees with engagement guidelines to effectively transition into the working environment.
Mentoring Programme	<p>Creating a strong network of support, our mentorship programme connects new employees with senior leaders who provide guidance and share their expertise and insights. This helps to nurture our employees' leadership skills and capabilities, subsequently building a pipeline of future talent. In 2022, 33 mentees and 21 mentors participated in the programme.</p>
Mandatory Trainings	<p>A total of 5,061 Nestlé Malaysia employees took part in the following programmes, completing an average of 5.6 training hours in 2022:</p> <ul style="list-style-type: none"> All employees – Human Rights, Sexual Harassment Prevention, Data Privacy, Diversity & Inclusion, Sustainable Packaging, Nestlé Corporate Business Principles, Nestlé Code of Business Conduct, Security at Nestlé and SecureIT People Managers – Compliance: A Leadership Responsibility
Blended Learning Programme	<p>As part of our transition to hybrid platforms, the Blended Learning Programme combines virtual and physical sessions, allowing for self-learning via online modules in tandem with live chat sessions and in-person experiences.</p> <p>This year, the Blended Learning Programme saw a total of 81 participants. Sessions were led by members of the Nestlé Leadership Team, focusing on four topics:</p> <ul style="list-style-type: none"> Business Acumen for Leaders (19 participants trained) 21st Century Leadership (20 participants trained) Emotional Intelligence at Work (21 participants trained) Becoming An Effective Communicator (21 participants trained)

New Corporate in-House (CiH) Programmes	<p>In line with our long-term strategy for sustainable growth, we have relevant training programmes in place aimed at equipping our workforce with the capabilities to meet the evolving needs of the Company. In 2022, we expanded our programmes to include the following:</p> <ul style="list-style-type: none"> Compelling Presentations Courageous Conversations Leading Remotely Competency Based Interview Training for Hiring Managers <p>Along with this, we continued with leadership programmes for those holding managerial roles in the Company, namely:</p> <ul style="list-style-type: none"> LEAders Ready Now (LEARN) Assessment Centre – 3 cohorts completed and 22 People Managers benefitted People Management Fundamentals – 2 cohorts completed with a total of 44 People Managers trained <p>A total of 394 employees took part in our CiH programmes in 2022.</p>
LEAders Ready Now (LEARN) Assessment Centre	<p>The LEARN Assessment Centre was launched in 2021 to support employees in transitioning to people management roles as well as for those in leadership roles. Through immersive 'day-in-the-life' experiences, the LEARN Assessment Centre provides valuable exposure and helps identify strengths and development opportunities.</p> <p>Since the establishment of the Centre, 43 People Managers have participated in seven sessions, with 22 undergoing assessments in 2022.</p>
Global eBusiness Academy	<p>Through our Global eBusiness Academy, our Marketing and Sales team is able to develop their digital skills and build a strong knowledge base, thereby enhancing their competitiveness within the global business environment. Upon completion of personalised learning paths, participants receive credentials and certifications for their respective roles.</p> <p>This year, Nestlé Malaysia and Singapore recorded a 73% accreditation rate, with 379 employees successfully completing the training curriculum. As a result, we attained the highest overall ranking in Zone AOA for Total Certified.</p>

Brand Building the Nestlé Way (BBNW) 4.0	<p>Aimed at reinforcing the capabilities of our marketing team, the BBNW 4.0 modules were completed in May 2022. This was achieved through designated rooms for dedicated programmes, namely:</p> <ul style="list-style-type: none"> • Mango Room for Design a Sustainable and Innovative Portfolio People Love • Turquoise Room for Inspire with Purpose, Guide with Brand Essence • Red Room for Create Engaging Brand Experiences • Purple Room for Plan and Execute Flawlessly <p>In 2022, a total of nine BBNW sessions over four rooms were conducted with an average of 128 participants.</p>
Human Rights	<p>As advocates of protecting human rights for all, our Human Rights e-learning module is aimed at cultivating a good understanding of human rights in business among our employees.</p> <p>In 2022, 565 employees took part in human rights training, totalling 565 training hours.</p>
Nestlé Academy: Connected Operations	<p>In 2022, we launched the Connected Operations modules under the Nestlé Academy to upskill and build the competencies of our operations employees to embrace digital platforms. This is aimed at creating a more collaborative and digitally-enabled workforce, simplifying work processes and enhancing productivity. Five modules were introduced to the operations employees, namely:</p> <ul style="list-style-type: none"> • Introduction to Connected Operations • Connected Operations – Accelerating Efficiency with Paperless • Change Management for Connected Operations • Connected Factory • Connected Logistics <p>In 2022, a total of 3,996 operations employees have undergone training and this will continue moving forward.</p>
Diversity & Inclusion Training	<p>As part of our drive to cultivate a culture of respect for all, Diversity & Inclusion Training is required for all employees and incorporated in our onboarding programme for new hires. By raising awareness on unconscious biases and how to overcome them, this helps to eliminate discriminatory thinking in the workplace.</p> <p>In 2022, a total of 636 employees took part in Diversity & Inclusion Training.</p>

Performance Data:

Description	2020	2021	2022
Average hours of training by gender and category			
Male	11.77	8.35	10.99
Female	15.88	10.61	12.70
Management	23.83	15.22	16.61
Non-management	8.84	6.79	8.32
Total spent on Training and Development annually (RM)			
	514,281 [^]	385,000 [^]	1,207,841
Attendance breakdown (headcount)			
Local training	45,424	26,439	27,732
Overseas training	0	0	38
Number of employees enrolled in Flexi-Benefit		1,574	1,589
Employees and stakeholders receiving nutrition training			
	4,983	209	1,125
Employees receiving performance and career development reviews (%)			
	100	100	100

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

03

Safety, Health and Wellbeing

Commitment:

Advocate for healthy workplaces and healthier employees

At Nestlé Malaysia, employee well-being is core to our organisational culture as we strive to cultivate an environment where all employees are able to grow and perform optimally, which in tandem, supports business resilience and sustainability.

To that end, we uphold best practices in safety and health throughout our operations, adhering to the Occupational Safety and Health Act, the global [Nestlé Policy on Safety and Health at Work](#), as well as the Nestlé Occupational Safety and Health Management System. This enables us to create a workplace environment that prioritises health, supporting our objective of zero work-related injuries and illnesses.

Our Safety, Health and Environment (SHE) Committees, which have been established across all Nestlé Malaysia sites, help us to identify, assess and resolve potential safety and health risks through meetings held at least once every three months. This is further supported by incorporating the principle of Area Ownership, whereby each business function is equipped with a good understanding of utilising, implementing and assessing risk management processes, with training provided to site leadership and management at all levels of the organisation.

Complementing this, we encourage our employees to report relevant issues via an e-reporting form available on our website or directly to supervisors and line managers through our Safety, Health and Environmental Sustainability - Performance Management (SHE-PM) database and QR Code system.

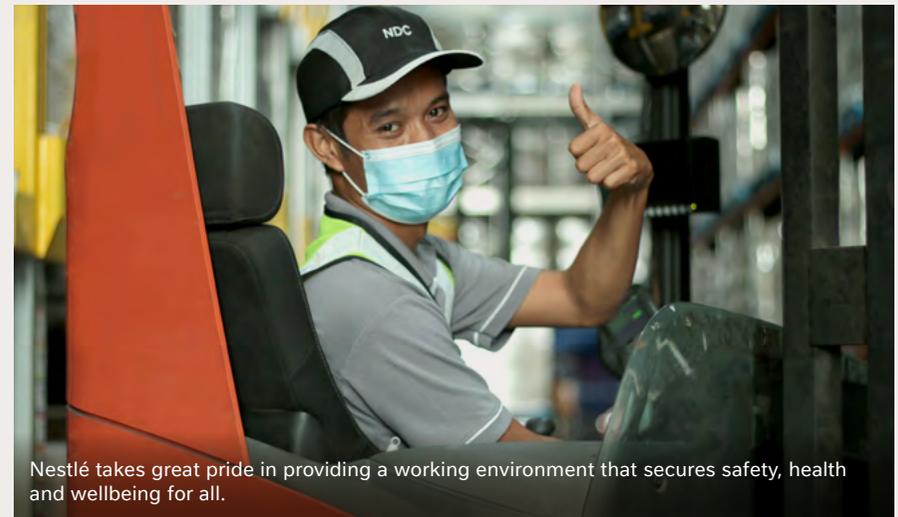
All reports by employees are monitored according to a set schedule and discussed regularly during shift handovers as well as regular operational reviews. Combined with our Go See Think Do approach to investigate work-related incidents at both Nestlé sites and external sites, this ensures that we are able to effectively monitor health and safety concerns and determine the underlying cause of any incidents that occur.

