



**Nestlé**

## **Creating Shared Value**

Nutrition | Water | Rural Development

**Cover:**

Surrounded by lush green hills,  
a farmer in the tranquil interiors of Sarawak  
harvests red rice under Nestlé's contract  
farming scheme which is aimed at  
Creating Shared Value.

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Nestlé's "Creating Shared Value"  
guides us to ensure that our business  
is ethical and economically viable;  
our actions are environmentally  
sustainable and socially responsible.



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# FAST FACTS



## Categories of Products in Malaysia

- Coffee and Beverages • Culinary Aids / Prepared Foods • Milks • Liquid Drinks
- Junior Foods • Breakfast Cereals • Chilled Dairy • Ice Cream • Chocolate and Confectionery
- HealthCare Nutrition • Performance Nutrition • Nestlé Professional



## The Nestlé Group

- Founded in 1866 by Henri Nestlé
- World's largest food manufacturer, headquartered in Vevey, Switzerland
- Present in over 100 countries
- Employs 283,000 people worldwide
- 456 factories in over 80 countries
- Over 8,500 brands and over 10,000 different products
- Sales of 32 billion individual products each year
- World's largest private nutrition research capability based in Switzerland
- 27 R&D Centres worldwide
- RM6 billion investment annually on R&D

## Nestlé Malaysia

- Established in Malaysia in 1912
- Biggest Halal producer in the Nestlé world and the Halal Centre of Excellence for the Nestlé Group
- Employs more than 5,000 people
- Produces over 300 Halal products
- RM3.7 billion in turnover in 2009
- Public-listed on Bursa Malaysia since 1989
- Head Office in Mutiara Damansara, Selangor
- 7 factories and 6 sales offices
- 1 National Distribution Centre



# MESSAGE TO STAKEHOLDERS

The trust that consumers have in the Nestlé brands and services is the foundation of our business. The Nestlé brand name stands for Quality, Safety and Corporate Responsibility.

In Malaysia, where Nestlé has been established since 1912, corporate responsibility is embedded in our business operations. This includes delivering top quality, safe and Halal products across our range to developing junior sports in the country for more than 50 years through MILO, a brand that has been trusted by generations.

Over the past few years, Nestlé's concept of corporate responsibility has evolved into Creating Shared Value which goes one step further. Creating Shared Value means that we consciously identify areas of focus where shareholders' interest and society's interest strongly intersect; and where value creation can be optimised for both.

We have analysed our value chain and determined that the areas of greatest potential for joint value optimisation with society are Nutrition, Water and Rural Development as they are core to our business strategy and vital to the welfare of the people in the countries where we operate.

Nestlé's Creating Shared Value concept has been built on the foundation of a strong compliance culture and commitment to sustainability. However, it goes beyond compliance and sustainability, and aims to create new and greater value for society and our shareholders within the areas of focus.

As a valued stakeholder, we believe that you would be interested to know what efforts Nestlé is taking to ensure long term sustainable business practices. In this publication, which is the 4<sup>th</sup> in a series of Creating Shared Value Reports, we highlight to you our initiatives, our achievements and our challenges. We have strived to improve our reporting process to remain committed to transparency, good corporate governance and high ethical standards in our pursuit of Creating Shared Value in the Community, the Environment, the Workplace and the Marketplace.

Please read through this 2009 Creating Shared Value Report and share your comments to help us improve and make a difference in society. Our contact details are available at the end of the report and your feedback would be greatly appreciated.

**Tan Sri Dato' Seri Syed  
Zainol Anwar Jamalullail**  
Chairman of the Board  
Nestlé (Malaysia) Berhad

**Peter Robert Vogt**  
Managing Director  
Nestlé (Malaysia) Berhad

For our business to be sustainable over the longer term, we must create value for our shareholders and society at the same time.

Our employees continue to play a role in responding to social needs through the Nestlé ROCKS Employee Volunteer Programme.



# NESTLÉ, CREATING VALUE FROM THE BEGINNING

Our founder, Henri Nestlé was a Swiss pharmacist who developed the world's first milk food for infants in 1867 in his efforts to save the life of a neighbour's child, a premature infant who was unable to tolerate his mother's milk or any of the usual substitutes. His ultimate goal was to combat the problem of infant mortality due to malnutrition. Soon, people began to recognise the value of this new product and it was marketed in much of Europe. Thus began a legacy of creating shared value which is embedded within our values and corporate business principles. This legacy remains to be our pride and continues to drive us more than 140 years on. From its humble beginnings, our Company is committed towards building a business as the world's leading Nutrition, Health and Wellness company, based on sound human values and principles.



Nestlé



## THE "NEST" – THE PRIDE OF NESTLÉ

Henri Nestlé showed early understanding of the power of branding and had adopted his coat-of-arms as a trademark in 1867. In his German dialect, Nestlé means "little nest", and since then, every Nestlé product carries the coat-of-arms developed as a trademark in 1867. The famous symbol is universally understood to represent warmth, security, nourishment, family togetherness, nurturing and caring values to this present day.





We are still at the beginning of our journey and we need to work across our entire business and value chain to better understand where we can create shared value. In every aspect, our employees will continue to play a major role in our Creating Shared Value efforts to ensure that we are responding to social needs, environmental issues and at the same time improving our performance.

**CREATING  
SHARED VALUE,  
THE NESTLÉ WAY**

## Creating Shared Value, the Nestlé Way

Creating Shared Value is a fundamental part of Nestlé's way of doing business that focuses on specific areas of the Company's core business activities where value can best be created both for society and shareholders.





To Nestlé, the term Creating Shared Value reflects our belief and commitment that in order to build a business that will be successful over the long term, we must go beyond sustainability and create value both for society and our shareholders.

Globally, we have analysed our value chain and determined that our Creating Shared Value priorities should focus on Nutrition, Water and Rural Development as these areas have the greatest potential for joint value optimisation with society. Not only are these key challenges impacting our business, but they are issues to which Nestlé, as a leading food and beverage company, believes we can positively contribute.

Creating Shared Value is a fundamental part of Nestlé's way of doing business that focuses on specific areas of the Company's core business activities where value can best be created both for society and shareholders.

Take our Halal Commitment as an example. Borne out of respect and obligation to our Muslim consumers, Nestlé Malaysia has been at the forefront of the Halal agenda long before the official Halal certification by the Government was introduced. We pioneered a Halal standard for the rest of the Nestlé Group more than ten years ago and today, we have earned the accolade of being the Halal Centre of Excellence for the Nestlé Group. As the Government of Malaysia is actively promoting the country as a global Halal hub, Nestlé is a significant partner not only through our exports of Halal products to more than 40 countries globally but also

through our involvement in capacity building initiatives with the SME Corporation and the Halal Industry Development Corporation (HDC). It is a unique example of a successful Creating Shared Value in practice because it provides a win-win situation for all parties – the consumers who benefit from the quality, safety and peace of mind of Halal products from Nestlé; the Government and SMEs can potentially tap on Nestlé's global expertise; and for Nestlé, we gain from competitive advantage of being a Halal player as well as from the profits derived from exports.

Creating Shared Value is not about philanthropy. It is about leveraging our core activities and partnerships for the joint benefit of the people in the countries where we operate and of our shareholders. In every aspect, our employees will continue to play a major role in our Creating Shared Value efforts to ensure that we are responding to social needs, environmental issues and at the same time improve our performance.

As you progress further into the Creating Shared Value report, you will discover more examples of how Nestlé is Creating Shared Value. To meet Bursa Malaysia's requirements, we have segmented the initiatives in four areas:

1. Our Respect and Care for the Community
2. Our Commitment to the Environment
3. Our People and the Workplace
4. Our Consumers and the Marketplace



FROM LEFT:

**Mr. Peter Vogt and En. Ariffin Buranudeen honing their theatrical skills with the special children of MAGIC (Malaysian Association of Guardians for the Intellectually Challenged).**

**Consumers benefit from the quality, safety and peace of mind of Halal products from Nestlé.**

A Nestlé ROCKS (Reaching Out to Community and Kids) volunteer sharing priceless and meaningful time with the cherished residents of the Little Sisters of the Poor, St. Francis Xavier Home for the Elderly.

Nestlé's philosophy of Creating Shared Value is demonstrated in how we respect and care for the **Community**







## OUR RESPECT AND CARE FOR THE COMMUNITY

Nestlé has long been involved with the local community, particularly in philanthropic work. However, since the launch of the United Nations Millennium Development Goals (MDG), there has been greater commitment by Nestlé to be involved in a more sustainable manner in the communities to help them improve their quality of life. This commitment is very much in line with our concept of Creating Shared Value (CSV).

The UN Millennium Development Goals are a bold attempt to prioritise what is needed for the most vulnerable in society, including poverty reduction, education, health for women, children, the reduction of pandemics like HIV/AIDS and malaria and environmental sustainability. What is also key is the emphasis on partnership with the private sector for a more effective and sustained outcome.

Through our partnerships with credible local and international non-governmental organizations (NGOs), we have been able to reach out more effectively to the communities and it has been a win-win outcome for all parties.

### Wetlands Conservation Efforts in Setiu, Terengganu with WWF-Malaysia

In 2006, Nestlé and WWF-Malaysia embarked on a project to create environmental awareness among the local community in Kampung Mangkuk, Setiu, a coastal village in the state of Terengganu. The Setiu Wetlands serves as the habitat and nesting ground for Malaysia's largest breeding population of the critically endangered painted terrapin, and is home to 29 species of mammals, 28 species of reptiles and 112 species of birds.

The intention of the project was to improve the livelihood of the women in the community and also empower them to become the environmental guardians of the area to conserve the natural habitat. To date, the project has yielded very encouraging results with the development of PEWANIS (Persatuan Wanita Kampung Mangkok Setiu) also known as the Setiu Women Entrepreneurs in 2007. Besides accumulating the relevant skills necessary

for developing cottage industry activities, this group of women were also able to improve the livelihood of their families by generating new income opportunities as well as spearhead the conservation efforts around their village.

Besides the financial outlay for WWF-Malaysia to sustain the project, Nestlé has also been actively involved in providing training and guidance in entrepreneurship for the members of PEWANIS.

### RESULTS

**The project has augured well for the conservation initiatives and improved the livelihoods of women in the local community.**

Since the launch of the United Nations Millennium Development Goals, there has been greater commitment by Nestlé to be involved in a more sustainable manner in the communities to help improve their quality of life.





## Our Respect and Care for the Community

### Headstart for Young Children in Rural Communities in Sabah

Raleigh International Trust, a UK-registered youth and education charity which has operations in Sabah has been involved with Nestlé since 2005 through funding of the construction of kindergartens in remote villages. Nestlé and Raleigh believe that education is a great enabler which elevates the standard of living in a sustainable manner, helps break the poverty cycle and enables societies to thrive. To date, young children in five communities in rural Sabah now have access to pre-school education.

Besides funding the kindergarten, Nestlé also sponsors local youth to be involved in Raleigh projects to help build a pool of volunteers who can go on to encourage other youth to help in remote villages and communities.

Nestlé and Raleigh also ensure that two villagers in the community are identified as pre-school teachers and are provided the relevant skills and training by the local education department. Each kindergarten which can accommodate 40 children is well equipped with furniture, books and stationery. Approximately 20 - 30 children attend the kindergartens in the respective villages.

### RESULTS

**More than 100 children are provided with pre-school education in five villages, while a pool of local youth volunteers are developed each year.**

FROM LEFT:

Members of PEWANIS preparing banana chips as a new source of income.

Raleigh volunteers who built the fifth kindergarten in Kg. Mapan Mapan, Sabah.

A young beneficiary of the Kg. Mapan Mapan kindergarten enjoying the gift of books.



## Our Respect and Care for the Community

With the success of the chilli contract farming in Kelantan, this scheme has been replicated in red rice farming in Sarawak.

### Contract Farming Improves the Lives of Lower Income Communities

Nestlé, through its Agricultural Services Department began working with the local Farmers Organisation Board by engaging local farmers in Kelantan, including those under the Government's Hardcore Poor Rehabilitation Programme to produce chillies for Nestlé's MAGGI Chilli Sauce to help create new and sustainable income opportunities for the hard-core poor farmers with incomes of less than RM650 a month. This initiative is in line with the Company's Agricultural Policy of creating and promoting local sources of raw material supply and creating shared value for both parties. The farmers are screened, interviewed, and selected by the project management committee to ensure that they meet the criterion of the scheme. All the chillies produced are sold to the board,

thus eliminating the need for middle-men and also ensuring that there is a ready and assured buyer for all the chillies produced, at a pre-determined price.

The number of farmers involved in the project has grown substantially over the years, from a mere four farmers in 1995 to more than 300 farmers to date, with many more seeking to be part of the scheme. The farmers involved in this scheme have benefited from significant changes to their income level, where they have been able to generate a sustained income, improve their standard of living, purchase new land, invest in and upgrade their machinery and educate their children, a previously unattainable achievement. On average, the farmers earn a nett income of RM8,000 per season (6 months), which works out to RM1,300 per month; double their original income.





## Our Respect and Care for the Community

Ten years on, the project won the Prime Minister's Award for Socio-Economic Development; the farmers were accorded the respected and acknowledged SALAM accreditation for excellence in Malaysian farming practices in recognition that Good Agricultural Practice (GAP) is implemented and complied with. GAP is an environment-friendly farm management method based on approved international agriculture standards such as Europe's EUREP GAP. The SALAM accreditation for produce in the local community, is thus, a significant testament to the quality of the produce as well as a reflection of the agricultural practices in place, and embodies the principles of Total Quality Management from farm to fork.

With the success of the chilli contract farming in Kelantan, this scheme has been replicated in red rice farming in Sarawak. When commercially cultivated, the red rice will be used as a nutritious ingredient for NESTLÉ CERELAC infant cereals.

### RESULTS

**The farmers continue to supply Nestlé with high yielding crops for its MAGGI Chilli Sauce.**

Nestlé also reaches out to the following communities by providing monthly food aid and other forms of support:

- Rumah Sinar Salam, a haven for destitute women who are abandoned, abused or neglected in the Chow Kit area of Kuala Lumpur, infamous for vice activities.
- Rumah Nur Salam, also located in Chow Kit, provides a safe shelter for children in the area.
- e-Homemakers is a support group for women who work from home due to various circumstances – to care for their family, due to illness or are physically challenged.

For more information on the above and other Nestlé beneficiaries, please refer to the Group Corporate Affairs & Wellness Unit, Nestlé (Malaysia) Berhad.



FROM LEFT:

**A bountiful harvest of red chillies being selected by the farmers in Kelantan.**

**A traditional red rice farmer in Tebedu, Sarawak sieving through the best quality grains.**

**Happy children at Rumah Nur Salam enjoying their safe haven.**







Nestlé's commitment  
to the **Environment**  
is an integral part  
of how we conduct  
our business

The Nestlé Policy on the Environment guides us in our commitment to protect the planet and this is evident when we focus on issues such as packaging source reduction.

