



Nestlé

Creating Shared Value

Nutrition | Water | Rural Development

Nestlé in Society



Good Food, Good Life is more than just a tagline. It captures the very essence of Nestlé and the promise we commit ourselves to every day, everywhere, as the leading Nutrition, Health and Wellness company.

It is the end result of a specific way of doing business that helps create a better, more meaningful future.

To us, the future means something when business can create value for shareholders and for society at large. Long-term thinking and sound business principles have seen us grow over the last 100 years in Malaysia; it also underlines our commitment to the nation, now and in the future.

“Businesses can only be successful in the long term by creating value for Shareholders and Society. Creating Shared Value is embedded in all that we do. It goes beyond Sustainability.”

Paul Bulcke
Chief Executive Officer
Nestlé S.A.





“Our long-term presence in this region, our understanding of our consumers, our many investments and Creating Shared Value initiatives are a clear illustration of our commitment to this country and region.”

Message from Nandu Nandkishore

*Executive Vice President
Head of Zone Asia, Oceania, Africa & Middle East
Nestlé S.A.*

“At Nestlé, we have always believed that in order to prosper, we need the communities we serve and in which we operate to prosper as well. We call this Creating Shared Value.”

At Nestlé, we have always believed that in order to prosper, we need the communities we serve and in which we operate to prosper as well; and that over the long-term, healthy populations, healthy economies and healthy business performance are mutually beneficial. We call this Creating Shared Value.

As the world’s leading Nutrition, Health and Wellness company, we are in a unique and privileged position to help address many of the world’s issues, particularly in the areas of Nutrition, Water and Rural Development, which are linked to our core business activities. We acknowledge that our position in society brings both opportunities and responsibilities. Thus, meeting our commitments in society is based on this business approach which has augured well for our business as well as the communities in which we operate.

Similarly in Malaysia, we have been touching the lives of many Malaysians for more than a century; bringing value to society at large by delighting our consumers with our product offerings, creating employment, sourcing locally as well as helping in the development of the local communities. Our long-term presence in this region, our understanding of our consumers, our many investments and Creating Shared Value initiatives are a clear illustration of our commitment to this country and region.

I wish Nestlé Malaysia continued success in delivering Nestlé’s promise of being the leading Nutrition, Health and Wellness company in the country, bringing ‘Good Food, Good Life’ for generations to come, nurturing the nation and its people’s health and wellbeing. ♦



“...we are pleased to have proven over the years that it is possible to do well, by doing good.”

Mr. Hofbauer with the Nestlé Paddy Club farmers in Kerpan during the harvest season.

Message from Alois Hofbauer

*Region Head,
Nestlé Malaysia / Singapore*

In line with our philosophy of Creating Shared Value, we strive to build sustainable winning relationships with the people, stakeholders and communities whom we touch through our business. Nestlé is a pioneer of this business approach, which epitomises our desire to create prosperity and help improve the quality of life for people in an inclusive manner.

For us at Nestlé Malaysia, Creating Shared Value has become an integral part of our everyday business operations. Nourishing Malaysians since 1912, Nestlé has earned exceptional trust of consumers, which comes from our quality brands and products, and also from our commitment to improve the lives of the local community. We strive to empower communities to generate sustainable incomes, as well as to safeguard the welfare of generations to come.

A good example of how we do so is through Nestlé Paddy Club, an initiative which gave me the opportunity to engage with farmers in Kedah, the Rice Bowl of Malaysia. It is encouraging to see that in our effort to secure a continuous supply of

quality, reliable, safe and traceable premium rice for our products, we are also minimising the environmental footprint of rice farming in the country, while increasing the farmers’ income by improving yields and reducing input costs. How do we this? We identify best-practices that will help sustain the availability of agricultural raw materials, thus ensuring food security in the country, which is the very basis of our business success. This to me, is a clear demonstration of Creating Shared Value.

Thanks to a long and deep engagement with the nation, consumers are at the heart of everything we do at Nestlé. Over time, the Company has become strongly integrated with society, nourishing Malaysian families and doing our utmost to create shared value. More than anything, we are pleased to have proven over the years that it is possible to do well, by doing good. We are committed to continue nourishing Malaysians for generations to come, contributing to the success of the nation and delivering on our promise of ‘Good Food, Good Life’. ♦

“Nourishing Malaysians since 1912, Nestlé has earned exceptional trust of consumers, which comes from our quality brands and products, and also from our commitment to improve the lives of the local community.”

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The Nestlé Legacy



Henri Nestlé

The Pride of Nestlé:
The Nest



Henri Nestlé adopted his coat-of-arms as a trademark in 1867. Nestlé, which means ‘little nest’ is universally understood to represent warmth, security, nourishment, family togetherness, nurturing and caring values.

The Nestlé Creating Shared Value Legacy

In an effort to save his neighbour’s child who was unable to accept his mother’s breast milk, Swiss pharmacist and Nestlé founder – Henri Nestlé – developed the world’s first milk food for infants. Aimed at combating the problem of mortality due to malnutrition, the product was well received in Europe and this marked the beginning of the Nestlé Creating Shared Value legacy, which today is embedded within our values and Corporate Business Principles.

More than 140 years on, Nestlé is the world’s leading Nutrition, Health and Wellness company; committed towards building a business based on sound human values and principles.



The Meaning of
Good Food, Good Life

Good Food, Good Life captures the very essence of Nestlé and the promise we commit ourselves to every day, everywhere as the leading Nutrition, Health and Wellness company.

Insufficient access to good food could result in nutritional deficiencies, malnutrition and other complex issues, which

is why Nestlé believes that Good Food is the foundation of Good Life. In addition to being the leading Nutrition, Health and Wellness company, Nestlé also aims to be the reference for financial performance, trusted by all stakeholders.