Safety, Health and Environment Committees

Nestlé Malaysia has SHE Committees for our corporate and regional offices as well as our factories. This is chaired by the Executive Director of Group Human Resource along with including employer and employee representatives.

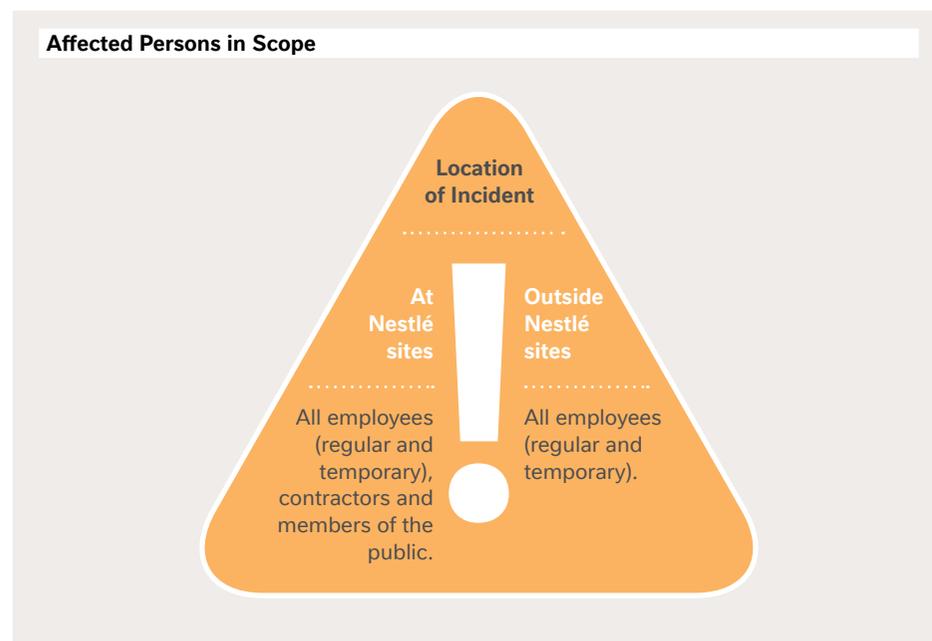
The SHE Committees are responsible for:

- developing safety and health rules and safe systems of work;
- reviewing the effectiveness of safety and health programmes;
- carrying out studies on accident trends, near-miss accidents, dangerous occurrences, occupational poisoning or occupational disease which occurs at the place of work; and
- reviewing the safety and health policies at the place of work and making recommendations to the employer for any revision of such policies.



Nestlé takes great pride in providing a working environment that secures safety, health and wellbeing for all.

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



Performance

1. Machinery and Safety

To minimise machine-related injuries, we uphold the highest standards in machine safety standards for the protection of our employees. We achieve this by continuously enhancing machine guarding and safety intervention features in our machinery, training our employees in the safe handling of machines and equipment, and implementing the Lock Out Tag Out protocol for the servicing and maintenance of moving machinery parts.

2. Vehicles and Driving

The safety of our employees and partners on the road is of the utmost importance to us. Launched in 2021, we organise driving and road safety initiatives such as our Road Safety Awareness campaign and Defensive Driving and Journey Management workshops for both our employees and partners, including long-term distributors and third-party logistics service providers. We also launched our e-Mentor Driving mobile application to monitor the driving behaviours of vehicle drivers, thus enabling us to take action when necessary to prevent on-road driving-related incidents.

3. Caring Leadership in Safety

Strong communication and collaboration are key to boosting performance and cultivating a safety-oriented environment in the workplace. Working towards this, we established and continue to uphold our Caring Leadership in Safety framework in 2022, with the aim of strengthening engagement between leadership teams and employees across the organisation in day-to-day operations.

4. Life Saving Rules

Following a comprehensive root cause analysis of all serious incidents over the last two years, which revealed that more than 80% of major incidents were preventable, we established an 8 Life Saving Rules handbook to ensure that critical safety standards are upheld. The handbook is provided to all employees and contractors and its application is mandatory for everyone in the value chain.

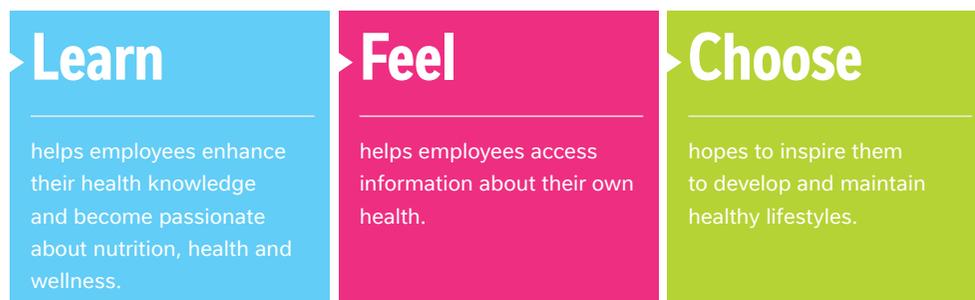
5. Safety Starts with Me

In 2022, we strived to further strengthen the foundations of our commitments and awareness on safety with the establishment of 'Safety Starts with Me' by our global Corporate Safety Department. Understanding that employee engagement is the cornerstone of success, the initiative aims to engage the hearts and minds of employees in tandem with the execution of our safety standards and 8 Life Saving Rules.

Nestlé Framework for Employee Health

As part of our Nestlé Framework for Employee Health, we have in place various health initiatives that aim to empower healthier and happier employees by inspiring them and their families to lead healthier lives.

Going hand in hand with these initiatives is our framework of best health practices guided by three key pillars: Learn, Feel and Choose.



Performance

1. Lunch N Learn

With a focus on driving positive changes among our workforce, we aimed to educate our employees on important health topics through virtual Lunch N Learn sessions. Working together with health experts from various backgrounds, we organised 12 health talks attended by 580 employees in 2022. These sessions covered health-related topics such as mental well-being, managing cholesterol, diabetes and heart health.

2. Wellness Tips

To raise awareness among our employees about the importance of health and wellness and help them take care of their personal health, we shared relevant monthly wellness tips across the Company via email and posters at work sites. A total of 12 wellness tips were shared Company-wide to raise awareness on the importance of nutrition, physical activity, mental well-being and heart health, amongst others.

3. Group Exercise

To encourage our employees to stay active, we organised a variety of fun and engaging group exercise sessions. Throughout 2022, we successfully conducted a total of six sessions, which received a positive response with a total attendance of 300 employees.

4. My Health Numbers Program

Our My Health Numbers Programme provides free health screenings for all our employees, encouraging them to gain a better understanding of their personal health and helping them take proactive steps to become healthier by addressing any potential health issues. Following a two-year hiatus due to the COVID-19 pandemic, we were able to reactivate the programme in 2022 and helped 1,700 employees better understand their health status, thus enabling them to become more conscious of leading healthier lifestyles.

5. NESTLÉ OMEGA PLUS Walk-A-Million-Miles Challenge 2022

Following the positive response to our first two virtual NESTLÉ OMEGA PLUS WAMM Challenge, we brought back the campaign for a third edition in 2022. Through the campaign, we advocated for a heart-healthy nation by raising awareness on how walking and staying active can positively impact heart health. We saw increased engagement in the NESTLÉ OMEGA PLUS WAMM Challenge 2022 with a collective total of 282,581,964 steps by 1,094 employees. A total 110 Nestlé Malaysia employees were rewarded for successfully completing the challenge.