# OUR COMMITMENT TO THE ENVIRONMENT

One of the fundamental Nestlé Corporate Business Principles is that “We will not sacrifice long-term development for short-term gain”, and it is this promise that has set the parameters for all that we do, no matter how small or large the market.

## Caring for the Environment

Creating Shared Value means thinking strategically and long-term, while simultaneously delivering strong annual results in a clear, transparent and dynamic manner. One of the fundamental Nestlé Corporate Business Principles is that “We will not sacrifice long-term development for short-term gain”, and it is this promise that has set the parameters for all that we do, no matter how small or large the market. We are committed to being a leader in environmental performance and to ensure that preserving natural resources and minimising waste becomes an integral part of the Company’s day-to-day activities in all its operations worldwide, the Nestlé Policy on the Environment was published in 1991. In addition to this policy, protection of the environment is also clearly embedded in our Corporate Business Principles. The introduction of the Nestlé Environmental

Management System (NEMS) further enhances environmental awareness and has served as a solid basis for continuous improving of our environmental performance.

At Nestlé, we are committed to create shared value over the long term by increasing the world’s access to higher quality food and beverages, while at the same time contributing to environmentally sustainable social and economic development, particularly in rural areas. Our environmental stewardship is guided by three principles:

- our responsibility towards society, present and future;
- our desire to delight consumers;
- our dependence on a sustainable environment that can provide the high quality resources we need to make good food and beverages.

All our operations abide by the Nestlé Policy on the Environment.

**Our Waste Water Treatment Parks ensure that water discharged is clean and able to sustain life.**





## Our Commitment to the Environment

Some of the strides made with regard to our commitment are as follows:

### Water

As a founding signatory of the UN Global Compact CEO Water Mandate, water management is our top priority. We continuously:

- work to reduce the amount of water withdrawn for every kilo of product produced;
- assure that our water activities respect local water resources;
- take care that water we discharge into the environment is clean;
- engage with our suppliers to promote water conservation, especially farmers;
- reach out to others to collaborate on water conservation and access, with a particular focus on women and children.

Over the past few years the consumption of water in Nestlé manufacturing operations has decreased significantly while our production has grown. Internally, the Company has a programme in place to reduce water consumption by 4% every year. The year under review has seen a strong reduction of 6.5% Water Consumption per Tonne product (5.20 m<sup>3</sup>

per tonne) compared to 2008 which was 5.56 m<sup>3</sup> per tonne. This reduction has been realised by implementing water saving measures in the Production Locations as well as creating awareness at all levels in Operations in order to eliminate unnecessary spillage of water.

The Chembong Factory has made a strong contribution in realising goals to reduce Water Consumption that includes the optimisation of the Waste Water Treatment Plant and reduction of water pressure at the point of consumption.

In agriculture, we have an ongoing R&D study with Malaysian Agricultural Research & Development Institute (MARDI) on semi-aerobic rice farming, and initial results have shown a 30% - 50% water savings versus conventional wetland rice farming, without loss in yields. Added benefits include stronger plants as the water reduction forces a more vigorous root development, as well as savings in fuel costs as less pumping is needed.

### Sustainable Product Life Cycle

Nestlé's initiatives aim to improve the environmental performance of our products along their entire life cycle.

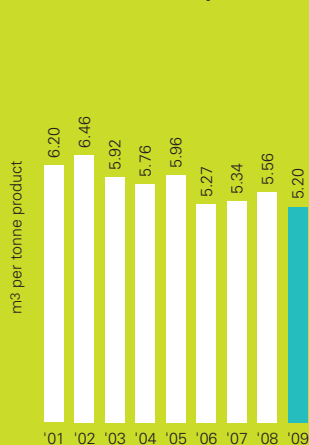
These include sourcing sustainable raw materials, reducing energy consumption and minimising air emissions.

Energy Consumption saw a decrease in 0.53% per tonne product (4,676 MJ) compared to 2008 which was at 4,701 MJ per tonne product. The year under review saw two major capital investment projects related to capacity increase in the category of shelf-stable dairy and coffee & beverages being completed. The completion of these projects contributed to a slight reduction in Energy Consumption per Tonne. Further reduction in Energy Consumption as a result of continuous improvements in energy saving was however dampened by shift in the product mix to relatively higher energy consuming products.

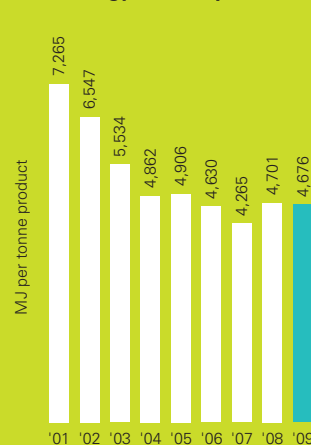
Energy saving measures will continue to be implemented in 2010 and specific reduction targets will be set for the individual Production Locations.

In terms of air emissions, there was no significant change in SO<sub>x</sub> per tonne of product compared to 2008 whilst CO<sub>2</sub> saw a decrease of 5.6% in CO<sub>2</sub> per tonne of product from 197 in 2008 to 186 for 2009.

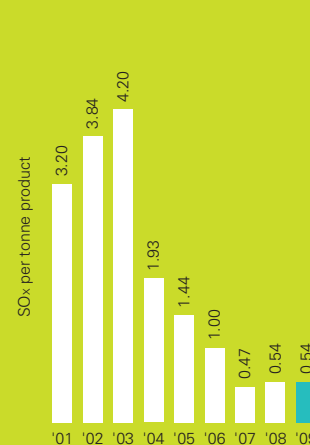
**Water Consumption**



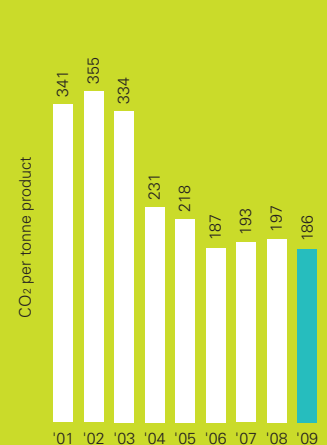
**Energy Consumption**



**Air Emissions**

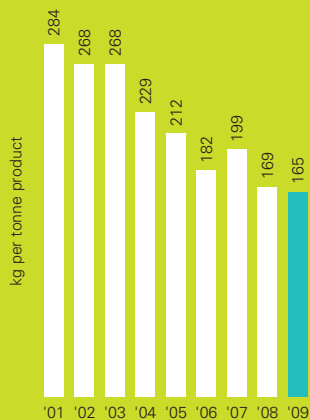


**Air Emissions**

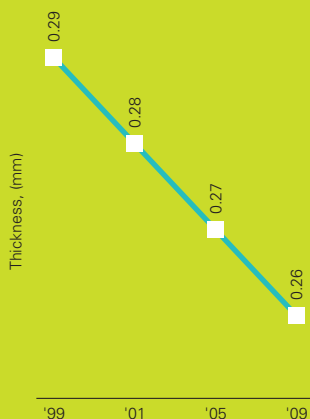


## Our Commitment to the Environment

**Packaging Material Usage**



**Can Body Thickness**



### Packaging

The packaging of our products is critical to guarantee our high quality standards, to prevent food wastage and to inform consumers. Through internal research and development at Nestlé there have been significant advances in the environmental impact of our packaging materials. We constantly review packaging to ensure adequate level of packaging protection from physical damages and foreign contamination.

The Nestlé Global Policy outlines four key important sound environment practices in packaging.

- reduce weight & volume of material
- lead in the development of renewable resources
- support recovery of used packaging to decrease waste
- support use of recycled material where appropriate

Packaging source reduction remains our key focus and we constantly redesign and adopt new packaging solution that reduces the usage of materials. In 2009, packaging material usage per metric tonne of product was reduced by more than 40% compared

to the usage in 2001. The adoption of liquid nitrogen gassing in our can filling process enabled us to change from traditional tinplate to light weight aluminium cans while being able to maintain the highest standards of packaging protection for our Nestlé Liquid drinks cans packaging.

We also successfully completed our down-gauging exercise for all domestic MILO & NESCAFÉ ready to drinks cans where compared to 1999, we have reduced 10% of the can's body thickness.

We have successfully converted our MAGGI Hot Bowl to the new Combi-bowl, which uses plastic injection thin-wall technology, reducing the bowl weight by 14%. The insulation function in packaging was replaced with recycled cardboard, making the hot bowl packaging now easier to separate for recycling purposes.

### Supply Chain & Waste Management

Nearing the end of the product life cycle is the management of by-products and waste. There have been significant reductions in the quantity of by-products produced and by focusing on recycling, Nestlé is

In 2009, packaging material usage per metric tonne of product was reduced by more than 40% compared to the usage in 2001.





## Our Commitment to the Environment

increasing its waste eco-efficiency. The Company has been involved in leading environmental awareness and in making continuous improvements via innovation and renovation, in an effort to reduce waste – our War on Waste.

In 2009, we continued to implement the backhaul pallet collection initiatives which reduces our carbon footprint, where trucks delivering finished goods to distributors will collect empty pellets instead of using dedicated trucks. This has allowed a reduction of 25 kg/per month in CO<sub>2</sub> emissions due to trip optimisation – translating to approximately 326,000 km in travel distance saved in 2009.

The National Distribution Centre is embarking on an energy saving programme to reduce depletion of renewable resources every year by 2% and for the year under review the programme achieved a 6.5% reduction against a 2% target with programmes which includes the installation of an energy saver module and the replacement of transparent roof sheets.

Continuing on the Green Supply Chain agenda, in 2009, Nestlé's Market Return Warehouse was recommended for

ISO 14001 Environment Certification. This management system will ensure the sustainability of our efforts and our commitment to not pollute the environment.

Most of Nestlé's market returns are processed at our Central Returns Warehouse where some products are recycled and a portion disposed at the landfill, with a total of 1700 tonnes of waste disposed at the landfill in 2009. Expired products are sold as animal feed whilst materials such as paper, cartons and tins are recovered and sold. This contributed to 25% recovery which is higher than the 15% recovery projected. Waste recovery has improved from 38% in 2008 to 45% in 2009.

In late 2008 and early 2009, through innovation and renovation, 3 new machines have been invented to recycle waste previously dumped at the landfill. The "4 in 1" Machine allows us to recycle tins, tetra paper, condensed milk cans, canned drinks, ready to drink products, as well as evaporated milk cans whilst the Bottle Rinser & Bottle Crusher is able to recycle glass bottles.

We are also stepping up our efforts towards the Green Supply Chain, through conversion of current liquid and solid waste into organic fertilizer, by the use of microbes to accelerate the natural process of decomposition; resulting in organic fertilizers. We are currently working in partnership with a third party and the first industrial trial run was done successfully with 90% of both solid and liquid waste recycled, leaving only 10% waste to be sent to the landfill. The project will start in March 2010 and we target for Green Certification by the 2<sup>nd</sup> quarter of 2010.

Environmental management efforts will be heightened through:

1. Innovation and renovation.
2. Integrating environmental principles, programmes and practices into operations.
3. Application of Nestlé Environmental Management System (NEMS) as a framework used to manage environmental aspects and designed to be compatible with internal standards (ISO14001).
4. Provide appropriate information, communication and training to build up Long Term Partners' (LTP) understanding on Market Return procedures.



FROM LEFT:

**Through internal R&D, we have made significant advances in minimising the environmental impact of our packaging materials.**

**Mr. Paul Bulcke and Dato' Frits van Dijk playing their part for the environment at Shah Alam Complex.**

## Our Commitment to the Environment

Nestlé currently has full contract farming in place involving more than 500 farmers, and covering some 350ha in rural Sarawak.

### Agriculture

Specific to our food and beverage business, another priority area in terms of environmental sustainability is agriculture.

Nestlé currently has full contract farming in place involving more than 500 farmers, and covering some 350ha spread over rural farmland in Sarawak's 1<sup>st</sup> Division for Red Rice with multi-party collaboration involving the Malaysian Agricultural Research & Development Institute (MARDI), Ministry of Science, Technology and Innovation (MOSTI), Sarawak Department of Agriculture and Empire Rice Mills. Under the contract farming project, traditional single season varieties are encouraged, but a new MARDI developed variety, YTM16, is also planted with the latter, giving two season plantings/year where water is adequate, leading to better income for farmers and better utilisation of scarce paddy land. The project has also allowed close hands-on

engagement with farmers, and sharing of experiences in Good Agricultural Practises, Farm Work Safety, and Natural Growing Practises. Through the MOSTI Technofund, Nestlé has managed and organised the procurement of agricultural machinery suited for very small traditional farmers, that has made them more productive as well as reduce the burden of harvest.

In addition to the Red Rice farming in Sarawak, full contract farming of fresh chillies with Persatuan Peladang Kawasan Bukit Awang (PPKBA) involving some 200 farmers spread over 200 acres in rural Pasir Putih district in Kelantan has seen field demonstration and trainings held, focusing on increasing productivity, reducing farm costs, minimisation of environmental impact, and enhancing farmer work safety. A chilli puree factory was set-up in PPKBA, to process fresh chilli in times of over-production, and thereafter to





## Our Commitment to the Environment

supply to Nestlé. Ultimately, the aim is to produce chilli puree that can be used by the Malaysian food industry in general. Nestlé is also actively assisting PPKBA in areas such as Good Manufacturing Practises (GMP), HACCP, Process Engineering and Quality Management to ensure better utilisation and lesser wastage of perishable fresh chillies, a new potential profit product for PPKBA, and a source of contingency chillies for Nestlé.

Being active members of the World Cocoa Foundation (WCF), and Roundtable for Sustainable Palm Oil (RSPO), Nestlé Malaysia is at the forefront of regional cocoa and oil palm sustainability initiatives, with a current focus on finding a “Nestlé Solution” to enhance sustainability in cocoa and oil palm smallholdings, especially in Indonesia. Nestlé has commissioned the Indonesian Coffee and Cocoa Research

Institute (ICCRI) to conduct a detailed scientific study on a microbial “back-to-nature” approach that could spearhead the “Nestlé Solution” which aims to achieve an all-round win situation for the people, the planet and profits – the three pillars of sustainability. The Company recently launched a global Cocoa Plan and committed to purchase only Certified Sustainable Palm Oil (CSPO) by 2015.

We are also the only food company in Malaysia currently using an environmentally-friendly hermetic storage technique via GrainPro cocoons, to store sensitive grains such as red rice, which is prone to weevil infestation and also rancidity due to a high bran oil surface layer. These cocoons have allowed us to keep red rice grains in good condition without cold room, fumigation, and can even be used in outdoor environment.