These are the principles of Creating Shared Value. They drive us forward and

are embedded in everything we do. They help create what we mean by *Good Food, Good Life*.

In the following pages, you will see these principles in action, the value that has been created and the value that can be created for generations to come. ♦

RESEARCH & DEVELOPMENT



Nestlé Research™

Our Vision

Since the beginning, when Henri Nestlé invented Farine Lactée to alleviate infant mortality, innovation that enhances life has been at the heart of our business. It drives us to produce tastier and healthier choices that help consumers care for themselves and their families. All this is possible with an unmatched global Research & Development (R&D) capability, rigorous nutrition science and a passion for quality.

The Nestlé R&D Centre in Singapore is well positioned to serve the Nestlé markets within the region



Our Dynamic Global Network

3 Science & Research Centres, 31 Product Technology Centres and R&D Centres Worldwide.

34 R&D facilities driven by over 5,000 people form the largest R&D network of any food company in the world; this is also connected to corporate venture funds and research partnerships with universities and business partners.

This expansive approach creates opportunities and accelerates innovation cycles. It delivers business growth; by making lives better and helping to address the major health, environmental and sustainability issues of today.

These scientists, engineers, nutritionists, designers, regulatory specialists and consumer care representatives earn trust through product safety and quality; a non-negotiable criteria in our company.



Nestlé R&D Singapore

In 1980, Nestlé's first Asian R&D Centre was established in Singapore. Strategically located, it serves a dynamic market of 5 billion people in Asia, Oceania and parts of Africa.

It ensures that nutrition and health are integral in new product development. This includes developing formulations, formats, reducing sugar, salt and fat; without compromising on taste. 30 years of extensive customer research, deep expertise in South and Southeast Asian cuisine combined with science, technology, knowledge and a consumer-centric mindset to develop inspiring innovation.

Today, it is a global and regional training centre for Nestlé's food scientists and engineers, employing about 100 experts from 17 countries in fields that include mechanical engineering, analytical chemistry, microbiology and sensory science. It is also the global lead centre for innovation in NESCAFÉ coffee mixes and MILO powdered beverages. ♦



Nestlé in Malaysia

Commercial operations in Malaysia since 1912

Head office located in Mutiara Damansara, Selangor

Operates 7 factories and a national distribution centre

Public listed since 1989

RM4.8 billion turnover in 2013

Employs over 5,800 people

A range of over 500 products, with locally made leading household brand names, such as MILO, MAGGI and NESCAFÉ

Biggest Halal producer in the Nestlé world and the Halal Centre of Excellence for the Nestlé Group

As the leading Nutrition, Health and Wellness company, we are committed to continue investing in the country, nourishing Malaysians with products of the highest quality, whilst Creating Shared Value for generations to come.



What started small as the Anglo-Swiss Condensed Milk Company in Penang has prospered over the years, thanks to Malaysia's strategic location and economic environment. As it grew, so did our investments to ensure the sustainability of our business. A clear testament of Nestlé's foothold in the country is the success of the Company, achieving a sales turnover of RM4.8 billion in 2013 alone.

We operate seven factories which provide employment opportunities and the development of valuable skills among local communities. A solid and vast distribution network has resulted in Nestlé products being present in almost every store and home throughout the country.

We have been delighting our consumers for generations with our product offerings. All products are produced in accordance with a strict Halal policy. As the Halal Centre of Excellence for the Nestlé world, it is a social obligation and responsibility towards Muslim consumers, whilst demonstrating to non-Muslims that Halal products are not just about meeting religious needs, but also about compliance to quality, strict hygiene and food safety.

Over the last 100 years, Nestlé Malaysia has embedded itself into the lives of Malaysians, not only through brands such as MILO, MAGGI and NESCAFÉ, but also through our Creating Shared Value initiatives. Creating Shared Value is our business philosophy which states that to create long-term value for shareholders, we must also create value for society. Our business creates shared value in these three focus areas: Nutrition, Water & Environment and Rural Development, which are highlighted in this Booklet.

This is all part of the business and social impact of Creating Shared Value – which includes providing knowledge of nutrition and healthy lifestyles to our consumers of all ages, improving livelihoods of farmers and rural communities and protecting the environment for a sustainable future. As the leading Nutrition, Health and Wellness company, we are committed to continue our investment in the country, nourishing Malaysians with products of the highest quality, whilst Creating Shared Value for generations to come. ♦



Driving Economic Prosperity in Malaysia

A business that provides for both social progress and business success is one that is sustainable over the long-term. This is what helped create our steady record of organic growth, improvements on profitability and return on capital.

A successful business for shareholders depends on how social goals are a key component of business planning; with targeted investments in farming communities, suppliers and our own employees, we can serve the needs of a broad and ever-expanding range of consumers.

The Nestlé business model does not focus on short-term profits; it aims for a steady 5-6 percent annual increase in organic growth, and constant improvements in profitability and return on capital.

Over the years, this approach has helped make Nestlé Malaysia a star performer – as a valued blue-chip business with a strong market capitalisation that provides a steady share price and dependable returns. ♦



Over the last decade, we have invested heavily in local infrastructure, thus contributing to the nation.

