

# Nestlé in Society

Creating Shared Value  
and Meeting  
Our Commitments  
2013



Nestlé

Good Food, Good Life



To develop and strengthen the physical activity component of the Nestlé Healthy Kids Programme, Nestlé Malaysia teamed up with Malaysia Athletics Federation to train selected lecturers, coaches as well as schoolchildren in Kids' Athletics, one of the biggest grassroots sports development programme by International Association of Athletics Federation.

# 18

Our Respect and  
Care for the Community



# 26

Our Commitment  
to the Environment



# Inside

- 2 Message to Stakeholders
- 5 Fast Facts
- 6 The Nestlé Legacy
- 7 Organisation Structure
- 8 Nestlé in Society: Creating Shared Value and Meeting Our Commitments
- 10 Engaging Our Stakeholders
- 14 Governance
- 16 Summary of Key Performance Data
- 18 Our Respect and Care for the Community
- 26 Our Commitment to the Environment
- 40 Our People and the Workplace
- 54 Our Consumers and the Marketplace
- 62 Awards & Achievements
- 64 GRI Standard Disclosures

## 40 Our People and the Workplace



## 54 Our Consumers and the Marketplace



# MESSAGE TO STAKEHOLDERS

Nestlé has been nourishing Malaysians since 1912. Over the years, we have proven that it is possible to do well as a Company, by doing good for the community and society at large.



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

Nestlé is the pioneer of Creating Shared Value, which epitomises our desire to create prosperity and help improve the quality of life for people in an inclusive manner.

At Nestlé, we continuously strive to build sustainable relationships with people, stakeholders and communities whom we touch through our business. We are a pioneer of this business approach called Creating Shared Value (CSV), which epitomises our desire to create prosperity and help improve the quality of life for people in an inclusive manner.

Therefore, beyond complying with national laws, international standards and our own Nestlé Corporate Business Principles, we operate in ways that help protect the environment for future generations. Thus, our commitments to sustainability and compliance form the foundations upon which we build our actions to create shared value in our focus areas of Nutrition, Water & Environment and Rural Development.

Nestlé has been nourishing Malaysians since 1912, and as a result of this, we have earned the trust of our consumers not only for the quality of our products but also for our commitment to improve the lives of the communities. Over the years, we have proven that it is possible to do well as a Company, by doing good for the community and society at large.

This year, we have titled our report 'Nestlé in Society: Creating Shared Value & Meeting Our Commitments' to reflect our commitments and efforts to continue nourishing Malaysians for generations to come, contributing to the success of the nation and delivering on our promise of 'Good Food, Good Life'. Our aim is to report transparently and openly on issues of concern and interest to our stakeholders.

For the year under review, we embarked on several key initiatives that are aligned with our three CSV pillars – Nutrition, Water & Environment and Rural Development.

With Nutrition being our key area of expertise, we continued our efforts in promoting healthy eating and active lifestyles through our Nestlé Healthy Kids Programme, an initiative targeted at two different age groups – primary and secondary school students. Launched in 2010 and implemented in collaboration with the Nutrition Society of Malaysia, the Primary School Module saw the

execution of a series of Teachers' Seminars that involved teachers from participating schools and also the training of selected lecturers and coaches on Kids' Athletics through a partnership with the Malaysia Athletics Federation (MAF). The latter supports a five-year global partnership between Nestlé and the International Association of Athletics Federations (IAAF), aimed at developing and strengthening the physical activity component of the Nestlé Healthy Kids Programme. Meanwhile, the Secondary School Module called *Program Cara Hidup Sihat*, has successfully reached a total of 4,954 students, 203 teachers and wardens, as well as food operators. Further information on the programme can be found on page 22 of this Report.

## Message to Stakeholders

Our commitment to Water & Environment was further strengthened when we signed in November a collaborative agreement with Sime Darby Foundation to jointly undertake Project RiLeaf, which will see both parties managing and optimising funding and resources for the project and this includes supporting the capacity building of local communities.

Nestlé Malaysia's innovative farming initiative – Nestlé Paddy Club – now has 312 farmers, who successfully harvested 5,658MT of paddy over 807ha of paddy fields during the August-September harvest period, which translates into an average yield of 7.06MT/ha, an improvement of 3% compared to the average yield from the same season in the previous year. In addition and due to the application of the Semi-Aerobic Rice Intensification method, the initiative also saw the reduction in water usage, as well as methane emission in irrigated fields.

This year, the Company also encouraged family togetherness through an exciting nationwide campaign called Bonanza Hari Keluarga Malaysia Nestlé. Aimed at enhancing the quality of family life through tastier food, as well as healthy and fun activities, the campaign consisted of two elements – a contest that required consumers to purchase participating

Nestlé products and correctly answer three simple questions, which qualified them the chance to win attractive daily prizes and subsequently, the opportunity to participate in a Grand Finale Challenge to win a Grand Prize of RM100,000 cash. With the belief that it can do well by doing good, Nestlé Malaysia pledged to donate RM1 for each qualified contest entry to selected charities. The contest successfully generated RM800,000, of which RM300,000 was contributed to disadvantaged groups in the society and the remaining RM500,000 to the Ministry of Women, Family and Community Development in support of their activities to foster healthy lifestyles and build active communities.

At the end of this Report, we have highlighted our key aspirations to create positive impact in Nutrition, Water & Environment and Rural Development, which outlines our commitment in these areas.

Our eighth stand-alone Report for the year ended 31 December 2013, unless otherwise stated, covers CSV activities and initiatives embedded in the operations of the Nestlé (Malaysia) Berhad Group and its subsidiaries\* – Nestlé Products Sdn. Bhd. and Nestlé Manufacturing Sdn. Bhd.

We have engaged PricewaterhouseCoopers (PwC) to verify our Report in accordance with the Global Reporting Initiative (GRI) 3.1 Standards. The assurance is performed according to the internationally recognised standard ISAE3000 issued by the International Auditing and Assurance Standards Board (IAASB). ISAE3000 is widely adopted by independent assurance providers to give guidance for the performance of assurance on sustainability reporting, which sets out the purpose and elements of all assurance engagements.

We hope that you find this Report useful in giving you a better understanding on how we operate, as we aim to share information transparently about our long-term impact on society and how this is intrinsically linked to the creation of our long-term business success. If you have any comments or feedback, we are happy to receive them in order to further improve ourselves. You can find our contact details at the end of this Report.

**Tan Sri Dato' Seri Syed Zainol**

**Anwar Jamalullail**

Chairman of the Board of Directors

**Alois Hofbauer**

Managing Director

\* Manufacturing facilities in Shah Alam, Petaling Jaya, Batu Tiga, Chembong and Kuching; Sales Offices for Central, Northern, Southern, East Coast regions, Sabah and Sarawak; National Distribution Centre in Bukit Raja, Selangor and Head Office in Mutiara Damansara, Selangor.

# Fast Facts

## The Nestlé Group

- Founded in 1866 by Henri Nestlé.
- World's largest food manufacturer, with headquarters in Vevey, Switzerland.
- Operations in more than 150 countries.
- 465 factories in 86 countries.
- Employs over 333,000 people worldwide.
- Over 1 billion products sold every day representing over 2,000 global and local brands.
- Turnover of CHF92.2 billion in 2013.
- World's largest private nutrition research capability based in Switzerland.
- 34 R&D and Technology Centres worldwide.
- RM5.1 billion global investment in R&D.

## Nestlé Malaysia

- Commercial operations in Malaysia since 1912.
- Biggest Halal producer within the Nestlé Group and the Halal Centre of Excellence for the Nestlé Group.
- Head Office located in Mutiara Damansara, Selangor.
- 7 factories and a national distribution centre.
- Employs over 5,800 people.
- A range of over 500 products, with locally made leading household brand names, such as MILO, MAGGI and NESCAFÉ.
- Turnover of RM4.8 billion in 2013.
- Public listed on Bursa Malaysia since 1989.

## Categories of Products in Malaysia

- Beverages • Foods • Dairy • Liquid Drinks • Infant and Maternal Nutrition
- Performance Nutrition • HealthCare Nutrition • Breakfast Cereals • Chilled Dairy
- Ice Cream • Confectionery • Nestlé Professional

# The Nestlé Legacy

## THE PRIDE OF NESTLÉ: THE 'NEST'

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



Good Food, Good Life

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

## THE MEANING OF 'GOOD FOOD, GOOD LIFE'

Insufficient access to good food could result in nutritional deficiencies, malnutrition and other complex issues, which is why Nestlé believes that 'Good Food' is the foundation of 'Good Life'. In addition to being the leading Nutrition, Health and Wellness company, Nestlé also aims to be the reference for financial performance and trusted by all stakeholders. These are the principles of Creating Shared Value. They drive us forward and are embedded in everything we do. They help create what we mean by 'Good Food, Good Life'.



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

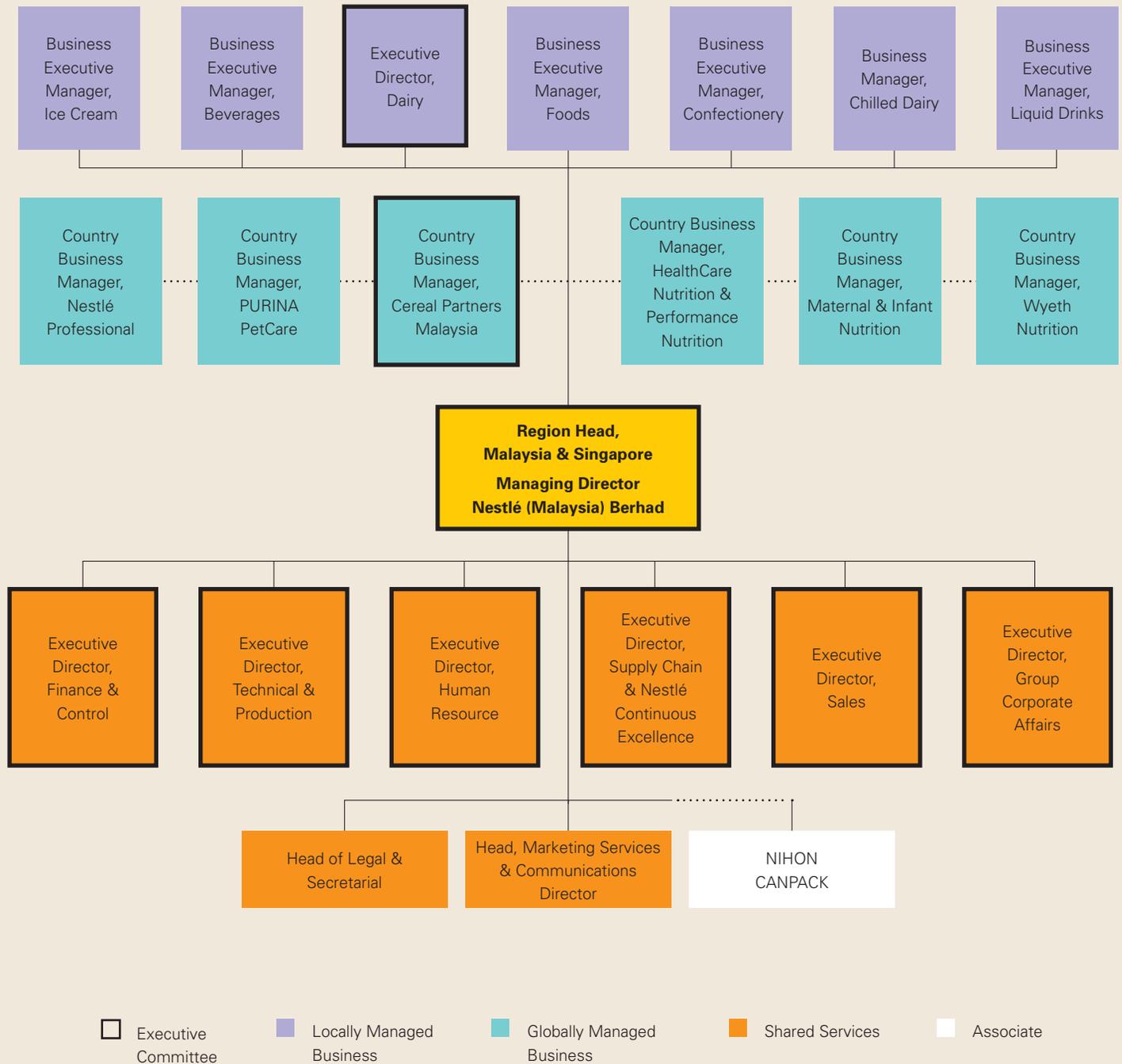


## THE NESTLÉ CREATING SHARED VALUE LEGACY

In an effort to save his neighbour's child who was unable to accept his mother's breast milk, Swiss pharmacist and Nestlé founder – Henri Nestlé – developed the world's first milk food for infants. Aimed at combating the problem of mortality due to malnutrition, the product was well received in Europe and this marked the beginning of the Nestlé Creating Shared Value legacy – which today is embedded within our values and Corporate Business Principles. More than 140 years on, Nestlé is the world's leading Nutrition, Health and Wellness company; committed towards building a business based on sound human values and principles.



# Organisation Structure



# Nestlé in Society: Creating Shared Value and Meeting Our Commitments



**Nestlé**

**Creating Shared Value**

Nutrition | Water | Rural Development

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

Therefore, in order for us to prosper over the long-term, we need to ensure that the communities that we serve and operate in prosper as well, which is why we are focused on creating value for society in three areas that we have identified as areas of greatest potential for joint value creation. These are Nutrition, Water & Environment and Rural Development, which are core to our business strategy and operations.



Nutrition

## Why Nutrition?

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



Water & Environment

## Why Water?

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



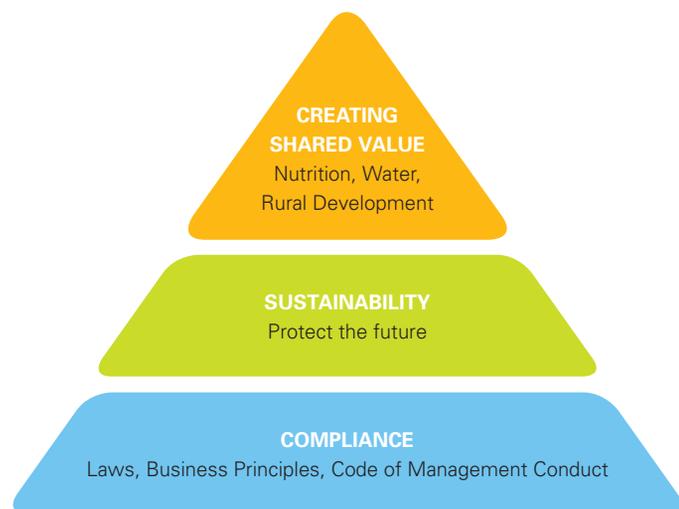
Rural Development

## Why Rural Development?

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

There are many examples of how we create value for the Malaysian society, which are detailed in this Report, segmented into four areas, in line with Bursa Malaysia's requirements:

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**



**THE NESTLÉ IN SOCIETY PYRAMID**

## Creating Shared Value at Each Stage of the Value Chain



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

**Peter Brabeck-Letmathe,**

Chairman, Nestlé S.A.

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

**Paul Bulcke**

Chief Executive Officer, Nestlé S.A.

# Engaging Our Stakeholders



Dr. Tee E Siong, President of Nutrition Society of Malaysia expressing his points during the roundtable discussion on 'Preventing Childhood Obesity: Start Right with Breakfast!' in April 2013.

We are guided by our strategy of building and protecting trust when engaging with our stakeholders, and we do so by Creating Shared Value – the way Nestlé does its business.

In addition to providing consumers with healthy, tasty and nutritious food and beverage options, Nestlé's ambition is also to become the recognised leader in Nutrition, Health and Wellness, as well as the industry reference for sustainable financial performance, trusted by all stakeholders. This includes those whom we engage with on a daily basis as part of our day-to-day operations, as well as those whose lives are touched by our activities.

We are guided by our strategy of building and protecting trust when engaging with our stakeholders, be it business partners, suppliers, consumers or communities. How we do so is by Creating Shared Value (CSV), which in short, is simply the way Nestlé does its business. The stakeholder engagement strategy states the need to protect this trust by dealing with issues that have the potential to diminish trust in Nestlé, while at the same time build

trust over the long-term by operating a consistent philosophy for the benefit of society, which is CSV – the heart of our ambition. Please refer to Diagramme 1 on page 13 - Stakeholder Engagement Strategy.

The Nestlé Corporate Business Principles also outlines our relationship with all our stakeholders. The stakeholders whom we engage with are those relevant to our business and the three CSV pillars – Nutrition, Water and Environment, and Rural Development – which are fundamental to the Nestlé value chain and business success. How effectively we communicate and engage with them depends on their influential factor to our business needs and/or their impact on our corporate reputation. The process in which we identify, define and engage our stakeholders is illustrated by Diagramme 2 on page 13 - Stakeholder Engagement Process.

We engage with our stakeholders – both internal and/or external – through speaking engagement sessions, town halls, dialogue sessions, forums, project tie-ups and consumer activities.

We also organise annual roundtable and convening sessions to engage with our key stakeholders to discuss issues relating to the three pillars and that are material to our business. Attended by representatives from government bodies, Non-Governmental Organisations (NGOs), members of the academia and sectors such as Corporate Governance, Environment, Sustainable Development, Nutrition & Health and Consumers Issues, these gatherings allow them to share their thoughts and provide feedback on the topics discussed during the engagement sessions.

In 2013, Nestlé Malaysia successfully carried out three sessions to engage with our key stakeholders. The first roundtable discussion in April 2013 focussed on what can be done to effectively promote breakfast amongst children, to prevent childhood obesity. Relevant stakeholders such as the Ministry of Health and Nutrition Society Malaysia attended this session.

During the second roundtable discussion in October 2013, we had a discussion on what could be done to sustain water and environmental conservation, as well as rural development, with relevant stakeholders such as the Malaysia Nature Society and WWF-Malaysia.

The third session was a convening session with all of our stakeholders, which was held in December 2013. During this session, we presented an update on our key CSV activities to the stakeholders.

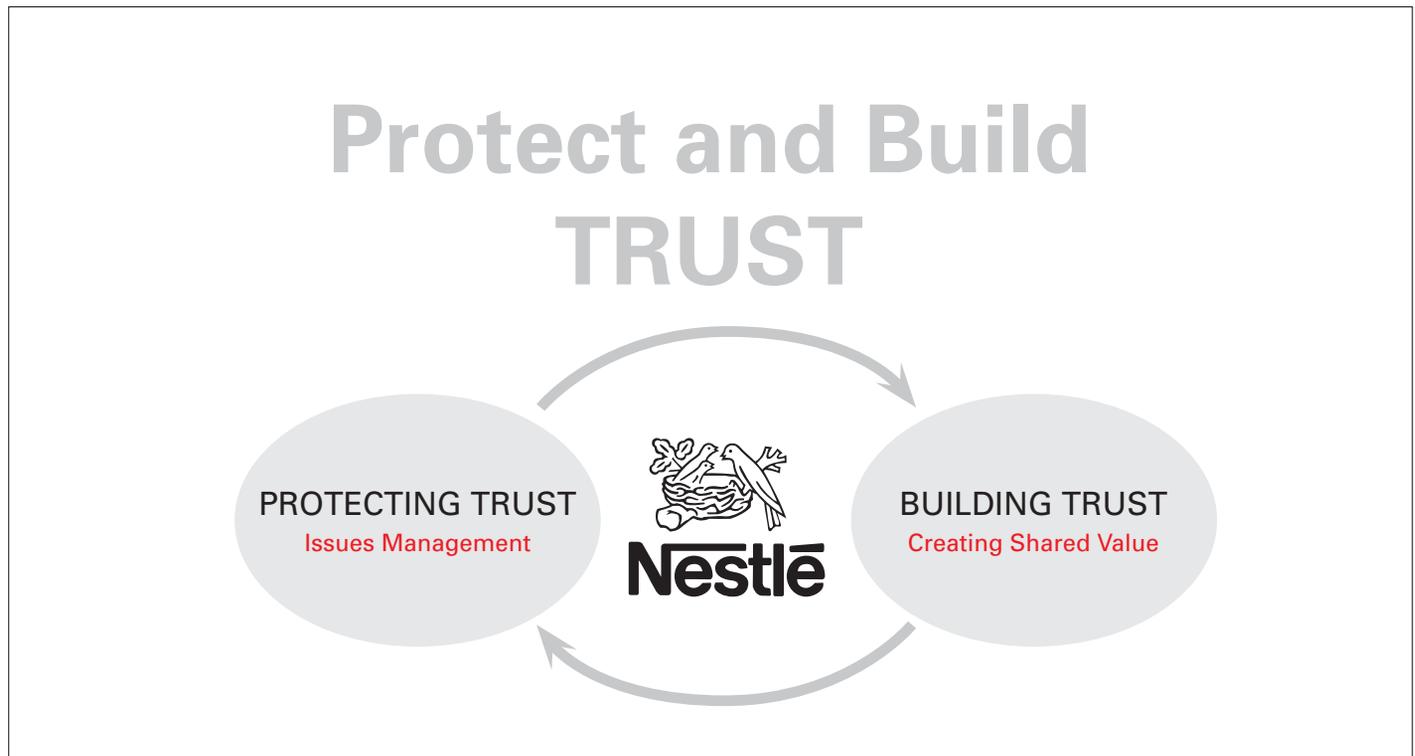
The following is a summary of what was discussed during the two roundtable discussions in April and October 2013.

| <b>TOPIC:<br/>NUTRITION - PREVENTING CHILDHOOD OBESITY: START RIGHT WITH BREAKFAST</b>   |  |
|--|--|
| <b>ISSUES DISCUSSED</b>  | <b>STAKEHOLDER RECOMMENDATIONS FOR NESTLÉ</b>  |
| Lack of awareness and understanding amongst children about the importance of breakfast.  | <ul style="list-style-type: none"> <li>• To continue raising awareness about proper eating habits, as well as the benefits of healthy eating, similar to what Nestlé is already doing through the Healthy Kids Programme and <i>Program Cara Hidup Sihat</i>.</li> <li>• To continuously educate children about making smart and informed choices when it comes to food.</li> <li>• To approach children in urban areas via the education system and school curriculum. This follows studies that have shown that children do not have time for breakfast, as they are always rushing to get to school on time.</li> <li>• To reach out to school teachers and parents, as they also play a pivotal role when it comes to educating children.</li> </ul> |
| Concerns as to whether the current education modules support the improvement of knowledge on the importance of breakfast and encourage children to have breakfast. | <ul style="list-style-type: none"> <li>• To ensure Nestlé Malaysia's health and nutrition programmes in schools involve stakeholders such as the Ministry of Health, Ministry of Education, teachers, parents and canteen operators.</li> </ul>  |
| Suggestions on collaborative efforts between the public sector, NGOs and Nestlé to encourage breakfast consumption.  | <ul style="list-style-type: none"> <li>• To continue working with the Government and NGOs to educate parents and schoolchildren. Nestlé should also consider exploring new partnerships for better reach.</li> <li>• Together with the stakeholders, to form a committee that keeps each other updated on the national health promotion agenda.</li> </ul>   |
| What can be done in terms of services and support to encourage a healthy lifestyle?  | <ul style="list-style-type: none"> <li>• To consider exploring online movements and community-based initiatives for better reach.</li> </ul>   |

## Engaging Our Stakeholders

| <b>TOPIC:</b><br><b>SUSTAINING WATER &amp; ENVIRONMENTAL CONSERVATION AND RURAL DEVELOPMENT</b>   |  |
|---|--|
| <b>ISSUES DISCUSSED</b>   | <b>STAKEHOLDER RECOMMENDATIONS FOR NESTLÉ</b>  |
| Concerns over the public's lack of awareness and understanding of the importance and the need to ensure water and environmental sustainability. | <ul style="list-style-type: none"> <li>• To run a campaign in conjunction with big environmental events like World Water Day or Earth Hour.</li> <li>• To compare Nestlé Malaysia's water footprint against competitors and to communicate the results.</li> <li>• To run a national campaign to conserve water to generate awareness throughout the country.</li> <li>• To inculcate water conservation amongst schoolchildren and to encourage them to think of ideas to solve environmental problems creatively through innovative designs and approaches.</li> <li>• To communicate the connection between the importance of the quality of water and human health.</li> <li>• To include information on water conservation on product packaging.</li> </ul> |
| How else can Nestlé Malaysia contribute to develop rural communities?   | <ul style="list-style-type: none"> <li>• To engage with the young people in the rural communities, by working together with NGOs whose core focus is to build social entrepreneurship amongst youth.</li> <li>• To engage with more local communities through contract farming initiatives, in order to obtain raw materials, which are currently being sourced in the open market, for example lemongrass or ginger.</li> </ul>   |

**DIAGRAMME 1 – STAKEHOLDER ENGAGEMENT STRATEGY**



**DIAGRAMME 2 – STAKEHOLDER ENGAGEMENT PROCESS**



# Governance

The CSV Advisory Board provides the Company with a diversity of informed ideas, recommendations and feedback, which help assess our progress, opportunities and challenges.

Creating Shared Value (CSV) is the way we do business. It is our business philosophy, which states that we must not only create value for our shareholders but also for society, where every activity that we carry out will, directly or indirectly, have a value proposition for the Company and society in general.

## NESTLÉ S.A. - GLOBAL LEVEL

At the global level, which is Nestlé S.A. and within the general Nestlé corporate governance structure, the Chairman and the Chief Executive Officer, along with other members of the Executive Board with the support of other governance bodies are responsible for the supervision and management of Nestlé's role in society and CSV.

A quarterly CSV Alignment Board has also been established to oversee the strategic implementation of CSV initiatives across all businesses in Nestlé globally. It also leads the CSV development and evolution of it and sustainability objectives and strategies at Group level. Please refer to Diagramme 3 on page 15.