### Going Green with Our Employees

In line with the Nestlé Policy on Environmental Sustainability, many of our work locations have launched a “Go Green at Staff Shop” campaign where employees are encouraged to bring their own recyclable bags to carry goods purchased at the Staff Shop. The objective of the campaign is to reduce the use of plastic bags.

We also supported the WWF-Malaysia organised Earth Hour for the first time this year in Malaysia. Nestlé Malaysia committed that all its offices, buildings and factories would switch off non-essential lighting, but without compromising on safety and security on 28 March from 8:30 p.m. - 9:30 p.m.



FROM LEFT:

Red rice procured from the interiors of Sarawak are used as ingredients for our NESTLÉ CERELAC infant cereals.

Our contract farming scheme helps improve the socio-economic standards of rural farmers.

Our “Go Green” campaign encourages the use of recyclable bags at our staff shop.

We participated in the WWF-Malaysia Earth Hour campaign to play our part in conserving energy.

Engaging **Workplace**  
values inspire our  
people towards Nestlé's  
collective goal

Our corporate values  
of Trust, Respect, Involvement  
and Pride lay the foundation  
for everything we do at Nestlé,  
which includes helping  
those in need.







# OUR PEOPLE AND THE WORKPLACE

The most important competitive advantage is our people. It's not only because of our culture and our principles – it is also logical. People drive everything, from Brand, to R&D, to Creating Shared Value. And this links us to people and to society at large.

**Paul Bulcke**, CEO, Nestlé S.A.

The Nestlé Group has a global workforce of 283,000 people who know that to achieve our ambition, we must share one vision and be aligned behind a clear strategy. The 5,000 employees in Malaysia, collectively share the same goal, which is to be recognised as the world leader in Nutrition, Health and Wellness, to be the reference for financial performance in our industry and to be trusted by all our stakeholders.

And helping us define what we do are the corporate values of Trust, Respect, Involvement and Pride that sets the foundation for everything we do at Nestlé.



## Trust

We earn trust from each other, consumers and business partners with our competence, honesty and integrity.

## Respect

We respect and care for our people and their diverse cultures, religions and traditions.

## Involvement

We are enthusiastically involved in proactive change to create sustainable and profitable growth.

## Pride

We feel proud in passionately building successful brands through our people and the quality of all our activities and products.

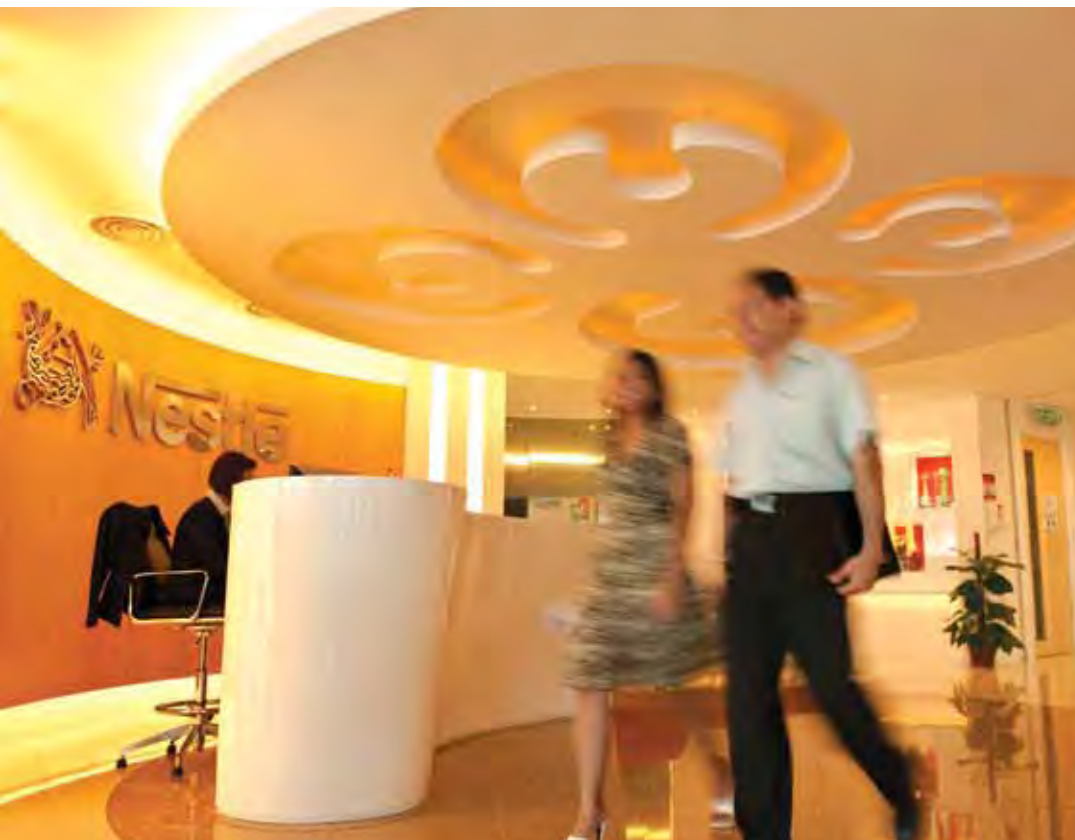


## Our People and the Workplace

The four core values shape our commitment to  
“A Heart for Excellence” which is a pledge by our employees  
to always strive for excellence in all that we do,  
with care and respect.



‘A Heart for Excellence’ logo shows a very special bond  
where talent and skill converge, “arms” outstretched  
to each other in a picture of unity.



The warm ambience  
at Nestlé's new nest reflects  
the commitment of the Company  
to “A Heart for Excellence”.

## Our People and the Workplace

Some of the people initiatives we have in place are as follows:

### Performance Management

A new performance management system that empowers the employee with a dedicated focus to performance and development was rolled out on a pilot scale for selective functions in 2009. The outcome from the pilot programme will be used for a group wide rollout with the intent to manage and evaluate the performance of our people in a clear and transparent manner.

#### RESULTS

**The pilot programme has been successfully implemented as scheduled.**

### Employee Engagement & Change Management Initiatives

To increase and sustain employee engagement in our journey of excellence, a series of "Your Voice" newsletters were shared with employees in 2009; providing updates on the progress made on the action plans identified by different businesses, functions and sites after the last survey in 2007.

#### RESULTS

**Nestlé employees provided feedback on their development and progress, and for the Company to respond accordingly through a transparent process between managers and subordinates.**

FROM LEFT:

**A brainstorming session at the Market Business Strategy workshop engages our management staff to proactively contribute towards the Company's direction.**

**Mr. Paul Bulcke and Dato' Frits van Dijk join in a Mission Directed Work Team session at the Shah Alam Complex.**





## Our People and the Workplace

## New Human Resource Policy

To align with the practices of other Nestlé markets and multinationals based in Malaysia, two new guidelines were introduced on quality Work Life Balance. The first, all meetings are to be scheduled between 9am to 6pm, while the other dictates that Smart Casual dresscode was extended to the whole week, from just casual Fridays.

## RESULTS

**Employees are able to plan their schedule more efficiently and enjoy working in a more casual environment.**

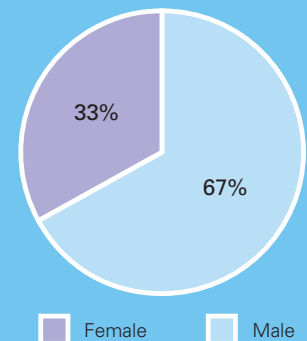
## Training and Development

As part of the Employee Value Proposition of Enriching Development, the Company rolled-out several Learning and Development Programmes in 2009. All initiatives and developmental interventions were first communicated to employees in the form of a Learning & Development booklet that provides information on the different programmes available, how it will benefit employees, who the targeted participants are, as well as the duration of the programme. In 2009, the Company invested RM7.7 million into different learning and development-related intervention programmes for its employees.

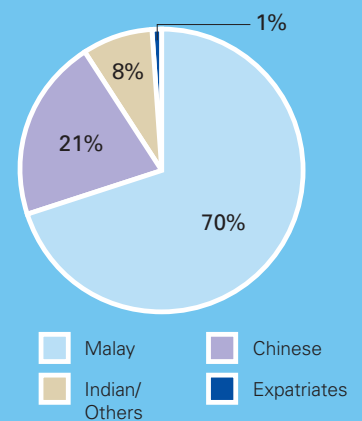
## RESULTS

**A total of 33 sessions were conducted as part of the corporate in-house training programmes throughout the year.**

**Total Gender Equality**  
as at December 2009



**Total Ethnic Diversity**  
as at December 2009



The 5,000 employees in Malaysia collectively share the same goal, which is to be recognised as the world leader in Nutrition, Health and Wellness.

## Our People and the Workplace

### Management Trainee Programme

The Trainee Programme underwent changes to incorporate a Hybrid approach which incorporates both functional and gallery exposures. The revised structure allows trainees to hone skills and knowledge in areas beyond their functional expertise. The programme structure is fluid as it takes into account the feedback from the Management Trainees as well as Line Managers.

#### RESULTS

**Positive feedback from the 12 Management Trainees who graduated from their 12-month programme in mid-2009.**

### Collaboration with Technical & Higher Learning Institutions

Nestlé has established partnerships with leading institutions of higher education in Malaysia to develop learning and development programmes for its employees including the Open University Malaysia: Executive Diploma in Manufacturing Management (EDMM), Sales College, Professional Certificate in English for Sales Communication as well as the Workers Institute of Technology (WIT): Technical Operator – 2 (TO2) Programme.

#### RESULTS

**Non-managerial employees have opportunities to develop new skills-set and benefit from the specially-created programmes.**

### Sharing of Best Practices

Nestlé Malaysia continued to share Human Resource Best Practices with other Nestlé markets, local and international companies, institutions of higher learning as well as Government-linked bodies in Malaysia.

#### RESULTS

**Continuous improvement with the exchange of resources and knowledge as well as benchmarking against the best in industry.**

Nestlé has established partnerships with leading institutions of higher education in Malaysia to develop learning and development programmes for its employees.





## Our People and the Workplace

### Internship Opportunities for Students

Nestlé has a structured internship programme for students who are pursuing undergraduate programmes at local universities; providing an opportunity for the students to gain 'hands-on' working experience, on-the-job training and exposure to a real work environment. Ranging from 2-6 months, the placements help students develop their skills, competencies and confidence. It also allows students to work on short-term business-related projects.

#### RESULTS

**Provide a hands-on learning experience in a multinational environment to develop confidence and competencies.**

### CARE Programme (Compliance Assessment in Human Resources, Occupational Health & Safety, Environment & Business Integrity)

The CARE programme which was first initiated in 2005, is an assessment to ensure compliance in areas of Health & Safety, Labour, Environment and Business Integrity. All factories in Malaysia have been assessed and found to be CARE compliant. This has since been extended to the Branches and Distribution Centres and will be implemented at the Head Office in 2010 with a full completion target by 2011. In adherence to the Labour pillar in CARE, we continue to monitor the 72 hours and 1 Rest Day compliance which ensures optimum working hours.

#### RESULTS

**There has been a dramatic reduction in the number of non-compliance incidents in 2009 as compared to 2008. Nestlé is committed to ensuring this is achieved across its entire operations.**

FROM LEFT:

Our factory staff are empowered to make decisions on the shopfloor, in line with our values of Trust and Involvement.

Together with OUM President/Vice-Chancellor Professor Tan Sri Anuwar Ali, Mr. Paul Bulcke presented 31 graduates with EDMM certificates. The programme aims to develop Nestlé's production executives into First Line Managers.

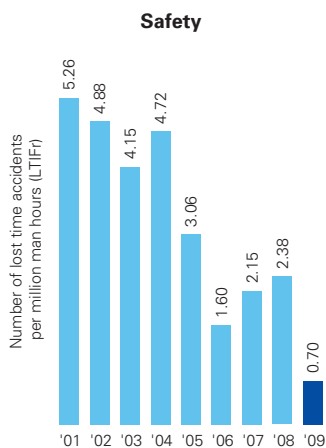
Participants at the NUTRI PRO Seminar taking a revitalising stretch in between the speakers' sessions.



## Our People and the Workplace

### Safety at the Workplace

Lost Time Injury Frequency Rate (LTIFr) – a widely accepted international standard based on the US-OSHA accident measurement standards – measures absence from work of at least one day due to work-related injury or illness. Total accidents in Malaysia in 2009 was 9 cases. The biggest achievement was the reduction in lost work days from 267 to 42 (~530%) from the previous year, while the event related lost time injury dropped from 30 to 9 cases (~230%) as compared to the previous year. With the drive to reduce lost time injuries, the frequency rate has also dropped from 2.38 to 0.7 as compared to the previous year.



All factories and distribution centre sites completed the ISO14001 (Environmental Management System) and OHSAS18001 (Occupational Health & Safety Management System) certification process and were recommended for International certification by SGS. The sites were also certified for the Local Malaysian Standards for Occupational Safety & Health, i.e. MS 1722 Part 1. After its successful implementation in Shah Alam Complex, the 5 Safety Initiatives comprising of Behavioural Based Safety (BO), HIRADC, Incident Management Safety Talk and Safety Meeting were rolled out to the operation sites.

### RESULTS

**There have been significant reductions in injury and loss time due to increased internal efforts to raise awareness on safety at work.**

### New Nest at Surian Tower

After nearly 30 years at its previous location, Nestlé Malaysia moved its corporate headquarters to Surian Tower, Mutiara Damansara in October 2009. The modern building offers many new facilities and amenities including better parking facilities, security (CCTV, additional security personnel), *surau*, “chill-out” relaxation areas, nursing room and sick bay. There are also better equipped and well-designed rooms for training, meetings and interviews.

### RESULTS

**Positive feedback from employees who appreciate the new open and spacious working environment.**





### Employee Nutrition, Health and Wellness (NHW)

Pilot project at the Shah Alam Complex to instil awareness on NHW; included Body Mass Index (BMI) campaign for the staff while Nutrition Quotient (NQ) Training – an ongoing global Nestlé initiative to ensure all Nestlé employees are knowledgeable about nutrition and able to apply this knowledge in their everyday practice.

Healthy Meal Preparation training was conducted for canteen operators to encourage them to prepare healthier meals, while being better informed on basic nutrition and balanced diets. As a follow up from 2007, canteen operators will be required to share their recipes with Nestlé's chefs for guidance on menu planning. Plans are underway for personnel categorised as 'overweight' or 'obese' to learn more about weight management through talks and 100-Day Wellness Challenge for better weight management.

NESVITA OMEGA PLUS launched its 30-Days-to-Lower-Cholesterol Challenge to encourage all personnel to actively manage their cholesterol levels. Over 150 Head Office employees pledged to get their cholesterol levels tested. The participants were also provided NESVITA OMEGA PLUS milk twice a day. 80% of the participants successfully reduced their cholesterol level, with an average of 12% reduction in total cholesterol after 30 days of drinking two glasses of NESVITA OMEGA PLUS daily.