Investing in Malaysia's future:

Over the last decade, we have invested heavily in local infrastructure. Nestlé is now one of the Top 30 publicly-owned companies that over the last 5 years has significantly outperformed the KLCI. Shareholders have enjoyed the benefit of an increase in capital value as well as generous dividend payouts

- One of the biggest exporters of food products, exporting to more than 50 countries around the world, bringing foreign currency into Malaysia
- Under the SME Mentoring Programme, a joint collaborative effort with Halal Industry Development Corporation (HDC) and SMECorp, we have helped train more than 175 SMEs in Malaysia since 2010
- Senior Malaysian management talents of all disciplines are exported all over the world – from Europe to The Americas to some of the fast emerging BRIC economies. In return, the knowledge and experience gained from these assignments will be beneficial when they return to Malaysia

Responsible environmental policies which allows for reduction of energy consumption and waste, translating into savings:

Total savings of 46,691 GJ/tonne, enough fuel to sustain 864 cars/year (3% savings of energy usage per tonne product produced in 2013)

5 out of 7 factories achieved zero waste to landfill status since June 2013

Landfill load reduction is 57.6% vs target of 10%

3,000 tonnes of organic waste converted into fertiliser

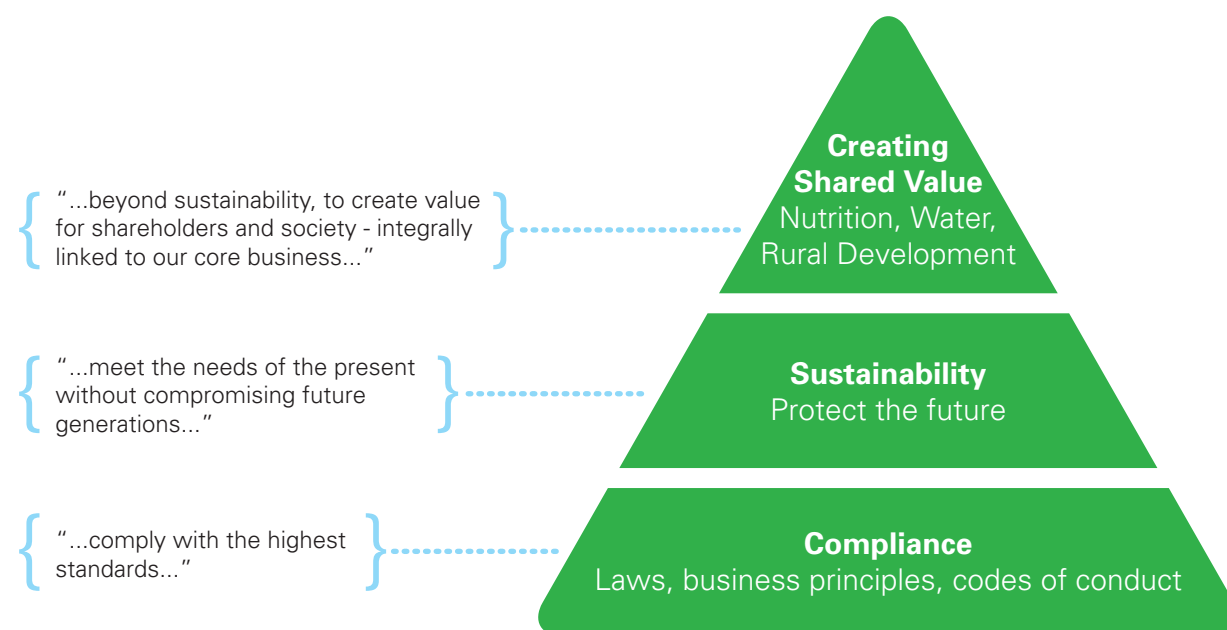
Reduction of total packaging by 430 tonnes

Nestlé in Society: Creating Shared Value and Meeting Our Commitments

At Nestlé, we believe that in order to create long-term value for our shareholders, we must create value for our society, subscribing to the view that corporate success and social welfare are interdependent.

The Company focusses on three areas of greatest potential for joint value creation with society: Nutrition, Water and Rural Development.

Nestlé in Society defines our commitment not only towards Creating Shared Value in the areas of Nutrition, Water and Rural Development, but also our commitment towards environmental sustainability as well as towards compliance. These areas are core to our business strategy and operations.



The Nestlé in Society Pyramid

We must also comply with our Corporate Business Principles to ensure that shared value is created at each stage of our value chain, which begins from the moment we source for raw materials up to the point where the product is manufactured and made available to our consumers.

Creating Shared Value: The Three Areas of Focus



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



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



The overall wellbeing of our various stakeholders - farmers, rural communities, small entrepreneurs and suppliers - is intrinsic to our continued success and the nation's development.



Nutrition

KEY INITIATIVES:

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

The Nestlé Healthy Kids Programme:

Aimed at improving nutrition knowledge and promoting active lifestyles among school students aged 7 – 17 years. It consists of two modules – a Primary School Module called the Nestlé Healthy Kids Programme, and the Secondary School Module called Healthy Lifestyle Programme (Program Cara Hidup Sihat). Both programmes are based on a multi-partnership approach, collaborating with national health and educational authorities such as Ministry of Education, Nutrition Society of Malaysia and Universiti Putra Malaysia.

Our Commitment to Nutrition:

Our goal is to enhance the quality of consumers' lives through good food and beverages, everywhere. We offer our consumers tastier and healthier food and beverages for all stages of their lives and at any time of the day. This approach helps consumers care for themselves and their families. This is the basis of our promise of "Good Food, Good Life", which places nutrition at the centre of everything we do.

Our Halal Commitment:

As the Nestlé Halal Centre of Excellence, our Halal Policy states that all products that are manufactured, distributed and imported by Nestlé Malaysia are guaranteed Halal by certification bodies recognised by JAKIM.

Grassroots Sports Development:

MILO takes an active role in championing the importance of a healthy, balanced lifestyle for children.



The Nestlé Healthy Kids Programme



The Nestlé Healthy Kids Programme is a global initiative to raise nutrition, health and wellness awareness and promote physical activity among school-age children around the world.