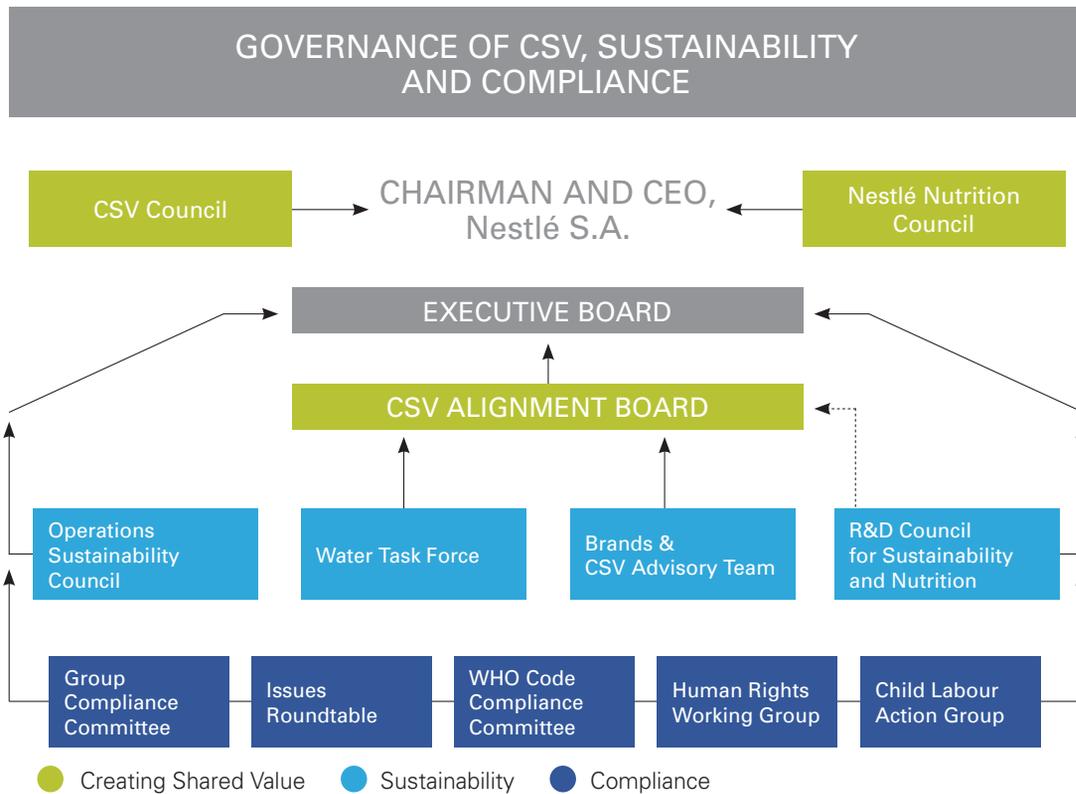
The Nestlé CSV Advisory Board meets twice a year to further review and develop the CSV concept, analyse the Nestlé value chain to suggest potential actions for Nestlé. It also participates in the annual CSV Forum. Consisting of 12 world-leading experts in the areas of corporate strategy, Nutrition, Water and Rural Development, the Advisory Board provides the Company with a diversity of informed ideas, recommendations and feedback, which will help to assess our progress, ensure sound development, sustainability and positive social and economic impact of the CSV business strategy. Ideas and recommendations are communicated to Nestlé S. A., which are then cascaded to the various Nestlé markets for implementation. Sitting on both Boards to ensure alignment between the two is Paul Bulcke, Chief Executive Officer of Nestlé S. A. For the list of experts that sit on the Advisory Board, please visit: <http://www.nestle.com/csv/nestle/governance>

## NESTLÉ MALAYSIA - LOCAL LEVEL

At Nestlé Malaysia, a CSV Council was formed in 2011 to ensure that CSV is present across all categories and brand operations locally. Headed by the Group Corporate Affairs Department (GCAD), the Council consists of representatives, who are called CSV Champions, from all Business Units and Support Functions. Please refer to Diagramme 4 on the next page.

The CSV Champions take the lead in mapping out their Business Units' or Function's CSV initiatives and ensure that all activities carried out are in line with the Company's policies on sustainability and CSV. They also serve as Global Reporting Initiative (GRI) Champions and are therefore responsible for monitoring the activities and ensuring that the correct reporting procedures are followed, based on the GRI reporting standards and guidelines.

**DIAGRAMME 3 – GOVERNANCE OF CREATING SHARED VALUE, SUSTAINABILITY AND COMPLIANCE OF THE NESTLÉ GROUP**



**DIAGRAMME 4 – DEVELOPMENT OF CSV STRATEGY GLOBALLY AND HOW IT IS ROLLED OUT IN MALAYSIA**



# Summary of Key Performance Data

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

|   | GRI Reference | 2011      | 2012      | 2013                |
|---|---------------|-----------|-----------|---------------------|
| <b>The Marketplace</b>  |               |           |           |                     |
| Products meeting or exceeding Nutritional Foundation profiling criteria (as % of sales) | #             | 78%       | 78%       | 78%                 |
| Products meeting or exceeding consumer taste preference (as % of sales)                 | #             | 78%       | 80%       | 89%                 |
| Products with nutritional plus over competitors (as % of sales)                         | #             | 54%       | 52%       | 53%                 |
| Products with a nutritional claim on front-of-pack                                      | PR3           | 68%       | 67%       | 62%                 |
| Products covered with NESTLÉ NUTRITIONAL COMPASS (as % of sales)                        | PR3           | 100%      | 100%      | 100%                |
| Products with Guideline Daily Amount (GDA) labelling (as % of sales)                    | PR3           | 69%       | 98%       | 98%                 |
| <b>Our Environmental Footprint</b>  |               |           |           |                     |
| Total energy (GJ)   | EN5           | 1,501,802 | 1,479,099 | 1,526,031           |
| Total amount of energy per tonne (GJ/tonne)   | EN5           | 4.13      | 3.94      | 3.82                |
| Total energy greenhouse emission (tonne CO <sub>2</sub> )                               | EN16          | 160,029   | 158,991   | 172,248             |
| Total water withdrawal by source (m <sup>3</sup> /year)                                 | EN8           | 1,802,451 | 1,734,455 | 1,863,027           |
| Volume of water recycled per reused (m <sup>3</sup> /year)                              | EN10          | 19,278    | 80,710    | 80,710              |
| Landfill waste (tonne) *  | EN22          | 2,386     | 4,698     | 1,990               |
| Materials recycled (tonne)  | EN22          | 7,091     | 11,561    | 13,303 <sup>1</sup> |
| <b>Our People</b>   |               |           |           |                     |
| Workforce size  | LA1           | 5,424     | 5,881     | 5,847               |
| Lost Time Injury Frequency Rate   | LA7           | 1.16      | 1.13      | 1.45                |
| Leadership positions held by women  | LA13          | 29%       | 42%       | 42%                 |

|  | GRI Reference | 2011        | 2012         | 2013             |
|--|---------------|-------------|--------------|------------------|
| <b>Our Community</b>   |               |             |              |                  |
| <i>Number of students involved in Nestlé Healthy Kids intervention programme:</i>                          |               |             |              |                  |
| - Primary School Module  |               | 222         | 189          | 136              |
| - Secondary School Module  |               | –           | 4,954        | 4,954            |
| <i>Project Rileaf:</i>   |               |             |              |                  |
| Number of trees planted  |               | 32,567      | 90,884       | 56,706           |
| Total purchase of seedlings from KAPOK (RM)  |               | RM65,134    | RM128,353.50 | RM85,059         |
| Total amount of contracted work for tree planting (RM)   |               | RM32,415    | RM164,671.20 | RM102,077.60     |
| <i>Nestlé Paddy Club:</i>  |               |             |              |                  |
| Number of farmers impacted   |               | 104         | 289          | 312              |
| Total number of hectares covered   |               | 274         | 765          | 807 <sup>1</sup> |
| Potential maximum number of children impacted from Nestlé - Raleigh Community Learning Centre Project      |               | 60          | 71           | 67               |
| Number of PEWANIS members impacted from the Setiu Wetlands Project with WWF-Malaysia (active & non-active) |               | 33          | 13           | 20               |
| Number of camps launched under the MILO GO FURTHER CAMPS   |               | 12          | 12           | 12               |
| <i>Nestlé Employee Volunteer Programme (ROCKs)</i>   |               |             |              |                  |
| Total number of volunteers (employees & non-employees) <sup>2</sup>  |               | 247         | 221          | 209              |
| Total number of volunteer hours  |               | 592.5       | 1,193        | 952              |
| <b>Economic</b>  |               |             |              |                  |
| OPERATIONAL FOOTPRINT  |               |             |              |                  |
| Number of total factories  | #             | 7           | 7            | 7                |
| VALUE GENERATION (RM'000)  |               |             |              |                  |
| Total sales for Malaysia   | EC1           | RM4,246,744 | RM4,556,243  | RM4,787,925      |
| VALUE DISTRIBUTION (RM'000)  |               |             |              |                  |
| Turnover   |               | RM4,246,744 | RM4,556,243  | RM4,787,925      |
| Operating costs  |               | RM804,781   | RM896,309    | RM963,375        |
| Taxes  |               | RM131,681   | RM132,316    | RM157,353        |
| Net profit   |               | RM427,128   | RM505,352    | RM561,701        |
| Earnings per share (sen) <sup>3</sup>  |               | 182.14      | 215.50       | 239.53           |
| Net dividends per share (sen)  |               | 180.00      | 210.00       | 235.00           |
| Dividend yield   |               | 3.2%        | 3.3%         | 3.5%             |

\* Note: Sludge was included in landfill waste for 2012 reporting.

# Nestlé-specific indicators.

<sup>1</sup> As at August 2013.

<sup>2</sup> The estimated landfill data for 2013 is based on Safety, Health and Environmental Performance Monitoring (SHE-PM) data as reported by Nestlé Malaysia's factories.

<sup>3</sup> Earnings per share are based on profit after tax.



Young participants of the Kids' Athletics Competition displaying the sporting spirit. This activity was part of the International Association of Athletics Federation's Kids' Athletics Course, a grassroots sports development programme which was carried out by Nestlé Malaysia in partnership with Malaysia Athletics Federation, to further enhance the Nestlé Healthy Kids Programme in Malaysia.

# Our Respect and Care for the Community

Nestlé's responsibility goes beyond that of our shareholders, employees and consumers. In addition to producing healthy, tasty and nutritious food, Nestlé is committed to play our part by reformulating our products each year, communicating responsibly with our consumers and promoting healthy lifestyle programmes, amongst others. This is in line with Nutrition, one of our CSV focus areas, simply because food is the basis of health and of course, of our business.

With the belief that 'Good Food' is the foundation of 'Good Life', we aim to create a thriving and sustainable society by addressing health-related issues such as malnutrition and obesity, sedentary lifestyles and aging populations.

## **Nestlé Healthy Kids, a Programme to Promote Healthy Lifestyles**

Nestlé Healthy Kids is a global initiative to raise awareness of nutrition, health and wellness and to promote physical activity among school-age children around the world. At Nestlé Malaysia, the Programme consists of two modules – one that is targeted to primary schoolchildren, and the other, to secondary school students.

The Primary School Module – which is the first of the Nestlé Healthy Kids Programme – was launched by Nestlé Malaysia in August 2010 and implemented in collaboration with the Nutrition Society of Malaysia, to improve the nutrition knowledge and promote healthy lifestyles among schoolchildren aged 7-12 years. The programme has a two-prong approach, which includes a dedicated website ([www.healthykids.org.my](http://www.healthykids.org.my)) to reach out to the masses and a three-year research component which involves an intervention group. This resulted in the development of educational modules, which will be presented to the Ministry of Education, with the hope that they will be utilised by all schools in the country.

2013 also saw the execution of a series of Teachers' Seminars involving teachers of three participating schools. The seminars provided these teachers with updates on the current nutritional problems among schoolchildren and the importance of healthy eating and lifestyle in preventing non-communicable diseases (NCD) among the young.

In addition, in support of a five-year global partnership between Nestlé and the International Association of Athletics Federations (IAAF), Nestlé Malaysia

teamed up with the Malaysia Athletics Federation to train selected lecturers and coaches through the IAAF Kids' Athletics Course.

Aimed at developing and strengthening the physical activity component in the Nestlé Healthy Kids Programme, the Course provided the lecturers and coaches with an insight to educating children about sports in general, including information on healthy eating and active lifestyles. These are necessary to attract, develop and sustain future athletes within the school community. The three-day programme culminates in a Kids' Athletics competition which involves schoolchildren from nearby schools. This initiative has reached a total of 248 schoolchildren and has trained 216 individuals as lecturers/coaches of the Kids' Athletics:

- Launch of Kids' Athletics Course – 16-18 August at National Sports Council, Bukit Jalil
- Kids' Athletics Coaching Course – 25-26 October at National Sports Council, Bukit Jalil
- Kids' Athletics Coaching Course – 8-9 November at Kluang, Johor
- Kids' Athletics Coaching Course – 15-16 November at Alor Setar, Kedah

## 216 participants

were trained as lecturers/coaches of Kids' Athletics Course, which benefited 248 schoolchildren

## 4,200 children

reached out at the MILO Go Further Camp

## 5,040 students

from 16 schools nationwide participated in the MAGGI Secondary Schools Cooking Competition

## Our Respect and Care for the Community



Held at the National Sports Centre in Bukit Jalil, the Kids' Athletics Competition aims to promote athletics among schoolchildren.

Additionally, the Secondary School Module called *Program Cara Hidup Sihat* is an intervention programme aimed at promoting and enhancing the knowledge and practice of healthy and active lifestyle among secondary school students from 100 day-boarding schools nationwide<sup>1</sup>. This programme was implemented in collaboration with the Ministry of Education and Universiti Putra Malaysia and has reached a total of 4,954 students, 203 teachers and wardens as well as 332 teachers, canteen owners and chief cooks. For further information on the programme, please refer to the Case Study on page 22.

Our aim is to reach a total of 10,000 schoolchildren through both the Primary and Secondary School modules by the end of 2014. Our year-on-year performance against this target is reflected on page 24.

### Encouraging Play through Sports Camps

MILO believes that play is a vital aspect of a child's development and also a fundamental part of growing up to ensure that he or she can reach his or her full potential later in life. With that belief, MILO initiated the Go Further Camp to encourage children to play sports and thus inculcate good values that will help them develop healthily.

The half-day camps saw professional coaches teaching the children sport skills, whilst their parents participated in a basic nutrition knowledge session conducted by nutritionists. To-date, 12 camps have been carried out, reaching 4,200 children.

Moving forward, MILO is also planning to refurbish some venues and facilities to further encourage the children and also local communities to get into the habit of playing sports and practising active lifestyles.

### Cultivating Culinary Interest amongst Secondary School Students

Initiated in 1997 in collaboration with the Ministry of Education, Home Economics teachers, the State Technical and Vocational Unit and the State Education Department's Co-Curriculum Unit, the MAGGI Secondary Schools Cooking

<sup>1</sup> Selected 100 Day-Boarding Schools nationwide, including Sabah & Sarawak and 50 control groups for UPM to review and conduct their research on.



MILO Go Further Camps are sports camps that include coaching clinics by professional coaches to teach children sporting skills and life's values.



Young chefs showing off their culinary skills while being judged by celebrity chef Florence Tan during the MAGGI Secondary Schools Cooking Competition.

Competition is aimed at cultivating an interest in cooking among secondary schoolchildren. It is also geared towards raising awareness on the importance of nutritious food and consuming a healthy and balanced diet, as well as promoting culinary arts as an alternative career choice.

Targeted at aspiring young chefs aged between 13 to 15 years from lower secondary schools around Malaysia, the competition required each state to organise an annual competition, including district and state levels, in search of winners to represent them at the national cooking challenge.

The Grand Finals saw 80 participants – 48 students and 32 teachers out of a total of 5,040 participants – from 16 schools representing their states in preparing three healthy dinner dishes in 90 minutes. The team from Sekolah Menengah Kebangsaan Dato' Ahmad Razali, Selangor, which excelled in all the criteria – including taste, skills, creativity, presentation, serving portions, nutritional value, hygiene, safety and teamwork – emerged as champions in this competition. They walked away with a cash prize of RM2,000, a certificate, a trophy and MAGGI hampers. In addition, the school also received RM1,000 cash for the Kemahiran Hidup Bersepadu funds.

## Our Respect and Care for the Community

### CASE STUDY



Teachers and wardens being briefed about the content and execution of the HEBAT educational module at the Train-the-Trainer session.

## *Program Cara Hidup Sihat*

### *Promoting Healthy Eating and Lifestyles*

The 2011 National Health and Morbidity Survey shows that 11% of Malaysian teenagers aged between 10 to 17 years are either overweight or obese. The study also revealed that three-quarters of them consume less than the recommended daily five servings of fruits and vegetables.

To address this issue, Nestlé launched an intervention programme called *Program Cara Hidup Sihat* in December 2012, targeted at lower secondary school students from 100 selected day-boarding schools nationwide. This programme is part of the Nestlé Healthy Kids Global Programme. Implemented in collaboration

with the Ministry of Education (MoE) and Universiti Putra Malaysia (UPM), the three-year programme (2012 – 2014) is aimed at promoting and enhancing the knowledge and practice of healthy eating and active lifestyles amongst students, their teachers and wardens, as well as the food operators responsible for preparing and serving them meals on a daily basis.

The main objectives of the intervention programme are to determine the nutritional status of the students, including Body Mass Index (BMI), dietary intake and physical activity levels, as well as Knowledge, Attitude and Practice (KAP) of healthy lifestyles amongst the target audience before and after the intervention programme.

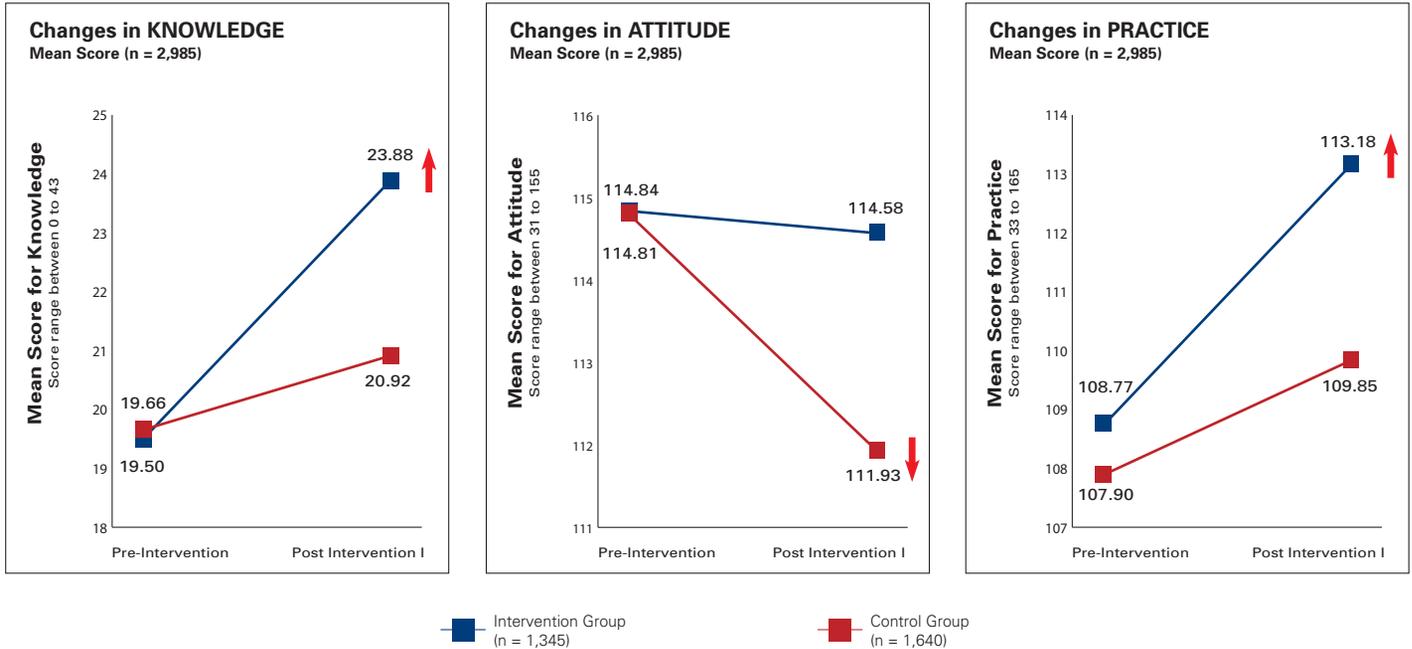
### *The Implementation*

*Program Cara Hidup Sihat* comprises two phases, with the first from 2012 to 2013; and the second, which is currently ongoing, from 2013 to 2014. The two phases saw training sessions conducted based on the 'Healthy Eating & Be Active among Teens' (HEBAT) module that Nestlé had developed, consisting of 10 topics focussed on improving knowledge and practice of healthy lifestyles amongst secondary school students, including nutrition and physical activity. The 10 topics are:

- Do You Know Your Body Weight Status?
- Energy Balance and Your Body Weight Status
- Healthy Eating
- Active Living
- Stay Active Safely
- Choose Food Wisely
- Read Food Labels
- Plan Your Healthy Menu
- Exercise for Health
- Practise HEBAT for Lifetime

Nestlé also organised two 'Train-the-Trainers' sessions, where the teachers and wardens were briefed on the objectives for each topic and trained on the best ways to deliver the sessions to the students and to utilise the supporting teaching materials equipped within the HEBAT module kit. In addition, food operators were also trained on basic hygiene and food safety, knowledge on practising healthy lifestyles and preparing healthy dishes through ingredients modification, demonstrated by a Nestlé Professional Chef.

**CHART 1 - IMPROVEMENTS IN KNOWLEDGE, ATTITUDE & PRACTICE**



Charts indicating the positive improvements in Knowledge, Attitude and Practice among the participants compared to those in the control groups.

*Phase 1 Outcome*

A total of 203 teachers and wardens were trained under the 'Train-the-Trainers' session. We also conducted a 'Training for Food Operators' session on food handling and preparation, which was attended by 332 participants, comprising mainly teachers, canteen owners and chief cooks. The first phase of the programme was well received and resulted in positive improvement on Knowledge, Attitude and Practice (KAP) scores of healthy lifestyles amongst the participants compared to the control groups.

*Moving Forward*

Nestlé will continue training the target audience during the first quarter of 2014 (end of Phase 2). At the end of the programme, Nestlé will develop the healthy lifestyle module and share the approach with MoE, with the aim of rolling it out to all schools in Malaysia.



"This programme is very beneficial for everyone including myself and my family. I have lost 8 kgs since I attended Phase 1 of the 'Train-the-Trainers' session in September 2012," said Mr. Thomas Balan, warden of SMK Marudi, Sarawak.

**100** selected day-boarding schools nationwide benefit from the Programme

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

**203** teachers and wardens were trained to use the educational module

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

## Our Respect and Care for the Community

**OUR COMMUNITY - OUR PERFORMANCE**

|   | GRI<br>Reference | 2011      | 2012      | 2013      |
|---|------------------|-----------|-----------|-----------|
| <b>KEY COMMUNITY PROJECTS</b>   |                  |           |           |           |
| <b>Nestlé Healthy Kids Programme</b>  |                  |           |           |           |
| <b>Primary School Module <sup>1</sup></b>   |                  |           |           |           |
| Number of schools impacted  |                  | 6         | 6         | 6         |
| Total number of students involved in intervention programme                         |                  | 222       | 189       | 136       |
| Total number of visits to the Healthy Kids Website                                  |                  | 5,105     | 50,159    | 51,395    |
| Total number of page views on the Healthy Kids Website                              |                  | 26,681    | 182,896   | 164,303   |
| <b>Secondary School Module</b>  |                  |           |           |           |
| Number of schools impacted  |                  | –         | 100       | 100       |
| Total number of students involved in intervention programme                         |                  | –         | 4,954     | 4,954     |
| Total number of teachers and wardens trained in the educational module              |                  | –         | 203       | 203       |
| Total number of teachers, canteen owners and chief cooks trained in healthy cooking |                  | –         | 332       | 332       |
| <b>IAAF Kids' Athletics</b>   |                  |           |           |           |
| Total number of students who participated   |                  | –         | –         | 248       |
| Total number of coaches trained   |                  | –         | –         | 216       |
| <b>Nestlé Paddy Club, Kedah <sup>2</sup></b>  |                  |           |           |           |
| Number of farmers impacted  |                  | 104       | 285       | 312       |
| Average yield for main season (August - September)                                  |                  | 6.0MT/ha  | 6.85MT/ha | 7.06MT/ha |
| Average yield for off-season (January - February)                                   |                  | 4.48MT/ha | 5.02MT/ha | N/A       |
| Total number of hectares  |                  | 274       | 765       | 807 *     |
| <b>Setiu Wetlands Project with WWF-Malaysia <sup>3</sup></b>                        |                  |           |           |           |
| Number of mangrove seedlings planted  | EN13             | 761       | 640       | 1,065     |
| Outreach programme (beyond Kg. Mangkuk)   |                  | 4         | 5         | 5         |
| Number of PEWANIS members:  |                  |           |           |           |
| i) Active members   | #                | 33        | 10        | 15        |
| ii) Non-active members  | #                | N/A       | 3         | 5         |
| iii) Other members (Associate & Honorary members, advisors & auditors)              | #                | 6         | 23        | 25        |
| <b>Community Learning Centre Project with Raleigh International <sup>4</sup></b>    |                  |           |           |           |
| Number of Raleigh volunteers  | #                | 67        | 32        | 78        |
| Potential maximum number of children impacted                                       | #                | 60        | 71        | 67        |

|   | GRI<br>Reference | 2011  | 2012  | 2013  |
|---|------------------|-------|-------|-------|
| <b>Nestlé Employee Volunteer Programme (ROCKs) <sup>5</sup></b> |                  |       |       |       |
| Number of activities  | #                | 13    | 19    | 11    |
| Number of volunteers:   |                  |       |       |       |
| i) Employees  | #                | 240   | 212   | 205   |
| ii) Non-employees   | #                | 7     | 9     | 4     |
| Total number of volunteer hours                                 | #                | 592.5 | 1,193 | 952   |
| <b>MILO GO FURTHER Camps <sup>6</sup></b>                       |                  |       |       |       |
| Number of camps launched  | #                | 12    | 12    | 12    |
| Number of participants  |                  | 4,000 | 4,140 | 4,200 |
| <b>MAGGI Secondary School Cooking Competition <sup>7</sup></b>  |                  |       |       |       |
| Number of schools involved                                      |                  | 1,600 | 1,600 | 1,680 |
| Number of student participation                                 |                  | 4,800 | 4,800 | 5,040 |
| <b>KOKO KRUNCH Junior Taekwondo Championship <sup>8</sup></b>   |                  |       |       |       |
| Number of participants  |                  | 1,375 | 1,800 | 1,800 |

\* As at August 2013

# Nestlé-specific indicators

<sup>1</sup> Source: Google Analytics Search Engine Optimisation Report, from January to December 2013 & Nutrition Society of Malaysia's Full Activity Report 2013.