#### RESULTS

**All management staff completed NQ Training in 2009 while efforts are ongoing to improve work life balance.**

Nestlé's ongoing initiative is to ensure all Nestlé employees are knowledgeable about nutrition and apply this knowledge in their everyday practice.



FROM LEFT:

A Personal Security & Loss Prevention booklet was distributed to all employees which serves as a useful security guideline to ensure employees' safety while at home and travelling.

A lion dance usher in prosperity and luck into Nestlé's new nest at Surian Tower.

Employees saying "I Do" and actively participating in a Wellness Walk organised as part of the 30-Days-to-Lower-Cholesterol Challenge.







The good reputation for quality and high standards that Nestlé has, builds trust amongst our consumers as we continuously respond to their changing needs and offer a choice of products which are nutritious and Halal.

Nestlé's product  
innovations place us  
ahead in the  
**Marketplace**

## OUR CONSUMERS AND THE MARKETPLACE

“Each day, 1.2 billion units of Nestlé products are sold worldwide and we translate this to 1.2 billion expressions of trust shown by consumers towards our products and our Company.”

**Paul Bulcke**, CEO, Nestlé S.A.

This confidence is based on the quality, image and reputation for high standards that Nestlé has built over the century. Having the world's leading private R&D capability in food and nutrition, world-class manufacturing facilities and international quality and safety standards all add to the 140 years of expertise that Nestlé has built its credibility and reputation on.

Nestlé believes that consumers are at the heart of everything we do. By responding to consumers' changing needs, producing safe, high quality, nutritious and Halal products while communicating responsibly, clearly and ethically, we meet local consumer expectations and improve their wellbeing while ensuring the sustainability of our business.

As a Company, we are well aware that our engine of growth is our brands and products, which in turn rely increasingly on

health benefits and nutritional credentials for success. Our competitive advantage is clearly our efforts in innovation and renovation. The Nestlé Group's annual R&D expenditure has increased by 10% and we are constantly seeking ways to leverage our R&D platform to be aligned as the recognised world leader in Nutrition, Health and Wellness.

These investments also mean that we are able to move with great agility in meeting our consumers' changing preferences, as they evolve beyond taste, enjoyment and convenience towards the added benefits of nutrition and personal health.

The following are some of our efforts aimed at reinforcing the trust our consumers have in our brands and products:

### Nutrition Training

Nutrition Quotient (NQ) Training is a global Nestlé initiative aimed at ensuring every Nestlé employee is knowledgeable about nutrition and able to apply this knowledge effectively. It was first initiated in 2007 and today, more than 3,600 people including Nestlé employees and communication partners have been trained.

### RESULTS

**Walking the talk. Ensuring nutrition knowledge, attitude and practice pervade the Company.**



Our new range of products meet Nestlé's Nutritional Foundation criteria.





## Our Consumers and the Marketplace

### Nutritional Foundation (NF)

The Nestlé Nutritional Profiling System was developed to evaluate the nutritional value of food and beverage products to constantly optimise the nutritional composition of products through product development. Since 2005, Nestlé Malaysia had assessed its total portfolio of products and a product will only attain the NF status when all of its nutritional factors meet the criteria for its category. Products with NF status represent an appropriate choice when the consumer, either adult or child consumes in the context of a balanced diet.

#### RESULTS

**62.5% of Nestlé's total portfolio of products have achieved NF and active efforts are being taken to improve all products in our portfolio. The aim is also to ensure that all new products introduced will meet the NF status.**

### Nutritional Compass

Available on the back of every Nestlé product, the Nutritional Compass aims at providing the consumer additional information about the benefits of the product. We encourage and empower our consumers to make informed choices about their diet and enjoy a more balanced life. By doing so, we hope that we are playing our role as a leading partner in Nutrition, Health and Wellness, to help our consumers in a more practical and meaningful way on a daily basis.

#### RESULTS

**All Nestlé products display the Nutritional Compass which consists of a nutritional panel, consumer contact, good tips and the nutritional benefits of the product.**

### Communicating with Consumers

Our Consumer Services Team manages the interface between our consumers and our business where consumers are able to engage with the Company using a freephone number (for local calls only). In 2009, the call centre received approximately 20,000 calls from consumers of which 15,873 were enquires, 4,501 complaints and 133 compliments. Nutritional advice and recipes are also available for consumers via our Consumer Call Centre. Consumers are also welcome to communicate with us through our website [www.nestle.com.my](http://www.nestle.com.my) and via mail or fax.

#### RESULTS

**Record service levels in turnaround visitation and analysis times were achieved in 2009 through close monitoring of cases. We reduced the analysis duration by 34%.**



FROM LEFT:

**Nestlé meets the changing needs of consumers through product innovation and renovation.**

**A Nestlé Wellness Ambassador providing information to a consumer during the Nestlé, Nourishing Malaysia Showcase.**

**The Nestlé Nutritional Compass which is featured on the back of every Nestlé product helps consumers make informed choices.**

## Our Consumers and the Marketplace

### Improved Customer Service Levels

Our Customer Service Levels (CSL) in 2009 improved significantly to 97.3% from 94.9% in 2008 and 94% in 2007. CSL to our International Accounts also improved from 95.3% in 2008 to 98.6% in 2009. These improvements came from effective cooperation within our Operations team comprising of Supply Chain, Production and Purchasing, to result in consistent supply, with our focus on the Customer, our Distributors and our International Accounts. Over the years, dedicated Customer Service executives were assigned progressively to all Accounts.

#### RESULTS

**Since 2007, we received commendations from key customers for the consistently high service levels. We look forward to further improving the level of collaboration with all our customers.**

### “Dear Nestlé” Consumer Relationship Programme

Consumers who sign up for the “Dear Nestlé” programme will belong to an exclusive Nestlé Community where our valued members will receive regular “Dear Nestlé” newsletters which are jam-packed with tips on nutrition, recipes, healthy living and promotions. Introduced more than ten years ago, “Dear Nestlé” is also accessible via [www.nestle.com.my](http://www.nestle.com.my)

#### RESULTS

**Membership numbers have been increasing steadily over the years with more than 600,000 households in our database.**

### Corporate Equity Monitor

In 2009, 1,227 members of the public were interviewed under Nestlé’s Corporate Equity Monitor to track Nestlé’s brand perception vs the competition. Generally, Nestlé continued to enjoy a favourable impression as a food and beverage company whilst registering a high unaided awareness recall of 66% vs our closest competitors.

#### RESULTS

**With 46% of the survey sample perceiving Nestlé as an ‘expert and leader’ in nutrition, Nestlé was able to gauge consumer perception on its position as a leader in Nutrition, Health and Wellness and make the necessary improvements.**

**“Passion and patience are what bonds the workforces behind Mydin and Nestlé to achieve a sustainable and continued strong growth in its categories. Nestlé has been servicing us with great passion and patience in understanding our needs, controlling out-of-stock situations and most importantly, in understanding and adapting to the Mydin way of doing business. No business can be successful without dedicated staff and this has been proven in the partnership between Nestlé and Mydin.”**

#### Dato’ Ameer Ali bin Mydin

Managing Director  
Mydin Mohamed Holdings Berhad

Nestlé sponsored the Malaysia’s Biggest Breakfast campaign which raised funds for the National Stroke Association of Malaysia.



A consumer giving full attention to the briefing by a NESTLÉ PROFESSIONAL team member.





## Our Consumers and the Marketplace

Activities which were implemented in 2009 for consumers in the marketplace include:

### The Nestlé, Nourishing Malaysia Showcase

Held outside of the Klang Valley for the first time, our consumers in Sabah and Sarawak were able to attend and fully participate in the activities as well as engage with our Wellness Ambassadors.

#### RESULTS

**Approximately 12,000 visitors attended the events held in Kota Kinabalu and Kuching where a majority who were interviewed in a pre and post survey indicated that they had benefited from their visit to the Showcase, particularly on the nutritional and health benefits of Nestlé products.**

### MILO Play More Learn More Campaign

The objective of the initiative is to inculcate and promote a sporting culture amongst young children by using well known sports personalities such as Razif Sidek, Marina Chin, Daniel Bego and Ho Ro Bin to spread the positive message, not only to the children but also to parents. Under this campaign, MILO is targeting 10,000,000 minutes of play-time pledges during the campaign period, and upon achieving this, MILO will contribute resources to schools which require assistance with their equipment and facilities. Consumers can visit the dedicated website for more information: [www.milo.com.my/playmore](http://www.milo.com.my/playmore)

#### RESULTS

**Although the MILO Play More Learn More campaign is new, it has made a positive impact in sports among children.**

### Public Forum on Diabetes Management

Nestlé Health Care Nutrition (HCN) together with the Malaysian Diabetes Association organised the Diabetes Public Forum to create better awareness and educate the public on diabetes management. Topics included: "Understanding Diabetes Mellitus" and "Living a Sweet Life with Advances in Diabetes Nutrition Therapy". Nestlé Healthcare Nutrition also collaborated with Roche Diagnostics Diabetes Care to organise a Diabetes Public Forum in September 2009 to help the public understand and manage the disease. HCN launched the NUTREN UNTUK DIABETIK website (<http://www.nestle.com.my/nutren>) which encourages engagement and interaction with consumers and includes a Q&A section which offers the services of an expert panel.

#### RESULTS

**Partnership with key players will help Nestlé build credibility in diabetes management as well as introduce relevant products to the right target.**



FROM LEFT:

Nestlé supports community involvement during the Nutrition Month Malaysia.

MILO print ads provide inspiration to the Play More Learn More campaign.



## Our Consumers and the Marketplace

### Scientific Conference on Obesity 2009

Themed “Obesity & Our Environment”, the conference organised by the Malaysian Association for the Study of Obesity (MASO) covered health and addressed environmental issues directly and indirectly linked to the increasing prevalence of obesity. Some 200 experts from 13 countries attended the conference with Dr. Zhang Peifang from the Nestlé R&D Centre in Beijing, China presenting a paper entitled “Can food solutions win the war against obesity”; sharing research related to overweight and metabolic disorders conducted at the Nestlé Research Centre. Nestlé Malaysia shared the findings of the UKM-Nestlé Study on nutritional status and dietary habits among primary schoolchildren in Malaysia.

#### RESULTS

**Improve awareness among experts that Nestlé is committed to address the issue of obesity through its expertise in R&D.**

### Celebrating World Food Day with Petrosains

Nestlé partnered with Petrosains to organise the World Food Festival; aimed at educating the general public on the importance of food and nutrition as a source of energy in our daily lives. The month-long event featured interactive fun-learning programmes and activities that examined the science that goes into food such as natural food colouring, the different types of sugars and how to make ice cream. Nestlé Nutritionists were also on hand to present talks on topics such as balanced eating and nutrients in food; the importance of breakfast and regular meals; healthy snack choices; and micronutrient deficiencies.

#### RESULTS

**Overall, an effective platform to reach schoolchildren and impart nutrition knowledge. More than 48,045 visitors attended the World Food Festival.**

### Survey on Nutritional Status and Dietary Habits of Primary Schoolchildren in Malaysia

In 2007, Nestlé commissioned UKM to conduct a follow-up study on the 2001 nationwide survey on the nutritional status and dietary habits of primary schoolchildren. Approximately 12,000 primary schoolchildren in Peninsular and East Malaysia were surveyed on their nutritional knowledge, attitudes and practices.

**Note: Please refer to Case Study no. 1 on page 46 for further details on this exercise.**

#### RESULTS

**The study enabled researchers to observe the changing behavioural and dietary patterns of the students, which can be addressed through appropriate intervention initiatives.**

FROM LEFT:

**Experimental fun with Nestlé products during the Petrosains World Food Festival.**

**Engaging with the young audience at the World Food Day celebration.**





# STAKEHOLDER ENGAGEMENT

On 9 January and 8 December 2009, Nestlé held two convening sessions to report to the stakeholders its progress.

In October 2007, Nestlé, with the support of AccountAbility UK, convened a group of stakeholders and experts in Kuala Lumpur to obtain feedback on its Creating Shared Value strategy in Malaysia. On 9 January and 8 December 2009, Nestlé held two convening sessions to report to the stakeholders the progress made since its first convening.

The sessions were attended by experts representing various sectors including Corporate Responsibility, Corporate Governance, Community and Sustainable Development, Environment, Nutrition & Health, Consumers & Women's Issues, and Human Rights among others. The earlier session was attended by 17 stakeholders and the latter sessions were participated by 16 stakeholders.

The objective of the convening was to:

- Update stakeholders on the progress made
- To discuss Nestlé's Creating Shared Value approach
- To obtain feedback, advise and guidance on:
  - Creating Shared Value Initiatives
  - Priority Issues
  - Actions & Measures
  - Communication & Reporting

Following the Open Plenary Discussion, the participants were divided into groups for the Break Out Session which was to focus on:

- Nutrition
- Water and Environment
- Rural Development



Nestlé Malaysia Managing Director, Mr Peter Vogt addressing our stakeholders at one of the convenings.

## Stakeholder Engagement

Their discussion resulted in the following suggestions:

- [1] Nestlé is urged to ensure the Company acts and/or in minimum, reports back on key issues that have been raised by the group in the last convening, in 2007 e.g.
- Nutritional value of food including reduction of sugar, salt etc.
  - Customised healthy products.
  - Consumer education on nutrition and healthy choices.
  - Training and capacity building for suppliers and SMEs.
  - Partnerships with universities on key issues such as development of Halal food.
  - External verification.
  - Nestlé's position on GMOs.
- [2] Nestlé is urged to provide discussions in the Company's Creating Shared Value reporting related to the challenges the Company might face on some of the issues raised or recommendations made by the group.

- [3] The stakeholders were interested in learning how local action in Malaysia and/or other places has been taken to the global level i.e. impact on global community.

- [4] Suggestions to expand Nestlé's portfolio of product offerings, with participants brainstorming new product ideas; urging Nestlé to explore new products that tie to the Creating Shared Value strategy and Malaysian market needs.

- [5] Stakeholders suggested that a holistic strategy must include efforts to take leadership to improve industry-wide performance. In particular in the following areas were mentioned:
- Waste and (reusable) packaging,
  - Customised offerings for the young, teens, the old as well as special groups such as pregnant/lactating mothers, vegetarians and those with diabetes,

- Water management – use clean water source as unique selling point (USP) in production.

- [6] The group urged Nestlé to deepen partnerships as a tool to deliver strategy, e.g.