The Programme in Malaysia consists of two modules – the Primary School Module called the Nestlé Healthy Kids Programme, and the Secondary School Module called Healthy Lifestyle Programme (Program Cara Hidup Sihat). These programmes are timely in view of the significant prevalence of nutrition-related problems, such as nutrient deficiencies and obesity among Malaysian schoolchildren. Aimed at improving nutrition knowledge and promoting active lifestyles among school students aged 7 – 17 years, both programmes are based on a multi-partnership approach, collaborating with national health and educational authorities such as Ministry of Education (MoE), Nutrition Society of Malaysia (NSM) and Universiti Putra Malaysia.

The Primary School Module was launched in August 2010 in collaboration with NSM.

Nestlé Healthy Kids Programme Partners:



The programme entails the implementation of a two-prong approach, namely an interactive awareness campaign that focusses on nutrition and physical activity and a longitudinal intervention programme to develop, implement and evaluate effectiveness of an educational module.

The three-year research component commenced in 2011 where 18 educational modules were developed for students from Standard 3 till 5, focussed on basic principles in healthy eating and active living as well as basic hygiene and disease prevention. Main findings from the research component among the students from the first year have shown that the Knowledge score in nutrition have increased in all topics and that nutrition Knowledge, Attitude and Practices have improved after 6 months.

At the conclusion of the research, the education modules were presented to the MoE to be utilised by schools in the country. It will now be implemented in day-boarding schools in East Malaysia, reaching out to more than 5,000 students by the end of 2014. This set of educational tool, developed based on local dietary guidelines and tested and proven to be effective, can serve to impart nutrition knowledge to all the children in Malaysia.

BUSINESS BENEFIT:

- Demonstrates Nestlé's commitment to address the nation's health issues in line with our commitment towards Nutrition, Health and Wellness

SOCIETAL BENEFIT:

- Helps create a healthier future by improving knowledge of nutrition and encouraging greater physical activity among children



Both parents and children can learn about nutrition and healthy lifestyle together through the Nestlé Healthy Kids website

Nestlé Healthy Kids Website: www.healthykids.org.my



The awareness component of the Nestlé Healthy Kids Programme is focussed on building and improving the dedicated Nestlé Healthy Kids educational website, which features fun facts and activities for both children and parents.

There are interactive games to make learning fun and engaging for children, while articles and recipes were added to make the website interesting and useful for the parents.



Ever wondered what's in that bowl of cereal? Not sure of what nutritional meals to prepare for your child? Want to know more about fats and oils? Wonder no more, as children and parents can explore and discover the answers together on the website. New healthy and delicious recipes will keep parents and children bustling in the kitchen while informative articles on nutrition and healthy lifestyles are available for the family to read together. Exciting new games and fantastic tools such as "What's in the Dish?" and the interactive Food Pyramid game awaits our young audience when they visit the website.

Nestlé and NSM believe that the Nestlé Healthy Kids programme will empower Malaysian parents and children to understand the value of healthy eating and living that will benefit them now and for many years to come.



Secondary School Module: Healthy Lifestyle Programme



While it is important to start children young on nutrition and wellness, it is also equally crucial to educate adolescents on the importance of consuming the right food and living a healthy lifestyle as this would affect their growth and development for their future as adults. In collaboration with

The programme consists of six elements, the first of which was initial introductory talks with the senior assistants of student affairs and wardens of the boarding schools; briefing them about the content and execution of the programme. 332 canteen owners and chief cooks were



Teachers and wardens being briefed about the content and execution of the programme

the Ministry of Education (MoE) and Universiti Putra Malaysia (UPM), Nestlé launched an intervention programme called 'Healthy Lifestyle Programme' (Program Cara Hidup Sihat), the Secondary School Module of the Nestlé Healthy Kids Programme in December 2012. Aimed at enhancing the knowledge and practice of healthy and active lifestyles, the three-year programme (2012 – 2014) is targeted at lower secondary school students, their teachers and wardens, as well as the canteen owners and chief cooks who are responsible for preparing and serving their meals on a daily basis at the 100 day-boarding schools nationwide.

trained on how to prepare tasty and healthier dishes by using ingredients that are lower in salt and fat. In addition, 203 teachers and wardens received training on the educational module called HEBAT (Healthy Eating and Be Active among Teens) that would be taught to the students.

Topline results of Phase 1 research had shown that the intervention group is able to maintain the score for Attitude and that there is significant increase in Knowledge and Practice scores, compared to the control group. In the long run, findings from the reports will eventually be applied to all schools in Malaysia and its approach and findings shared across the nation.

Aimed to enhance knowledge and practice of healthy lifestyles among lower secondary school students, teachers, wardens and food operators.



Students in one of the boarding schools learning about the food groups from the Malaysian Food Pyramid

Benefits **100**
selected day-boarding
schools nationwide

332 canteen owners and
chief cooks were trained to create
healthier and tastier servings while
reducing salt and fat in their cooking

203 teachers and
wardens were trained to use
the educational module

4,954 students
intervened during the roll-out
of the HEBAT module

BUSINESS BENEFIT:

- Helps to establish Nestlé as the leading Nutrition, Health and Wellness company

SOCIETAL BENEFIT:

- Improved knowledge and practice of a healthy lifestyle for young Malaysians through nutrition and physical activity



Our Commitment to Nutrition



Our goal is to enhance the quality of consumers' lives through good food and beverages, everywhere. We offer our consumers tastier and healthier food and beverages for all stages of their lives and at any time of the day.

In 2013, we provided
2.9 billion servings
of nutritious and fortified
foods and beverages

We used **228** tonnes
less salt in culinary products
compared to 2005

We updated the Nestlé Policy
on Sugars to further reduce
sugar content by
10%
in products that do not
meet the Nestlé Nutritional
Foundation criteria

At the end of 2013,
100% of our
children's products met the
Nestlé Nutritional Foundation
saturated fats criteria

This approach helps consumers care for themselves and their families. This is the basis of our promise of "Good Food, Good Life", which places nutrition at the centre of everything we do.