<sup>2</sup> Source: Yield Report by the rice millers in Kedah (Ban Eng Hin & Chuan Huat Bee Kah).

<sup>3</sup> Source: 2013 Project Update Report by WWF-Malaysia.

<sup>4</sup> Source: Country Director of Raleigh Borneo, from January-December 2013. In 2013, we launched 2 Community Learning Centres at Kg. Bonor, Sook and Kg. Togudon, Donggongon.

<sup>5</sup> Source: Attendance Report by Nestlé Group Human Resource Department, January-December 2013.

<sup>6</sup> Source: Various media articles by MILO Brand Team and report by third party agency.

<sup>7</sup> Source: Official appreciation letter by Kementerian Pelajaran Malaysia, dated 1 November 2013.

<sup>8</sup> Source: Various media articles by Breakfast Cereal Team and report by third party agency.



A member of KAPOK (Komuniti Anak Pokok Kinabatangan) replanting a forest seedling along the Kinabatangan river, an important regional waterway. This activity is part of Project RiLeaf, a riverside reforestation and oil palm sustainability initiative that aims to sustain one of the world's richest ecosystems by creating a landscape where nature, people and agriculture can co-exist.

# Our Commitment to the Environment

Sharing Our Vision, Journey and Our Environmental Footprint

## Balancing Nature's Balance Sheet

The Nestlé environmental vision goes beyond the current practice of minimising our environmental footprint and advocates a much broader concept of natural capital management.

Nestlé recognises that the long-term success of the company is dependent upon the sustainability of the world's natural capital, which consists of all minerals, hydrological, fossil, biological resources and all that we utilise to manufacture our products.

While the unabated use of non-renewable resources such as fossil fuels will eventually lead to a permanent loss of natural capital, we believe that we can conduct our business in a sustainable manner through the responsible sourcing of raw materials, implementing best-practices in agriculture, managing water resources responsibly, optimising energy usage and minimising the emission of greenhouse gases.

As the world's largest food company converting perishable agricultural products into nutritious food and beverages, Nestlé is mindful of its obligation to do so with the lowest possible impact to the environment, to ensure that nature's balance sheet is in balance.

## Our Strategies

Nestlé Malaysia had targeted to achieve the following three objectives for 2013:

1. Reducing specific Water Usage (m<sup>3</sup>/tonne product) by 4% \*
2. Reducing specific Energy Usage (GJ/tonne product) by 2% \*
3. Reducing absolute amount of Solid Waste by 10% \*

To address each objective effectively, we had committed to a number of reduction programmes at all our operating sites, i.e. the seven factories in Malaysia. These programmes are tracked globally via a central-based software reporting structure.

These objectives and initiatives translate into a strong commitment across the Company to ensure that every person associated with the Company understands the importance of environmental protection efforts.

Among the things we do to assess the impact of our operations and the wider value chain is to regularly review the general Environmental Aspect and Environmental Impact (EAEI) assessment for all our operations, and perform selective Life Cycle Assessments for our packaging materials.

We employ three key strategies to continuously improve our environmental performance:

- i. **Strengthening Our Standard Routines** – to ensure that we are 'brilliant at basics'. Routine maintenance and monitoring have been put in place to prevent leakages of energy and water, and we practise the Total Performance Management (TPM) philosophy for our maintenance management system to ensure smooth operations and prevent wastages at all levels.
- ii. **Rationalising Our Operations** – Where possible, the productivity of our equipment is maximised to achieve economies of scale, and waste minimisation programmes are carried out with the support of focus working groups.
- iii. **Investments in New Technology & Automation** – With strong support from industry experts, Nestlé is continuously on the look out for equipment and technology that help reduce our environmental footprint, such as high energy efficient equipment, automation with accurate feedback control, thermal energy recovery units and Reverse Osmosis (RO) purifiers that will enable us to reuse water for our operations.

\* All reductions are in comparison to year 2012 figures.

Nestlé Paddy Club has a membership of

## 312 farmers

cultivating over 807 hectares, with an average yield of 7.06 metric tonne per hectare.

Nestlé Malaysia successfully planted more than

## 180,157 trees

along the lower Kinabatangan river in Sabah as part of Project RiLeaf as at 2013.

## Our Commitment to the Environment



Fine bubble diffusers at our wastewater treatment plant in Chembong factory.

These key strategies are monitored and implemented in all our factories through networking among the Technical & Production division. This aligned approach also enables us to increase the learning curve and support of the various operating factories.

### Water Management – Our Top Priority

Globally, agriculture uses around 70% of fresh water withdrawals and combined with the increasing affluence and lifestyle patterns, we are heading towards a water crisis, which will have serious ramifications on the sustainability of food supply. The entire food chain – from agriculture to manufacturing and consumers, contributes to the depletion of this precious resource, both in terms of availability and quality.

As a founding signatory of the 'UN Global Compact CEO Water Mandate' and a key member of Water Environment and Federation Water Task Force and 2030 Water Resources Group, Nestlé S.A. has made water management its top priority.

Water is an important resource for our manufacturing operations and its growing scarcity is a major threat to the sustainability of our business. As such, we have initiatives and policies in place to continuously:

- Reduce the amount of water withdrawn throughout our manufacturing processes
- Assure that our water activities respect local water resources
- Ensure that excess water discharged into the environment is clean

- Engage with vendors, suppliers and our farmers to promote water conservation
- Collaborate with others to create awareness and education on the critical nature of water conservation within the various communities we operate in

In 2013, despite the progress in our water reduction programmes, the Group recorded specific water usage of 4.67m<sup>3</sup> water/tonne products in comparison to 4.62m<sup>3</sup> water/tonne in 2012. The slight increase in usage was due to manufacturing needs of our operations, where additional cleaning was required to enhance our processing quality.

In addition to the direct usage of water in our operations, we are also looking at ways to reduce water consumption throughout the supply chain. This includes ongoing R&D with our rice suppliers on semi-aerobic rice farming where initial results have shown between 30% to 50% of water savings as compared to conventional wetlands rice farming.

We have also conducted awareness and education programmes with our contract farmers and the relevant agencies, where we shared our best-practices and environmental performances with local authorities and stakeholders.

Looking ahead to 2014, Nestlé is in the process of installing Reverse Osmosis filtration for boiler feed water, and looking at tapping rainwater for non-potable operations. A pilot site will be identified for implementation in 2014.

We are also exploring to create cross-functional project groups, which will comprise Production, Industrial Performance and Technical personnel to further optimise the usage of water in our operations, especially where direct solutions are not readily obvious and available.



### Project RiLeaf

Our commitment to water and the environment is further reflected through Project RiLeaf, which was launched in 2011. This reforestation project aims to achieve forest connectivity, as well as minimise water pollution from sedimentation and agricultural run-offs by the restoration of a 'green' buffer zone along the lower Kinabatangan River in Sabah. Following the planting of 123,451 trees along the riverbanks to mark our centennial celebrations in 2012, we planted more than 56,706 trees in 2013. This means that we have planted a total of 180,157 trees since the project began.

The project also saw Nestlé being involved in the capacity building of the local community, where we work with and buy forest seedlings from KAPOK (Komuniti Anak Pokok



After their meeting at Sandakan in August 2013, our Board of Directors took the opportunity to visit the Project RiLeaf site, where they participated in a tree planting activity.

Kinabatangan), a community-based forest seedlings producer, comprising entrepreneurs from four villages in the area.

In addition to the riparian activities, we also engaged with oil palm smallholders to impart Good Agricultural Practices that aim to minimise oil palm's environmental footprint and encourage RSPO-certified oil palm production.

A scientific study was also conducted in collaboration with University Malaysia Sabah on innovative microbial approach to address Ganoderma, the single biggest oil palm malady afflicting the oil palm planting industry.

In November 2013, the project was given a new lease of life with the signing of a collaborative agreement with Sime Darby Foundation. This agreement will take Project RiLeaf to the next level, with more funding to be channelled towards better management and optimisation of resources for the project.

By end of 2014, we aim to plant a total of 280,000 trees. Our year-on-year performance against this target is reflected on page 17.

### Addressing Climate Change – Energy and Greenhouse Gases Management

Climate change presents many challenges to our business, with global warming affecting our agriculture supply chain and further exacerbating the issue of water supply and scarcity. Harvests can be jeopardised and this can lead to increases in food prices and economic hardship.

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

#### Energy Management

In 2013, we recorded a savings of 3% of energy usage per tonne product, surpassing the annual equivalent target of 2% reduction. In yearly energy reduction terms, this translates from 3.94GJ per tonne in 2012 to 3.82GJ per tonne in 2013.

This was achieved with the following energy and greenhouse gas saving programmes:

- Creating awareness among the factory staff to improve process efficiencies and thus maximising energy usage efficiency i.e. switch off equipment when it is not in use, maximise productivity and minimise waste.
- Strengthening our standard routines for condensate recovery management and air leak management. Good maintenance in this area ensured unnecessary losses.
- Optimising processes to minimise energy usage.
- Reducing steam pressure, which reduces fuel usage.

In 2013, the savings from the energy utilisation rate of 3.82 GJ is enough to sustain the annual fuel consumption of 864 cars. This is equivalent to a saving of 3%.

## Our Commitment to the Environment

- Installing energy recovery equipment in our boilers i.e. economisers, which have the capability of increasing boiler efficiencies by 5%.
- Installing new equipment to achieve the same results with lower energy usage, i.e. installing air diffusers for wastewater treatment plant instead of traditional aerators.
- Including an energy efficient criteria in the selection of equipment for our projects i.e. boiler, chiller and air compressors.

### Reducing Carbon Footprint from Transportation

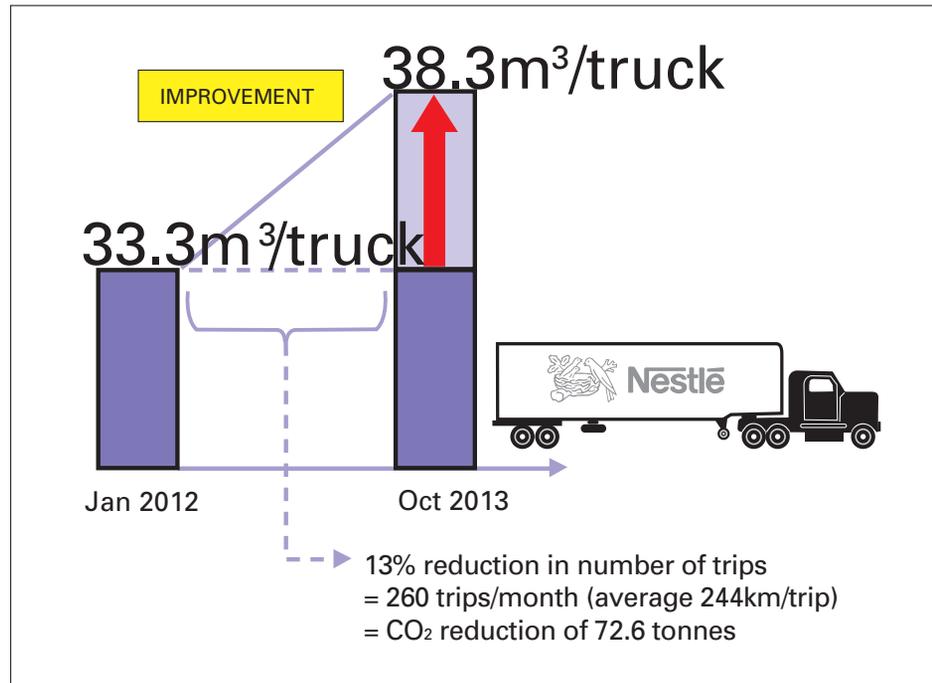
In our Supply Chain operations, a 'Carbon Tracking Tool' is used to record emissions and reduce the carbon footprint for transportation. This programme is used at the National Distribution Centre in Shah Alam to monitor key environment indicators for the movements of finished goods e.g. distance travelled (km), CO<sub>2</sub> emissions (tonnes) and volumes (tonnes). These indicators provide greater visibility on environmental impacts and the Company has made progress to improve overall CO<sub>2</sub> emissions per kilometre travelled.

#### Load Optimisation

The Supply Chain Operation has led several initiatives that focus on load optimisation and transportation of goods to the customers.

Amongst all the operations within our distribution network, the operation for outbound delivery produces the highest CO<sub>2</sub> emission. Therefore, in order to reduce our carbon footprint, we have increased our truckload capacity from 33.3m<sup>3</sup>/truck to 38.3m<sup>3</sup>/truck, which resulted in a 13% reduction of the number of trips. This is equivalent to a saving of 260 trips per month, with the assumption

**DIAGRAMME 5 – LOAD OPTIMISATION FOR SUPPLY CHAIN OPERATION**



of 244 km per trip. The total reduction of CO<sub>2</sub> is 72.6 tonnes, which is reflected in Diagramme 5 above.

#### Moving Forward

Looking ahead, Nestlé will explore opportunities to work with ESCOs (Energy Saving Companies) and industry specialists to optimise energy utilisation. Another area that we might explore in the future is the use of clean fuel, which would allow us to use energy more efficiently. Some examples of how this can be done is by replacing light fuel oil with natural gas at one of our sites or by exploiting renewable solar energy using photovoltaic cells and natural sky lights.

#### Refrigerant Management

Nestlé has a very strict purchasing policy on Refrigeration and management of Refrigerant Gases due to its impact on Ozone Depletion Potential (ODP) and Global Warming Potential (GWP).

Our first priority is to purchase natural refrigerants with zero effect on the ozone layer and extremely low Global Warming Potential i.e. ammonia, carbon dioxide or hydrocarbon, where it is technically possible.

In the absence of natural refrigerant equipment or technology, Hydro Fluorocarbon (HFC) synthetic refrigerant is allowed with special permission as the next best option due to its zero effect on ozone layer despite its higher GWP impact.

As a consequence of this management approach, a strict monitoring and monthly tracking of the refrigerant gases consumption is in place at our manufacturing facilities and all replacement of old equipment follows the above policy.



One of our key innovations is the ability to convert wastewater treatment plant sludge and food waste into organic fertilizers, to minimise solid waste.

## Our Goal towards Zero Waste to Landfill

- 5 out of 6 factories in Nestlé Malaysia have achieved zero waste to landfill status since June 2013
- Our landfill load reduction in 2013 is 57.6% vs. the target of 10%
- 3,000 tonnes of Organic Waste was converted into fertiliser & 291 tonnes of laminates converted into panel boards building sheets

As part of our efforts to move away from the synthetic refrigerants, we are currently testing in our Ice Cream outlets 547 freezers which use hydrocarbon gas. If this testing is proven safe, energy efficient and successful, we will gradually move into this new technology.

### *Minimising Solid Waste*

In 2013, Nestlé Malaysia made successful in-roads to achieve Zero Waste to Landfill status with the strong commitment from the environmental team through the following initiatives:

- Sorting of packaging waste carried out at all our sites to ensure paper, plastic, glass and rejected products are segregated at source for recycling purpose. Only damaged packaging and rejected products are disposed off at our waste bins. Additionally, our waste management supplier does a second inspection to recover any other recyclable materials before sending it out for landfill.

- Converting food waste to animal feed. One example is in the Shah Alam factory, where rejected cereals due to lumpy consistency are recovered and converted to animal feed.
- Converting most of our market returns in our central warehouse to animal feed / organic fertilisers while packaging is sent for recycling.
- Converting Wastewater Treatment Plant sludge and food waste to organic fertiliser using special microbes in a reactor.
- Converting laminates, which were previously non-recyclable, into building materials such as roofing sheets and partitions.

### *Packaging*

Nestlé's product packaging is designed to meet our consumers' needs and demands for safety, quality and convenience. While the packaging protects the product and prevents food wastage, once the product is consumed, it is discarded and contributes to the 23,000 tonnes of solid waste produced daily in Malaysia. Our focus is to reduce solid waste for the consumers through packaging optimisation programme.

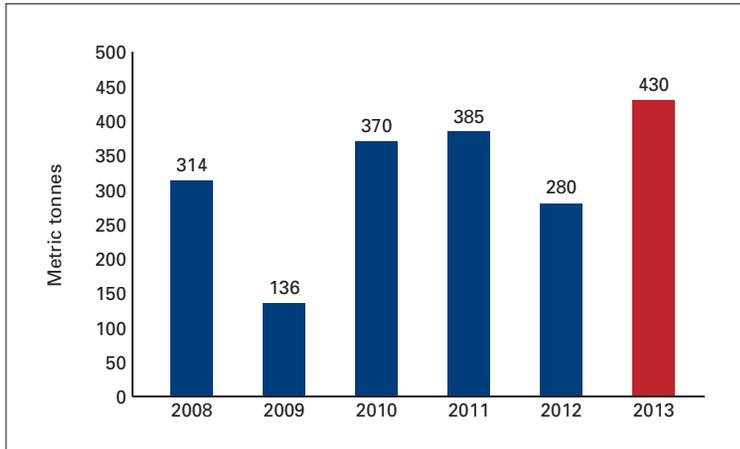
In line with the Nestlé Global Policy on Environment, our aim is to systematically reduce the environmental impact using the scientific and transparent Life Cycle Assessment (LCA) tool to analyse and select the most optimal packaging solution. The LCA covers the environmental impact of packaging from the material extraction right through to the supply chain until packaging disposal.

In 2013, we made good progress and reduced our total packaging by 430 tonnes.

Please refer to Chart 2 on page 32 which demonstrates the amount of packaging materials reduction yearly since 2008.

Our Commitment to the Environment

**CHART 2 – AMOUNT OF PACKAGING MATERIALS REDUCTION IN METRIC TONNE**



Below are some examples of our packaging optimisation programme:

**MAGGI Chilli Sauces**

Glass is one of the best materials for food packaging. Its heat resistance and good barrier to moisture and oxygen migration makes it suitable for filling sauces. However it has poor resistance to impact and breakages, which not only impacts the quality but can also cause human injuries. Reducing glass weight without causing breakages is a challenging task, but in close collaboration with our supplier, through re-shaping and mould modification we have successfully reduced the weight of the 300g bottles for MAGGI Cold Sauce by 7%, contributing to a total packaging weight reduction of 150 tonnes per annum.



**NESCAFÉ Softpack**

In 2013, we successfully modified the filling and packing of the NESCAFÉ softpacks and relaunched the range in 50g, 100g, 200g, 300g and 500g sizes. This project contributed to a material reduction of 28 tonnes per year.

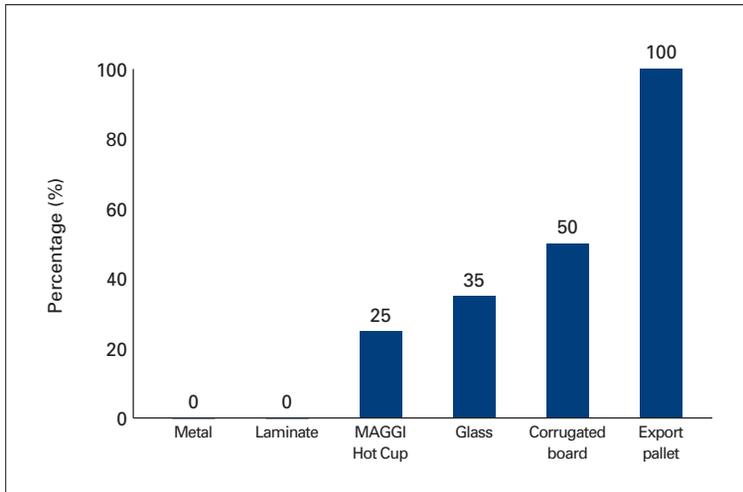


**MAGGI 2-Minute Noodles**

The MAGGI 5+1 promotional pack for Malaysia and Singapore went through a redesign of its carton and configuration to improve pallet stacking by 16%. The subsequent reduction of material usage contributed to a reduction of 110 tonnes of cartons.



### CHART 3 – RECYCLED CONTENT IN PACKAGING MATERIALS



#### Recycling

Quality and safety issues remain a challenge in the use of recycled materials for food contact application. Thus, we continue to be diligent in the selection of recyclable materials whenever applicable. Please refer to Chart 3 on this page which shows the percentage of recycled content in our packaging materials.

#### CAREton Project - Instilling the Habit of Recycling

Nestlé once again teamed up with Tetra Pak in 2013 for the fourth consecutive year to promote social responsibility within the community in addition to environmental sustainability, by promoting the recycling habit among consumers and schoolchildren.

This year's initiative set in motion a beverage carton recycling campaign that aims to put roofs over the heads of ten Orang Asli families. A total of 3.62 million used beverage cartons were collected and recycled into roofing tiles, which will be used by EPIC Homes to construct ten homes for the families in need.

EPIC Homes is based on a culture of collaboration, focusing on building sustainable housing for underprivileged Malaysian communities. The team currently focuses their efforts on the indigenous people; often referred to as the Orang Asli.

Every Tetra Pak carton package is composed of approximately 75% paper, 20% polyethylene and 5% aluminum foil, with the polyethylene and aluminum component recycled into roofing tiles for use by EPIC Homes. Some of the paper component extracted from the collected cartons is also recycled into exercise books for the Orang Asli children in need.

Collection partners from previous years supported the campaign. This year, collection partners include Publika Shopping Gallery, AEON Co. (M) Bhd, the Taiwan Buddhist Tzu-Chi Foundation Malaysia as well as 300 public schools nationwide.



Mr. Teo Heng Keat, Business Executive Manager, Nestlé Liquid Drinks (second from left) with programme partners from Taiwan Buddhist Tzu-Chi Foundation Malaysia, Tetra Pak Malaysia, AEON Co. (M) Bhd and Publika Shopping Gallery.

## Our Commitment to the Environment

### CASE STUDY



A farmer preparing the land for the next planting season.

#### **Innovative Farming to Benefit People, Planet and Profit**

The Nestlé Policy on Environmental Sustainability stipulates that, "...when selecting agricultural raw materials, Nestlé prefers to use agricultural materials which are produced based on sustainable practices and are locally available."

Guided by this Policy and our CSV philosophy, we have engaged with many local farming communities across the country, through various contract farming projects to obtain raw material supplies for our products.

An exemplary contract farming initiative that excelled above the rest is Nestlé Paddy Club (NPC), which has grown by leaps and bounds since its inception and has brought about numerous benefits not only to the People, but also to Planet and to Profit as well. Please refer to Diagramme 6 on page 36 which indicates that the NPC has clear benefits for People, Planet and Profits.

#### **Nestlé Paddy Club**

In 2010, Nestlé Malaysia launched an innovative farming initiative, Nestlé Paddy Club (NPC) – through a collaboration with Organica Biotech, Ninamaju, Ban Eng Hin Rice Mill and DuPont in Kerpan, Kedah. In 2012, the initiative was extended to Sanglang, Kedah.

An ambitious project, NPC was created to provide significant benefits to Nestlé, local farmers and the environment.

Through this initiative, farmers were taught new ways of paddy farming that use an innovative method called Semi-Aerobic Rice Intensification (SARI), which is more ecological than conventional farming techniques, as it uses water more efficiently.

The amount of greenhouse gases that are emitted from paddy farming is also significantly reduced, as this method encourages farmers to use environment-friendly microbial supplements, such as Agri-Organica, which are provided by Nestlé.

An added advantage of using these organic microbes is the potential to provide farmers with more income, because these microbes have been proven to increase average annual yield by 20%. Therefore this, along with the income stability that comes from their farming contract with Nestlé, significantly benefits these farmers financially.





Through the Semi-Aerobic Rice Intensification (SARI) approach, farmers use less water and discharge less methane in their paddy fields.



University students learning about sampling methodologies at our Experimental & Demonstration Farm in Sik, Kedah.

In turn, through NPC, Nestlé gains by obtaining a continuous supply of reliable, safe and traceable rice that we use for the production of our infant cereals. It also helps to improve our operational cost, as it is logistically cheaper to source for raw materials locally.

### **Semi-Aerobic Rice Intensification (SARI)**

Semi-Aerobic Rice Intensification (SARI) is a water-saving approach that can be applied in lowland paddy fields to reduce water usage, as well as methane emission reduction in irrigated fields. In SARI, irrigation water is applied to flood the field up to 50 days. The field will then be left to saturate until the paddy is being harvested at the age of 95-110 days.

### **Members**

The NPC farmers are also members of a Farmer Field School, where they are taught Good Agricultural Practices and sustainable agriculture. The invaluable knowledge that they gain from this helps them understand their role in ensuring the safety and the quality of food through responsible agricultural practices.

Additionally, they also participate in pesticide containers' collection and recycling programme to further help reduce their carbon footprint.

### **Results**

During the August-September 2013 harvest, 312 farmers had harvested 5,658MT of paddy over 807ha of paddy fields. They successfully achieved an average yield of 7.06MT/ha, an improvement of 3.07%, compared to the average yield from the same season in the previous year, which was 6.85MT/ha. As a reference, the national average rice yield currently stands at 3.7MT/ha. Please refer to Chart 4 on page 37 - Average Yield by Nestlé Paddy Club.

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### **Semi-Aerobic Rice Intensification (SARI)**

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*What is it?* – The paddy field will be in the aerobic condition for half of its growing period.

*How will it benefit the environment?*  
– Saves water and reduces methane emission.