6. World Diabetes Day 2022

In conjunction with World Diabetes Day, we invited health experts to conduct a health talk to raise awareness on this issue alongside a Diabetes Trivia to engage our employees in learning more about the disease and how to prevent it. The engagement was attended by 510 employees.

7. Mental Health Day 2022

We aim to support the mental well-being of our employees through the *Jom Sayangi Diri* (Love Myself) mental health awareness campaign. Under this campaign, we organised activities related to enhancing mental health, including a health talk on 'The Power of OK' and art therapy, with 410 employees participating. Employees were also reminded of the Employee Assistance Programme, a 24/7 helpline that is tailored to help with matters including stress, adapting to change, personal difficulties, depression and other anxiety issues.

Performance Data:

Description	2020	2021	2022
Lost Time Injury Frequency Rate¹	1.3	1.1	0.9
Injury Rate			
Nestlé Head office	0.0	0.0	0.0
NMM Shah Alam	1.4	1.1	0.4
NMM Sri Muda	0.0	0.0	0.0
NMM Batu Tiga	2.0	1.9	0.8
NMM Kuching	2.0	2.2	0.0
NMM Chembong	0.8	0.8	0.6
NMM Ice Cream	4.5	0.0	1.1
Nestlé NDC	0.8	0.7	0.7
Sales & Marketing	0.0	1.7	0.8
Lost Day Rate²			
Nestlé Head office	0.0	0.0	0.0
NMM Shah Alam	7.4	1.8	38.0
NMM Sri Muda	0.0	0.0	0.0
NMM Batu Tiga	22.2	42.7	74.0
NMM Kuching	12.0	0.0	0.0
NMM Chembong	10.5	39.5	5.3
NMM Ice Cream	8.0	0.0	7.0
Nestlé NDC	0.0	10.0	0.0
Sales & Marketing	0.0	18.0	35.0

Description	2020	2021	2022
Absolute number of fatalities			
Nestlé Head office	0	0	0
NMM Shah Alam	0	0	0
NMM Sri Muda	0	0	0
NMM Batu Tiga	0	0	0
NMM Kuching	0	0	0
NMM Chembong	0	0	0
NMM Ice Cream	0	0	0
Nestlé NDC	0	0	0
Sales & Marketing	0	0	0
Number of hours worked	13,632,870	13,899,720	14,018,303
Number of high-consequence work-related injuries	2	2	2
Number of recordable work-related injuries	20	15	15

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

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

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

04

Employee Engagement

Commitment:

Advocate for healthy workplaces and healthier employees

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

Performance

1. Employee Engagement Survey

We strive to promote a healthy and sustainable work culture by ensuring that the needs of our employees are consistently heard and addressed. This is facilitated via the Nestlé & I Survey, which allows us to be well-attuned with what matters most to our people.

Following the last Nestlé & I Survey in 2020, we conducted an employee Pulse Survey in 2022 to better understand the current concerns of our employees. Core areas we looked at were safety and workplace environment, diversity and inclusion, local supervision, retention, efficiency, stress and work-life balance, as well as career mobility and development.

Through the Pulse Survey, we were able to gain key insights to help us gauge employee sentiment. Covering 10 relevant dimensions based on previous survey findings, the Pulse Survey recorded a participation rate of 95%, comprising close to 2,000 Nestlé Malaysia employees. Action plans are in development to address relevant focus areas and the progress on these areas will be monitored.

The results of the survey were as follows:

Dimensions we are doing well in	Dimensions where we can improve	Focus areas moving forward
<ul style="list-style-type: none"> Safety and Workplace Environment Diversity and Inclusion Local Supervision 	<ul style="list-style-type: none"> Retention Efficiency Stress and Work-Life Balance 	<ul style="list-style-type: none"> Retention Efficiency Stress and Work-Life Balance Career Mobility and Development Diversity and Inclusion

2. Nestlé Cares Employee Volunteer Programme

Under our Nestlé Cares umbrella, we cultivate a culture of volunteerism amongst our people by providing opportunities to take part in community outreach programmes and environmental conservation initiatives. Supporting this goal, each of our employees are allocated 16 working hours per year to help make a positive impact through various activities.

• Nestlé Cares Sharing Prosperity

Led by our Management Trainees as part of their development programme, Nestlé Cares Sharing Prosperity was a one-day soup kitchen project held in conjunction with Chinese New Year in 2022. 30 of our Nestlé Cares volunteers worked to provide food and hygiene kits containing Nestlé products and basic amenities which benefitted 400 individuals from the homeless community in two homeless shelters in Chow Kit, Kuala Lumpur. Additionally, our Management Trainees were able to leverage this initiative as an opportunity for growth, particularly in the areas of event management for Corporate Social Responsibility.

• Nestlé Cares Tree Planting Day

To drive awareness about environmental conservation and our reforestation efforts under Project RELeaf, we invited our employees to partake in the Nestlé Cares Tree Planting Day. This provided them with an opportunity learn more about the importance of caring for our planet, while supporting our Project RELeaf target of planting three million trees. Undertaken in partnership with Sime Darby Plantation (SDP), the tree planting activity took place at SDP's estate in Sua Betong, Negeri Sembilan, and commemorated Yayasan Sime Darby's RM2 million contribution to Project RELeaf.





Employee volunteers taking part in Nestlé Cares Tree Planting Day.

The event saw 134 volunteers planting 3,000 seedlings comprising 14 types of trees, including indigenous species such as *nangka* and rambutan. This represents the highest number of seedlings planted for a Nestlé Cares activity to date, contributing to a collective total of 5,800 seedlings planted by Nestlé Cares volunteers since 2021.

- **Nestlé Cares RELeaf@Home**

Following the completion of Phase 2 in early 2022 and with a view to include all facets of our workforce, we extended RELeaf@Home to Phase 3 in September 2022. Under this phase, our factory-based employees were provided the opportunity to contribute towards our Project RELeaf pledge by nurturing their own seedlings at home using the RELeaf@Home planting kit.

More than 300 seedlings were successfully nurtured by 217 participants from all our factory sites, excluding Kuching. In total, 570 Nestlé employees, Nestlé Retirees, Nestlé YOUth Influencers and members of the Board of Directors have participated in this activity since it was launched in 2021.

- **Nestlé Cares Beach Clean Up**

Every year in conjunction with World Cleanup Day, we rally together our Nestlé Cares volunteers to help clean up beach locations across Malaysia. In tandem with raising awareness on the adverse effects of littering on our ecosystem, we also provide volunteers with insights on waste management and littering habits by organising Waste Audits after collections.

Held in October 2022, approximately 500 Nestlé Cares volunteers collected a total of 3,791.4kg of waste from six beach locations in Malaysia, tripling the amount of waste collected in 2021. In addition, 18 Nestlé Cares volunteers including the CEO, collected and segregated waste from two underwater locations comprising Pulau Tioman, Pahang and Mabul Island, Sabah. Commemorating Nestlé Malaysia's 110th anniversary, a total of 110 naturally broken corals were replanted in these locations. To date, we have collected more than 12 tonnes of waste through this initiative since 2018.



Juan Aranols planting corals in Pulau Mabul, Sabah, with Nestlé Cares volunteers.



Teaching children about good recycling habits in a fun and engaging manner.

- **Jom Kurangkan Sampah Bersama Nestlé Cares**

We believe that impactful change in tackling plastic waste can only be achieved through collective effort. In line with this and understanding that good habits are best nurtured from a young age, we undertook a pilot programme to educate schoolchildren on responsible waste management. Under this programme, we conducted educational waste management workshops featuring interactive stations on upcycling plastic waste, differentiating various types of waste, the dangers of littering and reducing usage of single-use plastics.

Through this programme, we engaged with 900 schoolchildren aged 10 and 11 across five schools in Sabah, namely:

- SK Petagas, Kota Kinabalu
- SK Malawa, Kota Kinabalu
- SK Likas, Kota Kinabalu
- SK St. Monica, Sandakan
- SK Bahagia, Tawau

05

Employee Compensation and Benefits

Commitment:

Ensure employees are treated with mutual trust and fairness

In line with our commitment to fair and inclusive employment practices, we continue to provide attractive benefits for employees across the board.