In 2012, we made a public commitment to improve the nutritional profile of our food and beverages and to provide consumers with information and advice. These commitments enable stakeholders to hold us accountable for our performance, our achievements and the on-going challenges Nestlé faces.

Our commitments in the area of Nutrition are:

1 Provide nutritionally sound products designed for children

At the end of 2013, 100% of our children's products¹ met all the Nestlé Nutritional Foundation criteria² for children, which are based on international public health recommendations, such as those of the World Health Organization and the Institute of Medicine.

¹Products for which 50% or more consumers are below 12 years of age, or are designed for or perceived as being designed for this age group.

²The Nestlé Nutritional Foundation criteria are based on nutrition science and public health dietary recommendations, such as those of the World Health Organization and other global or local authorities. Our products are evaluated against these criteria, using the Nestlé Nutritional Profiling System, which determines their nutritional value and whether they achieve the Nestlé Nutritional Foundation.

2 Help reduce risk of under-nutrition through micronutrient fortification

In 2013, we provided 2.9 billion servings of nutritious and fortified foods and beverages such as dairy products, chocolate malt beverages and breakfast cereals.

3 Help increase consumption of whole grains and vegetables including via healthier home cooking

We have introduced more whole grain in our children's and teenagers breakfast cereals. Since 2012, breakfast cereals with the Green Banner on-pack contained at least 8g whole grain per serving.

4 Deliver nutrition information and advice on all our labels

At the end of 2013, we have introduced Guidelines Daily Amounts (GDA) on 98% of our relevant food and beverage products.



5 Reduction of Salt, Sugar, Saturated Fat in our products

Reduce salt

Since the establishment of the Nestlé Policy on Sodium in 2005, the sodium levels in many products including culinary products and breakfast cereals have been significantly reduced. We used 228 tonnes less salt in culinary products compared to 2005. In January 2014, we have further strengthened our commitment to continuous improvement by updating the Nestlé Policy on Sodium to further reduce salt (sodium) content by 10% by 2016 in products that do not meet the Nestlé Nutritional Foundation criteria².

Reduce saturated fats

Since the establishment of the Nestlé Policy on Saturated Fat, saturated fat levels of numerous products – especially children's products, have been significantly reduced. At the end of 2013, 100% of our children's products met the Nestlé Nutritional Foundation saturated fats criteria.

Reduce sugar

Between 2001 and 2011, we reduced the overall sugar content of our products by 30%³. For example:

- i. KOKO KRUNCH: sugar content was reduced by 21% between 2012 – 2013
- ii. KIT KAT Chunky: sugar content was reduced by 19% between 2012 – 2013

In January 2014, we have strengthened our commitment by updating the Nestlé Policy on Sugars to further reduce sugar content by 10% in products that do not meet the Nestlé Nutritional Foundation criteria².

³This figure is based on the total volume of sugar that we purchased and our overall sales volume over this 10-year period.

Reduce trans fat

In January 2014, we have further strengthened our commitment to continuous improvement by updating the Nestlé Policy on Trans Fat to remove all trans fat originating from partially hydrogenated oils from all of our foods and beverages.



Our Halal Commitment



Both Muslim and non-Muslim consumers benefit from the quality, safety and peace of mind of Halal products from Nestlé Malaysia

As Nestlé's Halal Centre of Excellence, our Halal Policy states that all products manufactured, distributed and imported by Nestlé Malaysia are guaranteed Halal by certification bodies recognised by the Malaysian Islamic Development Department (JAKIM).



Nestlé Malaysia Halal Facts

Nestlé Malaysia produces, imports and distributes Halal products that are certified by authorised Islamic certification bodies.

Currently the biggest Halal producer in the Nestlé world and recognised as the Halal Centre of Excellence for the Nestlé Group.

The export of our Halal products to more than 50 countries globally contributes almost 20 percent of the Company's local business.

7 Halal factories in Malaysia, and a total of 150 Halal factories worldwide.

Established internal Halal Committee comprising senior Muslim executives of various disciplines to facilitate the implementation of Halal standards and procedures in all areas pertaining to Halal compliance.

'Halal best practices' has been adhered to since the 1980's, even before the Malaysian Government introduced the voluntary Halal certification in 1994.

All locally-manufactured products carry the Malaysian Halal logo issued by the Malaysian Islamic Development Department (JAKIM); imported products are certified Halal by the relevant Islamic JAKIM-approved authorities.



BUSINESS BENEFIT:

- Halal products exported to more than 50 countries globally
- Demonstrates social responsibility and respect for Muslim employees and consumers
- In line with Government's vision of Malaysia as a Halal hub

SOCIETAL BENEFIT:

- Meets growing needs of Muslim consumers
- Creates peace of mind and assurance for Muslim consumers
- Creates assurance that products meet the highest quality, safety and hygiene standards



Grassroots Sports Development



MILO Go Further Camps are sports camps that include coaching clinics by professional coaches to teach children sporting skills, followed by friendly matches among the teams

MILO Go Further Camps

MILO has steadily played an important role in the development of sport in Malaysia and has led the way in nourishing an active and healthy nation.

Society today however, demands that Malaysian children excel academically. Thus, parents increasingly forget to include playtime and physical activities into the schedule of their growing child.

The strategy was to communicate that MILO not only provides positive nutrition but also that it supports a cause for the community that is bigger than itself.