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Our Commitment to the Environment

CASE STUDY (continued from previous page)

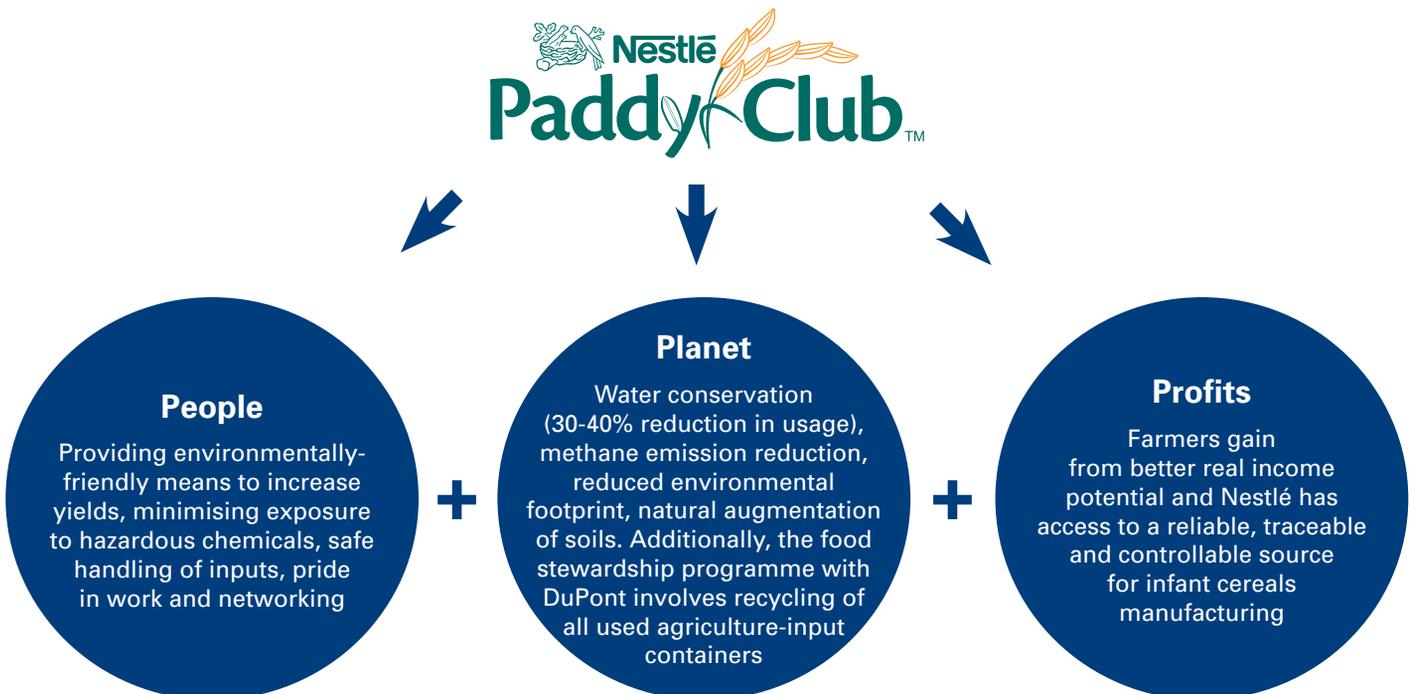
**Moving Forward**

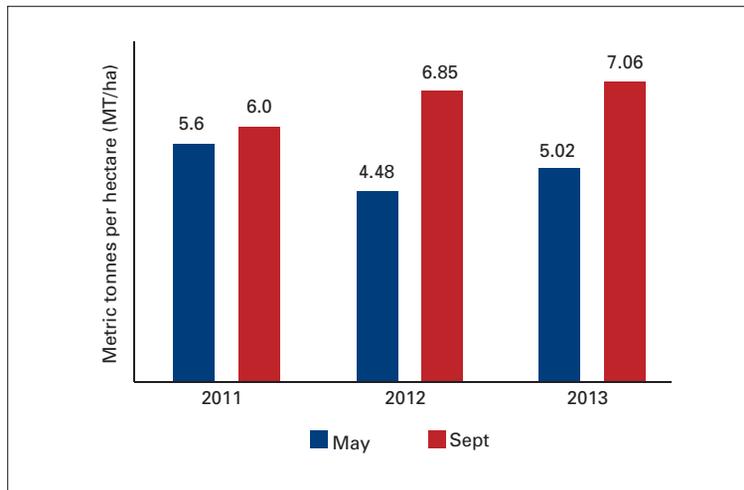
We have begun the ground work to collaborate with Universiti Tunku Abdul Rahman for a scientific research in the following three areas:

- *Environmental* – To objectively measure water savings and methane emission reduction of Nestlé’s Semi-Aerobic Rice Intensification (SARI) method. The experiment will be conducted at the Nestlé Experimental and Demonstration Farm located in Sik, Kedah.
- *Food Safety* – To conduct fundamental research on heavy metals, using various approaches such as mosquito fern supplanting, activated carbon applications and microbes-digestors to minimise heavy metal absorption by rice plants.
- *Agronomy* – Focus will be on microbial approaches to naturally augment soils and effective micronutrient applications for soils correction. Research would be done using different microbes and micro-nutrients to identify a best solution that could benefit the farmers with regards to maintaining a healthy soil scenario.

NPC’s aim is to harvest a total of 900 has of paddy fields by 2014, in order to achieve our requirements for the manufacturing of our Nestlé infant cereals. Our year-on-year performance against this target is reflected on pages 17 and 24.

**DIAGRAMME 6 - THE BENEFITS OF NESTLÉ PADDY CLUB FOR PEOPLE, PLANET AND PROFITS**



**CHART 4 – AVERAGE YIELD BY NESTLÉ PADDY CLUB**

“Farmers are taught to farm in an organic way with environmental-friendly methods to increase high quality yields, which we use as raw materials for our products. It is a win-win situation for everyone – we invest in farmers and they provide us with quality raw materials. This is part of the Nestlé Creating Shared Value philosophy, which states that we can create long-term shareholder value and benefit society simultaneously.”

**Alois Hofbauer,**  
Managing Director, Nestlé Malaysia.

“Not only has the programme benefited myself, but also the other farmers and our families. Through the Farmer Field School, Nestlé Malaysia has taught us a lot on Good Agricultural Practices and sustainable agriculture. For example, we now better understand the need to protect the environment. In addition, with the increased yield and of course income, we are able to provide more for our families and give them the best.”

**Mat Yusof Abu Bakar,**  
Chairman of Nestlé Paddy Club, Sanglang.



## Our Commitment to the Environment

## OUR ENVIRONMENTAL FOOTPRINT - OUR PERFORMANCE

|  | GRI Reference | 2011      | 2012      | 2013                 |
|--|---------------|-----------|-----------|----------------------|
| <b>Production</b>  |               |           |           |                      |
| Production volume (tonne)  |               | 364,026   | 375,405   | 399,168              |
| <b>Materials Used</b>  |               |           |           |                      |
| Non-renewable materials (tonne) <sup>1</sup>   | EN1           | 25,636    | 750       | 783                  |
| Direct materials (tonne) <sup>2</sup>  | EN1           | 391,886   | 405,501   | 411,681              |
| Total weight of materials used (tonne) <sup>3</sup>  | EN1           | 418,638   | 406,948   | 413,663              |
| Recycled materials (tonne) <sup>4</sup>  | EN2           | 14,243    | 14,420    | 15,414               |
| Percentage of recycled materials (%) <sup>5</sup>  | EN2           | 3.44%     | 3.54%     | 3.73%                |
| <b>Energy</b>  |               |           |           |                      |
| Total direct energy consumption by primary source (GJ)   | EN3           | 1,100,904 | 1,067,093 | 1,094,413            |
| Total direct energy per tonne of finished goods (GJ/tonne)   | EN3           | 3.02      | 2.84      | 2.74                 |
| Total direct energy by renewable primary source (coffee ground) (GJ)   | EN3           | 198,889   | 128,330   | 56,181               |
| Total direct energy by non-renewable primary source <sup>6</sup><br>(Natural gas, light fuel oil, diesel, liquified petroleum gas) | EN3           | 902,015   | 938,763   | 1,038,232            |
| Indirect energy consumption by primary source (GJ) <sup>7</sup>  | EN4           | 400,898   | 412,006   | 431,618              |
| Indirect energy per tonne  | EN4           | 1.10      | 1.10      | 1.08                 |
| Total energy (GJ)  | EN5           | 1,501,802 | 1,479,099 | 1,526,031            |
| Total amount of energy per tonne (GJ/tonne)  | EN5           | 4.13      | 3.94      | 3.82                 |
| Energy saved due to improvements (GJ) <sup>8</sup>   | EN5           | 97,618    | 71,324    | 46,691               |
| <b>Water</b>   |               |           |           |                      |
| Total water withdrawal by source (m <sup>3</sup> /year)  | EN8           | 1,802,451 | 1,734,455 | 1,863,027            |
| Total water withdrawal per tonne (m <sup>3</sup> /tonne product) <sup>7</sup>  | EN8           | 4.95      | 4.62      | 4.67                 |
| Volume of water recycled per reused (m <sup>3</sup> /year)   | EN10          | 19,278    | 80,710    | 80,710               |
| Percentage of water recycled and reused (%) <sup>9</sup>   | EN10          | 1%        | 5%        | 4%                   |
| <b>Emissions, Effluents and Waste</b>  |               |           |           |                      |
| Total direct and indirect greenhouse gas emissions (tonne CO <sub>2</sub> ) <sup>10</sup>  | EN16          | 160,029   | 158,991   | 172,248              |
| Total greenhouse gas per tonne of finished goods (kg CO <sub>2</sub> /tonne) <sup>10</sup>   | EN16          | 440       | 424       | 432                  |
| Other relevant indirect greenhouse gas emissions by weight (tonne) <sup>11</sup>   | EN17          | 9,081     | 9,938     | 9,647                |
| Greenhouse gas reductions (tonne CO <sub>2</sub> ) <sup>12</sup>   | EN18          | N/A       | 6,027     | -3,180 <sup>12</sup> |
| Percentage of specific greenhouse gas reductions (%)   | EN18          | N/A       | 3.6%      | -1.8%                |
| Emission of ozone-depleting substance R11 Eqv (kg) <sup>15</sup>   | EN19          | 7.84      | 2.02      | 11.06                |
| Ozone depleting substance (kg)   | EN19          | 151       | 50.6      | 276.6 <sup>19</sup>  |
| <b>NO<sub>x</sub>, SO<sub>x</sub> and Other Significant Air Emissions (type &amp; weight) <sup>13, 14</sup></b>                    |               |           |           |                      |
| SO <sub>x</sub> (tonne) <sup>15, 16</sup>  | EN20          | 166.9     | 161.9     | 177                  |
| NO <sub>x</sub> (tonne) <sup>16</sup>  | EN20          | 165.3     | 171.1     | 179.4                |
| Particulate Matter (PM) (tonne) <sup>16</sup>  | EN20          | 27.6      | 42.5      | 44.45                |
| Total water discharge by quality and destination (m <sup>3</sup> /year) <sup>9,17</sup>  | EN21          | 1,108,163 | 1,077,517 | 1,010,999            |

|   | GRI Reference | 2011      | 2012      | 2013                 |
|---|---------------|-----------|-----------|----------------------|
| <b>Total Weight of Waste by Type and Disposal Method</b> <sup>9, 18, 19</sup>   |               |           |           |                      |
| Hazardous waste (tonne)   | EN22          | 13        | 28        | 26                   |
| Landfill waste (tonne) <sup>20</sup>  | EN22          | 2,386     | 4,698     | 1,990                |
| Materials recycled (tonne)  | EN22          | 7,091     | 11,561    | 13,303 <sup>21</sup> |
| Total number and volume of significant spills   | EN23          | nil       | nil       | nil <sup>22</sup>    |
| <b>Weight of Transported Waste Deemed Hazardous (tonne)</b> <sup>23</sup>   |               |           |           |                      |
| Weight of hazardous waste transported <sup>24</sup>   | EN24          | 30        | 39.8      | 26                   |
| Weight of imported hazardous waste  | EN24          | nil       | nil       | nil                  |
| Weight of exported hazardous waste  | EN24          | nil       | nil       | nil                  |
| Weight of treated hazardous waste <sup>9</sup>  | EN24          | 17        | 16        | 0                    |
| <b>Travel</b>   |               |           |           |                      |
| Total distance travelled for finished goods for land and sea ('000 km)  | EN29          | 7,489     | 8,439     | 8,418                |
| Total CO <sub>2</sub> discharge for above travels (tonne)   | EN29          | 9,081     | 9,938     | 9,647                |
| Average of CO <sub>2</sub> for every tonne of finished goods, over the total distance travelled (CO <sub>2</sub> /tonne * km) <sup>19</sup> | EN29          | 52        | 61        | 52                   |
| Total distance travelled by salesmen ('000 km)  | EN29          | N/A       | 6,595     | 7,512                |
| Total CO <sub>2</sub> discharge for salesmen's travels (tonne) <sup>25</sup>  | EN29          | N/A       | 1,042     | 1,187                |
| <b>Total Environmental Protection Expenditures and Investments (RM)</b>   |               |           |           |                      |
| Waste disposal, emission treatment & remediation cost (RM) <sup>26</sup>  | EN30          | 3,819,626 | 3,760,333 | 4,169,057            |
| Prevention and environmental management cost (RM investment cost)   | EN30          | 2,688,087 | 1,003,978 | 3,533,470            |
| Solid waste disposal cost (RM) <sup>27</sup>  | EN30          | N/A       | 523,416   | 395,211              |

<sup>1</sup> Fuel usage is not reported in EN1 for year 2012 onwards to be aligned to Nestlé General Instruction. Fuel is reported as energy in EN 3.

<sup>2</sup> Semi-manufactured goods are included in this category. Lubricants, chemicals and gases are defined as Associated Process Materials.

<sup>3</sup> Source : Safety, Health and Environment-Performance Monitoring (SHE-PM) and Factories' Key Environment Indicators.

<sup>4</sup> Calculations based on Packaging Technologist's report i.e corrugated board = 50%; glass = 35% & MAGGI Hot Cup = 25%.

<sup>5</sup> Source : Calculations from SHE-PM/SAP reports

<sup>6</sup> Source : SHE-PM (Fuel consumed in factories)

<sup>7</sup> Source : SHE-PM (Electricity consumed in factories).

<sup>8</sup> Source : SHE-PM (GJ/tonne savings x vol).

<sup>9</sup> Source : SHE-PM.

<sup>10</sup> CO<sub>2</sub> data generated using formula for different fuel consumption, generated by SHE-PM. Formula for CO<sub>2</sub> conversion has been standardised according to international standards. Therefore, data for 2011 & 2012 has been updated.

<sup>11</sup> Results obtained from the National Distribution Centre's tracking of finished goods' movement within Malaysia, via road and sea.

<sup>12</sup> Higher GHG is due to increase in production volume.

<sup>13</sup> Note: Other gases e.g. POP (Persistent Organic Pollutants), VOC (Volatile Organic Compounds) and HAP (Hazardous Air Pollutants) are not relevant in our industry.

<sup>14</sup> Source : Calculation from air emission monitoring

<sup>15</sup> Source : SHE-PM CFC - 11

<sup>16</sup> Note: Other gases e.g. POP, VOC, HAP and other standard categories of air emission identified in regulations are not relevant in our industry.

<sup>17</sup> All wastewater discharged from factories are treated in biological wastewater treatment plant and all the discharge parameters comply to the local environmental regulations.

<sup>18</sup> All recycling and landfill waste are managed by appointed and authorised waste management company. Hazardous waste is managed by DOE-licensed contractors.

<sup>19</sup> Increase since 2012 resulting from better tracking and recording as a result of increased awareness.

<sup>20</sup> Sludge waste was included as landfill waste for 2012 reporting.

<sup>21</sup> The estimated landfill data for 2013 is based on SHE-PM data as reported by Nestlé Malaysia's factories.

<sup>22</sup> No incidence of spills.

<sup>23</sup> All hazardous waste are managed by DOE-authorized contractors for further treatment and disposal.

<sup>24</sup> Note : This is the sum of disposed and treated hazardous waste.

<sup>25</sup> Source: <http://www.carpages.co.uk/co2/> -158 g CO<sub>2</sub>/km

<sup>26</sup> Source : Factories' report

<sup>27</sup> Cost for solid waste for Kuching factory (2013) and other Nestlé Malaysia's factories (January - May 2013). These factories achieved zero landfill since June 2013.



At Nestlé, our employees are drivers of Creating Shared Value. They are an integral part of building our current and future success for the business, as well as for society. We are continuously raising the bar on attracting and retaining these talents who are valuable assets to our company.

# Our People and the Workplace

For more than 100 years, Nestlé has been by the side of Malaysians through our brands and community initiatives. A key ingredient to our success is the contribution of our employees, who are not only talented but also dedicated to drive the business.

To develop this skillful and committed workforce, Nestlé truly believes that we must invest in our people. For example, through development and training, we help our employees to maximise their skills and experience. We also engage them in Nutrition, Health and Wellness initiatives in the workplace to promote work-life balance.

## DEVELOPING A COACHING CULTURE EVERYWHERE, AT ANYTIME, BY ANYONE

The Nestlé Everyday Coaching Programme was implemented to ensure that each employee has the opportunity to develop to their full potential by equipping them with the necessary skills and knowledge through an effective coaching culture within the organisation. The programme consists of several components listed below.

### Certified Master Performance Coach

– to create a pool of senior coaches who can conduct formal coaching in the organisation. In 2013, Nestlé continued to leverage on the 13 coaches who were certified the previous year.



We believe that learning is a continuous process, thus we encourage a coaching culture throughout the organisation to help employees develop themselves to their full potential.

### Everyday Coaching Awareness Training

– to create a coaching culture at Nestlé where coaching is practised everywhere, at anytime, by anyone. 108 employees underwent the training in 2013.

### Practice Session on Providing Feedback

– to train line managers who have direct report(s) on listening, providing actionable feedback and questioning skills, so that they can conduct effective performance and development reviews. 67 employees attended this session in 2013.

### Practising Coaching in Our Organisation

– to increase the understanding of the GROW Model<sup>1</sup>, train participants on receiving and giving effective feedback, as well as teach them on how to apply

good listening and questioning skills when coaching. This year, 38 management staff attended this session.

**Coaches' Recognition** – to promote coaching by recognising current and potential coaches, including those who have been coaching informally. 18 active coaches have been recognised in 2013.

**Coaching Survey** – conducted from 17 July through to 7 August 2013, to assess the responses and impact of the coaching system in the organisation. The results announced on 26 September 2013 gave a clear picture of employees' perspective of coaching within Nestlé. Please refer to Diagramme 7 on page 42.

<sup>1</sup> Goal, Reality, Options and What's Next Model

A total budget of

# RM16.5 million

was spent for in-house and external training programmes

# 209 volunteers

have contributed a total of 952 hours for Nestlé ROCKS employee volunteer activities

## Our People and the Workplace

**DIAGRAMME 7 – RESULTS OF THE COACHING SURVEY 2013**



\* Total of 361 completed responses received  
Good response as compared to similar Surveys where we usually receive about 200 responses.

**Coaching Communication** – to further promote coaching throughout Nestlé, internal communication channels such as the Berita Nestlé newsletter and The Nest (Intranet) now include the latest information on coaching.

**Coaching through My Eyes** – a photo contest was held from 12 to 29 November 2013 to promote the coaching culture and to communicate that coaching can happen anywhere, anytime and by anyone. Employees were asked to take a photo that portrays a creative coaching moment. The top three most creative photos were chosen as winners of the contest.

### ATTRACTING NEW TALENTS

The Management Trainee programme at Nestlé is a core development programme for young talents. It offers opportunities in Sales & Marketing, Finance, Supply Chain, Human Resource and Technical & Production. It is part of the Nestlé business strategy, ensuring that the organisation is equipped with individuals of the highest calibre with global standards of excellence.

In 2013, the Management Trainee selection process and programme was made more structured and comprehensive than before. The Company looks for candidates who are dynamic, go-getters with the right attitude, strong communicators with an insatiable desire to take on challenges and learn new things. Therefore, the candidates underwent a rigorous selection process based on a strict evaluation on their academic, communication and leadership skills. Please refer to Diagramme 8 on page 43 which shows the programme's selection process.

The programme consists of a robust training programme over a two-year period that provides broad knowledge, skills and hands-on experience in core and cross-functional areas within Nestlé. It is designed for an all-round development in which each trainee is guided by experienced coaches and mentors, enabling trainees to master an array of new skills. They are also exposed to the

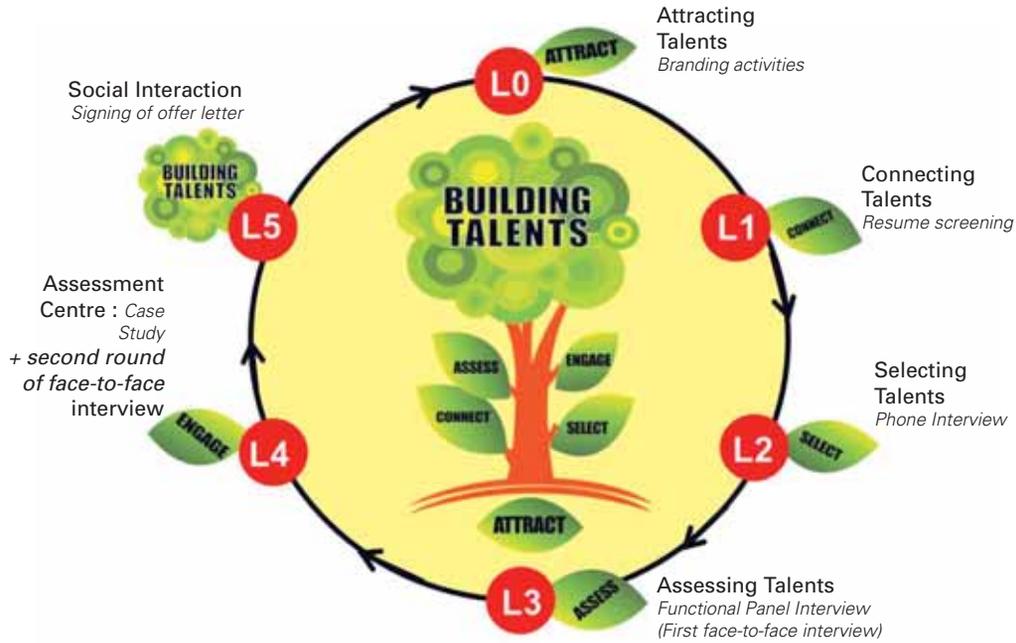
art of networking and are taught how to communicate effectively and confidently with stakeholders and upper management. Please refer to Diagramme 9 on the next page to view the phases of the programme.

In 2013, Nestlé recruited 20 new Management Trainees from a total of 1,500 applications.

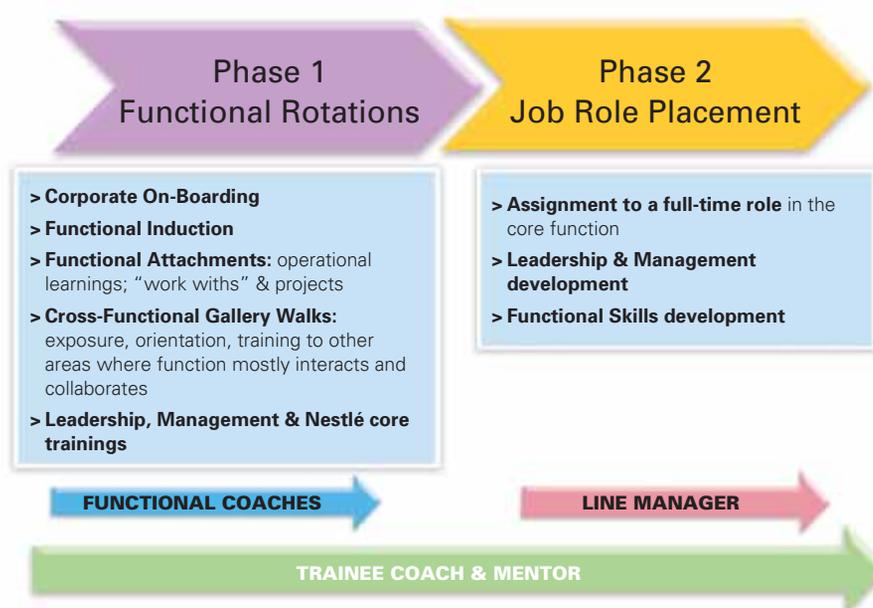
16 Management Trainees who had started the programme in 2011, successfully completed their two-year traineeship this year and this was celebrated at the Management Trainee Graduation Ceremony. In addition to that, the team also visited the Nestlé Paddy Club in Kedah, which allowed them to see and appreciate the impact of one of Nestlé's key CSV initiatives.

These Trainees are now operating in their respective functions throughout the organisation.

**DIAGRAMME 8 - MANAGEMENT TRAINEE PROGRAMME SELECTION PROCESS**



**DIAGRAMME 9 - PHASES OF THE NESTLÉ MANAGEMENT TRAINEE PROGRAMME**



## Our People and the Workplace



“I joined Nestlé as a Management Trainee because of its corporate philosophy and values – and it really does deliver on its promises. The training I received helped me drive initiatives that benefit the business and Malaysians.”

**Syed Amir Faisal Syed Ali,**

Trade Marketing Executive,  
Nestlé Management Trainee Programme, Class of 2013

### SUPPORTING THE EDUCATION OF OUR EMPLOYEES' CHILDREN

Nestlé cares for the wellbeing and development of not only its employees, but also their families. Since 1978, Nestlé has supported the education of nearly 200 Nestlé employees' and retirees' children. In 2013, there are 40 active students who are currently benefiting from the Nestlé Scholarship Award.

Through this initiative, selected students receive RM7,000 annually during the entire period of their degree programme. They are also given priority in the practical internship programme as well as work opportunities at Nestlé.

The scholars are chosen based on their academic results, participation in co-curricular activities as well as their parents' financial standing.