- Universities to further develop the science behind specific issues and develop relevant tools and management systems/ solutions,
- Organisations, charities, NGOs etc on key issues to leverage resources on messaging and drive systematic change,
- Other parts of society for a holistic approach to rural development that helps build the needed infrastructure and capacity to slow migration from rural areas to urban centres.

Various talks and forums were also held to share our best practices and initiatives with our stakeholders.





## Stakeholder Engagement

After the convening session in December 2009, AccountAbility UK distributed a report to all participants of the convening session. The following is a summary of the report on the outcomes which emerged from the December 2009 event:

Topic	Issues Highlighted	Stakeholder Recommendation	Action Plans by Nestlé
Nutrition, Health & Wellness	There is a perceived risk of addiction to instant noodles amongst children. What is in the instant noodles? Are they harmful?	<ul style="list-style-type: none"> <li>Produce communication materials to educate the public.</li> <li>Develop balanced nutrition (add more fresh ingredients).</li> <li>Educate mothers to prepare a balanced meal.</li> </ul>	Continue salt reduction initiative and focus communication on the ingredients and safety of instant noodles. In addition to the back of pack instructions on the preparation of instant noodles using fresh ingredients, MAGGI will extend this to other forms of communication, such as the website or advertisements.
	Rise in obesity and related non-communicable diseases such as diabetes. If Nestlé does not address this issue, it will undermine Nestlé's business in the future.	<ul style="list-style-type: none"> <li>Continue to review nutrition contents including reduction of fat, sugar, salt as well as research alternative ingredients.</li> <li>Take leading role in promoting active lifestyles.</li> <li>Collaborate with local universities in lifestyle research.</li> </ul>	<ul style="list-style-type: none"> <li>Maintain drive to reduce fats, sugar or salt in relevant products.</li> <li>R&amp;D on alternative safe ingredients such as stevia.</li> <li>Strengthen promotion of active lifestyles among Malaysians and intensify recreational activities already planned under Nestlé's brands activities.</li> </ul>
	Could Nestlé offer more NHW products for specific groups?	<ul style="list-style-type: none"> <li>Young working adults, in particular working mothers.</li> <li>Diabetics.</li> <li>Elderly who have different needs and can afford healthy food.</li> <li>Pregnant &amp; lactating mothers who need and seek education &amp; easy access to relevant nourishment.</li> <li>Vegetarians.</li> <li>Teens – niche group but will later become active consumers. What healthy products can Nestlé offer to those who left the "MILO" age. Is there something similar to MILO that the Company could develop?</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen targeted communications to relevant groups on products already available.</li> <li>Special Taskforce has been set up to look into dietary requirements of people who are overweight and diabetic.</li> <li>Fortification of relevant products for specific groups.</li> <li>Develop more products suitable for vegetarians.</li> <li>Review currently available products for teens based on their needs and lifestyles.</li> <li>Assess communication channels to teens &amp; our key messages.</li> </ul>

## Stakeholder Engagement

Topic	Issues Highlighted	Stakeholder Recommendation	Action Plans by Nestlé
		<ul style="list-style-type: none"> <li>Water – consider clean sources of water to ensure the safety &amp; quality of Nestlé products – adding to its nutritional value.</li> </ul>	<ul style="list-style-type: none"> <li>Communicate better the existing efforts by Nestlé factories to ensure high quality water in manufacturing.</li> <li>Target communications on water initiatives to relevant stakeholders.</li> </ul>
Food Security	There is increased pressure for local food production. What is Nestlé's position on food security and local sourcing? This also includes communication on Nestlé's position on GMOs.	N/A	<ul style="list-style-type: none"> <li>Proactively share info on global efforts made in highlighting food security issues at international forums e.g. WEF.</li> <li>Consider future crops that can be successfully cultivated using the chilli / red rice contract farming template which can help with local sourcing.</li> <li>Any GMO communication will be guided by the Group's position.</li> </ul>
Rural Development	To minimise the migration of rural population to urban areas, the core question was how to keep the people in the countryside. Help them with much needed infrastructure and capacity to develop the area to offer better standard of living. Three different areas were considered: leadership, sustainability and compliance / standards.	<ul style="list-style-type: none"> <li>Rethink how to keep population in the rural areas by building infrastructure partnerships to improve: hospitals, colleges / universities, housing, finance, utilities, telecommunications, etc. Nestlé's role would be to assist in building sustainable livelihoods through entrepreneurship schemes which could be considered a CSV initiative.</li> <li>Grameen Bank micro-credit scheme to develop broader community economy.</li> <li>Study FELDA schemes and local cooperatives for ideas.</li> <li>Engage with rural communities to learn what they need to stop them from relocating to urban areas.</li> </ul>	<ul style="list-style-type: none"> <li>After internal discussions and careful consideration, it is decided that the scope is too wide for Nestlé to provide any effective outcome on population migration.</li> <li>Micro-credit and FELDA schemes to be considered for chilli / red rice initiatives.</li> </ul>



## Stakeholder Engagement

Topic	Issues Highlighted	Stakeholder Recommendation	Action Plans by Nestlé
	Sustainability: Incentivise local processing and in possible cases, locate more agro-based manufacturing to the source or rural areas (e.g. milk districts in India). Need to consider upstream / downstream balance.	<ul style="list-style-type: none"> <li>Create incentives for farmers to ensure sustainable production with involvement from: Ministry of Rural Development; state government; support from agricultural institute or university.</li> <li>Thailand's "One Community, One Product" scheme could be duplicated. For example, Sarawak rice – red rice, Bario rice and irrigated rice.</li> </ul>	<ul style="list-style-type: none"> <li>To be considered as part of the chilli / red rice initiative.</li> </ul>
Water & Environment	Plastic bags – currently limited to local efforts. Why not apply globally and Nestlé can take leading role in partnership with global retailers. Bio-degradable plastics – new research suggests current model releases toxins into the ground. Could Nestlé collaborate with a company like Dow to do further research and develop safer alternatives?	<ul style="list-style-type: none"> <li>Continue research on packaging materials to reduce waste.</li> </ul>	<ul style="list-style-type: none"> <li>Improve communication on packaging urging consumers to recycle or reuse.</li> <li>Utilise Nestlé Group's R&amp;D's input to further reduce packaging and waste.</li> </ul>
	Waste & water – improve communication. There is a big risk in communicating too late when Nestlé is ahead in efforts. Expand internal reach of "Zero waste, One team, 100% Engagement" and share externally, especially in schools.	<ul style="list-style-type: none"> <li>Communicate life cycle assessments including energy, water and waste. For example, how much energy is consumed by boilers and chillers? Can innovation help save energy?</li> <li>Nestlé is a UNGC Water Mandate member. Most work at global level but water is local/regional issue. Consider implementing UNGC Water Mandate locally.</li> <li>Monitor quality of water and consider nutrification (adding nutrients).</li> <li>Share expertise in conservation of energy, water and packaging, particularly with SMEs.</li> </ul>	<ul style="list-style-type: none"> <li>Conduct life cycle assessment for MAGGI Noodles as pilot. Review UNGC Water Mandate and how it can be implemented at local level.</li> <li>Be more proactive in sharing our conservation efforts e.g. waste water treatment plant; reusable energy at NESCAFÉ plant, etc. through communication and SME mentoring programme.</li> <li>Host factory visits for key stakeholders e.g. media or consumer groups to share our efforts.</li> </ul>

# CREATING SHARED VALUE – CASE STUDIES

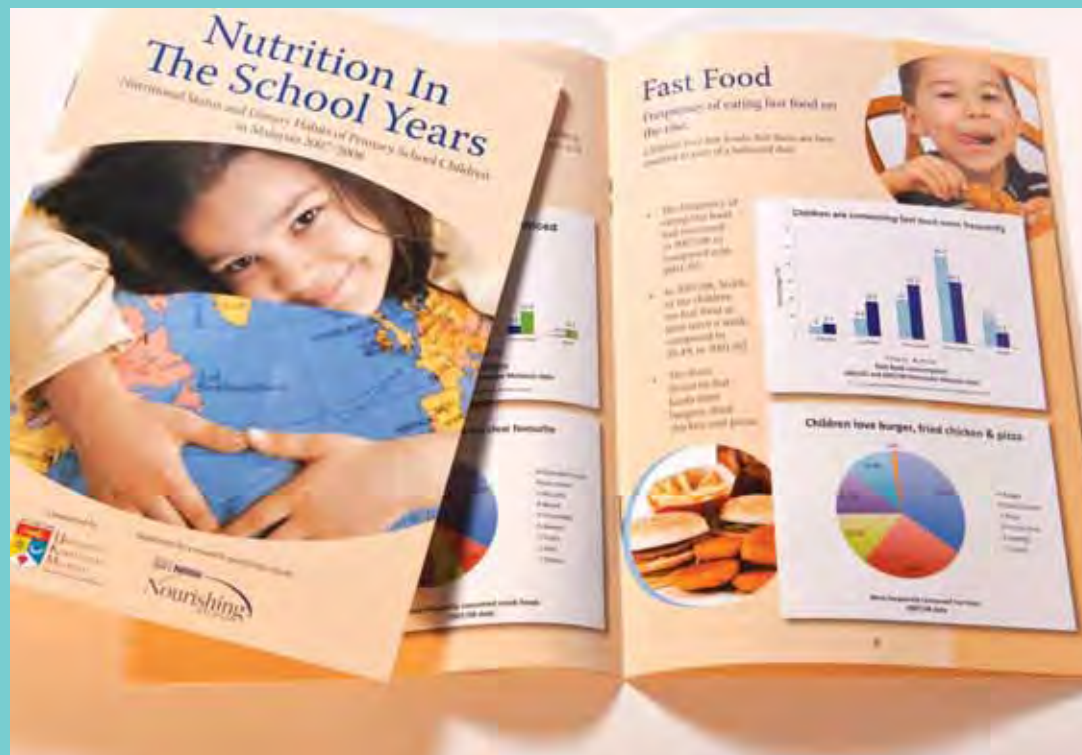
## Nutrition & Health

As a leading Food, Nutrition, Health and Wellness company, Nestlé has embarked on many initiatives aimed at improving the nutritional status of Malaysians, with a particular focus on preventing malnutrition and obesity among children.

### Nutritional Status and Dietary Habits of Primary Schoolchildren in Malaysia 2007 / 2008 – A Report by Universiti Kebangsaan Malaysia, commissioned by Nestlé

Obesity has become a growing concern globally and specifically in Malaysia, particularly as the trends show that more children are becoming overweight and obese.

As a leading Food, Nutrition, Health and Wellness company, Nestlé has embarked on many initiatives aimed at improving the nutritional status of Malaysians, with a particular focus on preventing malnutrition and obesity among children. The concern is that uninformed decisions about eating habits have resulted in more children being overweight. Research confirms that a lack of information is just as likely to cause malnutrition as a lack of food.





## Creating Shared Value – Case Studies

The survey to determine the nutritional status and dietary habits of primary schoolchildren was first commissioned in 2001. Six years later, a follow up survey was commissioned in 47 urban and 41 rural primary schools where nearly 12,000 primary schoolchildren were interviewed to determine the changes that have taken place.

With the support of the Ministry of Education and our academic partner, the Department of Nutrition and Dietetics, Universiti Kebangsaan Malaysia who was commissioned by Nestlé to conduct the survey, we were able to produce the second Nestlé – UKM Survey Results on the nutritional habits of primary schoolchildren in Malaysia.

### The Results

The nutritional status of the country's children aged between 6 to 12 years is a cause for concern:

- a) 35.8% of those surveyed are malnourished.
- b) Prevalence of overweight children has risen to 12.8% from 11% previously.
- c) Obesity has increased to 13.7% from 9.7% in 2001.
- d) More girls were overweight (13%) than boys (12%), while more boys (17.5%) were obese than girls (9.6%).
- e) Chinese boys (34%) and Bumiputra (Sarawak) girls (29.3%) were more likely to be overweight or obese.
- f) Highest prevalence of overweight and obesity (27.2%) was found in the Southern region.

### Disturbing Trends

- a) 32.1% of the children miss breakfast more frequently than other meals.
- b) Most children buy meals from canteen operators with only 27.9% bringing food from home.
- c) Most children do not eat balanced meals. Only 28.5% eat balanced meals during lunch and 21.1% during dinner.
- d) 54.2% do not play sports. Approximately 45.8% of the children played sport outside school hours.
- e) Only 27.3% of the children spent their leisure time on physical activities while the rest preferred sedentary activities.
- f) 55% have poor attitudes towards nutrition and have a preference to fried foods, sweets, desserts and carbonated drinks.

### Positive Changes

73.8% have good nutrition knowledge, with older children (girls) faring better. However, good knowledge did not necessarily translate to good attitudes and practices to nutrition.

### Recommendations

While the level of nutrition knowledge is quite high, the poor attitude towards nutrition combined with sedentary lifestyles, have contributed to the growing prevalence of overweight and obese children.

What is needed in the short term is a structured nutrition education programme in schools and promotional campaigns that focus on behaviour modification among children, while enhancing nutrition knowledge and awareness among parents, caregivers, teachers and relevant authorities.

For the long term, it is necessary to develop educational strategies involving parents to improve nutrition attitudes among primary schoolchildren. It is also vital that food manufacturers be more responsible in creating healthier products and communicate the nutritional value through nutrition labelling and consumer education. It is also recommended that there be localised scientific research to develop a dietary strategy for the prevention of obesity.



## Creating Shared Value – Case Studies

### Water & Environment

The Company is a strong advocate of effective global water management and governance, and is a founding signatory of the United Nations Global Compact (UNGC) CEO Water Mandate.

#### Sharing Nestlé's Expertise in Water Management

Over the past few years, Nestlé has been championing the water issue with the belief that water will be a pressing environmental concern. The Company is a strong advocate of effective global water management and governance, and is a founding signatory of the United Nations Global Compact (UNGC) CEO Water Mandate.

As the world's largest food and beverage company, Nestlé relies on access to clean water to make its quality products. Good water management in the daily manufacturing operations, which include strict standards to reduce water consumption at our facilities, has helped reduce water withdrawal per tonne of production.

In addition to water reduction, Nestlé invests in water treatment plants and these have been prevalent across Nestlé markets



## Creating Shared Value – Case Studies

as early as 1929. Some 68% of Nestlé factories globally operate such plants, with 98% treating their water on-site or via offsite facilities. In line with international water quality standards, Nestlé factories remove 96% of the organic load in the water used in the production processes before returning it to the environment.

### OVERVIEW:

The Waste Water Treatment Park (WWTP) in the Chembong Complex uses in-house liquid waste treatment technology; and the same process is implemented in the Shah Alam, Petaling Jaya and Kuching factories. First commissioned in 1993, the facility is referred to as a “park” to encourage employees to maintain the WWTP in an environmentally responsible manner, and it can be an initiative they can be proud of.

The good water management initiative is a commitment of the employees of the Nestlé Chembong Complex with guidance from the UNGC CEO Mandate.