By showing mothers that sport is a great teacher, MILO is taking an active role in championing the importance of a healthy and balanced lifestyle for children. So while parents emphasises on academics, MILO reminds them that there is a lot to be learnt from sport and it is this balance that set the foundation to a child's success in adulthood. ♦



BUSINESS BENEFIT:

- Demonstrates MILO's commitment to address grassroots sports development among Malaysian primary school children aged 7 to 12. This is in line with Nestlé's commitment towards Nutrition, Health and Wellness and also to enhance the MILO brand bond with consumers

SOCIETAL BENEFIT:

- Encourage greater physical activity among children through sport, resulting in a healthier future – physically and socially



Project RiLeaf

More than
180,000
trees planted so far

123,851
trees were purchased
from local communities

Aims to reforest
2,400ha
of land along the lower
Kinabatangan River



The Kinabatangan River is an important regional waterway. As a result of its rich biodiversity, it has become a focal point for conservation interests

This is an initiative to unite the needs of people, nature and agriculture (mainly oil palm) and demonstrate beneficial mutual co-existence for all stakeholders. The project aims to restore riverine vegetation along the lower Kinabatangan River in Sabah, the second longest river in Malaysia.



Species of tree seedlings that are used for replanting are indigenous plants that are commonly found in the jungles of Sabah

In November 2013, Nestlé signed a collaborative agreement with Sime Darby Foundation to fund Project RiLeaf, joining hands in establishing a mechanism that would enable professional management of funds and resources, which will benefit the stakeholders within the Kinabatangan Corridor of Life landscape in Sabah.

Project RiLeaf leverages on Nestlé Malaysia's commercial agricultural experience and expertise to speed up reforestation and increase the durability of indigenous forest seedlings.

The restored riparian zone forms a buffer zone to significantly filter the two main pollutants of the river - soil sediments and chemical fertiliser run-offs, thus helping the river repair itself over the course of time. The restored zone also forms a corridor for wildlife to thrive and move about, thereby reducing human/wildlife conflict in the process.

The initiative also has an active role in palm oil sustainability to reduce its environmental impact through minimisation of chemical fertilisers, as well as "back-to-basics" Good Agricultural Practices.



Water

KEY INITIATIVES:

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

Project RiLeaf:

A riverside reforestation and oil palm sustainability initiative that has seen more than 180,000 trees planted along the lower Kinabatangan River in Sabah.

A sustainable development project with WWF-Malaysia to empower local women in Setiu:

Through skills training & income-generating activities, access to opportunities leads to improvement in the lives of the rural community. They also function as the environmental guardians of the Setiu Wetlands.

Wastewater Treatment Plants:

Throughout the local manufacturing process, we promote water conservation while excess water discharged into the environment is cleaned via on-site Wastewater Treatment Plants.



Multi-Stakeholder Approach

Forest seedlings are transported to riparian planting areas along the lower Kinabatangan River using boats



A satisfied oil palm smallholder who has benefited from 'back-to-basics' Good Agricultural Practices

BUSINESS BENEFIT:

- Strengthens relationships with local communities and oil palm smallholders
- Builds corporate reputation as a responsible member of the Roundtable on Sustainable Palm Oil
- Engagement with oil palm smallholders allows for future collaboration in ensuring a secure supply of certified sustainable palm oil

SOCIETAL BENEFIT:

- Local community & stakeholder engagement
- Income generation and capacity building for local communities
- Environmental protection for future generations



Women, Guardians of Setiu Wetlands

The Nestlé and WWF-Malaysia Setiu Sustainable Development project has two objectives - to sustainably conserve the natural resources and rich bio-diversity of the Setiu Wetlands, and to enhance the livelihood of local communities, particularly the women who are the co-income earners and caregivers in the village.

This project combines improving the livelihoods of local women as well as empowering them as environmental guardians of the

area - home to the critically endangered painted terrapin and nesting ground for the endangered green turtle.

Environmental conservation awareness has created economic benefits: the wetlands have been rejuvenated through the replanting of mangrove seedlings, and the local women have also explored entrepreneurial opportunities such as eco-tourism and developing a home-stay programme for local and international visitors.



Since 2006, our partnership with WWF-Malaysia has seen the PEWANIS women serve as environmental custodians and also take their entrepreneurial skills to the next level



BUSINESS BENEFIT:

- Strengthens relationships with local communities and NGO partner (WWF-Malaysia)
- Enhances corporate reputation

SOCIETAL BENEFIT:

- Income generation for local communities
- Improved opportunities and empowerment for women as the guardians of the wetlands
- Potential model case study for other communities to replicate
- Environmental protection for future generations



Wastewater Treatment Plants



Our wastewater treatment plants ensure that the water discharged from our factories is clean and safe for the environment

Water is a pressing environmental concern and 68% of Nestlé factories globally are operating Wastewater Treatment Plants on-site.

In line with international water quality standards, 100% of the wastewater from factories are treated. 96% of the organic load in the water used in production processes is removed before returning it to the environment.

Nestlé factories in Chembong, Shah Alam, Petaling Jaya and Kuching operate these treatment plants, and in addition to reducing the direct usage of water in their operations, are also continually reducing water consumption throughout the supply chain. 💧

BUSINESS BENEFIT:

- Reduction of water usage, energy consumption and waste translates into savings
- Eliminate waste and encourage re-use of water

SOCIETAL BENEFIT:

- All excess water discharged from factories is clean and safe for the environment
- Environmental protection for future generations



Total savings of
46,691 GJ/tonne,
enough fuel to sustain
864 cars/year

3% savings of energy usage
per tonne product produced
in 2013

5 out of 7 factories achieved
zero waste to landfill status
since June 2013

Landfill load reduction is
57.6% vs target of 10%

3,000 tonnes of organic
waste converted into fertiliser

Reduction of total packaging by
430 tonnes



Rural
Development

KEY INITIATIVES:

The overall wellbeing of our various stakeholders - farmers, rural communities, small entrepreneurs and suppliers - is intrinsic to our continued success and the nation's development.