This includes both permanent employees and those on contract, covering relevant areas to ensure good quality of life.

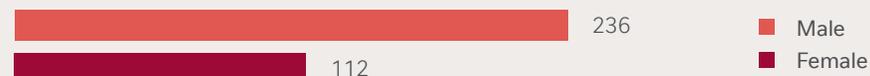
Key benefits are provided in accordance with employment status and include the following:

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

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



Total number of employees that took parental leave by gender



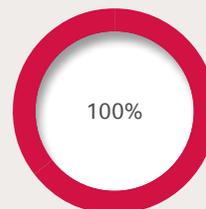
Total number of employees that returned to work after parental leave ended by gender



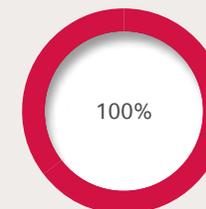
Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work



Return to work rate (%)



Retention rate (%)



06

Employee Relations

Commitment:

Ensure employees are treated with mutual trust and fairness

Our organisational culture is founded on the values of trust, mutual respect and open dialogue, cultivated amongst all employees and guided by the [Nestlé Employee Relations Policy](#). This policy also provides a frame of reference for interactions and communications with trade unions and employee representatives, helping to maintain positive relationships between relevant parties.

Collective Bargaining and Freedom of Association

We firmly support collective bargaining and freedom of association as fundamental human rights. All our employees are free to exercise their rights, which subsequently helps to eliminate forced labour from our workforce.

Alongside this, we are committed to strengthening relationships with labour unions, which are instrumental in safeguarding employee welfare. We welcome open communications and engagement between our people and employee representatives, facilitating constructive discussions on pertinent areas and fair solutions that benefit all parties.

Performance

Our collective bargaining agreements are as follows:

- The Collective Bargaining Agreement 2022-2024 with the National Union of Commercial Workers (NUCW) was signed on 23 November 2022.
- The Collective Bargaining Agreement 2020-2022 with the Food Industry Employees Union (FIEU) remains in effect until the end of 2022. Discussions with the FIEU regarding the Collective Bargaining Agreement 2023-2025 are expected to commence in February 2023.

Details of the schedule of salaries and wages of non-management employees are presented in our Collective Bargaining Agreements, which employees can access via the Nestlé Intranet site. This includes the minimum hiring wage of RM1,500, which was adjusted in accordance with the Minimum Wages Order 2022.

The Collective Bargaining Agreements apply to a total of 3,340 employees, amounting to 62% of our total workforce.

Performance Data:

Description	2020	2021	2022
Employees covered by collective bargaining agreement (%)	65	64	62 [^]

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

Outlook

Based on the results of our Pulse Survey conducted in November 2022, we will continue to channel our efforts in continuously enhancing our work culture and environment to ensure that the wellbeing of all our employees is cared for. The first step will be to establish five working groups championed by a Nestlé Leadership Team member to work on the respective focus areas determined by the survey.

Going beyond gender balance, we also aim to kickstart other initiatives to further enhance diversity and inclusion within our organisation. This includes providing internship opportunities for differently-abled individuals beyond our head office, as well as rolling out a guidebook on 'Embracing Differently-Abled Individuals in the Workforce' and providing disability equity training to improve understanding amongst our employees and people managers.

In tandem, we will ensure the relevance of our training and development programmes in terms of both focus areas and engagement platforms, to support the ongoing personal and professional growth of our people. This will allow us to create a high-performance talent pool capable of driving the Company to new heights.

ETHICAL BUSINESS

Background

For Nestlé to be successful over time, we must earn the trust of our employees, consumers, customers, suppliers, shareholders and wider society. This depends on us acting with integrity at all times and upholding our commitments.

Our commitments to integrity, fairness and authenticity are enshrined in our Company's purpose and values, our [NCBP](#) and our [Code of Business Conduct](#). They provide a strong ethical framework, ensuring integrity of action and compliance with laws, regulations and our own commitments.

Approach

Our approach to ethical business comprises the following areas:

01 Business ethics and compliance

02 Managing data responsibly and ethically



01

Business Ethics and Compliance

Commitment:

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

Our comprehensive Compliance Programme enables our employees and managers to do the right things for the right reasons, while protecting and strengthening Nestlé's reputation. It supports our work related to environmental and social matters, and it is a condition for making Nestlé a 'force for good'. Our CARE audit programme is an important tool to monitor internal compliance in our sites. We take a coordinated, holistic and risk-based approach to monitoring our conduct against regulatory requirements, society's expectations and [Nestlé's Code of Business Conduct](#) and [NCBP](#).

Performance

1. Anti-Corruption

Corruption in the workplace undermines trust in a company and gives rise to other forms of misconduct. As part of our commitment against corruption, we strive to build a strong compliance culture through our anti-corruption policies that all employees must abide by.

Our policies, guidelines and processes are designed to equip us with the defense of adequate procedures against corporate liability under Section 17A of the Malaysian Anti-Corruption Commission Act 2009. This includes the Nestlé Malaysia Anti-Corruption, Gifts and Entertainment Guidelines for employees and the [Nestlé Malaysia Anti-Corruption, Gifts and Entertainment Guidelines \(for Customers and Suppliers\)](#), which provide clear direction for employees, customers and suppliers in our value chain on our internal limits and processes.

In 2022, we also conducted a review of the performance and effectiveness of the guidelines and the processes under it in order to identify gaps and take remedial actions to close such gaps.

Additionally, we had amended our sponsorship approval process and conducted company wide trainings for employee on the new amendments. An eLearning module on anti-corruption is also incorporated in our onboarding curriculum for new recruits.

2. Anti-Discrimination

We strictly prohibit any form of discrimination or harassment in our working environment. We actively advocate fair and respectful treatment for all, regardless of background, nationality, religion, race, gender, age or sexual orientation. Zero incident of discrimination were recorded during the year.

3. Grievance Mechanisms and Remediation

In upholding the rights of our people, ensuring that all our employees have access to platforms to safely communicate their concerns is a key priority. To this end, we have grievance mechanisms in place that allow our workforce and those in our value chain to report potential issues. This includes suspected violations of our Nestlé Corporate Business Principles, Nestlé Code of Business Conduct or any other corporate policies, as well as any inappropriate, illegal or harmful behaviour.

We have established 'Speak Up', a non-compliance reporting system, that provides all Nestlé employees and all other external stakeholders with a dedicated communication channel for reporting non-compliance concerns. This is managed by an independent third-party to safeguard the anonymity of whistleblowers. All reports are impartially investigated, without fear of reprisal. On investigations, appropriate corrective measures may be taken, if necessary. In 2022, 18 non-compliance complaints were received under the 'Speak Up' channels and through other means, all of which have been duly investigated, and where necessary, actions have been taken.



02

Managing Data Responsibly and Ethically

Commitment:**Enhance a culture of integrity across the organisation**

Our commitment to protect personal data and privacy is reflected in our mandatory Global Privacy Program, Data Ethics Framework and Corporate Business Principles. These enable us to meet the changing expectations of stakeholders and to demonstrate our respect for privacy and the protection of personal data. We strive to be transparent with people about how we process their data and to provide meaningful control over how personal data is collected and used. We also avoid using data and technology in ways that are unethical or could lead to discrimination, exploitation or cause harm.

Performance**Data Privacy and Security**

Protection of personal data is increasingly important as digital transformation ramps up globally. We have robust measures in place to safeguard the information of our stakeholders who entrust us with their data. We ensure that the insights we glean are utilised in meaningful ways that benefit our consumers, while providing peace of mind that their data privacy will be well-protected. More information on our [Privacy Notice](#) is available on our website. There were no reports of breaches in data privacy in 2022.

Outlook

We will continuously reinforce our ethical code of conduct amongst our people. This will ensure that we continue to grow in a responsible, sustainable manner that benefits all the lives we touch.