### ACHIEVING THE TARGETS:

From the onset of its operations, the plant is able to meet the required discharge standards, and the team is consistently updated with the latest data and statistics to keep them abreast with local and global requirements. Some RM4.3 million has been spent on the waste water treatment plant since it started operations.

The efficiency of the WWTP has tripled since an upgrade in 1997 and it now has a capacity to treat 960 m<sup>3</sup>/day compared to 235 m<sup>3</sup>/day when it first started.

### Our Commitment

With the commitment of the factory employees, the targets set for good water management are always exceeded. Over the past 10 years, the consumption of water in the manufacturing operations has decreased significantly whilst production has grown. The goal is to reduce the amount of water used per kilo of food and beverage produced and ensure that the water discharged is clean and managed responsibly within the environment.

The Daily Operational Review (DOR) is an avenue where objectives and targets are discussed and set. These are monitored as key performance indicators (KPI) and reviewed daily against the set targets. The DOR also serve as a platform for coaching, motivation and problem solving for the employees.

### The Outcome

As a result of the strong measures in place and the commitment of the staff at the Chembong Complex, the following key performance indicators were achieved in 2009:

- Consistency in meeting all operational parameters.
- 20% reduction in energy consumption.
- 60% reduction in water consumption.
- 40% reduction in chemical usage.
- 60% reduction in transportation cost (sludge/fat disposal).
- Placed second in the Chembong Complex SGIA Mini Convention (Project title: Reduction of Chemical Usage).

The team at Chembong is currently evaluating ways to further optimise the energy consumption (kW per m<sup>3</sup>) and lowering the operational cost (MYR per m<sup>3</sup>) through continuous improvement activities such as recycling of treated effluent for the Waste Water Treatment Park. The team is also studying the merits of a fine bubbles diffuser system against the current surface aerators system that would enable better and even diffusion of air to the aeration tanks; leading to a lower energy requirement. It will also eliminate splashing which keeps the aeration tank walls clean.





## Creating Shared Value – Case Studies

### Rural Development

The programme in Kg. Mangkok in Setiu, Terengganu which began in 2007 is aimed at creating sustainable income opportunities and empowering the local women to conserve the wetlands in the area.

#### Building Sustainable Livelihoods through Wetlands Conservation with WWF-Malaysia

Poverty eradication is a U.N. Millennium Development Goal which seeks for opportunities to improve the lives of the rural impoverished population through education, skills training or income generating activities.

The programme in Kg. Mangkok in Setiu, Terengganu which began in 2007 is aimed at creating sustainable income opportunities and empowering the local women to conserve the wetlands in the area. Under the stewardship of WWF-Malaysia, Nestlé has supported the Wetlands in Setiu Conservation Project with the secondary objective of helping the villagers, in particular, the women improve their livelihoods.



## Creating Shared Value – Case Studies

### OVERVIEW:

The local people residing in the Setiu wetlands are dependent on the wetlands resources, with female entrepreneurs constituting the main workforce in the cottage industry which involves the processing and selling of fisheries products such as salted fish, dried anchovies and shrimp paste, as well as agricultural produce.

### ACHIEVING THE TARGETS:

#### Solid Partnership

The Setiu project began with a feasibility study by WWF-Malaysia on the socio-economic needs and existing conditions of communities in key villages in Setiu, where the capacity building needs of the local communities, particularly the women of Setiu, were identified. The particular emphasis on the women was justified on the basis that as mothers and co-income earners, they had an important role to play in the area's long-term development.

The knowledge and expertise as the world's largest food company allows Nestlé to equip the local women with entrepreneurship skills for small cottage industries, for example producing banana chips. The project entails the training of local women on the relevant knowledge necessary for developing cottage industry activities such as basic entrepreneurial skills, adopting clean "green" practices in food processing, training in marketing and branding, environmental awareness as well as communication skills, in preparation for them to participate in the industry.

Nestlé staff make regular visits to monitor the progress of the women in addition to their official 'lessons'. The latest skills the women of Kg. Mangkok have picked up are marketing and book-keeping, made possible through the contribution of a computer and printer.

Our Nestlé volunteers, who proudly call themselves ROCKers (ROCKS is an acronym derived from the Nestlé Reaching Out to Communities & Kids) have also donated children's educational books to Pink House, the community centre in Kg. Mangkok.

### The Outcome

As a result of their training, mentoring and exposure to best practices from a global food manufacturer, the women of the village began a small production line that has since resulted in changes to their way of life. Today, the women who proudly refer to themselves as members of PEWANIS (Women Entrepreneurs of Setiu), have progressed from their makeshift 'factory' – a small hut in the village – and moved on to a bigger house, fondly known as the Pink House, which has now become a production site for the chips and other initiatives. This also serves as a meeting point; information and visitor centre; as well as a community activity centre which doubles as a venue for tuition and English classes for the village children.

Some 11 women have benefitted directly from this initiative, and the certificates of participation that they have obtained stand for more than what they have learnt. It also reflects their new-found confidence and financial independence.



# TARGETS & ACHIEVEMENTS

## RESPECT & CARE FOR THE COMMUNITY

### Education

Supporting the United Nation's Millennium Development Goals of ensuring universal education.

WHAT WE SET OUT TO ACHIEVE	WHAT WE HAVE ACHIEVED TO-DATE	OUR WAY FORWARD
As part of our Creating Shared Value approach, Nestlé supports equal education opportunities for communities in rural areas which lack the basic facilities for pre-school education for a head-start in life compared to their peers in more privileged areas.	<p>In collaboration with Raleigh International, government agencies (KEMAS) and local NGO (PACOS Trust), this initiative which began in 2005, has to-date built five kindergartens with the latest in Kg. Mapan Mapan. In addition to providing pre-school education for the local children, the kindergartens have provided opportunities for a member of the community to be trained as a teacher.</p> <p>The collaboration with Raleigh International enables Nestlé to provide opportunities for local youth to participate in voluntary community projects through sponsorship of young Malaysians. Nestlé also provides food supplies for the volunteers.</p>	<p>To continue working with Raleigh International to set up another kindergarten in 2010 and to monitor progress and provide assistance where required for all the kindergartens. 😊</p> <p>Continue to sponsor local volunteers to be part of the Raleigh expeditions. 😊</p>
Provide physically and mentally challenged children with learning opportunities.	<p>Nestlé has established four Nestlé Learning Corners in various schools and learning centres for disabled and mentally challenged children. These learning corners are equipped with the necessary learning aids for the physically and mentally challenged. Unfortunately, there were no Learning Corners established in 2009. However, in 2009, Nestlé conducted an audit and upgraded the computers at the Learning Corner and Learning Centre in Wisma Harapan.</p> <p>Nestlé has agreed to assist the Selangor and Federal Territory Association for the Mentally Handicapped to set up their canteen at the Sekolah Khas Klang. This has been delayed due to funding issues at the Association.</p>	<p>Nestlé plans to set up another Learning Corner in 2010. Plans are underway to audit the other Learning Corners. 😊</p> <p>Nestlé will continue its support to the Association. 😊</p>
Help schoolchildren particularly those in rural areas to improve their command of English.	<p>The "Click into English" (CIE) project jointly created by Nestlé and the British Council and supported by the Curriculum Development Centre of the Ministry of Education was temporarily suspended in 2009. The project, aimed at bridging the digital divide and improving the level of English language proficiency amongst students in Malaysia, also provides the necessary skills to enhance the English language teaching skills and aptitude of teachers via the use of ICT.</p>	<p>Nestlé is actively discussing with prospective parties to re-launch the website and hopes to get CIE back online in 2010. 😊</p>

😊 Good Progress

😐 Satisfactory

😞 Requires Improvement



## Targets &amp; Achievements

WHAT WE SET OUT TO ACHIEVE	WHAT WE HAVE ACHIEVED TO-DATE	OUR WAY FORWARD
Encourage reading habits among schoolchildren.	A collaboration with Nanyang Siang Pau, a Chinese language daily newspaper, which has been ongoing for six consecutive years to inculcate the habit of reading amongst the younger generation through a Story Compilation Contest for Chinese Primary Schools.	Nestlé is working closely with the organisation to include topics related to Nutrition into the competition to create nutrition awareness. 😊
Promote gender equality and empower women through training and education.	The Company's ongoing support for e-Homemakers – a network of single mothers and underprivileged women who try and create a better work-home life balance through flexible working options – has remained status quo for several years. Nestlé supports the promotion and purchase of eco baskets weaved by the SALAM women using recycled magazines, sponsors the group's newsletter and works with e-Homemakers to organise their annual Mother's Day competition.	Nestlé hopes to take the partnership with e-Homemakers to a more strategic level in 2010 by focusing on its three CSV pillars. 😊
<b>Training &amp; Mentoring</b> <b>Nourishing Malaysians by improving technical skills and knowledge sharing.</b>		
WHAT WE SET OUT TO ACHIEVE	WHAT WE HAVE ACHIEVED TO-DATE	OUR WAY FORWARD
Sharing nutritional information and good practices to caregivers.	In 2009, Nestlé organised a Workshop for the staff of the Selangor and Federal Territory Association for the Mentally Handicapped to share with them healthy recipes as well as Food Safety and Quality practices.	Nestlé will continue to support the Association and also provide similar nutrition and menu planning support to other organisations. 😊
Assist local SMEs to achieve world class standards.	Nestlé continues to share technical expertise and knowledge with SMEs in the food industry through a partnership with the National SME Council of Malaysia. Aimed at helping SMEs develop and meet future challenges in a competitive global business environment, more than 4,000 participants from over 2,000 companies across Malaysia including East Malaysia have participated in the programme. In 2009, Nestlé entered into an agreement with the SME Corporation and the Halal Industry Development Corporation to develop local SMEs in the F&B industry through the sharing of expertise.	To continue bringing local SMEs in the food & beverage industry to a higher level. 😊
Empowering rural women and helping them improve their standard of living through new income opportunities.	As part of a 4-year programme working with WWF-Malaysia to conserve the environment and create new income opportunities for the local community in Setiu, Nestlé has given technical assistance to the women in the local community to run their business while the Nestlé ROCKers (members of the Employee Volunteer Programme) organised a collection drive for books and educational items for the children's community library. A notebook computer and a printer was also presented to help the group acquaint themselves with ICT.	Nestlé will continue to support the women in Setiu and is devising new ways to help the women generate new income opportunities. 😊

## Targets & Achievements

### Disaster Relief

Nestlé is at the forefront to assist victims who are impacted by natural disasters.

WHAT WE SET OUT TO ACHIEVE	WHAT WE HAVE ACHIEVED TO-DATE	OUR WAY FORWARD
Provide assistance during disasters and natural calamities to relieve the burden of the victims and ensure they remain nourished despite being displaced.	<p>When floods struck Pahang in January 2009, Nestlé joined the State Flood Action Council and also the State Secretary, by serving MILO and NESCAFÉ drinks, MAGGI instant noodles and NESTLÉ Breakfast Cereals to the flood victims stationed at the evacuation centres. Floods also hit Kuching, Sarawak this year and Nestlé Malaysia donated MAGGI noodles to the flood relief centre.</p> <p>In addition to the local disasters, Nestlé Malaysia also provided food products to the earthquake survivors in Padang, Indonesia and Manila, Philippines. This was done by the MAGGI Business Unit together with WINA (World Instant Noodles Association).</p>	To continue in these efforts and provide aid effectively and swiftly to the affected communities. 😊

### Agriculture

Win-win situation for all through Contract Farming Initiatives.

WHAT WE SET OUT TO ACHIEVE	WHAT WE HAVE ACHIEVED TO-DATE	OUR WAY FORWARD
One of the pillars of Nestlé's Creating Shared Value initiative is Rural Development and among the activities undertaken by the Company includes Contract Farming initiatives. This is carried out when there is a need to procure specific quality and regular source to ensure reliable delivery of locally grown agriculture raw materials. Where available and economically feasible, Nestlé sources raw material needs locally and also helps boost the income levels of farmers and promote Good Agricultural Practices (GAP).	<p>Nestlé's chilli contract farming scheme was established in Kelantan in 1995. Field demonstration and trainings are organised to focus on increasing productivity, reduce farm costs, minimise environmental impact and enhance farmer work safety. A chilli puree factory has been set up to process fresh chilli in times of over-production, and thereafter to supply to Nestlé.</p> <p>Nestlé's red rice cultivation was officially launched in October 2007. In 2008, Nestlé Malaysia signed agreements with the Malaysian Agricultural Research and Development Institute (MARDI) for a formal research and development (R&amp;D) collaboration for agriculture, and a Memorandum of Agreement (MoA) for the management and implementation of the Ministry of Science Technology and Innovation (MOSTI) Red Rice Technofund. Full contract farming is in place involving more than 500 farmers, and covering some 350ha of farmland in Sarawak's 1<sup>st</sup> Division for Red Rice.</p>	<p>Nestlé will continue to work closely with the Farmers Association and the farmers to improve their yield and quality of crops to meet global standards. 😊</p> <p>Through the MOSTI Technofund, Nestlé has managed and organised the procurement of agricultural machinery to make the farmers more productive as well as reduce the burden of harvest. The first commercial harvest is expected in early 2010. 😊</p>

## Targets &amp; Achievements

## COMMITMENT TO THE ENVIRONMENT

## Environment

The United Nation's Millennium Development Goals includes ensuring environmental sustainability. The Nestlé Policy on Environment which was first published in 1991 is to ensure that preserving natural resources and minimising waste is a priority across all markets. Nestlé has been involved in leading environmental awareness and in making continuous improvement via innovation and renovation in its efforts to reduce waste via its LEAN Programme.