This scholarship award is managed by the Scholarship Committee Team, chaired by Executive Director, Dairy,

Recipients of the Nestlé Scholarship Award based on their parents' work locations:

| Current Staff/Retiree | Work Location         | Number of Children who Received the Scholarship |
|-----------------------|-----------------------|---|
| Current staff         | Head Office           | 1   |
|                       | Shah Alam Factory     | 4   |
|                       | Petaling Jaya Factory | 2   |
|                       | Chembong Factory      | 2   |
|                       | Batu Tiga Factory     | 1   |
|                       | Sales Division        | 2   |
| Retiree               | n/a                   | 8   |

Mr. Ho Hau Chieh, and administered by the Group Human Resource Department.

In 2013, the number of scholarship recipients increased from 10 in the previous year to 20, therefore benefiting more students. A ceremony to award this year's scholars was held at the Royale Bintang Damansara on 28 August 2013 and was officiated by Mr. Alois Hofbauer, Managing Director of Nestlé Malaysia.

“The Nestlé Scholarship Award is a testimony of Nestlé's commitment towards its employees and their families, as well as how important it views education.”

**Mr. Alois Hofbauer**

Managing Director,  
Nestlé Malaysia



Chung Pei Jia, one of the 20 recipients of the 2013 Nestlé Scholarship Award.

**KEEPING OUR EMPLOYEES SAFE**

Nestlé Malaysia views the safety of our employees as paramount. Therefore, two Security Awareness Training sessions were conducted at the Nestlé Head Office this year. These sessions were attended by a total of 127 employees.



A participant at one of the Security Awareness Training sessions demonstrating how to resist an attack from a motorcyclist.

The sessions include tips on personal safety and how to react in alarming situations such as theft or assault. Participants were shown a video of real life incidents to demonstrate how vulnerable they can be in normal everyday situations. They were also introduced to an array of self-defense gadgets and practices for their personal protection.

Some areas covered by the sessions include:

- On the road safety measures
- Personal safety & protection
- Home safety & security
- Practical self-defense methods
- Personal security at shopping malls and at home

These sessions were received very favourably by the participants and many asked for additional training sessions to be conducted to benefit more employees.

| Year | Number of Participants |
|------|------------------------|
| 2012 | 40 participants        |
| 2013 | 127 participants       |

Nestlé Security Awareness Training at the Nestlé Head Office

In addition, Nestlé also conducted its first Personal Security Awareness training at the Shah Alam Complex on 15 November 2013. 45 participants, who were mostly female employees attended the training session.

Moving forward, the Personal Security Awareness training will be rolled out to more Nestlé factories and warehouse.

## Our People and the Workplace



Our volunteers who call themselves ROCKers, playing their part in conserving the environment by planting 100 trees at the Forest Research Institute Malaysia.



Employees having fun buying and selling for a good cause at the Nestlé Annual ROCKin' Bazaar.

### ENCOURAGING EMPLOYEES TO CONTRIBUTE TO THE SOCIETY

In an effort to internalise our CSV philosophy, we encourage our employees to fulfill their social obligations by participating in the Nestlé Reaching Out to Community & Kids (ROCKs) employee volunteer programme.

Throughout the year, Nestlé ROCKers had the opportunity to take part in activities that benefit the community, as listed below.

#### Tree Planting at FRIM

In April earlier this year, 50 ROCKers and their family members, together with Mr. Alois Hofbauer, Managing Director of Nestlé Malaysia and his wife took part in a tree-planting activity at the Forest Research Institute Malaysia (FRIM).

Together, they successfully planted 100 trees in Field 43 of FRIM, to symbolise Nestlé's success in planting more than 100,000 trees along the Kinabatangan River through Project RiLeaf<sup>2</sup>.

This activity is also in line with the Government's initiative to promote sustainable development of natural resources, whilst at the same time enriching the forest's ecosystem and protecting the smaller species of flora and fauna from natural disasters.

#### ROCKin' Bazaar

Nestlé annual ROCKin' Bazaar this year ended with a bang, as Nestlé successfully raised a grand total of RM41,000 in just four hours.

<sup>2</sup> Please see page 29 of this report, for more details on Project RiLeaf.





All set for Hari Raya with his new shoes, *baju melayu*, *sampin* and *songkok*, courtesy of Nestlé ROCKs!

Held at the Nestlé Head Office on 14 June, a total of 23 booths were manned by employees from Nestlé Head Office and Chembong factory, selling various items such as homemade food and beverages, Nestlé products, decorative items and services, amongst others, to raise funds for charity.

Each of the selected charities below received a donation of RM5,000, whilst the remaining proceeds were channelled to other charity organisations through various ROCKs activities throughout the year:

- Society for the Severely Mentally Handicapped, Selangor & Federal Territory (SSMH)
- Pusat Jagaan Telaga Kasih Nur Muhammad
- Kota Damansara and Persatuan Rumah Kebajikan Sri Baba, Klang

### **Hari Raya Shopping**

On 13 and 14 July, in the spirit of giving and sharing, 60 ROCKers and their family members brought smiles to a group of children by treating them to a Hari Raya shopping spree.

The children aged four to 15 years old from the orphanages below, were overjoyed to have ROCKers help them select and purchase new clothes, shoes and accessories to get them ready for the festivities ahead.

- Persatuan Kebajikan Rumah Anak-Anak Yatim Damai Kuang
- Pusat Jagaan Mesra Limpahan Kasih
- Pusat Jagaan Permata Rohani
- Pusat Jagaan Kasih Ilahi

## Our People and the Workplace

### CASE STUDY



Nestlé employees embraced the spirit of the Nestlé Wellness Programme by taking part in the programme's activities to keep them active and healthy.

#### **CARING FOR EMPLOYEES' WELLBEING**

As the leader in Nutrition, Health and Wellness, Nestlé not only values the health and wellbeing of its employees, but also is fully committed to enhance their quality of life.

In line with this commitment, Mr. Alois Hofbauer, Managing Director of Nestlé Malaysia launched the Nestlé Wellness Programme on 7 May, with the theme 'Take Charge of My Health' to encourage healthy eating habits and active lifestyles amongst employees.

The programme was implemented through a number of activities throughout the year, across all Nestlé offices and factories. These activities were well received by employees as many saw the benefit of having a healthy and active lifestyle.

Some examples of the activities that were carried out through this programme are described below.

#### **Fruit Days**

In order to encourage healthy eating habits, fresh fruits are distributed to all employees at Nestlé Head Office every Tuesdays and Thursdays. Employees at the factory sites also receive fruits regularly.

#### **Intervention Programme – Holistic Stress Management**

A two-month programme was conducted from July to September 2013 at Nestlé Head Office (HOU) to educate employees on how to prevent and cope with stress.

32 participants learnt the concept of stress management by linking mind, body and emotions using a variety of powerful stress management tools,

including breathing, meditation and visualisation. They were also taught the need to pace and balance work with other leisure activities.

#### **Intervention Programme – Lose to Win Challenge**

The Lose to Win Challenge is an educational ten-week weight loss programme dedicated for our employees who are classified as overweight with a Body Mass Index (BMI) of more than 24.9kg/m<sup>2</sup>.

During this programme, participants attended a series of weight loss workshops, where they learnt how to eat healthily and how to lead an active lifestyle.

Their BMI, body fat percentage, body weight and waist circumference were measured and recorded at the beginning, half-way and at the end of the programme, to monitor their progress and determine if they practised what they learnt.

At the end of the programme, the winner received prizes worth RM1,500, which included a Fitness First membership, half a year's supply of FITNESSE cereal and shopping vouchers. The second and third winners received RM1,300 and RM1,000 respectively, while seven commendation winners received RM200 each.

### Healthy Food Preparation Training

To ensure that the food prepared for Nestlé factory workers are healthy, Nestlé organised a Healthy Food Preparation Training for its Chembong Complex and Shah Alam Complex factory canteen cooks.

The training included a presentation by Nestlé Nutritionist, Pn. Nurul Iliani Ahmad who talked about nutrition and the key components of a healthy and balanced diet. There was also a cooking demonstration by Chef Ricky who shared tips on preparing healthy meals.

### Wellness Quiz

As a fun and engaging way to test employees' knowledge on health and nutrition, Wellness Quizzes were organised at various Nestlé locations. Participants were split into teams and the winning teams walked away with tokens of appreciation.



Employees learning simple stretching exercises that they can practise at the workplace.

### Wellness Run

Another activity to encourage healthy and active lifestyle was the Wellness Run that was held on 28 November 2013 at the Mutiara Damansara Recreational Park. A total of 25 employees from HOU took part in this run, which required them to run a distance of 3.5 km.

### Group Exercise

To help employees stay healthy, a total of 26 Group Exercise sessions were held at the Nestlé Head Office in 2013. These one-hour sessions were carried out on Wednesdays.

### Health Talks and Health Screening

A number of health talks on diabetes, hypertension, heart disease and cancer were conducted at various Nestlé locations to create awareness among our employees. Dietitians, specialists and fitness trainers were invited to speak at these events.



**189,883** fruits  
distributed to all employees in 2013

Total weight loss of **69.3** kgs  
achieved by 10 winners within 10 weeks  
in the Lose to Win Challenge

## Our People and the Workplace

### CASE STUDY (continued from previous page)



Employees sampling ISOCAL during the Diabetic Awareness Talk.

#### CHART 5 – ACTIVITIES CONDUCTED AT NESTLÉ WORK LOCATIONS

| Activity                        | Head Office | Chembong | Batu Tiga | Petaling Jaya | Shah Alam | Kuching |
|---------------------------------|-------------|----------|-----------|---------------|-----------|---------|
| Fruits for Employees            | ✓           | ✓        | ✓         | ✓             | ✓         | ✓       |
| Health Screening                | ✓           | ✓        | ✓         | ✓             | ✓         |         |
| Health Talks                    | ✓           | ✓        | ✓         | ✓             |           |         |
| Occupational Diseases Awareness | ✓           | ✓        | ✓         | ✓             | ✓         |         |
| ISOCAL-Diabetic Awareness       | ✓           | ✓        | ✓         |               |           |         |
| Wellness Quiz                   | ✓           | ✓        |           |               | ✓         |         |
| Aerobic Classes                 | ✓           | ✓        | ✓         |               |           |         |
| Walk for Your Fitness Programme |             | ✓        |           |               |           |         |
| Lose to Win Competition         | ✓           | ✓        |           | ✓             |           |         |
| First Aid Training              |             | ✓        |           | ✓             | ✓         | ✓       |
| Mock Drill Exercise             | ✓           | ✓        |           | ✓             |           |         |
| Blood Donation                  |             | ✓        |           | ✓             | ✓         |         |

#### Next steps:

Due to the great response from the employees, the Nestlé Wellness Programme will be an on-going programme. Next year, we hope to offer more fun and engaging activities and to involve more employees, encouraging them to lead healthy and active lifestyles, true to our promise of delivering 'Good Food, Good Life'.

**OUR PEOPLE - OUR PERFORMANCE**

|   | GRI Reference | 2011  | 2012  | 2013  |
|---|---------------|-------|-------|-------|
| <b>Workforce - Full-Time Equivalent Employees<sup>1</sup></b>                                   |               |       |       |       |
| Total number of employees   | LA1           | 5,424 | 5,881 | 5,847 |
| Total numbers of employees - Nestlé Products Sdn Bhd<br>(NPS Head Office, NPS NDC & Sales)      | LA1           | N/A   | 1,506 | 1,524 |
| Total numbers of employees - Purina Petcare Malaysia  | LA1           | N/A   | 38    | 38    |
| Total numbers of employees - Nestlé Regional Services Centre                                    |               | N/A   | 24    | 52    |
| Total numbers of employees - Nestlé Manufacturing Malaysia<br>(Factory, NMM HOU & NMM NDC)      |               |       | 4,313 | 4,233 |
| NMM Shah Alam   | LA1           |       | 1,144 | 1,116 |
| NMM Petaling Jaya   | LA1           |       | 674   | 670   |
| NMM Batu Tiga   | LA1           |       | 936   | 904   |
| NMM Kuching   | LA1           |       | 232   | 229   |
| NMM Chembong & Chembong Ice Cream   | LA1           |       | 1,048 | 1,034 |
| NMM HOU   |               |       | 76    | 80    |
| NMM NDC   |               |       | 203   | 200   |
| Permanent employees (%)   | LA1           | 90%   | 99%   | 99%   |
| Temporary & Contract employees (%)  | LA1           | 4%    | 1%    | 1%    |
| Total number of employees leaving employment by gender - Male                                   | LA2           |       | 184   | 193   |
| Rate of employees leaving employment by gender (%) - Male                                       | LA2           |       | 3.3%  | 3.34% |
| Total number of employees leaving employment by gender - Female                                 | LA2           |       | 130   | 144   |
| Rate of employees leaving employment by gender (%) - Female                                     | LA2           |       | 2.3%  | 2.49% |
| Total number of employees leaving employment by region<br>- Nestlé Products Sdn Bhd             | LA2           |       | 148   | 207   |
| Total number of employees leaving employment by region (%)<br>- Nestlé Products Sdn Bhd         | LA2           |       | 2.65% | 3.58% |
| Total number of employees leaving employment by region<br>- Nestlé Manufacturing Malaysia       | LA2           |       | 162   | 129   |
| Total number of employees leaving employment by region (%)<br>- Nestlé Manufacturing Malaysia   | LA2           |       | 2.90% | 2.23% |
| Total number of employees leaving employment by region<br>- Purina Petcare Malaysia             | LA2           |       | 4     | 1     |
| Total number of employees leaving employment by region (%)<br>- Purina Petcare Malaysia         | LA2           |       | 0.07% | 0.02% |
| Total number of employees leaving employment by region<br>- Nestlé Regional Services Centre     | LA2           |       | 0     | 0     |
| Total number of employees leaving employment by region (%)<br>- Nestlé Regional Services Centre | LA2           |       | 0.00% | 0.00% |

## Our People and the Workplace

|   | GRI Reference | 2011 | 2012 | 2013 |
|---|---------------|------|------|------|
| <b>Labour/Management Relations<sup>2</sup></b>                                  |               |      |      |      |
| Percentage of employees covered by collective bargaining agreements             | LA2           |      | 97%  | 72%  |
| <b>Occupational Health and Safety<sup>3</sup></b>                               |               |      |      |      |
| Lost Time Injury Frequency Rate   | LA7           | 1.16 | 1.13 | 1.45 |
| <b>Injury Rate for Total Workforce by Region<sup>4</sup>:</b>                   |               |      |      |      |
| Nestlé HOU  | LA7           |      | 6    | 0    |
| NMM Shah Alam   | LA7           |      | 2    | 2.98 |
| NMM Petaling Jaya   | LA7           |      | 2    | 2.96 |
| NMM Batu Tiga   | LA7           |      | 2    | 1.55 |
| NMM Kuching   | LA7           |      | 11   | 3.45 |
| NMM Chembong  | LA7           |      | 8    | 4.38 |
| NMM Chembong Ice Cream  | LA7           |      | 14   | 0    |
| Nestlé Distribution Centre  | LA7           |      | 0    | 2.11 |
| Sales & Marketing   | LA7           |      | 1    | 0.73 |
| <b>Lost Day Rate for Total Workforce by Region<sup>5</sup>:</b>                 |               |      |      |      |
| Nestlé HOU  | LA7           |      | 0.54 | 0    |
| NMM Shah Alam   | LA7           |      | 2.61 | 2.16 |
| NMM Petaling Jaya   | LA7           |      | 0.93 | 2.12 |
| NMM Batu Tiga   | LA7           |      | 0.76 | 0.77 |
| NMM Kuching   | LA7           |      | 0    | 0    |
| NMM Chembong  | LA7           |      | 1.69 | 2.02 |
| NMM Chembong Ice Cream  | LA7           |      | 2.04 | 0    |
| Nestlé Distribution Centre  | LA7           |      | 0    | 2.11 |
| Sales & Marketing   | LA7           |      | 0    | 0.73 |
| <b>Absolute Number of Fatalities for Total Workforce by Region<sup>6</sup>:</b> |               |      |      |      |
| Nestlé HOU  | LA7           |      | 0    | 0    |
| NMM Shah Alam   | LA7           |      | 0    | 0    |
| NMM Petaling Jaya   | LA7           |      | 0    | 0    |
| NMM Batu Tiga   | LA7           |      | 0    | 0    |
| NMM Kuching   | LA7           |      | 0    | 0    |
| NMM Chembong  | LA7           |      | 0    | 0    |
| NMM Chembong Ice Cream  | LA7           |      | 0    | 0    |
| Nestlé Distribution Centre  | LA7           |      | 0    | 0    |
| Sales & Marketing   | LA7           |      | 0    | 0    |

|   | GRI Reference | 2011  | 2012               | 2013               |
|---|---------------|-------|--------------------|--------------------|
| <b>Training and Development<sup>7</sup></b>   |               |       |                    |                    |
| Training provided to employees per year (value of training - RM)  |               | N/A   | 14,505,288         | 16,596,413         |
| Number of attendance - local training   |               | 7,954 | 2,435              | 4,029              |
| Number of attendance - overseas training  |               | 106   | 164                | 269                |
| Number of employees enrolled in Flexi-Benefit   |               | 357   | 620                | 748                |
| Average hours of training per year, per employee by employee category:                                  | LA 10         | N/A   |                    |                    |
| – Management  |               |       | 15.66              | 15.61              |
| – Non-Management  |               |       | 17.68              | 14.74              |
| Percentage of employees receiving performance and career development reviews                            | LA 12         | N/A   |                    |                    |
| – Management  |               |       | 94%                | 100%               |
| <b>Diversity<sup>8</sup></b>  |               |       |                    |                    |
| Gender profile (total) - % male   | LA13          | 66%   | 66%                | 65%                |
| Gender profile (total) - % female   | LA13          | 34%   | 34%                | 35%                |
| Leadership positions held by women  | LA13          | 29%   | 42%                | 42%                |
| Female:Male salary ratio:   |               |       |                    |                    |
| Top Management  | LA14          | 7:93  | 7:93               | 15:85              |
| Senior Management   | LA14          | 31:69 | 28:72              | 27:73              |
| Middle Management 1   | LA14          | 39:61 | 40:60              | 41:59              |
| Middle Management 2   | LA14          | 44:56 | 46:54              | 47:53              |
| Executives  | LA14          | 45:55 | 51:49              | 52:48              |
| Confidential Administrator Support  | LA14          | 89:11 | 82:18              | 85:15              |
| Non-Management (unionised)  | LA14          | 28:72 | 30:70              | 29:71              |
| <b>Human Rights and Labour Standards<sup>9</sup></b>  |               |       |                    |                    |
| New employees trained on employee requirements, human rights and labour standards (number of employees) |               | 84    | 138                | 172                |
| Percentage and total number of business units analyzed for risks related to corruption                  | SO2           |       | 14 out of 81 (17%) | 15 out of 84 (18%) |
| Percentage of employees trained in organisation's anti-corruption policies and procedures:              | SO3           |       |                    |                    |
| – Management  |               |       | 1,501 (26%)        | 1,585 (27%)        |
| – Non-Management  |               |       | 4,380 (74%)        | 4,262 (73%)        |
| – Audited Employees   |               |       | 3,877 (66%)        | 4,660 (80%)        |

<sup>1</sup> Source: Records from Human Resources, 2013

<sup>2</sup> Source: Records from Human Resources, 2013

<sup>3</sup> Source: SHE-PM Tool, 2013

<sup>4</sup> Source: SHE-PM Tool, 2013

<sup>5</sup> Source: SHE-PM Tool, 2013

<sup>6</sup> Source: SHE-PM Tool, 2013

<sup>7</sup> Source: Records from Human Resources, 2013

<sup>8</sup> Source: Records from Human Resources, 2013

<sup>9</sup> Source: Records from Human Resources, 2013



The Malaysia Breakfast Day, which aimed to encourage Malaysians to cultivate a healthy breakfast habit, was the biggest breakfast event of the year. More than 15,000 consumers participated at the gathering which advocated the benefits of a healthy and balanced breakfast daily.

# Our Consumers and the Marketplace

Consumers are at the heart of what we do, and today, they have become more aware of what they want and need. We believe that by fully understanding nutritional awareness and the health challenges facing society today, we can contribute to improving their quality of life.

Nestlé's growth in providing continuous Nutrition, Health and Wellness solutions to meet consumers' evolving needs is made possible by the significant resources that have been channelled into R&D and also the fact that Nestlé S.A. has the world's largest private nutrition R&D network, comprising 34 science and research centres, product technology centres and R&D centres staffed by more than 5,000 employees globally.

With more than 100 years of experience in Malaysia, we feel that it is our responsibility to share our knowledge and expertise with our consumers as well as business partners, helping them lead healthier lives and providing them with sufficient support.

Not only have we dedicated ourselves to continuously innovate and renovate our products in order to produce healthier and tastier food and beverages, we have also organised a series of initiatives targeted at different stakeholders to promote healthy eating and active lifestyles.

## A Day to Celebrate the Goodness of Breakfast

In May 2013, the nation's favourite chocolate malt beverage – MILO – launched the Malaysia Breakfast Day in conjunction with its nationwide campaign called the MILO Breakfast Movement. Aimed at educating the general public about the importance and benefits of breakfast, the main highlight of the day was a Fun Run, which saw a total participation of 7,589 runners. These runners and their families were later treated to a wide breakfast selection, which included a wonderful variety of delicious Malaysian dishes.

## A Conference to Address Non-Communicable Diseases

As the country's leading Nutrition, Health and Wellness (NHW) company, Nestlé has a responsibility to share with its valuable stakeholders its contributions to combating Non-Communicable Diseases (NCD).

In March 2013, Nestlé Malaysia sponsored and participated in a two-day conference jointly organised by the Ministry of Health's Non-Communicable Diseases Division, Nutrition Society of Malaysia (NSM) and the Malaysian Association for the Study of Obesity (MASO). Themed 'The Role of Diet & Physical Activity in Combating NCD', the event was Malaysia's first NCD Conference. It provided a platform for health and non-health experts from the public and private sectors, professional bodies and other organisations to discuss and share their views on preventing NCD.

As the main sponsor of the event, Nestlé delivered presentations, as well as set up exhibition and sampling booths, where it distributed product samples to the participants who attended the conference. Nestlé also conducted a survey amongst the conference participants to obtain their understanding and perception of the company as the leading NHW company<sup>1</sup>. One of the survey findings indicated that 58% of the participants strongly agreed that Nestlé is a company that is concerned about their overall wellbeing.

## A Month of Nutrition and Wellness

Once again, Nestlé supported the nation's largest nutrition education initiative – the Nutrition Month Malaysia – that was co-organised by the Nutrition Society of Malaysia (NSM), Malaysian Dietitians' Association (MDA) and the Malaysian Association for the Study of Obesity (MASO).

Themed 'Eat Right, Be Active: Stay Free from Diet Related Diseases', this year's programme was aimed to promote greater awareness of diet-related diseases and healthy eating and active lifestyles. It comprised two sections – Core and Ancillary – both of which Nestlé participated in. The Core Programme was a Nutri-Fun Land Family Carnival, which was held at the Mid Valley Exhibition Centre. The two-day carnival offered fun-filled activities, health screenings, nutrition education, product detailing and sampling.

<sup>1</sup> The survey was conducted based on a sample size of 100 respondents from the 477 who attended the conference.

Total participation of

**7,589**  
**runners**

at the MILO Malaysia Breakfast Day event

**58%** of participants strongly agree that Nestlé is a company that is concerned about their overall wellbeing in a survey conducted at the NCD Conference

**249** participants from **175** SMEs have undergone the SME Mentoring Programme since 2010

## Our Consumers and the Marketplace



Members of the public enjoying some NESTLÉ OMEGA PLUS during a sampling activity, in conjunction with Nutrition Month Malaysia.

Following the event, Nestlé also provided sampling at the Mini Outdoor Carnival held the following month at Taman Bandar Sunway.

As for the Ancillary Programme targeted at working adults, Nestlé supported the NCD Awareness Roadshows held at the Majlis Perbandaran Ampang Jaya (MPAJ), together with AstraZeneca Pacific Business Service and Novartis Corporations (M) Sdn. Bhd.

### A Symposium on Managing Diabetes

Nestlé HealthCare Nutrition (HCN) has been actively engaged in activities aimed at creating greater awareness on diabetes management. One such initiative was the Nestlé Health Science Diabetes Management Lunch Symposium, which was held in May 2013.

Targeted at healthcare professionals in diabetes management such as endocrinologists, diabetes educators and physicians, the symposium included talks from experts from India who shared results of a clinical study.

HCN also used the symposium as a platform to enhance its product – NUTREN untuk Diabetik – as an evidence-based product amongst the participating healthcare professionals, as well as to provide nutrition updates.

### Fostering Science for Better Nutrition

The Nestlé Nutrition Institute (NNI) is the medical and scientific communication arm of Nestlé Nutrition. Established in 1981, the institute aims to share nutritional information and knowledge amongst the scientific, nutrition and health community. In line with these goals, NNI organised various talks and workshops for healthcare institutions and professionals throughout the year.

From January to September 2013, NNI engaged doctors, nurses and dieticians through a series of events including lactation training courses, lectures and roundtable discussions focusing on educating and promoting breastfeeding to optimise the feeding of Malaysian infants for a healthier generation. Through the engagements, Nestlé reached out to 608 healthcare professionals and formed partnerships with 101 healthcare institutions.

In addition, NNI organised a two-day educational workshop for medical officers (MOs) from the Paediatric and Obstetric & Gynaecology units of government and private healthcare institutions. Aimed at promoting nutrition education amongst young healthcare professionals to enhance delivery of healthcare to Malaysians, 58 MOs attended nutritional science and current medical-related lectures on paediatric and maternal health.



The Nutri-Fun Carnival offers fun-filled activities, health screening, nutrition education and product sampling for consumers of all ages.

To further encourage research in these areas, NNI awarded young healthcare professionals with the NNI Young Researcher Award, which recognised five 1<sup>st</sup> level award and one 2<sup>nd</sup> level award recipients. The Award was established to recognise excellent work done by the healthcare professionals, particularly in the areas of paediatric and maternal nutrition and health. Reviewed by an expert panel, their research papers were assessed based on a set of evaluation criteria, including study design and health impact on Malaysians.