Description	2020	2021	2022
ECONOMIC			
Operational Footprint			
Number of factories	6	6	6
Value Generation (RM'000)			
Total sales for Malaysia	5,412,180	5,733,816	6,664,145
Value Distribution (RM'000)			
Turnover	5,412,180	5,733,816	6,664,145
Operating costs	1,209,502	1,175,819	1,157,954
Taxes	172,056	182,006	239,143
Net Profit	552,713	569,811	620,334
Earnings per share (sen)	235.70	242.99	264.53
Net Dividends per share (sen)	232.00	242.00	262.00
Dividend Yield	1.7	1.8	1.9
CONTRIBUTING TO NUTRITIOUS AND SUSTAINABLE DIETS			
Products displaying the Nestlé Nutritional Compass (NNC)	98	98	98
Products with Guideline Daily Amount (GDA) labelling	95	94	92
Number of products certified with Healthier Choice Logo	23 ^o	36	40
Nestlé for Healthier Kids Programme (Number of students involved)	5,337 [#]	24,986	24,704
HELPING TO PROTECT, RENEW AND RESTORE NATURAL RESOURCES			
Total amount of energy per tonne (GJ/tonne)	3.39*	3.62*	3.59
Total water withdrawal from all areas (ML)	1,339	1,422	1,426
Total waste generated (tonnes)	23,398	27,158	27,272
Total waste diverted from disposal (tonnes)	23,360	27,118	27,225
Waste recycled offsite (tonnes)	5,483	11,780	11,660
Specific GHG reductions (%) [‡]	0.29	(3.42) ^o	45.68
Project RELeaf - Number of trees planted	-	236,508	476,055

110 CSV Key Performance Data

Description	2020	2021	2022
STRENGTHENING COMMUNITIES			
Nestlé Paddy Club			
Number of farmers who participated in NPC			
i. Jan - Feb	212	235	215
ii. Aug - Sept	216	228	197
Average yield (MT/ha)			
i. Jan - Feb	6.48	5.31	5.86
ii. Aug - Sept	6.02	6.13	4.34
Total number of hectares			
i. Jan - Feb	580	647	604
ii. Aug - Sept	611	627	574
Nestlé Chilli Club			
i. Number of farmers	60	93	73
ii. Total volume of chilli purchased from NCC (MT) [§]	181	300.5	237.4
iii. Total number of hectares [~]	32	-	-
Number of suppliers screened based on Nestlé Responsible Sourcing Standards (Tier 1 Supplier) ^Δ	65	67	55
OUR PEOPLE			
Total number of employees	5,018	5,253	5,391
Leadership positions held by women (%)	52	51	54
Total spent on training and development annually (RM)	514,218 [^]	385,000 [^]	1,207,841
Lost time injury frequency rate	1.5	1.1	0.9
Employees covered by collective bargaining agreements (%)	65	64	62

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

^{*} 2020 and 2021 value recalculated to update reporting format of Scope 1 GHG Emissions.

[‡] For 2022, the GHG reductions ratio is calculated based on the difference between total Scopes 1, 2 and 3 emissions in 2021 and 2022. Data for 2021 has been updated based on the recalculated data for Scope 1, 2 and 3.

[°] Recalculation of 2021 GHG emissions reductions.

[§] In 2021, we reviewed the metrics included in past disclosures for our rural development programmes, to ensure they represent our programmes' progress in a relevant manner. In previous years, disclosures on total yield had been based on estimation. While we recognise that total yield remains an important tracking metric, we are currently investigating the potential of enhancing our monitoring for this data. In light of this, for 2022, we have chosen to disclose only the total volume of chillies purchased by Nestlé via NCC.

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

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

^Δ Locally managed supplier only.

Statement Of Use	Nestlé Malaysia Berhad has reported the information cited in this GRI Content Index for the period 1 January 2022 to 31 December 2022 with reference to the GRI Standards.
GRI 1 Used	GRI 1: Foundation 2021

GRI STANDARD	DISCLOSURE	LOCATION
GRI 2: General Disclosures 2021	2-1 Organizational details	NiS: Inside This Report, p1-3
	2-2 Entities included in the organization’s sustainability reporting	The following are Nestlé (Malaysia) Berhad’s investments in subsidiaries: <ul style="list-style-type: none"> • Nestlé Products Sdn. Bhd. (100%) • Nestlé Manufacturing (Malaysia) Sdn. Bhd. (100%) • Nestlé Asean (Malaysia) Sdn. Bhd. (100%)
	2-3 Reporting period, frequency and contact point	NiS: Basis of This Report, p2 NiS: Report Back Cover
	2-4 Restatements of information	NiS: Climate and Nature, Managing Our Carbon Footprint in Manufacturing and Distribution, p49 NiS: Climate and Nature, Reducing Energy Consumption, p51 NiS: Climate and Nature, Minimising Manufacturing Waste, p53
	2-5 External assurance	NiS: Basis of This Report, p2 NiS: Creating Shared Value Governance, p10 NiS: Independent Assurance Report, p120-121
	2-6 Activities, value chain and other business relationships	NiS: Inside This Report, p1 NiS: Fast Facts, p3
	2-7 Employees	NiS: Our People, Diversity and Inclusion, p94
	2-8 Workers who are not employees	NiS: Our People, Diversity and Inclusion, p94
	2-9 Governance structure and composition	NiS: Creating Shared Value Governance, p10-11 AR: Organisation Structure, p5 CGFR: Corporate Governance Overview Statement, p9
	2-10 Nomination and selection of the highest governance body	CGFR: Corporate Governance Overview Statement, p16
	2-11 Chair of the highest governance body	AR: Our Leadership, p46-59
	2-12 Role of the highest governance body in overseeing the management of impacts	NiS: Creating Shared Value Governance, p10-11 CGFR: Corporate Governance Overview Statement, p9 CGFR: Corporate Governance Overview Statement, p13
	2-13 Delegation of responsibility for managing impacts	NiS: Creating Shared Value Governance, p10-11
	2-14 Role of the highest governance body in sustainability reporting	NiS: Creating Shared Value Governance, p10-11
	2-15 Conflicts of interest	CGFR: Corporate Governance Overview Statement, p6, 13, 19, 26, 28
	2-16 Communication of critical concerns	CGFR: Corporate Governance Overview Statement, p8 NiS: Business Ethics and Compliance, p107
	2-17 Collective knowledge of the highest governance body	CGFR: Corporate Governance Overview Statement, p17
	2-18 Evaluation of the performance of the highest governance body	CGFR: Corporate Governance Overview Statement, p13 CGFR: Corporate Governance Overview Statement, p21



GRI STANDARD	DISCLOSURE	LOCATION
GRI 2: General Disclosures 2021	2-19 Remuneration policies	CGFR: Corporate Governance Overview Statement, p21 Compensation Policy: Compensation-Policy.pdf (nestle.com.my) The performance criteria in our remuneration policies for our Board of Directors and senior executives does not currently include objectives for environmental or social topics. Compensation Policy
	2-20 Process to determine remuneration	CGFR: Corporate Governance Overview Statement, p21-22
	2-21 Annual total compensation ratio	Annual base pay for CEO (RM): 1,400,709 Median annual total compensation for all employees (excluding CEO) (RM): 43,638 Ratio of annual base pay for CEO to median total annual compensation for all employees: 32.1 In 2022, the ratio of the percentage increase in annual total compensation for the CEO to the median percentage increase in annual total compensation for all employees (excluding CEO) was 1.1
	2-22 Statement on sustainable development strategy	NiS: Contributing to the Sustainable Development Goals, p8-9
	2-23 Policy commitments	Nestlé Employee Relations Policy , p105 Corporate Business Principles and Code of Business Conduct , p8
	2-24 Embedding policy commitments	NiS: This includes a zero-tolerance policy for fraud, bribery and corruption, stringent personal data protection, alongside relevant public policies, Our Purpose, p8 NiS: We firmly support collective bargaining and freedom of association as fundamental human rights. All our employees are free to exercise their rights, which subsequently helps to eliminate forced labour from our workforce, Employee Relations, p105 NiS: Training and Development, p96
	2-25 Processes to remediate negative impacts	NiS: Grievance Mechanisms and Remediation, p107 NiS: We welcome open communications and engagement between our people and employee representatives, facilitating constructive discussions on pertinent areas and fair solutions that benefit all parties, Employee Relations, p105
	2-26 Mechanisms for seeking advice and raising concerns	NiS: Grievance Mechanisms and Remediation, p107
	2-27 Compliance with laws and regulations	NiS: Business Ethics and Compliance, p107 There were no significant instances of non-compliance with laws and regulations during reporting period.
	2-28 Membership associations	The Company deems our membership in the associations below as strategic: Federation of Malaysian Manufacturers (FMM) International Chambers of Commerce Malaysia (ICC Malaysia Berhad) Global Standards Body (GS1) Malaysia Federation of Malaysian Manufacturers Infant Formula Ethics Committee (FIFEC) Swiss Malaysia Business Association (SMBA) Malaysian Recycling Alliance Berhad (MAREA) ASEAN Food and Beverage Alliance (AFBA) The Company does not provide any additional substantive funding beyond routine membership fees/dues.
	2-29 Approach to stakeholder engagement	NiS: Stakeholder Engagement and Material Issues, p12-17
	2-30 Collective bargaining agreements	NiS: Collective Bargaining and Freedom of Association, p105 NiS: Collective Bargaining and Freedom of Association, performance, p105