WHAT WE SET OUT TO ACHIEVE	WHAT WE HAVE ACHIEVED TO-DATE	OUR WAY FORWARD
Preserving natural resources by identifying opportunities to work with NGOs such as World Wildlife Fund for Nature (WWF).	Nestlé's partnership with WWF-Malaysia in Setiu, Terengganu, to save the wetlands and create new income opportunities for women of the Setiu Wetlands, has helped make the local community more aware of their surroundings.	Nestlé is looking to extend its support to ensure the sustainability of the initiative. 😊
Sustainable Agriculture Initiatives (SAI) was established together with other global food companies to work with farmers to promote best practices.	<p>The initiative has improved quality and addressed safety problems in the food supply chain; help meet growing demand for quality food arising from population growth, seen increases in expendable income and dietary changes; and help counter the adverse effects of agriculture on natural resources and the environment which affect agricultural productivity. Nestlé is committed to using 'Bio-Plastics' for Bed Mulching and Cocoa Pod Sleaving; using Semi-Aerobic Rice for Water Conservation and Reduction in Methane Emission; undertake Total Replacement of Chemical Fertilizers and Minimisation of Pesticides Usage via Microbes; Usage of Hermetic Cocoons; and Bags for Long-Term Grain and Seed Storage without Fumigation and Cold Room.</p> <p>Being active members of the World Cocoa Foundation (WCF), and Roundtable for Sustainable Palm Oil (RSPO), Nestlé Malaysia is at the forefront of regional cocoa and palm oil sustainability initiatives. Nestlé works with its network of cocoa and palm oil suppliers to create sustainable CSV programmes.</p>	<p>The Company will continue to share expertise with partner farmers in crop management and sustainable practices. 😊</p> <p>Nestlé recently launched a global Cocoa Plan and is also committed to purchase only Certified Sustainable Palm Oil (CSPO) by 2015. 😊</p>



## Targets & Achievements

WHAT WE SET OUT TO ACHIEVE	WHAT WE HAVE ACHIEVED TO-DATE	OUR WAY FORWARD
The Nestlé Environmental Management System (NEMS) is based on the continuous improvement management cycle and manages the Company's environmental performance. NEMS is aligned with the requirements of the international standard ISO14001:2004.	This system ensures environmentally friendly production techniques and ways to recover by-products, as well as processing methods that minimise water and energy consumption, and waste generation. It also reviews factory compliance with legal and internal standards, investigate incidents that could affect the environment and take the appropriate measures. All factories were assessed and accredited with ISO 14001 in 2009.	Looking forward, we will focus on our war on waste and improve the environmental management through innovation and renovation; integrate environmental principles programmes and practices into the operations; apply NEMS as a framework used to manage environmental aspects and designed to be compatible with the internal standard (ISO14001); and provide appropriate information, communication and training on Market Returns to reduce this. A waste conversion project will commence in March 2010 and Nestlé is targeting for Green Certification by the second quarter of 2010. 😊
Promoting environmentally responsible practices with employees.	<p>In line with the Nestlé Policy on Environmental Sustainability, the Company is encouraging employees to bring their own reusable bag to carry goods purchased at the Staff Shop to reduce the use of plastic bags.</p> <p>In 2009, Nestlé Malaysia participated in the WWF-Malaysia organised Earth Hour by committing that all its offices, buildings and factories will switch off non-essential lighting, without compromising on safety and security on 28 March from 8:30pm - 9:30pm.</p>	Nestlé will continue to increase the level of environmental awareness amongst its employees and support relevant 3R (reduce, reuse, recycle) programmes. 😊

😊 Good Progress

😐 Satisfactory

😞 Requires Improvement

## Targets &amp; Achievements

## PEOPLE AND THE WORKPLACE

## Workforce

Nestlé believes that it is important to give people opportunities for life-long learning. Our corporate values of Trust, Respect, Involvement and Pride are observed and practised consistently throughout the organisation.

WHAT WE SET OUT TO ACHIEVE	WHAT WE HAVE ACHIEVED TO-DATE	OUR WAY FORWARD
We believe that by offering opportunities to develop, we not only enrich ourselves as a company, we also make ourselves individually more autonomous, confident, and, in turn, more employable and open to new positions within the Company.	Recruitment activities in 2009 were not as active as 2008, but we continued to recruit selectively especially for positions that were critical to our business operations. A total of 535 new employees were recruited in 2009 of which 20% were management and 80% non-management with a majority of the new hires in the Production Division. Demographically, our total staff population consists of more males (67%) than females (33%).	Going forward, Nestlé will continue to recruit as per our business needs. 😊
The new 'Nest'.	Nestlé Malaysia moved from Nestlé House, Petaling Jaya to Surian Tower, Mutiara Damansara. There is ample parking space controlled by an automatic parking machine and CCTV systems. The new premise is disabled-friendly (ramps, allocated parking space, etc.) and also encourages more environmentally responsible practices such as the usage of mugs at vending machines instead of paper cups and double-sided printing at all photocopier machines.	😊
Creating a dynamic workforce through employee engagement & change management initiatives.	To increase and sustain employee engagement in our journey of excellence, a series of "Your Voice" newsletters were shared with employees in 2009. A new performance management system which empowers the employee by giving dedicated focus to performance and development was rolled out on a pilot basis for selective functions in 2009.	The learnings from this pilot rollout will support the organisation-wide rollout of the same concept. The next "Your Voice" - employee climate survey is scheduled to be conducted in 2010. 😊
Creating Shared Value for employees.	As part of Nestlé's vision in supporting Creating Shared Value, the CARE programme was initiated in 2005 and applied to all Nestlé sites worldwide. The programme ensures compliance in areas of Health & Safety, Labour, Environment and Business Integrity. All factories in Malaysia have undergone the CARE assessment and have shown a dramatic reduction in the number of non-compliance incidents in 2009.	We will continue by bringing CARE to Head Office in 2010 with a target to complete all sites by 2011. 😊

## Targets & Achievements

WHAT WE SET OUT TO ACHIEVE	WHAT WE HAVE ACHIEVED TO-DATE	OUR WAY FORWARD
The Company encourages continuous improvement through training, and the improvement of professional skills at all levels in the organisation.	<p>Nestlé has established smart and mutually beneficial partnerships with leading institutions of higher learning in Malaysia; resulting in collaborations as well as learning and development programmes designed to provide latest and most up-to-date knowledge and skills to Nestlé employees.</p> <p>The Company's Management Trainee Programme was activated in 2005 and Nestlé has brought in a total of 56 trainees in 5 batches. Mid 2009 saw the graduation of 12 trainees who completed the 12-month programme.</p>	Going forward, Nestlé will continue to offer training to all employees. All initiatives and developmental interventions will be communicated to employees in the form of a Learning & Development booklet. 😊
Safety at the workplace.	<p>Nestlé's key performance indicator, the Lost Time Injury Frequency Rate (LTIFr) – a widely accepted international standard based on the US-OSHA accident measurement standards – measures all absences from work of at least one day due to work-related injury or illness. All factories and distribution centre sites completed the ISO14001 (Environmental Management System) and OHSAS18001 (Occupational Health &amp; Safety Management System) certification process and were recommended for international certification by SGS.</p> <p>In terms of Personal Security and Loss Prevention, the Market Security Department and Market Security Committee (SeCo) produced a booklet on Personal Security &amp; Loss Prevention aimed at providing information, awareness and understanding on how to react and respond when faced with such situations.</p>	<p>Safety is non-negotiable at Nestlé and the Company will continuously improve its standards and procedures. 😊</p> <p>😊</p>

😊 Good Progress

😐 Satisfactory

😞 Requires Improvement



## Targets &amp; Achievements

WHAT WE SET OUT TO ACHIEVE	WHAT WE HAVE ACHIEVED TO-DATE	OUR WAY FORWARD
Nutrition, Health & Wellness in Nestlé Malaysia.	<p>In 2007, Nestlé Malaysia initiated Nutrition Quotient Training to ensure all Nestlé employees are knowledgeable about nutrition.</p> <p>In 2009, as part of the Nutrition, Health and Wellness (NHW) initiative, a pilot project was carried out at the Shah Alam Complex (SAC) to create awareness on NHW.</p> <p>NESVITA OMEGA PLUS (NOP) launched its 30-Days-to-Lower-Cholesterol Challenge to encourage colleagues to actively manage their cholesterol levels. Over 150 HOU employees pledged “I Do” to get their cholesterol levels tested, of which 30 participants were chosen to take part in the challenge. The finalists were successful in reducing their cholesterol levels after the 30-day period.</p>	<p>This is a continuous training for all Nestlé Malaysia employees which is in line with the Company’s efforts to become the world’s trusted Nutrition, Health and Wellness company. Canteen operators will share their recipes with Nestlé chefs to enable them to propose healthier cooking methods and ingredients and offer guidance in menu planning. 😊</p>
Scholarships for children of employees and retirees.	<p>In 2009, Nestlé provided a total of nine Nestlé Scholarship awards to the children of employees and retirees to pursue their education at institutions of higher learning in Malaysia. Since its inception in 1978, a total of 191 students have benefited from this.</p>	<p>Nestlé will continue to award scholarships to the children of its employees and retirees. 😊</p>
Promoting a caring culture among employees through the ROCKS Employee Volunteer Programme.	<p>Nestlé Reaching Out to Communities and Kids (ROCKS) Employee Volunteer Programme internalises Nestlé’s CSR commitments. The programme allows Nestlé employees to take up to 16 hours off from work annually to assist at any of the 30 homes Nestlé supports.</p>	<p>To increase membership amongst employees and add more value to ROCKS by initiating new activities that are meaningful and sustainable. 😊</p>

## Targets & Achievements

CONSUMERS & THE MARKETPLACE		
Nutrition, Health & Wellness		
Nutrition is one of the key areas of value creation for Nestlé and the society. It is core to our business strategy and essential to creating a healthier population.		
WHAT WE SET OUT TO ACHIEVE	WHAT WE HAVE ACHIEVED TO-DATE	OUR WAY FORWARD
Nestlé is well on its journey to become a trusted and respected Nutrition, Health and Wellness Company offering products of superior value with added benefits. As a consumer-driven company, Nestlé manufactures and markets its products to meet the needs of local consumers.	Nestlé's Consumer Contact Centre received 20,000 calls from consumers throughout 2009. Record service levels in turnaround visitation and analysis times was achieved in 2009 through close monitoring of cases. This has helped enhance consumer confidence in Nestlé's products and services.	Nestlé will continue to communicate closely with consumers. 😊
Working with the Government to ensure a healthier Malaysia.	Nestlé aims to continue its collaboration with the Ministry of Health and other relevant non-governmental organisations (NGOs) to improve the eating habits and nutritional status of all Malaysians. The Company's Nutrition, Health and Wellness strategy complements the Government's 10-Year Nutrition Action Plan of Malaysia.	Nestlé will continue to support and complement the Ministry of Health's 10-Year Nutrition Action Plan through the development of products with less sugar, less salt, less fat etc. as well as enhance consumer knowledge. 😊
Nutritional Foundation (NF).	The Nestlé Nutritional Profiling System was developed to evaluate the nutritional value of food and beverage products to constantly optimise the nutritional composition of products through product development. In 2009, Nestlé launched a range of improved Nestlé BLISS Yogurt Drink which attained the NF – with added soluble fibre called inulin to help promote good digestive health. A range of less sweet beverages such as MILO UHT and Nestlé Fruit Drinks as well as a range of ice cream targeting kids that attain the NF – with added benefits of vitamin C and/or calcium were also launched.	Nestlé will continuously assess its product range against its Nutritional Profiling System to ensure that its products improve in health benefits to promote a healthier nation. 😊

😊 Good Progress

😐 Satisfactory

😞 Requires Improvement

## Targets &amp; Achievements

WHAT WE SET OUT TO ACHIEVE	WHAT WE HAVE ACHIEVED TO-DATE	OUR WAY FORWARD
Survey on Nutritional Status and Dietary Habits of Primary Schoolchildren in Malaysia.	A follow-up study on the nutritional status and dietary habits of primary schoolchildren was commissioned in 2007 to examine any significant changes in six years. The follow-up study observed a significant increase in the prevalence of obesity, and findings suggest that poor nutrition attitudes and eating habits coupled with physical inactivity have contributed to the escalating problem among primary schoolchildren in Malaysia.	Based on the outcomes of the study, Nestlé will launch a pilot programme – the Nestlé Healthy Kids Programme as an intervention initiative which includes nutrition education to enhance knowledge and moderate changes in attitude and practice among children, parents and caregivers. 😞
Popularly Positioned Products (PPP).	In 2008, Nestlé introduced a range of products called PPP which is the result of deep consumer insight and science to provide high quality products with good nutrition that is within consumers' daily affordability. Products are formulated based on local considerations: food regulations, nutrient deficiencies and public health care concerns.	Plans are underway to introduce more PPPs into the market. 😊
Community Service Campaigns with our brands.	In 2009, MILO unveiled its latest community service campaign, MILO Play More Learn More, to encourage an affinity for sports amongst the young. The initiative was promoted via print advertisements in newspapers, radio and television commercials, billboards, direct mailers and a dedicated website, <a href="http://www.milo.com.my/playmore">www.milo.com.my/playmore</a> . MILO has also been reaching out to the rural community through the MILO Energy Truck which is equipped with paraphernalia for games that visits rural towns throughout Peninsular Malaysia.	More such activities are planned for 2010. 😊
Engaging the Media.	As a follow-up to the first Editors' Roundtable session held in 2004 and the series of Nestlé Media Workshops held annually since then, Nestlé invited senior media representatives to a roundtable to discuss current issues and seek valuable feedback from its stakeholders. With a theme focused on food safety, the stakeholders deliberated on the previous crisis, and learning from the melamine case in particular. The panel members and members of the media suggested and agreed that there should be a Crisis Committee comprising of related Government agencies, industry members and the media to handle and manage crisis in a more open and transparent manner. There were calls for closer collaboration between manufacturers and suppliers to ensure safety from the very beginning.	Nestlé will consider the outcomes of the media roundtable discussion and propose or implement necessary action plans for the benefit of our consumers. 😞



# CORPORATE GOVERNANCE

The Company has adopted the “Corporate Governance Principles” of its holding company, Nestlé S.A. in Vevey, Switzerland, as its best practice in corporate governance.

Nestlé is committed to high standards of corporate governance. The Board of Directors and each individual are directly accountable to the shareholders and stakeholders for ensuring that good governance is committed and practiced at every level of the Company’s operations including relationships with third parties. Our guiding documents include the “Nestlé Corporate Business Principles”, “Code of Business Conduct” and the “Nestlé Supplier Code”. The Company has adopted the “Corporate Governance Principles” of its holding company, Nestlé S.A. in Vevey, Switzerland, as its best practice in corporate governance. The principles of

corporate governance covers the following four areas:

- the rights and responsibilities of shareholders;
- the equitable treatment of shareholders;
- the duties and responsibilities of directors; and
- disclosure and transparency.

These principles are in line with Part 1 and Part 2 of the Malaysian Code on Corporate Governance [Revised 2007] and paragraphs 15.25 and 15.26 of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad.

Note: The full statement on Corporate Governance appears in the Nestlé Corporate Report 2009.

## National Annual Corporate Report Awards (NACRA) 2009

Nestlé (Malaysia) Berhad won a Platinum Award for the Best Designed Annual Report in the National Annual Corporate Report Awards (NACRA) 2009 held on 1 December. The Awards were presented by Domestic Trade, Co-operatives and Consumerism Minister Datuk Seri Ismail Sabri Yaakob. Jointly organised by Bursa Malaysia Berhad and Malaysian Institute of Accountants (MIA), the award presentation was held to recognise excellence in annual corporate reporting.