#### **Raising Culinary and Coffee Arts' Standards**

In an effort to raise the standards of culinary art skills in Malaysia, the Nestlé Professional division organised the Culinary Arts Awards (CAA), which is targeted at and opened to top Culinary Art Studies Diploma Programme college students.

The NESCAFÉ Milano Coffee Challenge (NMCC) offers participants the opportunity to showcase their creativity and skills in coffee making and more importantly, a platform to help build their characters, as well as prepare them for the working environment.

Supported by the Chef's Association of Malaysia, the Malaysian Association of Hotels, the Malaysian Food and Beverage Executives Association and the Ministry of Human Resource's Department of Skills Development, CAA received 13 participants from 13 colleges and NMCC, 28 participants from 13 colleges nationwide.

#### **Mentoring Small-Medium Entrepreneurs (SMEs)**

The Company's Halal Affairs division has been organising a series of mentoring programmes for small and medium-scaled

companies involved in the Halal food and beverages industry in Malaysia since 2010. This is a result of a memorandum of agreement between Nestlé Malaysia, Halal Industry Development Corporation (HDC) and Small-Medium Entrepreneurs Corporation (SME Corp) that was signed back in August 2009.

Led by Nestlé Malaysia and with strong workgroup support from HDC and SME Corp, the content of the programmes focussed on Halal implementation and best practices including food regulation, productivity and sales and marketing. The participants were also exposed to the requirements of becoming a supplier to a multinational company.

To-date and over the duration of four years (2010 – 2013), a total number of 175 SMEs and 249 participants have successfully undergone the mentoring programme.

## Our Consumers and the Marketplace

### CASE STUDY



Excited consumers taking part in the *Bonanza Hari Keluarga Malaysia* Grand Finale Challenge.

## Bonanza Hari Keluarga Malaysia Nestlé

### *Encouraging Family Togetherness*

Spending time with family is important and is one of the key to happiness. However, with today's busy and hectic lifestyles, people seem more engrossed in their daily routines and work, which means that they spend less quality time with their families.

In order to encourage family togetherness and enhance the quality of family life through tasty and healthy food, as well as fun activities, Nestlé Malaysia launched the *Bonanza Hari Keluarga Malaysia* campaign.

### *An Exciting Campaign for Families*

The *Bonanza Hari Keluarga Malaysia* campaign kicked-off with a nationwide promotion across all channels towards the end of August, which was supported

by a total of 25,349 impactful multi-brand displays that were placed at shop floor level for maximum awareness.

Nestlé Malaysia then ran a *Bonanza Hari Keluarga Malaysia* contest throughout the month of September, which required consumers to purchase any participating Nestlé products, answer three simple questions and return the form with a proof of purchase, in the first tier. Throughout the contest period, consumers stood a chance to win daily prizes (vouchers) worth RM1,000 each. They were given the opportunity to select their prizes, which consisted of six family-related activities that promote family togetherness such as family meals, traveling packages, education, sports or electronic gadgets. The second tier of the contest saw





Mr. Alois Hofbauer and Yang Berhormat Dato' Sri Rohani Abdul Karim having a chat with the residents of Lovely Nursing Centre, Selangor.

30 selected and qualified participants competing in the Grand Finale Challenge for the Grand Prize of RM100,000 cash.

#### *The Grand Finale*

Held on 17 November at Marriott Putrajaya, the first half of the event saw the 30 daily prizewinners pitting against each other in two elimination challenges to qualify for the Grand Finale Challenge, which was played in front of a live audience during a high tea event that took place later that day.

Ten winners emerged from the two elimination rounds with five 3<sup>rd</sup> prize winners taking home RM3,000 cash prize each, and five 2<sup>nd</sup> prize winners, with RM6,000 each. The remaining 20 each walked away as happy 1<sup>st</sup> prize winners with RM10,000 cash.

#### *Nestlé's Contribution to the Society*

Nestlé pledged to donate RM1 for each qualified *Bonanza Hari Keluarga Malaysia* contest entry to selected charities.

The contest garnered nearly RM800,000 from the 797,727 qualified entries that we received nationwide, out of which Nestlé Malaysia contributed RM300,000 to disadvantaged groups, including orphans, old folks and the physically and/or mentally challenged. They were treated to a high tea event which was attended by the Minister of Women, Family and Community Development, Yang Berhormat Dato' Sri Rohani Abdul Karim. Not only did she grace the event with her presence, but also received a donation of RM500,000 from Nestlé Malaysia on behalf of the Ministry, in recognition of the Ministry's efforts in championing and promoting family togetherness.

## Our Consumers and the Marketplace

### CASE STUDY (continued from previous page)



Daily prize winners of the *Bonanza Hari Keluarga Malaysia* competing head-to-head in order to qualify for the Grand Finale Challenge.

The donation to the Ministry follows our pledge to donate to selected charities, as Nestlé believes that it can do well as a Company, by doing good for the society. Thus, all those who had participated in the contest throughout Malaysia not only stood a chance to win great prizes, but also played a part in helping those who are less fortunate.

These were the recipients of the donation:

- Handicapped and Disabled Children's Association of Klang, Selangor
- Spastic Children's Association, Selangor & the Federal Territory
- Persatuan Kanak-Kanak Cacat Akal (Wisma Harapan), Selangor & Wilayah Persekutuan
- Persatuan Kanak-Kanak Istimewa Hulu Langat, Selangor
- Pertubuhan Al-Khaadem, Selangor
- Praise Emmanuel Children's Home, Selangor
- Rumah Amal Cahaya Tengku Ampuan Rahimah (RACTAR), Selangor
- Agathians Shelter, Selangor
- Chin Women Organisation, Kuala Lumpur
- Rumah Nur Raudah, Kuala Lumpur
- National Stroke Association of Malaysia (NASAM), Selangor
- Assunta Palliative Care Centre, Assunta Hospital, Selangor
- Lovely Nursing Centre, Selangor
- Al-Ikhlas Care Centre
- Parents Without Partners Bhd.

**THE MARKETPLACE - OUR PERFORMANCE**

|   | GRI Reference | 2011             | 2012   | 2013    |
|---|---------------|------------------|--------|---------|
| <b>Nutrition</b>  |               |                  |        |         |
| Products meeting or exceeding Nutritional Foundation profiling criteria (as % of sales) | #             | 78%              | 78%    | 78%     |
| Products meeting or exceeding consumer taste preference (as % of sales)                 | #             | 78%              | 80%    | 89%     |
| Products with nutritional plus over competitors (as % of sales)                         | #             | 54%              | 52%    | 53%     |
| Products with a nutritional claim on front-of-pack                                      | PR3           | 68%              | 67%    | 62%     |
| Products covered with NESTLÉ NUTRITIONAL COMPASS (as % of sales)                        | PR3           | 100%             | 100%   | 100%    |
| Products with Guideline Daily Amount (GDA) labelling (as % of sales)                    | PR3           | 69%              | 98%    | 98%     |
| <b>Nutrition, Health &amp; Wellness</b>   |               |                  |        |         |
| Total number of employees who received nutrition training <sup>1</sup>                  |               | 262 <sup>2</sup> | 724    | 188     |
| <b>Consumer Services</b>  |               |                  |        |         |
| Number of cases handled   |               | 21,663           | 17,067 | 21,601  |
| Number of enquiries   |               | 19,306           | 14,661 | 18,151  |
| Number of complaints  |               | 2,264            | 2,316  | 3,342   |
| Number of praises   |               | 93               | 90     | 108     |
| <b>Bonanza Hari Keluarga Malaysia</b>   |               |                  |        |         |
| Qualified entries received  | #             | N/A              | N/A    | 797,727 |

# Nestlé-specific indicators

<sup>1</sup> Exclude Purina PetCare, Nestlé Nutrition and CPM

<sup>2</sup> The NQ training programme was initiated in 2007, for all existing employees, the majority of whom had undergone the training in 2010. The number of employees trained in 2012 were only for new employees and the few who have not had any training before as well as NQ Booster 'Lunch N Learn'.

# Awards and Achievements

## 1. *The Dow Jones Sustainability Index*

Nestlé Malaysia was included in the 2013 Dow Jones Sustainability Emerging Markets Index (DJSI Emerging Markets). Launched in February 2013 by RobecoSAM, the investment specialist that focuses exclusively on Sustainability Investing and S&P Dow Jones Indices, the Index evaluates corporations based on a variety of criteria including climate change strategies, energy consumption, human resources development, knowledge management, stakeholder relations and corporate governance. Nestlé, being one of only five Malaysian companies qualified to be included in the index, ranked higher than the industry average in following areas under the Food Products category:

- Economic Dimension: Codes of Conduct/Compliance/Corruption & Bribery
- Environmental Dimension: Environmental Policy/Management System
- Environmental Reporting, Genetically Modified Organisms
- Social Dimension: Human Capital Development, Social Reporting

## 2. *The Prime Minister's Hibiscus Awards 2013*

The Prime Minister's Hibiscus Awards is the nation's premier environmental award for private sector business and industry, organised by four of Malaysia's leading

private sector non-profit organisations namely The Business Council for Sustainability & Responsibility Malaysia (BCSRM), the Environmental Management & Research Association of Malaysia (ENSEARCH), the Federation of Malaysian Manufacturers (FMM) and the Malaysian International Chamber of Commerce & Industry (MICCI). Nestlé Malaysia was awarded the following two awards for 2013:

- Notable Achievement in Environmental Performance
- Selangor State Award

## 3. *The Minority Shareholder Watchdog Group's Malaysia-Asean Corporate Governance Index 2013*

Nestlé Malaysia was recognised at the Malaysia-Asean Corporate Governance Index 2013 Awards organised by the Minority Shareholder Watchdog Group (MSWG), which was held to recognise companies that achieved excellence in the area of corporate governance. The Company was the recipient of the Best Environment, Social and Governance (ESG) Award.

## 4. *ACCA Malaysia Sustainability Reporting Awards 2013*

The ACCA Malaysia Sustainability Reporting Awards (ACCA MaSRA) aims to identify and reward organisations that report and disclose full sustainability, environmental or social information and ultimately, help underline the business case for sustainable practices and development. In 2013, Nestlé Malaysia was awarded for Overall Best Sustainability Report and Commendation for Gender Diversity in the Workplace.

## 5. *National Annual Corporate Report Awards*

The National Annual Corporate Report Awards (NACRA) is an award that recognises excellence in the quality of corporate, financial and Corporate Social Responsibility reporting organised by Bursa Malaysia Berhad, the Malaysian Institute of Accountants (MIA) and the Malaysian Institute of Certified Public Accountants (MICPA). On 21 November 2013, Nestlé Malaysia was awarded the Industry Excellence and Silver awards for Consumer Products and Best Designed Annual Report respectively. The awards were presented by Domestic Trade, Co-operatives and Consumerism Deputy Minister, Dato' Paduka Ahmad Bashah Md. Hanipah.

## 6. *The Edge Billion Ringgit Club 2013*

The Edge Billion Ringgit Club is established by Malaysia's leading business and investment weekly – The Edge – and the award recognises outstanding listed companies in various sectors such as market capitalisation, construction, consumer products, finance and many more. In 2013, Nestlé Malaysia achieved second place in the Best CSR Initiatives category.

## 7. *Malaysia's 100 Leading Graduate Employers Award 2012/2013*

Nestlé Malaysia made the 2012/2013 Malaysia's 100 Leading Graduate Employers list, an award that celebrates Malaysia's top graduate recruiters, which is a result of votes made by final year university students and fresh graduates in the trendence Graduate Barometer – Malaysian Edition. The Company ranked number one in the FMCG sector.



#### 8. *Life at Work Award 2013*

Nestlé Malaysia was named as one of the top three women-friendly employers in the 2013 Life at Work Award, which was organised by TalentCorp and ACCA Malaysia to promote flexible and conducive working environments that encourage diverse workforce participation to attract and support, in particular, women's multiple roles within the Malaysian workforce.

#### 9. *The Putra Brand Awards 2013*

Held on 26 April 2013, the 2013 Putra Brand Awards recognised and awarded several of the nation's big and favourite brands across 21 categories, and these included three of Nestlé's products. Bagging up the Gold and Silver awards under the Non-alcoholic Beverage Category were MILO and NESCAFÉ respectively; and MAGGI, the Silver Award under the Foodstuff (food-related) Category.

#### 10. *The Effie Awards 2013*

Nestlé Malaysia's MILO Cans Twisted Football Campaign received the Silver Award for having cut through creative ideas, great execution and exceeding marketing and sales targets. The Effie Awards was jointly organised by the Malaysian Advertising Association (MAA), Association of Accredited Advertising Agents Malaysia (4As) and Media Specialists Association (MSA), in association with the Malaysia External Trade Development Corporation (MATRADE).

#### 11. *The Festival of Media Asia Pacific Awards 2013*

Launched to provide a platform to reward creative media thinking, the Festival of Media Asia Pacific Awards celebrates the best in media thinking from Asian region, which in return helps winning agencies and media owners acquire new businesses and increase their influence in the market place. Ogilvy & Mather Malaysia was awarded for the below:

- Best Use of In-Store Activation for Nestlé OMEGA Plus – SEA's Largest Cholesterol Check Delivers Large Sales

#### 12. *The Malaysian Media Awards 2013*

Organised by the Media Specialists Association (MSA), the Malaysian Media Awards is the media industry's most prestigious award and it recognises excellent work and achievements within the media community. This year, Nestlé Malaysia received the following awards:

- Advertiser of the Year – Nestlé Products Sdn. Bhd.

#### **GOLD**

- Best Use of Television – MAGGI: MAGGI Brings Back the Taste of Home
- Best Use of Newspaper/Magazine – Nestlé Corporate: Nestlé Gets 108,000 Copywriters for its Centennial Campaign
- Best Use of Sponsorship – MAGGI: MAGGI Cooked Up a Storm with 700% ROI

#### **SILVER**

- Best Use of Out-of-Home Media – NESCAFÉ: Storytelling through Billboards
- Best Use of Small Budget (Under RM100,000) – Excludes Digital – PURINA ALPO: The Deal that turned ALPO from an Underdog to a Super-Dawg
- Best Use of Integrated Campaign – Nestlé Corporate: Nestlé 100 Years, the Biggest Crowdsourcing Campaign in Malaysia

#### **BRONZE**

- Best Use of Newspaper/Magazine – ALPO: From UnderDog to Super-Dawg
- Best Use of Out-of-Home Media – MILO Cans: MILO Creates Cool Twist to Football

#### 13. *Cannes Lions International Festival of Creativity 2013*

Nestlé Malaysia's MILO Cans Twisted Football Campaign received the Silver Award at the recent Cannes Lions International Festival of Creativity 2013, which is a seven-day global festival for creative communications, advertising and related fields. Every year, around 11,000 registered delegates from 90 countries gather at Cannes, France, to celebrate the best of creativity in brand communications, discuss industry issues and network with one another.



# GRI STANDARD DISCLOSURES

| STANDARD DISCLOSURE PART I: Profile Disclosures |  |  |                    |
|---|--|--|--------------------|
| 1. Strategy and Analysis                        |  |  |                    |
| Profile Disclosures                             | Description  | Cross Reference / Direct Answers   | Level of Reporting |
| 1.1   | Statement from the most senior decision-maker of the organisation. | <p>The Message to Stakeholders, a joint message by both the Chairman of the Board of Directors and the Managing Director can be found on page 2 – 4 of the 2013 Nestlé in Society (NiS) Report.</p> <p>Our key focus areas are Nutrition, Water/Environment and Rural Development. The main initiatives for these areas are described, along with their targets and performance:</p> <ul style="list-style-type: none"> <li>• Nutrition: Nestlé Healthy Kids Programme - pages 19 &amp; 20.</li> <li>• Water/Environment: Project RiLeaf and other Environmental initiatives - page 29.</li> <li>• Rural Development: Nestlé Paddy Club - pages 34 - 37.</li> </ul> <p>In 3 - 5 years time we plan to carry out the following:</p> <ul style="list-style-type: none"> <li>• Nutrition: Nestlé Healthy Kids Programme<br/>To create Nutritional awareness and promote healthy lifestyles to ten thousand students.</li> <li>• Water/Environment: Project RiLeaf and other Environmental initiatives               <ul style="list-style-type: none"> <li>– Install waste water effluent recycling facility to reduce water usage.</li> <li>– Operate with clean fuel for our factory in Chembong i.e Natural Gas and replace the Light Fuel oil which we are using now.</li> <li>– Install CO-Gen plants to reduce our energy Carbon Foot Print.</li> </ul> </li> <li>• Rural Development: Nestlé Paddy Club<br/>To incorporate paddy husks into the soil and use it in the following harvest in order to improve the quality of paddy and minimise waste.</li> </ul> | ●                  |

## GRI STANDARD DISCLOSURES

| Profile Disclosures | Description  | Cross Reference / Direct Answers   | Level of Reporting |
|---------------------|--|--|--------------------|
| 1.2                 | Description of key impacts, risks and opportunities. | <p>Having defined our Stakeholder Engagement Strategy, we will continue to engage with the right partners i.e. Ministry of Health, Ministry of Education, NGOs such as the Nutrition Society of Malaysia (NSM) and the Malaysian Association for the Study of Obesity (MASO), as well as key Nestlé customers, to enhance our credentials as the Nutrition, Health and Wellness (NHW) leader in Malaysia.</p> <p>For more details on Stakeholder Engagement Strategy, Stakeholder Engagement Process and the topics discussed and agreed with stakeholders in 2013, please refer to pages 10 - 13 of the 2013 NiS Report.</p> <p>The three areas which have been identified as the areas that have significant impact on business sustainability and operations are Nutrition, Water/Environment and Rural Development, which are described on pages 8 &amp; 9. The assessments of the performance of these areas can be found on:</p> <ul style="list-style-type: none"> <li>• Nutrition: pages 18 - 25, 54 - 57.</li> <li>• Water/Environment: pages 26 - 39.</li> <li>• Rural Development: pages 29, 34 - 37.</li> </ul> <p>In 3 - 5 years time we plan to carry out the following:</p> <ul style="list-style-type: none"> <li>• Nutrition: Nestlé Healthy Kids Programme<br/>To create Nutritional awareness and promote healthy lifestyles to ten thousand students.</li> <li>• Water/Environment: Project RiLeaf and other Environmental initiatives <ul style="list-style-type: none"> <li>– Install waste water effluent recycling facility to reduce water usage.</li> <li>– Operate with clean fuel for our factory in Chembong i.e Natural Gas and replace the Light Fuel oil which we are using now.</li> <li>– Install CO-Gen plants to reduce our energy Carbon Foot Print.</li> </ul> </li> <li>• Rural Development: Nestlé Paddy Club<br/>To incorporate paddy husks into the soil and use it in the following harvest in order to improve the quality of paddy and minimise waste.</li> </ul> <p>Inspired and highly emphasised by the NHW Roadmap for all Nestlé markets in Zone AOA (Asia, Oceania &amp; Africa), Nestlé Malaysia is committed to put Consumers &amp; Customers at the heart of all we do by building trust in its brands as the leading NHW company.</p> <p>Additionally, to combat NCD in Malaysia, Nestlé Malaysia will align itself with the Government's 2010 National Strategic Plan for NCD. Efforts to combat NCD with children is prioritised via school engagement programmes. For details, please refer to pages 19 &amp; 20 and 22 &amp; 23 of the 2013 NiS Report.</p> <p>Nestlé Malaysia's Governance mechanism to manage risks and opportunities:</p> <p>Nutrition: Nestlé Policy on Sodium (Salt), Nestlé Policy on Sugars, Nestlé Policy on Saturated Fat, Nestlé Policy on Trans Fat, Nestlé Policy on Fortification of Food Products with Vitamins, Minerals and Trace Elements.</p> <p>Water/Environment: Please refer to pages 27 &amp; 28.</p> <p>Rural Development: Nestlé Paddy Club tracks the amount that is delivered to them after every harvest.</p> |                    |

## GRI STANDARD DISCLOSURES

| 2. Organisational Profile |   |   |   |
|---------------------------|---|---|---|
| 2.1                       | Name of organisation.   | Nestlé (Malaysia) Berhad  | ● |
| 2.2                       | Primary brands, products and/or service.  | Information about the primary brands and products are available in the 2013 Corporate Report, pages 12 - 21 (under Business Review) and in the 2013 NiS Report, page 5 (under Fast Facts).  | ● |
| 2.3                       | Operational structure of the organisation, including main divisions, operating companies, subsidiaries, and joint ventures.   | The following are Nestlé (Malaysia) Berhad's investments in subsidiaries and associate: <ul style="list-style-type: none"> <li>• Nestlé Products Sdn. Bhd. (100%)</li> <li>• Nestlé Manufacturing (Malaysia) Sdn. Bhd. (100%)</li> <li>• Nestlé Asean (Malaysia) Sdn. Bhd. (100%)</li> <li>• Nestlé Foods (Malaysia) Sdn. Bhd. (100%; inactive)</li> <li>• Nihon Canpack (Malaysia) Sdn. Bhd. (20%)</li> </ul>  | ● |
| 2.4                       | Location of organisation's headquarters.  | The full address and contact details of the organisation's headquarters is stated on the last page of this report.  | ● |
| 2.5                       | Number of countries where organisation operates and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report. | Fast Facts on Nestlé S.A. and Nestlé Malaysia is on page 5 of the 2013 NiS Report.  | ● |
| 2.6                       | Nature of ownership and legal form.   | The principal activity of the Company is that of an investment holding company, whilst the principal activities of the subsidiaries are as listed above under indicator 2.3. There have been no significant changes in the nature of these activities during the financial year. As registered with the Companies Commission of Malaysia since 1983, the legal form of the Company is: <ul style="list-style-type: none"> <li>• Limited by shares</li> <li>• Public Limited</li> </ul>  | ● |
| 2.7                       | Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).  | The Company manufactures and supplies products for both the domestic and export markets, consumers and also out-of-home (OOH) segments such as coffee shops and restaurant operators; as well as other relevant stakeholders such as healthcare professionals, who are addressed through the Nestlé Start Well, Stay Well educational programme. The Company distributes its products throughout Malaysia, defined by seven regional areas within Malaysia: Central 1 (Kuala Lumpur and Selangor), Central 2 (Negeri Sembilan and Malacca), Northern 1 (Penang, Kedah and Perlis), Northern 2 (Perak), Southern (Johor), East Coast (Pahang, Terengganu and Kelantan) and East Malaysia (Sabah, Sarawak and Brunei).                | ● |
| 2.8                       | Scale of the reporting organisation.  | The scale of the reporting organisation, the number of operations and quantity of products provided are stated under Fast Facts on page 5, and the summary of sales and profit is stated under Summary of Key Performance Data on pages 16 and 17 of the 2013 NiS Report. The scale of reporting organisation by the quantity of products provided can be found in the 2013 Corporate Report on pages 12-21 (under Business Review). Information on total capitalisation broken down in terms of debt and equity, total assets and beneficial ownership (including identity and percentage of ownership of largest shareholders) are reflected in the 2013 Corporate Governance & Financial Report on pages 32 and 91 respectively. | ● |



Full



Partial



Not reported

## GRI STANDARD DISCLOSURES

| Profile Disclosures         | Description   | Cross Reference / Direct Answers  | Level of Reporting |
|-----------------------------|---|---|--------------------|
| 2.9                         | Significant changes during the reporting period regarding size, structure, or ownership.  | There were no significant changes during the reporting period regarding size, structure or ownership. However, there was a change in the management team, as featured in the Organisation Structure on page 7 of the 2013 NiS Report.   | ●                  |
| 2.10                        | Awards received in the reporting period.  | The Company received numerous awards, as indicated on pages 62 & 63 of the 2013 NiS Report.   | ●                  |
| <b>3. Report Parameters</b> |   |   |                    |
| 3.1                         | Reporting period.   | From 1 January until 31 December 2013.  | ●                  |
| 3.2                         | Date of most recent previous report.  | The Company's Annual Report 2012, which consists of three books: Corporate Report, Corporate Governance & Financial Report and Creating Shared Value Report was published in March 2013. The online version of the 2012 Annual Report was uploaded on our corporate website at: <a href="http://www.nestle.com.my/aboutus/investors/annual_report">http://www.nestle.com.my/aboutus/investors/annual_report</a> . | ●                  |
| 3.3                         | Reporting cycle.  | The reporting cycle for the Company is on an annual basis.  | ●                  |
| 3.4                         | Contact point for questions.  | Further questions can be directed to the Company's Group Corporate Affairs Department (GCAD). Contact details are stated on the back cover of our 2013 Annual Report and NiS Report.  | ●                  |
| 3.5                         | Process for defining report content.  | The content of the report is defined by the following guidelines: <ul style="list-style-type: none"> <li>• GRI Content Guidelines</li> <li>• Bursa Malaysia Guidelines</li> <li>• Message to Stakeholders, on pages 2 - 4 of the 2013 NiS Report.</li> <li>• The Nestlé Global Creating Shared Value Strategy, on pages 8 &amp; 9 of the 2013 NiS Report.</li> </ul>  | ●                  |
| 3.6                         | Boundaries of report.   | The boundary of the report is stated in the Message to Stakeholders on page 4 of the 2013 NiS Report.   | ●                  |
| 3.7                         | State any specific limitations on the scope of boundary of the report.  | Reporting for the Environment indicators only cover Nestlé Malaysia's manufacturing facilities. There are no specific processes in place for central collation of raw data for our administrative and sales office.<br><br>The Corporate Report and NiS Report cover the business aspects of all of the Company's Business Units (BUs).   | ●                  |
| 3.8                         | Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organisations. | Subsidiaries are reported as part of the Nestlé Malaysia Group. Details of the Group are stated in the Message to Stakeholder on page 4 of the 2013 NiS Report.   | ●                  |