GRI STANDARD	DISCLOSURE	LOCATION
GRI 3: Material Topics 2021	3-1	Process to determine material topics NiS: Materiality Assessment Process, p17
	3-2	List of material topics NiS: Stakeholder Engagement and Material Issues, p12-17
	3-3	Management of material topics Material Issues and Associated ESG Risks and Opportunities, p18-21
		<p><u>Climate Change</u> NiS: Climate and Nature, Managing Our Carbon Footprint in Manufacturing and Distribution, p48-49</p> <p><u>Energy Efficiency</u> NiS: Climate and Nature, Reducing Energy Consumption, p50-51</p> <p><u>Water Efficiency</u> NiS: Water, Water Efficiency, p57-58 NiS: Water, Water Partnerships and Advocacy, p60-61</p> <p><u>Waste Management</u> NiS: Climate and Nature, Minimising Manufacturing Waste, p52-53 NiS: Packaging and Circularity, p62-71</p> <p><u>Sustainable Packaging</u> NiS: Packaging and Circularity, p62-71</p> <p><u>Biodiversity</u> NiS: Climate and Nature, Forest Positive, p54 NiS: Climate and Nature, Regenerative Agriculture, p55</p> <p><u>Nutrition, Health and Wellness</u> NiS: Tastier and Healthier Choices, p24-31</p> <p><u>Supporting Healthier Lifestyle</u> NiS: Healthier Lives Through Nutrition Knowledge, Encouraging Healthy Cooking, Eating and Lifestyles, p33-36</p> <p><u>Food Safety and Quality</u> NiS: Healthier Lives Through Nutrition Knowledge, Product Safety and Quality, p39-40</p> <p><u>Halal</u> NiS: Healthier Lives Through Nutrition Knowledge, Our Halal Commitment, p40-43</p> <p><u>Innovation</u> NiS: Tastier and Healthier Choices, Nutritious Products for Children and Adults, p25 NiS: Tastier and Healthier Choices, Enhancing Biomedical Science Through Nutritional Therapy, p29</p> <p><u>Responsible Product Marketing and Advertising</u> NiS: Healthier Lives Through Nutrition Knowledge, Responsible Marketing and Advertising, p37 NiS: Healthier Lives Through Nutrition Knowledge, Responsible Marketing of Breast-Milk Substitutes, p38</p> <p><u>Sustainable Supply Chain and Distribution</u> NiS: Produced Sustainably, p74-81</p> <p><u>Diversity and Inclusion</u> NiS: Our People, Diversity and Inclusion, p93-94</p>



GRI STANDARD	DISCLOSURE	LOCATION
GRI 3: Material Topics 2021	3-3 Management of material topics	<p><u>Human Rights</u> NiS: Produced Sustainably, Sustainable Sourcing, p78 NiS: Human Rights, p82-85</p> <p><u>Rural Development and Empowerment</u> NiS: Produced Sustainably, Sustainable Sourcing, p78 NiS: Produced Sustainably, Farmer Connect Programmes, p79-81</p> <p><u>Training and Development</u> NiS: Our People, Training and Development, p95-97</p> <p><u>Employee, Health and Safety</u> NiS: Our People, Safety, Health and Wellbeing, p98-101</p> <p><u>Integrity and Governance</u> NiS: Ethical Business, Business Ethics and Compliance, p107</p> <p><u>Industry Engagement and Collaboration</u> NiS: Healthier Lives Through Nutrition Knowledge, Encouraging Healthy Cooking, Eating and Lifestyles, p33-36 NiS: Healthier Lives Through Nutrition Knowledge, Our Halal Commitment, p40-43 NiS: Climate and Nature, Forest Positive, p54 NiS: Packaging and Circularity, p62-71</p> <p><u>Data Privacy and Security</u> NiS: Ethical Business, Managing Data Responsibly and Ethically, p108</p>
GRI 201: Economic Performance 2016	201-2 Financial implications and other risks and opportunities due to climate change	We refer to Nestlé S.A. for any potential risks and opportunities due to climate change including its financial implications. Nestlé's 2021 climate risk and impact report
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Nestlé Responsible Sourcing Standard This data is not available. Although we source products locally where possible, due to the global nature of our supply chain and the types of products we source, our ability to track procurement spend locally is limited.
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	NiS: Business Ethics and Compliance, p107 Nestlé does not report on the total number of operations assessed specifically for corruption risks or what the identified risks are; however, in 2022 we conducted seven internal audits and two reviews across corporate functions, business units and factories to assess risks on key processes and functions.
	205-2 Communication and training about anti-corruption policies and procedures	NiS: Ethical Business, Business Ethics and Compliance, p107 The Nestlé Malaysia Anti-Corruption, Gifts and Entertainment Guidelines (For Customers & Suppliers) is communicated to all suppliers via the Nestlé website. Nestlé Malaysia Gifts and Entertainment Guideline
	205-3 Confirmed incidents of corruption and actions taken	There were no incidents reported for 2022.
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	There were no incidents reported for 2022.



GRI STANDARD	DISCLOSURE	LOCATION
GRI 301: Materials 2016	301-1 Materials used by weight or volume	NiS: Climate and Nature, Minimising Manufacturing Waste, p53 We are unable to provide a breakdown of materials consumed by renewable and non-renewable materials owing to the complexity of our material inputs. This information will be made available in 2023.
	301-2 Recycled input materials used	NiS: Climate and Nature, Minimising Manufacturing Waste, p53 NiS: Packaging and Circularity, p62-71
	301-3 Reclaimed products and their packaging materials	NiS: Packaging and Circularity, Recycling, p66-68
GRI 302: Energy 2016	302-1 Energy consumption within the organization	NiS: Climate and Nature, Reducing Energy Consumption, p51
	302-2 Energy consumption outside of the organization	NiS: Climate and Nature, Reducing Energy Consumption, p51
	302-3 Energy intensity	NiS: Climate and Nature, Reducing Energy Consumption, p51
	302-4 Reduction of energy consumption	NiS: Climate and Nature, Reducing Energy Consumption, p51
	302-5 Reductions in energy requirements of products and services	NiS: Climate and Nature, Reducing Energy Consumption, p51
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	NiS: Water, Water Efficiency, p57-58
		NiS: Water, Water Partnership and Advocacy, p60
GRI 303: Water and Effluents 2018	303-2 Management of water discharge-related impacts	NiS: Water, Wastewater Treatment Plant, p59
	303-3 Water withdrawal	NiS: Water, Water Efficiency p57-59
	303-4 Water discharge	NiS: Water, Water Efficiency, p57-59
	303-5 Water consumption	NiS: Water, Water Efficiency, p57-59
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Not applicable as all of our factories are located in Industrial Estates designated by the respective State Governments.
	304-2 Significant impacts of activities, products and services on biodiversity	NiS: Climate and Nature, Forest Positive, p54
		NiS: Climate and Nature, Regenerative Agriculture, 55
		NiS: Produced Sustainably, Sustainable Sourcing, p75-78 NiS: Produced Sustainably, Farmer Connect Programmes, p79-81
304-3 Habitats protected or restored	NiS: Climate and Nature, Forest Positive, p54	
304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	Not applicable as there are no reports of IUCN Red List species in the areas of operations. All factories are located in Industrial Estates designated by the respective States, which is located in a developed area as compared to a forest or the natural habitat for IUCN Red List species. The Nestlé Policy on Environmental Sustainability states that we must incorporate environmental sustainability objectives when we build, construct and renovate manufacturing facilities. Nestlé Policy on Environmental Sustainability	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	NiS: Climate and Nature, Managing Our Carbon Footprint in Manufacturing and Distribution, Emissions, p49
	305-2 Energy indirect (Scope 2) GHG emissions	NiS: Climate and Nature, Managing Our Carbon Footprint in Manufacturing and Distribution, Emissions, p49
	305-3 Other indirect (Scope 3) GHG emissions	NiS: Climate and Nature, Managing Our Carbon Footprint in Manufacturing and Distribution, Emissions, p49
	305-4 GHG emissions intensity	NiS: Climate and Nature, Managing Our Carbon Footprint in Manufacturing and Distribution, Emissions, p49
	305-5 Reduction of GHG emissions	NiS: Climate and Nature, Managing Our Carbon Footprint in Manufacturing and Distribution, Emissions, p49