# AWARDS

## ACCA MaSRA – Best Social Performance Report

Nestlé (Malaysia) Berhad was the winner of the Social Performance Report category in the ACCA Malaysia Sustainability Reporting Awards 2009 (ACCA MaSRA) held on 13 August. Aimed to recognise and reward organisations that engage and report on their sustainability efforts and performance, the Awards in its seventh cycle, was launched by Deputy Finance Minister Datuk Wira Chor Chee Heung. Previously known as ACCA Malaysia Environmental and Social Reporting Awards (MESRA), the name change reflects the shift in the understanding of sustainability reporting and the wider context of corporate responsibility development in Malaysia.

## KPMG Shareholder Value Award 2008

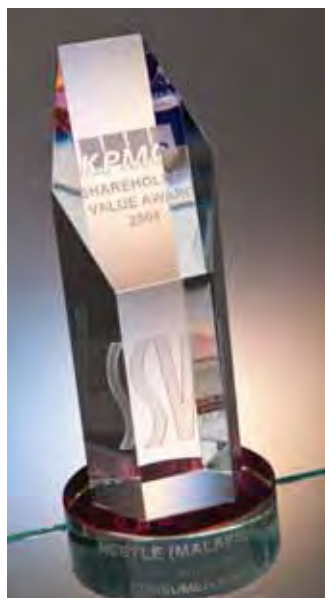
In the KPMG Shareholder Value Award 2008, Nestlé (Malaysia) Berhad emerged as one of the top three winners in the Consumer Markets segment. We also climbed up two rankings from last year and took fifth placing overall in terms of Shareholder Value Creation compared to 100 companies listed on the Kuala Lumpur Stock Exchange. In its eighth year, the Award Programme aimed to recognise public-listed companies in Malaysia that have delivered exceptional value to shareholders through the creation of economic profit, within the financial year being reviewed. The Award was officiated by the Chairman of Securities Commission Malaysia, Tan Sri Zarinah Anwar on 21 August.

## The Wall Street Journal Asia 200 Most Admired Companies

Nestlé S.A. climbed two spots from last year in The Wall Street Journal Asia 200 Most Admired Companies, to sit at Number 17 in the Top 100 Multinationals in Asia 2009. Nestlé (Malaysia) Berhad came in a close second to Public Bank that was ranked as Malaysia's overall most admired company in the Asia 200 survey of subscribers of The Wall Street Journal Asia and other business people. Nestlé (Malaysia) Berhad maintained its top spots in 'Corporate Reputation' and 'Quality'. Under the category of 'Innovation', it climbed up one rank to sit at second place from the third placing last year. The Award Ceremony was held in Beijing on 29 October to honour the top companies in Asia.

## StarBiz-ICR Malaysia CR Awards

Nestlé (Malaysia) Berhad was one of the seven public-listed companies which were recognised and honoured for their outstanding Corporate Responsibility (CR) practices at the StarBiz-ICR Malaysia CR Awards 2009 presentation ceremony. We bagged the Award under the category of 'Marketplace' for the Market Capitalisation of RM1 billion and above segment. The Awards are an initiative between The Star and Institute of Corporate Responsibility (ICR) Malaysia, together with its working partners, the Association of Chartered Certified Accountants, PricewaterhouseCoopers and the Securities Industry Development Corporation.



# PERFORMANCE AND COMPLIANCE

	2009 RM'000	2008 RM'000	2007 RM'000	2006 RM'000	2005 RM'000
<b>Turnover</b>	<b>3,744,233</b>	3,877,068	3,416,028	3,275,541	3,127,441
<b>Earnings / Cash Flow</b>					
Profit before tax	<b>440,261</b>	441,353	395,298	363,285	331,253
% of turnover	<b>11.8%</b>	11.4%	11.6%	11.1%	10.6%
Profit after tax and minority interest	<b>351,793</b>	340,887	292,042	264,219	266,819
% of turnover	<b>9.4%</b>	8.8%	8.5%	8.1%	8.5%
Dividends paid & proposed (net)	<b>351,750</b>	448,341	266,889	234,500	199,794
Depreciation of fixed assets <sup>4</sup>	<b>87,952</b>	75,159	72,362	70,811	73,517
Cash flow (net profit					
+ depreciation + amortisation)	<b>439,745</b>	416,302	371,355	341,412	351,679
% of turnover	<b>11.7%</b>	10.7%	10.9%	10.4%	11.2%
Capital expenditure	<b>257,131</b>	188,055	102,640	79,065	75,458
<b>Employment of Assets</b>					
Fixed assets (net) <sup>4</sup>	<b>860,253</b>	686,459	574,092	546,699	532,215
Associated companies	<b>3,467</b>	3,242	3,600	3,417	3,212
Intangible assets	<b>61,024</b>	61,024	61,280	66,342	72,724
Deferred tax assets	<b>7,379</b>	3,980	2,631	6,709	10,033
Receivables, deposits & prepayments	<b>22,923</b>	23,814	22,194	19,414	–
Net current assets/(liabilities) <sup>4</sup>	<b>58,892</b>	(148,575)	69,592	133,568	106,957
Total	<b>1,013,938</b>	629,944	733,389	776,149	725,141
<b>Financed by</b>					
Share capital	<b>234,500</b>	234,500	234,500	234,500	234,500
Reserves	<b>332,679</b>	281,255	402,759	324,606	289,552
Total shareholders' funds	<b>567,179</b>	515,755	637,259	559,106	524,052
Deferred taxation	<b>70,309</b>	56,801	50,630	45,558	32,683
Minority interest	–	–	–	–	–
Retirement benefit liabilities	<b>48,411</b>	54,698	40,321	64,277	63,929
Borrowings	<b>328,039</b>	2,690	5,179	107,208	104,477
Total	<b>1,013,938</b>	629,944	733,389	776,149	725,141
<b>Per Share</b>					
Market price <sup>3</sup>	(RM)	27.00	26.25	24.80	24.30
Earnings <sup>1</sup>	(sen)	150.02	145.37	112.67	113.78
Price earnings ratio		18.57	21.08	22.01	21.36
Dividend (net)	(sen)	150.00	191.19	100.00	85.20
Dividend yield	(%)	4.5	7.1	4.3	3.5
Dividend cover <sup>1</sup>	(no.)	1.0	0.8	1.1	1.3
Shareholders' funds	(RM)	2.42	2.20	2.38	2.23
Net tangible assets <sup>2</sup>	(RM)	2.16	1.94	2.10	1.92
<b>Personnel</b>	(no.)	5,442	5,293	4,151	3,818
<b>Factories</b>	(no.)	7	7	7	7

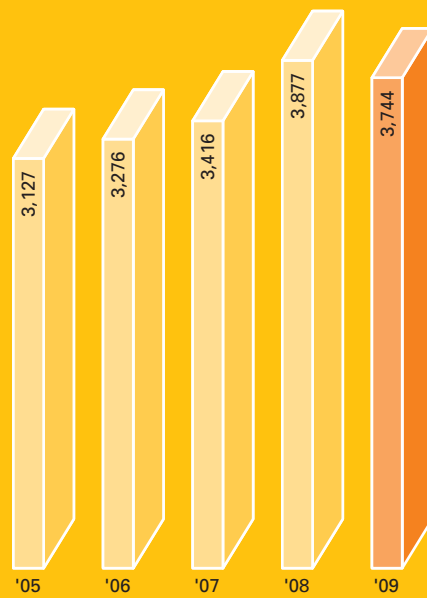
## Notes :

1. Earnings per share and dividend cover are based on profit after tax.
2. Net tangible assets consists of issued share capital plus reserves less intangible assets.
3. The market price represents last done price of the shares quoted on the last trading day of December.
4. The comparative figures have been reclassified to conform with the presentation requirements of FRS 117 as explained in note 26 to the financial statements.

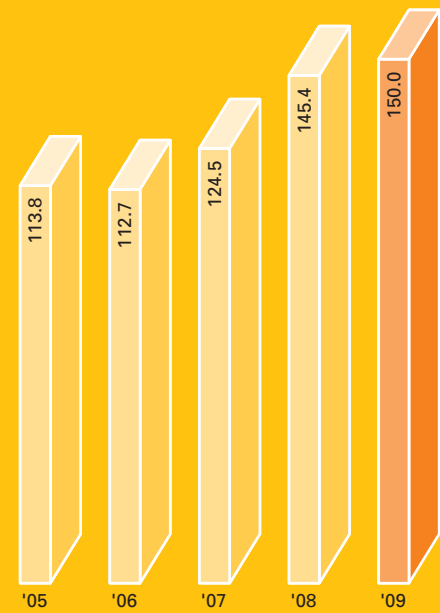


## Performance and Compliance

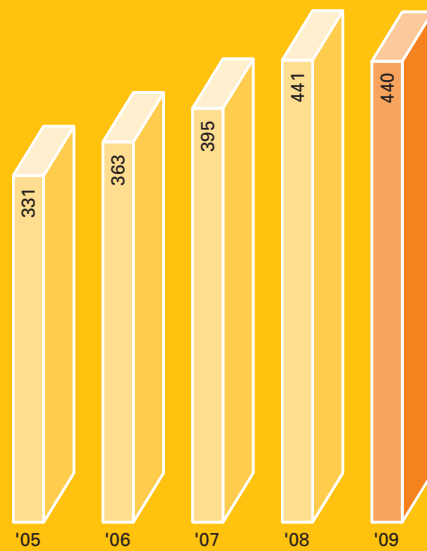
**Turnover**  
(RM million)



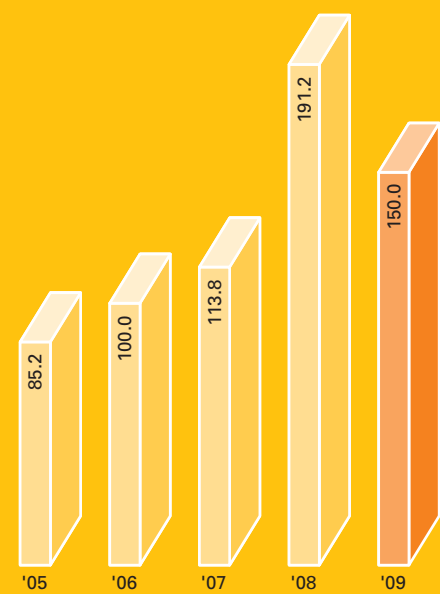
**Earnings Per Share**  
(sen)



**Pre-Tax Profit**  
(RM million)

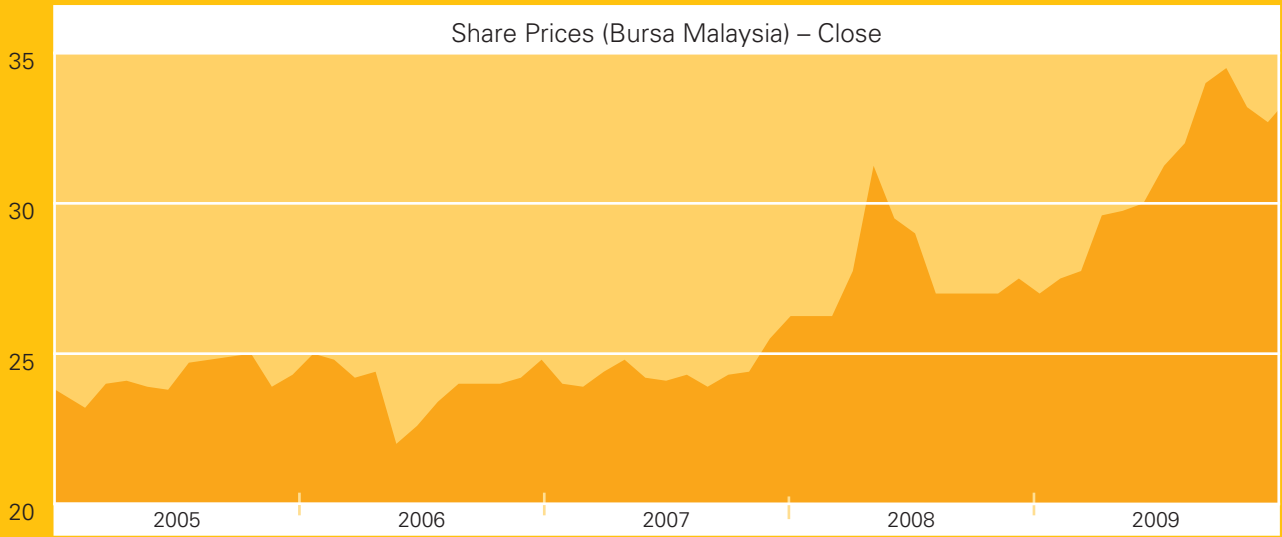


**Net Dividend Per Share**  
(sen)



Performance and Compliance

	Calendar Year				
	2009	2008	2007	2006	2005
During the year					
Highest - RM	35.68	32.00	32.00	26.00	25.75
Lowest - RM	27.00	25.50	23.40	21.40	23.00



Based on month-end closing price

# FROM THE CORPORATE RESPONSIBILITY COMMITTEE



It has been another challenging exercise to develop the 2009 Creating Shared Value report as we strive to improve on the quality of our reporting to meet the expectations of our stakeholders. It has also been a great learning exercise as we chart our progress over the past 12 months and review our strengths and opportunities.

The Corporate Responsibility Committee comprises colleagues from the various divisions and business units, providing input in their areas of expertise. The report is a product of team effort, not only internally but also with the involvement of our communication partners, WestCoast Communications Sdn Bhd and Mutiara RTS Sdn Bhd.

The Committee is aware that the report may not be complete without third party verification and this has been our biggest challenge. However, we have kept the report as transparent as possible and included reference source where applicable. In the meantime, we hope that you will find the report insightful, interesting and beneficial. We value your comments and feedback to help us improve our reporting. Please call, write or e-mail us. Our contact details are available on the following page.

## CORPORATE RESPONSIBILITY COMMITTEE

### Adviser:

Peter R. Vogt  
(Managing Director)

### Head of Committee:

Tengku Marina Tunku Annuar Badlishah  
(Group Corporate Affairs and Wellness Director)

### Committee Members:

Alfyan Adnan	Lim Seng Huat
Ariffin Buranudeen	Marinus de Kloe
Asrina Mohd Shariff	Mike Teh
Chia Wee Leng	Mohd Shah Hashim
D. Thanaselvam	Tengku Ida Tengku Ismail
Elvi Sazali Jaafar	William Kuek
Immy Ooi	Yong Lee Keng
Lashvinder Kaur	Zamira Yasmin



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Write to us at	<b>Nestlé Consumer Services 22-1, 22nd Floor, Menara Surian No.1, Jalan PJU 7/3 Mutiara Damansara 47810 Petaling Jaya Selangor Darul Ehsan</b>
E-mail us at	<b><a href="mailto:Nourishing.Malaysia@my.nestle.com">Nourishing.Malaysia@my.nestle.com</a></b>

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