## GRI STANDARD DISCLOSURES

| Profile Disclosures | Description  | Cross Reference / Direct Answers  | Level of Reporting  |
|---------------------|--|---|---|
| 3.9                 | Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report.                             | Data measurement techniques, the bases of calculations and other reported data that appear under each section of the 2013 NiS Report are stated and indicated with a footnote under the four main sections of the report. Tools, calculations or resources used for the listed data and figures can be found on the following pages: <ul style="list-style-type: none"> <li>• Our Respect and Care for the Community, pages 18 - 25.</li> <li>• Our Commitment to the Environment, pages 26 - 39.</li> <li>• Our People and Workplace, pages 40 - 53.</li> <li>• Our Consumers and the Marketplace, pages 54 - 61.</li> </ul> |    |
| 3.10                | Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g. mergers/acquisitions, change of base years/periods, nature of business, measurement methods). | There were no re-statements of information provided in the previous report.   |    |
| 3.11                | Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.  | All facts and figures reported in the 2013 NiS Report are in accordance with the previous year's report. There were no significant changes from the previous reporting period in the scope, boundary, or measurement methods applied in the report.<br><br>Total employees for the Company also includes those in the Purina Petcare Business Unit; and the GRI Content Index has been adapted into the GRI Standard Disclosure table.  |  |
| 3.12                | Table identifying the location of the Standard Disclosure in the report.   | As stated under point 3.11, the GRI Content Index Table has been adapted into the GRI Standard Disclosure table, on pages 64 - 89 of the 2013 NiS Report.   |  |
| 3.13                | Policy and current practice with regard to seeking external assurance for the report.  | The policy and current practice with regard to seeking external assurance for the report is stated in the Message to Stakeholders on page 4 of the 2013 NiS Report. The Company engaged PricewaterhouseCoopers to verify the report in accordance with the GRI 3.1 Standards and the internationally recognised standard ISAE3000 issued by the International Auditing and Assurance Standards Board (IAASB).   |  |



Full



Partial



Not reported

## GRI STANDARD DISCLOSURES

| Profile Disclosures                              | Description  | Cross Reference / Direct Answers  | Level of Reporting |
|--|--|---|--------------------|
| <b>4. Governance, Commitments and Engagement</b> |  |   |                    |
| 4.1  | Governance structure of the organisation, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organisational oversight. | <p>Governance structure of the Company, including committees under the highest governance body responsible for specific tasks are stated in the Corporate Governance Statement on pages 2 -19 of the 2013 Corporate Governance &amp; Financial Report. Below are the principles that address the Company's overall governance structure and the governance body responsible for specific tasks:</p> <ul style="list-style-type: none"> <li>• Principle 1 – Establish Clear Roles and Responsibilities of The Board of Directors and Management, which covers the Principal Responsibility of the Board of Directors, Clear Roles and Responsibilities, Code of Ethics for Directors and Code of Conduct, Whistle-Blowing Policy, Compliance Framework and Compliance Programme, Competition Law and Compliance Guidelines, Consumers, Suppliers and Service Providers, Sustainability of Business, and Access to Information and Advice.</li> <li>• Principle 2 – Strengthen the Composition of the Board, which states the involvement of the Nomination Committee, whereby their task includes the Selection and Assessment of Directors, and the involvement of Compensation Committee, in which their task is to govern the Director's Remuneration.</li> <li>• Principle 3 – Reinforce Independence of the Board, which clearly defines the responsibility between the Chairman and the Managing Director to engender accountability and facilitate the division of responsibility.</li> <li>• Principle 4 – Foster Commitment of Directors, which covers Time Commitment and the Director's Training.</li> <li>• Principle 5 – Uphold Integrity In Financial Reporting By Company, which explains the Board's aim to provide and present a clear, balanced and comprehensive assessment of the Group's financial performance and prospects at the end of the financial year.</li> <li>• Principle 6 – Recognise and Manage Risks of the Group, which defines the importance of risk management and internal controls.</li> <li>• Principle 7 – Ensure Timely and High Quality Disclosure, which defines the essential aspect of an active and constructive communication policy in disseminating information to the shareholders and investors.</li> <li>• Principle 8 – Strengthen Relationship Between the Company and its Shareholders, which shows the Board's belief that not only they are accountable to shareholders but also responsible for managing successful and productive relationships with the Company's stakeholders.</li> </ul> <p>Please also refer to LA13 on page 85.</p> | ●                  |
| 4.2  | Indicate whether the Chair of the highest governance body is also an executive officer.  | No. The Chair of highest governance body is the Chairman of the Board, who is a non-executive.  | ●                  |

## GRI STANDARD DISCLOSURES

| Profile Disclosures | Description   | Cross Reference / Direct Answers  | Level of Reporting  |
|---------------------|---|---|---|
| 4.3                 | For organisations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.   | <p>There are a total of eight directors, with a composition of 78% (six) males and 22% (two) females, where two are executive members and the remaining six are independent and non-executive members:</p> <ul style="list-style-type: none"> <li>• Tan Sri Dato' Seri Syed Zainol Anwar Jamalullail</li> <li>• Dato' Mohd. Rafik bin Shah Mohamad</li> <li>• Tan Sri Datuk Dr. Rafiah binti Salim</li> <li>• Tan Sri Datuk Yong Poh Kon</li> <li>• Toh Puan Dato' Seri Hajjah Dr. Aishah Ong</li> <li>• Dato' Frits van Dijk</li> <li>• Alois Hofbauer</li> <li>• Marc Seiler</li> </ul>   |    |
| 4.4                 | Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.   | The Company's shareholders are able to provide recommendations or direction at the Annual General Meeting (AGM) as well as by contacting Nestlé directly (contact details are provided at the back of the Annual Report). Topics that they have identified include business performance, dividends and future plans. Employees are able to do so through internal meetings or training sessions. In addition to that, Nestlé also conducts an employee survey called the "Nestlé & I" survey every two years, with the most recent survey done in 2012. Amongst others, topics addressed include company values, organisational aspects and leadership.   |    |
| 4.5                 | Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organisation's performance (including social and environmental performance). | <p>Established on 26<sup>th</sup> August 2010, the Compensation Committee is responsible to make recommendations to the Board on the compensation framework for Board of Directors and the Company's employees. The main responsibilities of the committee are to ensure that the compensation, salary and benefits of the employees of the Company are benchmarked with industry standards in light of the Company's performance in the industry.</p> <p>The compensation packages of Executive Directors and Senior Management to the Group are subject to the global compensation practices of the worldwide Nestlé group of companies. More information on this matter is available in the 2013 Corporate Governance &amp; Financial Report, on pages 9 - 11.</p> |  |
| 4.6                 | Processes in place for the highest governance body to ensure conflicts of interest are avoided.   | Processes in place for the highest governance body to ensure conflicts of interest are avoided are carried out by the Audit Committee, which comprises three members who are all Independent Non-Executive Directors. The committee was established on 2 <sup>nd</sup> March 1994 under the Terms of Reference stated in the 2013 Corporate Governance & Financial Report 2013. More information on this matter is available in the 2013 Corporate Governance & Financial Report, on pages 21 - 23.   |  |
| 4.7                 | Process for determining the composition, qualifications and expertise of the members of the highest governance body and its committees including any consideration of gender and other indicators of diversity.                   | Process for determining the composition, qualifications and expertise of the members of the highest governance body and its committees including any consideration of gender and other indicators of diversity are carried out by the Nomination Committee. The assessment considered the qualifications, contribution and performance of the Directors on their competency, character, time commitment, integrity and experience in meeting the needs of the Company. More information on this matter is available in the 2013 Corporate Governance & Financial Report, on pages 7 - 9.  |  |



Full



Partial



Not reported

## GRI STANDARD DISCLOSURES

| Profile Disclosures | Description   | Cross Reference / Direct Answers   | Level of Reporting  |
|---------------------|---|--|---|
| 4.8                 | Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.  | Internally developed statements of mission or values, codes of conduct, principles relevant to economic, environmental and social performance and the status of their implementation are stated in: <ul style="list-style-type: none"> <li>• Message to Shareholders, 2013 Corporate Report – pages 6 - 9.</li> <li>• Message to Stakeholders, 2013 NiS Report – pages 2 - 4.</li> <li>• Corporate Governance Statement, 2013 Corporate Governance &amp; Financial Report – pages 2 - 18.</li> </ul>   |    |
| 4.9                 | Procedures of the highest governance body for overseeing the organisation's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct and principles. | Nestlé Malaysia and its Board of Directors have been resolute in ensuring that the Group's business and affairs are in strict adherence to the doctrine and principles of good corporate governance such as integrity, transparency, accountability and responsible business conduct. <p>Being a subsidiary of Nestlé S. A., the Company has adopted the 'Corporate Governance Principles' of its holding company as the basis of its best-practices in corporate governance, which mainly covers the following four areas:</p> <ul style="list-style-type: none"> <li>• The rights and responsibilities of shareholders;</li> <li>• The equitable treatment of shareholders;</li> <li>• The duties and responsibilities of Directors; and</li> <li>• Disclosure and transparency</li> </ul> <p>The Board directs the Company's risk assessment, strategic planning, succession planning and financial and operational management to ensure that obligations to shareholders and other stakeholders are understood and met.</p> <p>More information on this matter, including the frequency with which the Board assesses the Company's sustainability performance, is available in the 2013 Corporate Governance &amp; Financial Report, on pages 2 - 18.</p> |    |
| 4.10                | Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental and social performance.  | Processes in place for the highest governance body to ensure conflicts of interest are avoided are carried out by the Audit Committee, which comprises three members who are all Independent Non-Executive Directors. The committee was established on 2 <sup>nd</sup> March 1994 under the Terms of Reference stated in the Financial Report. More information on this matter is available in the 2013 Corporate Governance & Financial Report, on pages 21 - 23. <p>Processes for determining the qualifications and expertise of the members of the highest governance body for guiding the organisation's strategy on economic, environmental and social topics are carried out by the Nomination Committee. The assessment considered the qualifications, contribution and performance of the Directors on their competency, character, time commitment, integrity and experience in meeting the needs of the Company. More information on this matter is available in the 2013 Corporate Governance &amp; Financial Report, on pages 7 - 9.</p>  |  |
| 4.11                | Explanation of whether and how the precautionary approach or principle is addressed by the organisation.  | This is done in accordance to the Corporate Governance Statement that sets out the adoption and practices of the four principles practised by the Company, as well as the application of the 8 Principles and 26 Recommendations of the Malaysian Code on Corporate Governance 2012 ("MCCG 2012"), relevant chapters of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad on corporate governance and the internal requirements as codified in the Nestlé Code of Business Conduct. For more information, please refer to pages 2 - 18 of the 2013 Corporate Governance & Financial Report.   |  |

## GRI STANDARD DISCLOSURES

| Profile Disclosures | Description  | Cross Reference / Direct Answers  | Level of Reporting  |
|---------------------|--|---|---|
| 4.12                | Externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or endorses.   | <p>Nestlé S.A. signed and supports amongst others:</p> <ul style="list-style-type: none"> <li>The UN Millennium Development Goals (produced first report in 2005).</li> <li>UNGC GED Water Mandate (founding signatory).</li> <li>Roundtable for Sustainable Palm Oil (RSPO) (15 November 2009).</li> </ul> <p>For more details, please visit: <a href="http://www.nestlé.com/csv/human-rights-compliance/global-principles">www.nestlé.com/csv/human-rights-compliance/global-principles</a>.</p> <p>Nestlé Malaysia signed and supports, amongst others:</p> <ul style="list-style-type: none"> <li>UN Global Compact (29 March 2007).</li> <li>Responsible Advertising to Children (5 August 2013).</li> </ul> |    |
| 4.13                | Memberships in associations (such as industry associations) and/or national/international advocacy organisations in which the organisation:<br>*Has positions in governance bodies; * Participates in projects or committees, *Provides substantive funding beyond routine membership dues; or *Views membership as strategic. | <p>Nestlé Malaysia deems our membership in the associations below as strategic:</p> <ul style="list-style-type: none"> <li>Federation of Malaysian Manufacturers (FMM) - Managing Director is a Council Member.</li> <li>Malaysian International Chamber of Commerce and Industry (MICCI) - Managing Director is a General Committee Member.</li> <li>Business Council for Sustainability &amp; Responsibility Malaysia (BCSRM) - Executive Director, Technical &amp; Production is an Executive Committee Member.</li> <li>FMM Infant Formula Ethics Committee (FIFEC) - Member.</li> </ul> <p>Nestlé does not provide any additional substantive funding beyond routine membership fees/dues</p>                |    |
| 4.14                | List of stakeholder groups engaged by the organisation.  | <p>Nestlé Malaysia frequently engages with stakeholders that are relevant to its operations, in the areas of governance and business, consumer communities and NGOs as well as Halal and in areas related to Creating Shared Value.</p> <p>This includes stakeholders such as the Ministry of Education, Ministry of Health (MoH), SME Corp, Nutrition Society of Malaysia (NSM) and the Malaysian Society of Obesity (MASO). The types of stakeholder groups whom we engage with are indicated in the 2013 NiS Report, under 'Engaging Our Stakeholders' on pages 10 - 13.</p>   |  |
| 4.15                | Basis for identification and selection of stakeholders with whom to engage.  | The Stakeholder Engagement Process outlines the methods of which we identify and select the stakeholders with whom we engage with. For more information, please refer to pages 10 - 13 of the 2013 NiS Report, under 'Engaging Our Stakeholders'.   |  |
| 4.16                | Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.  | The Stakeholder Engagement Process outlines the frequency of which we engage with the stakeholders. How effectively we communicate and engage with them depends on their influential factor to our business needs and/or impact on our corporate reputation. For more information, please refer to pages 10 - 13 of the 2013 NiS Report, under 'Engaging Our Stakeholders'.   |  |



Full



Partial



Not reported

## GRI STANDARD DISCLOSURES

| 4.17  | Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting.   | Please refer to pages 11 & 12 of the 2013 NiS Report, under 'Engaging Our Stakeholders'.   | ●   |
|---|---|--|---|
| <b>STANDARD DISCLOSURE PART II: Disclosures on Management Approach (DMAs)</b> |   |  |   |
| DMA SC  | Disclosure on Management Approach SC  |  | Level of Reporting  |
| Aspects   | <ul style="list-style-type: none"> <li>i. Policy</li> <li>ii) Goals</li> <li>iii) Performance</li> <li>iv) Purchasing Decision Making</li> <li>v) Management Responsibility</li> <li>vi) Training &amp; Awareness</li> <li>vii) Monitoring &amp; Follow-up</li> </ul> | <p><u>Policy</u><br/>Policies for Protecting Natural Resources can be found in Nestlé's Corporate Business Principles and the Nestlé Policy on Environmental Sustainability 2013.</p> <p>Policy that covers Traceability is specified in the Nestlé Responsible Sourcing Guidelines, September 2013. All our contract farming initiatives allows us to have a reliable, traceable and controllable source of quality raw materials for our products, for example Nestlé Paddy Club which are on pages 34 – 37.</p> <p><u>Goals, Performance, Monitoring &amp; Follow-up</u><br/>An example of an initiative that aims to Protect Natural Resources is the Project RiLeaf. Goals, performance, monitoring and follow-up for this initiative is on page 29 of the 2013 NiS Report.</p> <p>An example of an initiative that aims to ensure Traceability of the raw ingredients of our product (infant cereals) is the Nestlé Paddy Club (NPC). Goals, performance, monitoring and follow-up for this initiative is on pages 34-37 of the 2013 NiS Report.</p> <p><u>Purchasing Decision Making</u><br/>Purchasing Decision Making is headed by the Executive Director, Finance &amp; Control in Nestlé Malaysia.</p> <p>All purchasing decisions is in accordance with the Nestlé's Supplier Code, which covers sustainability requirements such as Human Rights, Safety and Health, Environmental Sustainability and Business Integrity</p> <p><u>Management Responsibility</u><br/>Management Responsibility for Project RiLeaf and NPC are headed by the Executive Director, Technical &amp; Production.</p> <p><u>Training &amp; Awareness</u><br/>Awareness of any activities by Nestlé Malaysia is communicated to all staff via The Nest (Intranet), Nestlé Malaysia corporate website and internal newsletters; The Nestlé Edge and Berita Nestlé.</p> <p>Training is provided based on the requirements of the initiative, such as below:<br/>NPC: A total of four training sessions are conducted per season, for all NPC members:</p> <ul style="list-style-type: none"> <li>i) Agri-Organica Application</li> <li>ii) Awareness on Environmental Issues</li> <li>iii) Pesticide and Chemical Management (by partner organisation, DuPont)</li> <li>iv) Safety Briefing</li> </ul> | ●   |
|   |   |  | Certain indicators are not reported e.g. fair trade as this aspect is covered globally by Nestlé S.A. We do not report on animal welfare as it is not applicable for Nestlé Malaysia. |

## GRI STANDARD DISCLOSURES

| DMA EC | Disclosure on Management Approach EC  |  | Level of Reporting  |
|--------|---|--|---|
|        | <ul style="list-style-type: none"> <li>i) Goals &amp; Performance</li> <li>ii) Policy</li> </ul>  | Nestlé Malaysia's financial matters such as the economic performance; market presence and indirect economic impacts are reported in the 2013 Corporate Governance & Financial Report.  |  |
| DMA EN | Disclosure on Management Approach EN  |  |   |
|        | <ul style="list-style-type: none"> <li>i) Goals &amp; Performance</li> <li>ii) Policy</li> <li>iii) Organisational responsibility</li> <li>iv) Training &amp; Awareness</li> <li>v) Monitoring &amp; Follow-up</li> </ul> | <p>Nestlé's commitment to the environment is focussed on water preservation, natural resources efficiency, biodiversity conservation, air emissions reduction, climate change adaptation, and zero waste.</p> <p>Where possible, Nestlé sources for raw materials locally (in Malaysia) and has initiated programmes such as contract farming to ensure quality supply of materials. Nestlé reports the savings on aspects listed on pages 38 &amp; 39 of the 2013 NiS Report.</p> |  |



Full



Partial



Not reported

## GRI STANDARD DISCLOSURES

| DMA LA | Disclosure on Management Approach LA  |   |  |
|--------|---|---|--|
|        | i) Goals & Performance<br>ii) Policy<br>iii) Organisational Responsibility<br>iv) Training & Awareness<br>v) Monitoring & Follow-up | <p><u>Policy</u><br/>           Globally, Nestlé adheres to UNGC's 10 principles, which broadly covers Human Rights, Labour, Environment and Anti-Corruption.</p> <p>Occupational Health &amp; Safety – Nestlé Corporate Business Principles, Safety &amp; Health at Work.</p> <p>Diversity &amp; Equality – Code of Business Conduct</p> <p>Training &amp; Education – Nestlé Management &amp; Leadership Principles</p> <p><u>Goals, Performance, Monitoring, Follow-up</u><br/>           Occupational Health &amp; Safety – Safety, Health, Environment Performance Monitoring (SHE PM)</p> <p>Diversity &amp; Equality – please refer to page 53 of the 2013 NiS Report.</p> <p>Training &amp; Education – please refer to pages 40 - 53 of the 2013 NiS Report.</p> <p><u>Organisational Responsibility</u><br/>           Occupational Health &amp; Safety – Executive Director, Technical &amp; Production</p> <p>Diversity &amp; Equality – Executive Director, Human Resources, Nestlé Malaysia</p> <p>Training &amp; Education – Executive Director, Human Resources, Nestlé Malaysia</p> <p><u>Awareness</u><br/>           Occupational Health &amp; Safety ; Diversity &amp; Equality; Training &amp; Education – The Nest (Intranet), weekly and monthly internal news blasts, notice boards</p> <p><u>Training</u><br/>           Training Needs Indicator, as specified below:<br/>           Occupational Health &amp; Safety:<br/>           - On-boarding session<br/>           - SHE Induction<br/>           - CARE Audit/Training</p> <p>Diversity &amp; Equality:<br/>           - During On-boarding session, all employees are introduced to Nestlé Code of Business Conduct.</p> <p>Training &amp; Education<br/>           - Individual training and education, are discussed with line managers during Personal Development and Growth session.</p> |  |

## GRI STANDARD DISCLOSURES

| DMA HR | Disclosure on Management Approach HR   |   | Level of Reporting  |
|--------|--|---|---|
|        | <ul style="list-style-type: none"> <li>i) Goals &amp; Performance</li> <li>ii) Policy</li> <li>iii) Organisational Risk Assessment</li> <li>iv) Impact Assessment</li> <li>v) Organisational Responsibility</li> <li>vi) Training &amp; Awareness</li> <li>vii) Monitoring, Follow-up &amp; Remediation</li> </ul> | <p>Nestlé not only delivers high quality products but does it in a way that reflects the Group's commitment to conduct its business activities in full compliance with applicable laws and guided by integrity and honesty.</p> <p>The Nestlé Supplier Code, which was updated in December 2013, specifies and helps the continued implementation of the Corporate Business Principles by establishing certain non-negotiable minimum standards that encourage the suppliers, its employees, agents and subcontractors (the Supplier), to respect and to adhere to when conducting business. By acceptance of the Code, the Supplier commits that all existing and future agreements and business relationships with Nestlé will be subjected to the provisions contained in the Code.</p> <p>For more information, please refer to the Nestlé Supplier Code December 2013.</p> |  |



Full



Partial



Not reported

## GRI STANDARD DISCLOSURES

| DMA SO | Disclosure on Management Approach SO  |  |   |
|--------|---|--|---|
|        | i) Goals & Performance<br>ii) Policy<br>iii) Organisational Responsibility<br>iv) Training & Awareness<br>v) Monitoring & Follow-up | <p><u>Policy</u><br/>Impact on Local Communities (specifically farmers and rural communities); Corruption; and Anti-Competitive Behaviour and Compliance are specified in the Nestlé Corporate Business Principle.</p> <p><u>Goals, Performance, Monitoring, Follow-up</u><br/>Impact on the local communities, are stated in pages 18-25 of the 2013 NiS Report.</p> <p>Compliance:<br/>Compliance is a significant part of every audit that is performed at Nestlé. The Nestlé Market Audit provides assistance to local and Nestlé S.A management by independently assessing with a risk-based approach:</p> <ul style="list-style-type: none"> <li>• The <b>effectiveness</b> of the internal control and risk management procedures</li> <li>• The <b>reliability</b> of information used for reporting and decision-making</li> <li>• The <b>compliance</b> with Corporate standards, policies, business principles and Corporate Governance rules</li> <li>• The <b>efficient</b> use of all Company resources / assets</li> <li>• The <b>deviations</b> from defined best practices</li> </ul> <p><u>Organisational Responsibility</u><br/>Impact on Local Community – Executive Director, Group Corporate Affairs</p> <p>Corruption – Executive Director, Human Resources<br/>Anti-competitive Behaviour - Head of Legal Compliance - Compliance Steering Committee</p> <ul style="list-style-type: none"> <li>• Managing Director</li> <li>• Finance &amp; Control</li> <li>• Technical &amp; Production</li> <li>• Human Resources</li> <li>• Legal</li> <li>• Country Business Manager of the Nestlé Professional Business Unit</li> </ul> <p><u>Training &amp; Awareness</u><br/>Awareness of any activities by Nestlé which have impact on local communities is communicated to all staff via The Nest (Intranet), Nestlé Malaysia corporate website and internal newsletters; The Nestlé Edge and Berita Nestlé.</p> <p>There is no training provided for this, however, all staff are encouraged to take part in Nestlé ROCKs, which is a employee volunteer programme. Please see pages 46 &amp; 47 of the 2013 NiS Report.</p> <p>Information on Corruption, Anti-Competitive Behaviours and Compliance can be obtained from The Nest.</p> <p>There are no specific training modules for Corruption, Anti-Competitive Behaviours, and Compliance -</p> <ul style="list-style-type: none"> <li>• Competition Law E-Learning Tool</li> </ul> | ● |

## GRI STANDARD DISCLOSURES

| DMA PR | Disclosure on Management Approach PR  |  | Level of Reporting |
|--------|---|--|--------------------|
|        | <ul style="list-style-type: none"> <li>i) Goals &amp; Performance</li> <li>ii) Policy</li> <li>iii) Organisational Responsibility</li> <li>iv) Training &amp; Awareness</li> <li>v) Monitoring &amp; Follow-up</li> </ul> | <p>Nestlé aims to create value that can be sustained over the long-term by offering consumers a wide variety of tastier and healthier food and beverage.</p> <p>The way that Nestlé markets its products is equally important. While Nestlé believes that consumer communication such as advertising helps consumers make informed choices, Nestlé also believes that its practice must follow certain principles to ensure it gains and maintains consumers' trust in their brand and the company.</p> <p>For example, the Nestlé Policy on Marketing Communication to Children 2011 states that Nestlé does not directly advertise or market our products to children less than 6 years old.</p> <p>Consumer communication is a two-way matter. The increasing importance of digital media, such as social networks and mobile communication has changed the way Nestlé engages with consumers and vice versa.</p> <p>In addition, consumers' expectations of Nestlé's commitment towards social issues such as fighting childhood obesity and reducing the impact on the environment are higher than ever. In this context, Nestlé must demonstrate a responsible and careful management of our consumer communication, both at the brand and corporate levels.</p> <p>Nestlé respects the privacy of individuals and, therefore, protects their personal data. This includes the rights of individuals to be informed and, in principle, to make decisions about the collection, transfer, use, disclosure, retention, changing, erasure and any other operation concerning individuals' personal data. Nestlé is committed to ensure compliance with the Personal Data Protection Act 2010 and other readily available internal Nestlé policies such as the Nestlé Privacy Policy, Nestlé Corporate Business Principles, Nestlé Code of Business Conduct and Nestlé Consumer Communication Principles with respect to protection of personal data.</p> <p>Nestlé is committed to compliance in every aspect of its way of doing business. Since 2011, Nestlé has established a Compliance Framework comprising a two-tier Compliance Committee whose membership are from the senior and middle management level of Nestlé, for the purposes of driving the culture of compliance throughout the Company. The Compliance Framework is a continuous monitoring programme in which the relevant policies, guidelines, instructions, laws and regulations are updated regularly to ensure the Compliance Documents Matrix contains up-to-date information on Nestlé's compliance documents and it is made accessible to the relevant stakeholders as and when required.</p> | ●                  |
| DMA AW | Disclosure on Management Approach AW  |  |                    |
|        | <ul style="list-style-type: none"> <li>i) Goals &amp; Performance</li> <li>ii) Policy</li> <li>iii) Organisational Responsibility</li> <li>iv) Training &amp; Awareness</li> <li>v) Monitoring &amp; Follow-up</li> </ul> | Not applicable, as Nestlé Malaysia does not breed animals or handle livestock in its operations.   | ●                  |