GRI STANDARD	DISCLOSURE	LOCATION																																	
GRI 305: Emissions 2016	305-6 Emissions of ozone- depleting substances (ODS)	We do not produce or export ozone-depleting substances, including CFC-11 at all our operation sites.																																	
	305-7 Nitrogen oxides (NOx), sulphur oxides (SOx), and other significant air emissions	NiS: Climate and Nature, Managing Our Carbon Footprint in Manufacturing and Distribution, Emissions, p49 NOx and SOx emissions are monitored in reporting units using our internal monitoring system, SHE-PM. Particulate Matter is estimated based on Air Emission Monitoring. POP, VOC and HAP are not relevant to Nestlé's operations.																																	
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	NiS: Climate and Nature, Minimising Manufacturing Waste, p52-53 NiS: Packaging and Circularity, p62-71																																	
	306-2 Management of significant waste-related impacts	NiS: Climate and Nature, Minimising Manufacturing Waste, p52-53 NiS: Packaging and Circularity, p62-71																																	
	306-3 Waste generated	NiS: Climate and Nature, Minimising Manufacturing Waste, p52-53																																	
	306-4 Waste diverted from disposal	NiS: Climate and Nature, Minimising Manufacturing Waste, p52-53																																	
	306-5 Waste directed to disposal	NiS: Climate and Nature, Minimising Manufacturing Waste, p52-53																																	
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	NiS: Produced Sustainably, Sustainable Sourcing, p75																																	
	308-2 Negative environmental impacts in the supply chain and actions taken	There were no incidents reported in 2022.																																	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	NiS: Our People, Our Workforce, p94																																	
		<table border="1"> <thead> <tr> <th>Indicator</th> <th>Total number</th> <th>Rate (%)</th> </tr> </thead> <tbody> <tr> <td>New employees by gender:</td> <td></td> <td></td> </tr> <tr> <td>• Male</td> <td>384</td> <td>59</td> </tr> <tr> <td>• Female</td> <td>266</td> <td>41</td> </tr> <tr> <td>New employees by age group:</td> <td></td> <td></td> </tr> <tr> <td>• Below 30</td> <td>465</td> <td>71</td> </tr> <tr> <td>• 30 – 50</td> <td>175</td> <td>27</td> </tr> <tr> <td>• Above 50</td> <td>10</td> <td>2</td> </tr> <tr> <td>New employees by region:</td> <td></td> <td></td> </tr> <tr> <td>• Nestlé Products Sdn. Bhd.</td> <td>212</td> <td>33</td> </tr> <tr> <td>• Nestlé Manufacturing (Malaysia) Sdn. Bhd</td> <td>438</td> <td>67</td> </tr> </tbody> </table>	Indicator	Total number	Rate (%)	New employees by gender:			• Male	384	59	• Female	266	41	New employees by age group:			• Below 30	465	71	• 30 – 50	175	27	• Above 50	10	2	New employees by region:			• Nestlé Products Sdn. Bhd.	212	33	• Nestlé Manufacturing (Malaysia) Sdn. Bhd	438	67
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Turnover rates are calculated based on employees per category leaving employment as a percentage of total turnover.																																			

GRI STANDARD	DISCLOSURE	LOCATION
GRI 401: Employment 2016	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	NiS: Our People, Employee Compensation and Benefits, p104 We are committed to caring for the needs of all our employees, including those who wish to pursue their careers beyond Nestlé. Through support programmes and external consulting services, employees transitioning to roles outside of Nestlé are provided with assistance to embark on new career paths.
	401-3 Parental leave	NiS: Our People, Employee Compensation and Benefits, p104
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	As stated in the Collective Agreements, the minimum notice period is two months, depending on the nature of the change i.e. restructuring, outsourcing of operations, closures, expansions, new openings, takeovers, sale of all or part of the organisation, or mergers. NiS: Employee Relations, p105
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	NiS: Our People, Safety, Health and Wellbeing, p98
	403-2 Hazard identification, risk assessment, and incident investigation	NiS: Our People, Safety, Health and Wellbeing, p98-99
	403-3 Occupational health services	NiS: Our People, Safety, Health and Wellbeing, p98-99
	403-4 Worker participation, consultation, and communication on occupational health and safety	NiS: Our People, Safety, Health and Wellbeing, p98-100
	403-5 Worker training on occupational health and safety	NiS: Our People, Safety, Health and Wellbeing, p98-99
	403-6 Promotion of worker health	NiS: Our People, Safety, Health and Wellbeing, p100
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	NiS: Our People, Safety, Health and Wellbeing, p98-100
GRI 403: Occupational Health and Safety 2018	403-8 Workers covered by an occupational health and safety management system	NiS: Our People, Safety, Health and Wellbeing, p98
	403-9 Work-related injuries	NiS: Our People, Safety, Health and Wellbeing, p101
	403-10 Work-related ill health	Below is a breakdown of the most prevailing cases of work related ill-health amongst Nestlé Malaysia's employees: <ul style="list-style-type: none"> • 97.5% of cases relating to work-related noise impairment. • 2.5% of cases relating to related to underlying medical condition In 2022, we recorded 39 cases of work-related ill-health, which is equivalent to a rate of 2.3 cases per million hours worked. Information unavailable for (b), (c), (d) and (e). Due to the complexity of our operations, detailed occupational health and safety information regarding work-related ill-health is not currently monitored in a format that is suitable for reporting. It is not possible to determine at this time when the information will be available.
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	NiS: Our People, Training and Development, p97
	404-2 Programs for upgrading employee skills and transition assistance programs	NiS: Our People, Training and Development, p95-97
	404-3 Percentage of employees receiving regular performance and career development reviews	NiS: Our People, Training and Development, p97



GRI STANDARD	DISCLOSURE	LOCATION
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	NiS: Our People, Diversity and Inclusion, p93-94
	405-2 Ratio of basic salary and remuneration of women to men	Employee Category
		Top Management
		Management
		Female to Male Salary Ratio
		0.74
		0.88
		0.95
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	NiS: Ethical Business, Business Ethics and Compliance, p107
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	There were no incidents reported in 2022.
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Nestlé Responsible Sourcing Standard Nestlé Commitment on Child Labour
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Nestlé Commitment on Labour Rights in Agricultural Supply Chains
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	We ensure that our security personnel, including third-party security service providers, receive the necessary training on our policies. This comprises the Internal Security Policy, which outlines basic security guidelines and procedures focusing on human rights and labour practices.
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	Not applicable as all factories are located in Industrial Estates designated by the respective States, which are located in a developed area as compared to regions where indigenous people reside or have interests near operations of the organisation.
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	NiS: Produced Sustainably, Sustainable Sourcing, p78 NiS: Produced Sustainably, Farmer Connect Programmes, p79-81 NiS: Youth Opportunities, Nestlé Needs YOUth Initiative, p88
	413-2 Operations with significant actual and potential negative impacts on local communities	There were no incidents reported in 2022.
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	NiS: Produced Sustainably, Sustainable Sourcing, p75
	414-2 Negative social impacts in the supply chain and actions taken	Nestlé conducts screening for all suppliers based on risk assessment using the Suppliers Ethical Data Exchange (SEDEX) platform. This assessment is conducted based on suppliers' social and environmental performance. Information regarding the potential and actual negative social impacts is not disclosed due to confidentiality constraints as it is not our company policy to disclose third-party data.