Nestlé Paddy Club:

By providing access to sustainable agricultural technology, rural farmers increase yields and create environmental benefits through efficient water management and reduction of greenhouse gas emissions.

Nestlé Chilli Club:

Helps provide rural farmers an increased source of income by helping them grow quality raw materials that are a result of good agricultural practices while offering them a stable and fair market price and demand for their produce.

Nestlé Community Kindergartens:

The project focusses on education, in particular for children who are from underprivileged backgrounds in rural Sabah.



Nestlé Paddy Club

A farming initiative where we work with farmers through a rice-growing sustainability innovation that uses environmentally-friendly approaches for the manufacturing of Nestlé infant cereals.

The Benefits of Nestle Paddy Club for People, Planet and Profits



People

Providing environmentally-friendly means to increase yields, minimising exposure to hazardous chemicals, safe handling of inputs, pride in work and network



Planet

Water conservation (30-40% reduction in usage), methane emission reduction, reduced environmental footprint, natural augmentation of soils. Additionally, the food stewardship programme with DuPont involves recycling of all used agriculture-input containers



Profits

Farmers gain from better real income potential and Nestlé has access to a reliable, traceable and controllable source for infant cereals manufacturing

As a regional manufacturer of infant cereals, the key ingredient of which is rice, we source our raw material from rural farmers in Kedah. Launched in February 2012, the Nestlé Paddy Club helps these farmers gain not just from the additional income, but also through efficient usage of water and reduction of greenhouse gas emissions.

These environmentally sustainable advantages are a result of the commercialisation of an innovation known as the Semi-Aerobic Rice Intensification (SARI). This innovative farming initiative provides significant benefits in three main areas – People, Planet and Profits.



A farmer preparing the land for the next planting season



Average yield of

7.06 MT/ha,
significantly higher than
the national average yield of
3.7 MT/ha

Improved earnings of

333 farmers

860 hectares
of cultivated area

“On behalf of the Nestlé Paddy Club members, I would like to thank Nestlé for providing this initiative that will generate more income for the farmers, as well as sharing their expertise and knowledge on rice farming to help grow higher quality raw materials which are safe to consume.”

Mr Sabri Nayan,
Chairman,
Nestlé Paddy Club, Kerpan



Mr. Hofbauer trying his hand at harvesting the field in Kerpan, Kedah

BUSINESS BENEFIT:

- Locally sourced raw material at specified quality and foreseeable price
- Securing a continuous supply of traceable, controllable, reliable, sustainable and stable-priced rice
- Lower operational costs and freshness
- Reduces reliance on imports

SOCIETAL BENEFIT:

- Farmers benefit from higher yields, leading to income stability and sustainability
- Water conservation and methane emission reduction whilst improving crop quality
- Minimised exposure to hazardous materials & safe handling of inputs
- Transfer of technology and exposure to Good Agricultural Practices help farmers improve their yield and crop quality to meet global standards





Nestlé Chilli Club



Our chilli contract farming scheme allows the farmers in Kelantan to be part of the Nestlé supply chain, thus improving their socio-economic standards



70%

increase in farmers' monthly income - from an average of USD212 to USD365

112 farmers produced a yield of 560 metric tonnes of fresh chillies over 45 hectares of land for the production of MAGGI Chilli Sauce as of 2012 - holding the record for producing the highest yield of all Nestlé Malaysia contract farming schemes

Awarded the Prime Minister's Award for socio-economic development and the respected and acknowledged SALAM accreditation for excellence in Malaysian farming practices

A collaboration between the Nestlé Agricultural Services Department and local Farmers' Association Boards in 1995, the Chilli Contract Farming Scheme is aimed at improving yields and quality of crops to meet global standards.

In order to achieve this, field demonstrations and agricultural training sessions focus on increasing productivity, reducing farm costs, minimising environmental impact and enhancing farmer work safety. Even in times of overproduction, a chilli puree factory processes the fresh chilli which is then supplied to local markets.

The Skim Amanah Ladang Malaysia (SALAM) accreditation for produce in the local community is a significant testament to the quality of the produce as well as a reflection of the agricultural practices in place. It embodies the principles of Total Quality Management from farm to fork. It is also a pre-requisite to the 'Malaysia Best' label introduced by the Ministry of Agriculture, a certification recognised both locally and internationally; assuring consumers that the product is of international quality and standards. ♦

BUSINESS BENEFIT:

- Locally sourced raw material at specified quality and foreseeable price
- Stability of supply, traceability & freshness is maintained
- Reduces reliance on imports

SOCIETAL BENEFIT:

- Poverty alleviation in the rural community by providing a source of sustainable income for farmers
- Transfer of technology on Good Agricultural Practices help farmers improve their yield and quality of crops to meet global standards



Fresh chillies are used in the production of MAGGI Chilli Sauce



Nestlé Community Kindergartens



Nestlé believes that access to pre-school education is important, as a good foundation will shape and set the path for a child's future. Since 2005, we have been working with Raleigh International, supporting rural communities by building kindergartens for pre-school children in East Malaysia. Raleigh International, a UK-based sustainable development charity is an organisation that strives to help people from diverse backgrounds and cultures discover their full potential.

Funded and equipped by Nestlé, the construction of the pre-school facility is made possible with the help of Raleigh volunteers and local villagers. Funds are used to pay for the cost of construction, sponsorship

of Raleigh volunteers and in-kind sponsorships for the volunteers.

Raleigh acts as a project manager and technical expert for these projects and also provides volunteers - the main sources of manpower to build the kindergartens. Raleigh also helps to identify the areas which have the highest need for pre-school facilities in terms of remoteness of the village, number of young children as well as the schooling facilities in surrounding areas.