GRI STANDARD	DISCLOSURE	LOCATION
GRI 415: Public Policy 2016	415-1 Political contributions	Nestlé does not contribute to political parties, politicians and/or related institutions by country. Under Section 10, page 6 of the Nestlé Code of Business Conduct, political contributions are not allowed. Nestlé Code of Business Conduct
	416-1 Assessment of the health and safety impacts of product and service categories	NiS: Healthier Lives Through Nutrition Knowledge, Product Safety and Quality, p39
GRI 416: Customer Health and Safety 2016	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	There were no incidents reported in 2022.
	417-1 Requirements for product and service information and labeling	NiS: Tastier and Healthier Choices, Providing Nutritional Information, p30 NiS: Tastier and Healthier Choices, Portion Guidance, p31 The source of the products are disclosed on the labelling for selected products for raw materials that might produce an environmental or social impact, this raw materials include Cocoa and Coffee.
GRI 417: Marketing and Labeling 2016	417-2 Incidents of non-compliance concerning product and service information and labeling	There were no incidents reported in 2022.
	417-3 Incidents of non-compliance concerning marketing communications	There were no incidents reported in 2022.
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	There were no incidents reported in 2022.





Independent Limited Assurance Report on Selected Sustainability Information in Nestlé in Society Report 2022

To the Board of Directors of Nestlé (Malaysia) Berhad

We have been engaged by Nestlé (Malaysia) Berhad ("Nestlé Malaysia" or "the Company") to perform an independent limited assurance engagement on selected sustainability information, comprising the information set out in the Subject Matter section (hereinafter referred to as "Subject Matter Information") for the financial year ended 31 December 2022 as reported by Nestlé Malaysia in its Nestlé in Society Report 2022.

Management's Responsibility

Management of Nestlé Malaysia is responsible for the preparation of the Subject Matter Information included in the Nestlé in Society Report 2022 in accordance with Nestlé Malaysia's internal sustainability reporting guidelines and procedures and Global Reporting Initiative's Sustainability Reporting Standards ("GRI Standards"). In addition, management is also responsible for the preparation of Nestlé in Society Report 2022 disclosures to be in accordance with the GRI Standards.

This responsibility includes the selection and application of appropriate methods to prepare the Subject Matter Information reported in the Nestlé in Society Report 2022 as well as the design, implementation and maintenance of internal control relevant for the preparation of the Subject Matter Information that is free from material misstatement, whether due to fraud or error. Furthermore, the responsibility includes the use of assumptions and estimates for disclosures made by Nestlé Malaysia which are reasonable in the circumstances.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Subject Matter Information based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with the approved standard for assurance engagements in Malaysia, International Standard on Assurance Engagements ("ISAE") 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information".

This standard requires that we plan and perform this engagement under consideration of materiality to express our conclusion with limited assurance about whether the Subject Matter Information is free from material misstatement.

The accuracy of the Subject Matter Information is subject to inherent limitations given their nature and methods for determining, calculating and estimating such data. Our limited assurance report should therefore be read in conjunction with Nestlé Malaysia's internal sustainability reporting guidelines and procedures on the reporting of its sustainability performance.

A limited assurance engagement involves assessing the suitability in the circumstances of Nestlé Malaysia's use of the reporting criteria set out in the Reporting Criteria section below as the basis for the preparation of the Subject Matter Information, assessing the risks of material misstatement of the Subject Matter Information whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the Subject Matter Information. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

Inherent Limitations

The absence of a significant body of established practice on which to draw to evaluate and measure the Subject Matter Information allows for different, but acceptable, measurement basis and can affect comparability between entities over time. Greenhouse Gas ("GHG") quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.



Subject Matter Information

The Subject Matter Information reported and marked with asterisks (*) in the Nestlé in Society Report 2022 on which we provide limited assurance consists of:

- The specific Subject Matter Information:
 1. Number of youths employed in 2022;
 2. Number of new products attaining Healthier Choice Logo ("HCL") certification in 2022;
 3. Weight of recyclable items collected from households in selected areas in Selangor and Kuala Lumpur in 2022 as part of the Door-to-Door Collection and Recycling Programme (tonnes);
 4. Percentage of senior leadership positions held by women as at 31 December 2022 (%);
 5. Greenhouse Gas ("GHG") Scope 1 and 2 emissions from manufacturing activities (tonnes CO_{2e}) in 2022;
 6. Virgin plastic reduction in packaging for MILO Refill Pack, MAGGI Bag Noodle, MILO Ready-to-Drink 125ml, NESCAFÉ & MILO Ready-to-Drink, MAGGI Nutrilicious and MAGGI Bowl (tonnes) in 2022; and
 7. Removal of non-recyclable plastic in packaging for MAGGI Noodles and KIT KAT 2F & 4F (tonnes) in 2022.
- Nestlé Malaysia's declaration that Nestlé in Society Report 2022 is prepared in accordance with the GRI standards.

Our assurance was with respect to the financial year ended 31 December 2022 information only and we have not performed any procedures with respect to earlier periods or any other elements included in the Nestlé in Society Report 2022 and, therefore, do not express any conclusion thereon.

Reporting Criteria

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

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

- Nestlé Malaysia's internal sustainability reporting guidelines and procedures by which the Subject Matter Information are gathered, collated and aggregated internally; and
- The GRI Standards for disclosures.

Main Assurance Procedures

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

- Considered the suitability in the circumstances of Nestlé Malaysia's reporting criteria as the basis for preparing the Subject Matter Information;
- Inquired personnel responsible for the Subject Matter Information reported in Nestlé in Society Report 2022 regarding the processes to prepare the said report and the underlying controls over those processes;
- Inquired personnel responsible for data collection, collation and reporting of the Subject Matter Information at the corporate and operation unit level;
- Inspected on a sample basis of internal documents, contracts, reports, data capture forms, delivery orders, invoices, where applicable, to support the Subject Matter Information including observation of management's controls over the processes;
- Checked the formulas and inputs used in the Subject Matter Information against Nestlé Malaysia's internal sustainability reporting guidelines and procedures;
- Considered the appropriateness of the disclosures and presentation of the Subject Matter Information based on the reporting criteria; and
- Checked the disclosures and presentation of the Nestlé in Society Report 2022 to the GRI Standards.



Independence and Quality Control

We have complied with the independence and other ethical requirements of the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("MIA") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

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

Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that, in all material respects:

- the Subject Matter Information has not been fairly stated in accordance with Nestlé Malaysia's internal sustainability reporting guidelines and procedures; and
- the Nestlé in Society Report 2022 disclosures are not reported in accordance with the GRI Standards.

Restriction on use

This report, including our conclusions, has been prepared solely for the Board of Directors of Nestlé Malaysia in accordance with the agreement between us, in connection with the performance of an independent limited assurance on the Subject Matter Information as reported by Nestlé Malaysia in its Nestlé in Society Report 2022. Accordingly, this report should not be used or relied upon for any other purposes. We consent to the inclusion of this report in the Nestlé in Society Report 2022 to be disclosed in the website of Nestlé Malaysia at www.nestle.com.my, in respect of the financial year ended 31 December 2022, to assist the Directors in responding to their governance responsibilities by obtaining an independent limited assurance report on the Subject Matter Information in connection with the preparation of Nestlé in Society Report 2022. As a result, we will not accept any liability or assume responsibility to any other party to whom our report is shown or into whose hands it may come. Any reliance on this report by any third party is entirely at its own risk.

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

Kuala Lumpur
13 March 2023



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