They provide assistance with the initial planning stages of the project, which includes assessment of the village and also in identifying and training the teachers to ensure the sustainability of the project. ♦



These young children will now have the opportunity to get a head start to pre-school education with their newly-built kindergarten

Together, Nestlé and Raleigh have successfully built 11 kindergartens:

Kg. Liu, Pitas, 2005 ♦ Kg. Saguon, Tongod, 2006

Kg. Paus, Pitas, 2007 ♦ Kg. Keranaan, Ranau, 2008

Kg. Mapan-Mapan, Pitas, 2009 ♦ Kg. Maliau Layung, Pitas, 2010

Kg. Lingka Bugar 2, Pitas, 2011 ♦ Kg. Sonsogon Magandai, Pitas, 2011

Kg. Terian, Sugud, 2012 ♦ Kg. Bonor, Sook, 2013

Kg. Togudon, Donggongan, 2013

BUSINESS BENEFIT:

- Demonstrates Nestlé's commitment towards helping achieve the UN Millennium Development Goals: To achieve universal primary education (goal No.2)
- Strengthening relationships with local communities and NGO partners (Raleigh International)
- Enhancing our reputation as a good corporate citizen, helping to address issues in rural development

SOCIETAL BENEFIT:

- Good education will improve the quality of life of the village community in a sustainable way. This will in turn impact upon the socio-economic growth of the country



Creating Shared Value: Employees



In 2013, we had
23,416
training participants

In 2013,
we were awarded
**Most
Preferred
FMCG
Employer**
in Malaysia

At Nestlé, our employees are the drivers of Creating Shared Value. They are an integral part of building our current and future success for the business, as well as for society.

We are continuously raising the bar on attracting and retaining these talents who are valuable assets to our company. The overarching principle is that every Nestlé employee has the opportunity and a conducive environment to learn and develop.

Wellness at Work

As the leading Nutrition, Health and Wellness Company, Nestlé prides itself in ensuring the health and wellness of our employees; a healthy employee is a productive employee. Our in-house Wellness Team develops and runs weekly programmes.

There are group exercise days, days encouraging the use of staircases instead of lifts, days where we provide a free-flow of fresh fruit, monthly Lunch 'n' Learn sessions and regular health screenings.

Flexible Benefits

Every employee has different needs. To cater for this, employees can choose how they use 'flex-points' provided by the Company. They choose from:

1. Health & Wellness Categories – e.g. child day care and medical/dental treatment.
2. Lifestyle Categories – Vacation leave packages for domestic and international trips (including travel expenses, accommodation and meals)
3. Technology Categories – Purchase of handphone/PDA/iPad/smartphone and monthly reimbursement of handphone bills.

Besides that, there are facilities such as a dedicated Nursing Room for nursing mothers at all Nestlé offices/premises to promote breastfeeding, flexible work hours for certain roles between 9.30am to 4.30pm; and the ability to work at other premises or offices.

Training & Development

Lifelong learning is our culture. Every employee is responsible for his or her own development, and is encouraged to continuously build and acquire greater competencies. We are committed to the continuous learning of our workforce.

Everyday Coaching (EDC)

Organised three times a year, the modules include a Certified Master Performance Coach, EDC Train-the-Trainer module and general EDC Training. It is designed to shape leaders within the organisation, through developing analytical and critical thinking, as well as problem-solving skills.

Safety, Health and Environment (SHE)

Employee wellbeing is a priority; we cultivate a culture of safety and health within and outside the organisation through various educational and awareness programmes such as:

- The Defensive Driving Workshop
- Self-defence training for female employees
- Regular Fire Drills and inspection of related utilities in the building
- Worksite Inspections to ensure a safe environment for employees to work in



ROCKS Employee Volunteer Programme



Our Nestlé volunteers, fondly known as 'ROCKers', together with their families continue to play a role in responding to social needs, including the aged

Nestlé's Reaching Out to Community and Kids (ROCKS) Employee Volunteer Programme is the first of its kind launched nationally. 5,800 employees at all work locations nationwide have an avenue to be involved in the various activities that fulfill their societal and community obligations.

Nestlé Malaysia employees are allocated 16 working hours a year for volunteer work. Through the Nestlé ROCKS programme, volunteers can choose to volunteer in any 50 organisations adopted by the Company, that serve and cater to various segments of the underprivileged within the society. These range from serving the poor, orphaned, single parents, physically disabled, old folks, refugees and the Orang Asli community.

Voluntary work can be done by the individual employee or as a team. They can even invite their family members and friends to help out. The Nestlé ROCKS programme is planned in such a way that it works closely with all the Nestlé Business Units to coordinate and assist with their efforts in Creating Shared Value.

There are also Annual ROCKin' Bazaar, which is held to raise funds for charities as well as fuelling ROCKS' monthly activities. Nestlé ROCKS also supports Nestlé environmental conservation projects such as tree replanting at FRIM to offset our carbon footprint and also mangrove replanting at Setiu, Terengganu for wetlands rejuvenation.

This simple system coordinates and facilitates involvement from every employee, focussing their contributions into a concerted effort towards enhancing the quality of life in communities where we operate and the environment that surrounds them. ♦



Guardians of Setiu: Nestlé ROCKers lend a helping hand in mangrove replanting activities with the women in Setiu



Creating Shared Value:
A path to *Good Food, Good Life*

Creating Shared Value tells us that business and long-term social benefit go hand-in-hand. For a company to be successful over the long-term, it must create value for society. And when it does that, it creates value for its shareholders.

In a nutshell, it is about doing well, by doing good.

Our work in the areas of Nutrition, Water & Environment and Rural Development underscores our commitment to Malaysia as a leading Nutrition, Health and Wellness company.

All these efforts form what we believe is required to live the ideals of *Good Food, Good Life* to its fullest.





Nestlé

Good Food, Good Life

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