Full



Partial



Not reported

## GRI STANDARD DISCLOSURES

| <b>STANDARD DISCLOSURE PART III: Performance Indicators</b> |   |   |   |
|---|---|---|---|
| <b>Sourcing</b>   |   |   |   |
| <b>Across all aspects of sourcing</b>                       |   |   |   |
| FP1   | Percentage of purchased volume from suppliers compliant with company's sourcing policy.   | <p>The percentage of purchase volume from compliant suppliers is 100%, as the Nestlé Suppliers Code demands each and every supplier to adhere to the Code before being listed as a Nestlé supplier or vendor.</p> <p>The Nestlé Supplier Code binds the Group's suppliers and service providers to ensure high standards of business ethics amongst all suppliers and service providers of the Group, including the suppliers or service providers of the Group's related companies.</p> <p>These Standards are incorporated into the contract with the relevant supplier or service provider. It is made clear in all agreements with suppliers and service providers that breaches relating to any provisions in the Standards of which the relevant supplier or service provider has been made aware of, may lead to immediate termination of the contract with the affected supplier or service provider.</p> |    |
| FP2   | Percentage of purchased volume, which is verified as being in accordance with credible, internationally-recognised responsible production standards, broken down by standard.   | <p>Nestlé Malaysia uses one standard, which is the Nestlé Supplier Code.</p> <p>Nestlé Group Procurement Team is controlled centrally at the Head Office and there are no additional teams in the regions.</p> <p>Due to commercial sensitivities, Nestlé Malaysia is unable to report the details on Purchase Materials.</p>   |    |
| <b>Economic</b>   |   |   |   |
| <b>Economic Performance</b>                                 |   |   |   |
| EC1   | Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments. | <p>The other direct economic value generated is stated on page 17 of the 2013 NiS Report.</p> <p>The direct economic value generated and distributed is stated in the 2013 Corporate Governance &amp; Financial Report on page 32.</p> <p>Please also refer to pages 65 &amp; 66 of the 2013 Corporate Governance &amp; Financial Report.</p>   |  |

## GRI STANDARD DISCLOSURES

|                        |   |   |   |
|------------------------|---|---|---|
| EC2                    | Financial implications and other risks and opportunities for the organisation's activities due to climate change.                     | <p>At Nestlé, we have analysed our value chain and determined three areas of greatest potential for our joint value optimisation with society and they are Nutrition, Water and Rural Development. These areas are core to our business strategy and vital to the welfare of the communities that we operate in.</p> <p>Nestlé is doing its part to address problems caused by climate change and global warming by reducing specific energy consumption and the emission of greenhouse gases from its operations.</p> <p>Increasingly, Nestlé is helping its stakeholders adapt to climate change impacts – both to support their livelihoods and the environment; sharing best-practices with different stakeholders and reducing the risk to food security and long-term supply of materials to the business. Information on the Nestlé CSV activities can be found in the 2013 NiS Report.</p> <p>However, we do not track financial implications, risks and opportunities of climate change for the organisation, as this has not been identified as one of our three key focus areas.</p> |    |
| EC3                    | Coverage of the organisation's defined benefit plan obligations.  | <p>Coverage of the Group's defined benefit plan obligations is stated on pages 48 &amp; 49 of the 2013 Corporate Governance &amp; Financial Report.</p> <p>The Company offers two retirement schemes that are made available for when a staff reaches the retiring age of 55 years or 60 years, namely the Employee Provident Fund Scheme and the Nestlé Malaysia Group Retirement Scheme (NMGRS). For details of both schemes, please refer to the Nestlé Management Employee Handbook.</p> <p>In addition, the Company also offers various types of benefits i.e. Invalidity Benefits, Survivor Benefits and Vested Benefits.</p>   |    |
| EC4                    | Significant financial assistance received from Government.  | No financial assistance received from the Government directly. Tax breaks provided based on Halal incentives (applies to the industry, not Company specific). The Government is not present in the Company's shareholding structure.  |  |
| <b>Market presence</b> |   |   |   |
| EC5                    | Range of ratios of standard entry-level wage by gender compared to local minimum wage at significant locations of operation.          | <p>Schedule of salaries and wages of non-management employees are specified in the collective agreements with the respective unions.</p> <p>According to the collective agreement between Nestlé Manufacturing (M) Sdn Bhd and Food Industry Employee Union, the wage range ratio is from RM750 (for Category 1) to RM1,250 (for Category 11).</p> <p>According to the collective agreement between Nestlé Products Sdn Bhd and National Union of Commercial Workers, the wage range ratio is from RM900 to RM1,500.</p>  |  |
| EC6                    | Policy, practices and proportion of spending on locally-based suppliers at significant locations of operations.                       | <p>Our suppliers, agents, subcontractors and their employees comply to the Nestlé Supplier Code that specifies minimum standards, which they need to respect and adhere to including business integrity, sustainable operating and agricultural practices, labour standards, safety, health and environmental practices.</p> <p>There is also the Sustainable Agriculture Initiative Nestlé (SAIN) that guides our engagement in farming systems to support agricultural practices. Where possible, Nestlé sources for raw materials locally (in Malaysia) and have initiated programmes such as Contract Farming to ensure quality supply of materials. An example of such programmes is the Nestlé Paddy Club (NPC). For details on NPC, please refer to pages 34 - 37 of the 2013 NiS Report.</p>  |  |
| EC7                    | Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation. | The Nestlé policy is to hire employees with attitudes and professional skills enabling them to develop a long-term relationship with the Company with no consideration given to origin, nationality, religion, race, gender, disability, sexual orientation or age. We are an equal opportunity employer.   |  |



Full



Partial



Not reported

## GRI STANDARD DISCLOSURES

| <b>Indirect Economic Impacts</b> |  |  |   |
|----------------------------------|--|--|---|
| EC8                              | Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.     | As stated under indicator EC1, the total amount of investment under Goodwill is stated on page 32 of the 2012 Corporate Governance & Financial Report. Explanation of the extent of development of significant investments provided primarily for public benefit are explained in 'Our Respect and Care for the Community' section of the 2013 NiS Report, on page 18. Results, data and achievements for all community-based projects are stated on pages 24 & 25. Please also refer to "Engaging Our Stakeholders" section on pages 10 - 13                      | ● |
| EC9                              | Understanding and describing significant indirect economic impacts, including the extent of impacts.   | Nestlé does not attempt to estimate its indirect economic impact using a measure of currency. The activities/initiatives that we embark on, in relation to the three core areas of our business – Nutrition, Water and Rural Development – are assessed over time through survey/monitoring results.   | ● |
| <b>Environmental</b>             |  |  |   |
| <b>Materials</b>                 |  |  |   |
| EN1                              | Materials used by weight or volume.  | The figure is stated on page 38 in the 2013 NiS Report, under 'Our Commitment to the Environment'. FPSS: Not applicable - Nestlé Malaysia's operations do not involve wild caught or farmed seafood.   | ● |
| EN2                              | Percentage of materials used that are recycled input.  | The figure is stated on page 38 in the 2013 NiS Report, under 'Our Commitment to the Environment'.   | ● |
| <b>Energy</b>                    |  |  |   |
| EN3                              | Direct energy consumption by primary energy source.  | The figure is stated on page 38 in the 2013 NiS Report, under 'Our Commitment to the Environment'.   | ● |
| EN4                              | Indirect energy consumption by primary source.   | The figure is stated on page 38 in the 2013 NiS Report, under 'Our Commitment to the Environment'.   | ● |
| EN5                              | Energy saved due to conservation and efficiency improvements.  | The figure is stated on page 38 in the 2013 NiS Report, under 'Our Commitment to the Environment'.   | ● |
| EN6                              | Initiatives to provide energy-efficient or renewable energy-based products and services, and reductions in energy requirements as a result of these initiatives. | Refer to 'Our Commitment to the Environment - Packaging' - on pages 31 - 33 of the 2013 NiS Report. Initiatives include packaging reduction, increase packaging recyclables and renewable materials for packaging.<br><br>In 2011, Nestlé initiated the testing of 200 pilot units of high energy efficient freezers in the Ice Cream business retails using Hydrocarbon refrigerant. In 2013, an additional 347 units of similar freezers were deployed. This is an example of our efforts towards natural refrigerant use, which has less global warming effect. | ● |
| EN7                              | Initiatives to reduce indirect energy consumption and reductions achieved.   | Please refer to pages 29 & 30 of the 2013 NiS Report under 'Our Commitment to the Environment - Addressing Climate Change'. We achieved a total purchased electrical savings of 6,468 GJ in 2013 due to improvement in process efficiency and various energy saving initiatives (e.g. high efficient lights, productivity improvement, rationalised operations and fine bubble diffusers for wastewater treatment plant etc.). Further shuttle services are provided in the Head Office and factories for employees.   | ● |

## GRI STANDARD DISCLOSURES

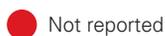
| <b>Water</b>        |   |  |   |
|---------------------|---|--|---|
| EN8                 | Total water withdrawal by source.   | The figure is stated on page 38 in the 2013 NiS Report, under 'Our Commitment to the Environment'. All our water sources are from Municipal Water, which are sourced from:<br>a) Sungai Selangor - Syarikat Bekalan Air Selangor - Petaling Jaya, Shah Alam Complex & Batu Tiga factories;<br>b) Sungai Batu Hampar - Syarikat Bekalan Air Negeri Sembilan - Chembong factories<br>c) Sungai Sarawak - Lembaga Air Kuching - Kuching Factory   |    |
| EN9                 | Water sources significantly affected by withdrawal of water.  | None of our water withdrawal sources are affected, as we are not classified as sensitive or part of the Ramsar Convention on Wetlands, 1971 list.  |    |
| EN10                | Percentage and total volume of water recycled and reused.   | The figure is stated on page 38 in the 2013 NiS Report, under 'Our Commitment to the Environment'.   |    |
| <b>Biodiversity</b> |   |  |   |
| EN11                | Location and size of land or waters owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.              | Not applicable, as all factories are located in Industrial Estates designated by the respective State governments.   |    |
| EN12                | Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas. | Not applicable, as all factories are located in Industrial Estates designated by the respective State governments.   |  |
| EN13                | Habitats protected or restored.   | Not applicable, as all factories are located in Industrial Estates designated by the respective State governments.<br><br>Nevertheless, Nestlé's commitment to the environment is reflected in its collaboration with NGOs to preserve the Setiu wetlands and reforestation of the Kinabatangan area, please refer to pages 24 & 29 of the 2013 NiS Report.  |  |
| EN14                | Strategies, current actions and future plans for managing impacts on biodiversity.  | Not applicable, as all factories are located in Industrial Estates designated by the respective State governments. Nevertheless, Nestlé's commitment to the environment is reflected in its collaboration with NGOs to preserve the Setiu wetlands and reforestation of the Kinabatangan area, please refer to pages 24 & 29 of the 2013 NiS Report.<br><br>In addition to that, Nestlé regularly engages with its stakeholders and one of the ways it does this is through the Nestlé Stakeholder Roundtable Discussions, please refer to pages 11 & 12 of the 2013 NiS Report. |  |
| EN15                | Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.                        | Not applicable - there are no reports of IUCN Red List species in the areas of operations. All factories are located in Industrial Estates designated by the respective States, which is located in a developed area as compared to a forest or the natural habitat for IUCN Red List species. The Nestlé Policy on Environmental Sustainability states that we must incorporate environmental sustainability objectives when we build, construct and renovate manufacturing facilities.   |  |



Full



Partial



Not reported

## GRI STANDARD DISCLOSURES

| Emission, Effluents and Waste |   |   |   |
|-------------------------------|---|---|---|
| EN16                          | Total direct and indirect greenhouse gas emissions by weight.   | The figure is stated on page 38 in the 2013 NiS Report, under 'Our Commitment to the Environment'.  |    |
| EN17                          | Other relevant indirect greenhouse gas emissions by weight.   | The figure is stated on page 38 in the 2013 NiS Report, under 'Our Commitment to the Environment'.  |    |
| EN18                          | Initiatives to reduce greenhouse gas emission and reductions achieved.  | The figure is stated on pages 29 & 30 in the 2013 NiS Report, under 'Our Commitment to the Environment – Addressing Climate Change'.  |    |
| EN19                          | Emission of ozone-depleting substances by weight.   | The figure is stated on page 38 in the 2013 NiS Report, under 'Our Commitment to the Environment'.  |    |
| EN20                          | NOx, SOx and other significant air emissions by type and weight.  | The figure is stated on page 38 in the 2013 NiS Report, under 'Our Commitment to the Environment'.  |    |
| EN21                          | Total water discharge by quality and destination.   | All wastewater discharged from factories are treated in biological wastewater treatment plants and all the discharge parameters comply with the local environmental regulations.<br>The figure is stated on page 38 in the 2013 NiS Report, under 'Our Commitment to the Environment'.  |  |
| EN22                          | Total weight of waste by type and disposal method.  | All recycling and landfill waste is managed by an appointed and authorised waste management company, and hazardous waste is managed by DOE-licensed contractors. There is no reuse of waste collected by our authorised waste management. The information is stated on page 31, under 'Minimising Solid Waste'.<br><br>Management and monitoring of waste by deep well injection is not applicable or relevant to the Company's operations. The 2013 figure is stated on page 39 in the 2013 NiS Report, under 'Our Commitment to the Environment'. |  |
| EN23                          | Total number and volume of significant spills.  | The figure is stated on page 39 in the 2013 NiS Report, under 'Our Commitment to the Environment'.  |  |
| EN24                          | Weight of transported, imported, exported or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III and VIII, and percentage of transported waste shipped internationally. | All hazardous waste is managed by DOE-authorized contractors for further treatment and disposal. Storage amount in the factories are limited, as specified by local regulations i.e. under a period of six months or 20 metric tonnes.  |  |

## GRI STANDARD DISCLOSURES

|                              |  |   |   |
|------------------------------|--|---|---|
| EN25                         | Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organisation's discharges of water and runoff. | All water discharged from Nestlé Malaysia factories are treated and are in compliance with the Environment Quality Act Standard B, with the approval from the Environmental Authorities. Our discharge is less than 1% with respect to flow rate of river.<br><br>Maximum flow from our operations in Klang Valley is 0.033 m <sup>3</sup> /second vs Klang River's flow of 50 m <sup>3</sup> /second. (source: <a href="http://www.KlangRiver">http://www.KlangRiver</a> ).  |    |
| <b>Products and Services</b> |  |   |   |
| EN26                         | Initiatives to mitigate environmental impacts of products and services and extent of impact mitigation.  | Refer to page 33 of the 2013 NiS Report, under 'Our Commitment to the Environment' - CAREton Project. Nestlé has also invested in the construction of separate control rooms for boilers to reduce noise exposure in Chembong Factory, and also natural refrigerant for Ice Cream freezers.   |    |
| EN27                         | Percentage of products sold and their packaging materials that are reclaimed by category.  | At present, Nestlé does not measure percentage of products sold and their packaging material that are reclaimed by category because Nestlé products reach consumers through various retail outlets. Due to its high variety of products, no measurement of packaging reclamation rates have been undertaken, and most of the packaging materials are recycled in various recycling centres throughout the country. However, the Company organises short term campaigns with various stakeholders such as CAREton Project where we did look into recycling used beverage cartons. Please refer to page 33 of the 2013 NiS Report for more information on the initiative. |    |
| <b>Compliance</b>            |  |   |   |
| EN28                         | Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.   | As of December 2013, no significant fines, non-monetary sanctions or cases brought through dispute resolution mechanisms were being imposed or happened within the Group.   |  |
| <b>Transport</b>             |  |   |   |
| EN29                         | Significant environmental impacts of transporting products and other goods and materials used for the organisation's operations and transporting members of the workforce.           | Monitoring for finished goods movement within Malaysia started in March 2011 and values provided are extrapolated for 12 months. Monitoring in other areas of transportation would be expanded gradually. The 2013 figure is stated on page 39 in the 2013 NiS Report, under 'Our Commitment to the Environment'.   |  |
| <b>Overall</b>               |  |   |   |
| EN30                         | Total environmental protection expenditures and investments by type.   | The figure is stated on page 39 in the 2013 NiS Report, under 'Our Commitment to the Environment'.  |  |



Full



Partial



Not reported

## GRI STANDARD DISCLOSURES

| <b>Social: Labour Practices and Decent Work</b> |   |   |  |
|---|---|---|--|
| <b>Employment</b>                               |   |   |  |
| LA1   | Total workforce by employment type, employment contract and region broken down by gender.   | The figure is stated on page 51 in the 2013 NiS Report, under 'Our People and the Workplace'.   |   |
| LA2   | Total number and rate of new employee hires and employee turnover by age group, gender and region.  | The Group measures number and rate of employee turnover in gender and region, but not by age group due to a non-directive from the GHRD. However, the Company plans to start tracking in 2014. The latest figure is stated on page 51 in the 2013 NiS Report, under 'Our People and the Workplace'.   | <br>Data by age group is not available. |
| LA3   | Benefits provided to full-time employees that are not provided to temporary or part-time employees by significant locations of operation. | The Group has listed down and provided full disclosure on the benefits of every employee in the Nestlé Management Employee Handbook, the collective agreement between Nestlé Manufacturing (M) Sdn Bhd and Food Industry Employee Union, and the collective agreements between Nestlé Products Sdn Bhd and National Union of Commercial Workers.  |   |
| LA15  | Return to work and retention rates after parental leave, by gender.   | No data available for return to work and retention rates after parental leave, by gender.   |                                        |
| <b>Labour/Management Relations</b>              |   |   |  |
| LA4   | Percentage of employees covered by collective bargaining agreements.  | Breakdown of employees covered by collective bargaining agreements: <ul style="list-style-type: none"> <li>• Total of non-management employees – 4,262</li> <li>• Total of employees under the union – 4,202 <ul style="list-style-type: none"> <li>• Nestlé Foods Malaysia (NFM) – 95</li> <li>• Nestlé Manufacturing Malaysia (NMM) – 3,542</li> <li>• Nestlé Products Malaysia (NPM) – 565</li> </ul> </li> </ul> Percentage of employees covered by collective bargaining agreements is 99%.<br>(Source: Group Human Resource, Nestlé Malaysia, December 2013). |                                       |
| LA5   | Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.           | As stated in the Collective Agreement, the minimum notice period is between three to seven days, depending on the nature of the change i.e. restructuring, outsourcing of operations, closures, expansions, new openings, takeovers, sale of all or part of the organisation, or mergers.   |                                       |
| FP3   | Percentage of working time lost due to industrial disputes, strikes and/or lock-outs, by country.   | There were no industrial disputes, strikes and/or lock-out in our Malaysian operations.   |                                       |



GRI STANDARD DISCLOSURES

| <p>LA8</p>            | <p>Education, training, counseling, prevention, and risk-control programmes in place to assist workforce members, their families, or community members regarding serious diseases.</p> | <p>The Nestlé Everyday Coaching programme as reported in 'Our People and the Workplace' covers the overall education, training, counseling, prevention and risk-control work-related matters, on pages 41 &amp; 42 of the 2013 NiS Report. The below table summarises the assistance programmes provided to the below recipients:</p> <table border="1" data-bbox="558 431 1407 927"> <thead> <tr> <th colspan="9">Assistance Programmes</th> </tr> <tr> <th rowspan="2">Programme Recipients</th> <th colspan="2">Education / Training</th> <th colspan="2">Counselling</th> <th colspan="2">Prevention / Risk Control</th> <th colspan="2">Treatment</th> </tr> <tr> <th>Yes</th> <th>No</th> <th>Yes</th> <th>No</th> <th>Yes</th> <th>No</th> <th>Yes</th> <th>No</th> </tr> </thead> <tbody> <tr> <td>Employees</td> <td>✓<br/>Refer to pages 48 - 50</td> <td></td> </tr> <tr> <td>Employees' Families</td> <td></td> <td>✓</td> <td></td> <td>✓</td> <td>✓<br/>Immediate family members are covered under employee's medical insurance</td> <td></td> <td>✓<br/>Immediate family members are covered under employee's medical insurance</td> <td></td> </tr> <tr> <td>Community Members</td> <td>✓<br/>Refer to pages 55 &amp; 56</td> <td></td> <td></td> <td>✓</td> <td></td> <td>✓</td> <td></td> <td>✓</td> </tr> </tbody> </table><br><table border="1" data-bbox="558 957 1407 1229"> <thead> <tr> <th>Plant</th> <th>Exposure to High Risk Chemicals</th> </tr> </thead> <tbody> <tr> <td>Chembong NMM</td> <td>No</td> </tr> <tr> <td>Chembong Ice Cream</td> <td>No</td> </tr> <tr> <td>Kuching</td> <td>Yes</td> </tr> <tr> <td>PJ</td> <td>Yes</td> </tr> <tr> <td>SAC</td> <td>Yes</td> </tr> <tr> <td>Batu Tiga</td> <td>Yes</td> </tr> </tbody> </table> <p>For the high risk exposures measures are being taken to reduce the risks to workers. There has been no reported cases of serious illnesses or diseases due to exposure to high risk chemicals.<br/>(Source: Chemical Health Risk Assessments: Year 2009 through 2013)</p> | Assistance Programmes   |    |  |    |  |    |  |  |  | Programme Recipients | Education / Training |  | Counselling |  | Prevention / Risk Control |  | Treatment |  | Yes | No | Yes | No | Yes | No | Yes | No | Employees | ✓<br>Refer to pages 48 - 50 |  | Employees' Families |  | ✓ |  | ✓ | ✓<br>Immediate family members are covered under employee's medical insurance |  | ✓<br>Immediate family members are covered under employee's medical insurance |  | Community Members | ✓<br>Refer to pages 55 & 56 |  |  | ✓ |  | ✓ |  | ✓ | Plant | Exposure to High Risk Chemicals | Chembong NMM | No | Chembong Ice Cream | No | Kuching | Yes | PJ | Yes | SAC | Yes | Batu Tiga | Yes |  |
|-----------------------|--|--|---|----|--|----|--|----|--|--|--|----------------------|----------------------|--|-------------|--|---------------------------|--|-----------|--|-----|----|-----|----|-----|----|-----|----|-----------|-----------------------------|--|-----------------------------|--|-----------------------------|--|-----------------------------|--|---------------------|--|---|--|---|--|--|--|--|-------------------|-----------------------------|--|--|---|--|---|--|---|-------|---------------------------------|--------------|----|--------------------|----|---------|-----|----|-----|-----|-----|-----------|-----|---|
| Assistance Programmes |  |  |   |    |  |    |  |    |  |  |  |                      |                      |  |             |  |                           |  |           |  |     |    |     |    |     |    |     |    |           |                             |  |                             |  |                             |  |                             |  |                     |  |   |  |   |  |  |  |  |                   |                             |  |  |   |  |   |  |   |       |                                 |              |    |                    |    |         |     |    |     |     |     |           |     |   |
| Programme Recipients  | Education / Training   |  | Counselling   |    | Prevention / Risk Control  |    | Treatment  |    |  |  |  |                      |                      |  |             |  |                           |  |           |  |     |    |     |    |     |    |     |    |           |                             |  |                             |  |                             |  |                             |  |                     |  |   |  |   |  |  |  |  |                   |                             |  |  |   |  |   |  |   |       |                                 |              |    |                    |    |         |     |    |     |     |     |           |     |   |
|                       | Yes  | No   | Yes   | No | Yes  | No | Yes  | No |  |  |  |                      |                      |  |             |  |                           |  |           |  |     |    |     |    |     |    |     |    |           |                             |  |                             |  |                             |  |                             |  |                     |  |   |  |   |  |  |  |  |                   |                             |  |  |   |  |   |  |   |       |                                 |              |    |                    |    |         |     |    |     |     |     |           |     |   |
| Employees             | ✓<br>Refer to pages 48 - 50  |  | ✓<br>Refer to pages 48 - 50   |    | ✓<br>Refer to pages 48 - 50  |    | ✓<br>Refer to pages 48 - 50  |    |  |  |  |                      |                      |  |             |  |                           |  |           |  |     |    |     |    |     |    |     |    |           |                             |  |                             |  |                             |  |                             |  |                     |  |   |  |   |  |  |  |  |                   |                             |  |  |   |  |   |  |   |       |                                 |              |    |                    |    |         |     |    |     |     |     |           |     |   |
| Employees' Families   |  | ✓  |   | ✓  | ✓<br>Immediate family members are covered under employee's medical insurance |    | ✓<br>Immediate family members are covered under employee's medical insurance |    |  |  |  |                      |                      |  |             |  |                           |  |           |  |     |    |     |    |     |    |     |    |           |                             |  |                             |  |                             |  |                             |  |                     |  |   |  |   |  |  |  |  |                   |                             |  |  |   |  |   |  |   |       |                                 |              |    |                    |    |         |     |    |     |     |     |           |     |   |
| Community Members     | ✓<br>Refer to pages 55 & 56  |  |   | ✓  |  | ✓  |  | ✓  |  |  |  |                      |                      |  |             |  |                           |  |           |  |     |    |     |    |     |    |     |    |           |                             |  |                             |  |                             |  |                             |  |                     |  |   |  |   |  |  |  |  |                   |                             |  |  |   |  |   |  |   |       |                                 |              |    |                    |    |         |     |    |     |     |     |           |     |   |
| Plant                 | Exposure to High Risk Chemicals  |  |   |    |  |    |  |    |  |  |  |                      |                      |  |             |  |                           |  |           |  |     |    |     |    |     |    |     |    |           |                             |  |                             |  |                             |  |                             |  |                     |  |   |  |   |  |  |  |  |                   |                             |  |  |   |  |   |  |   |       |                                 |              |    |                    |    |         |     |    |     |     |     |           |     |   |
| Chembong NMM          | No   |  |   |    |  |    |  |    |  |  |  |                      |                      |  |             |  |                           |  |           |  |     |    |     |    |     |    |     |    |           |                             |  |                             |  |                             |  |                             |  |                     |  |   |  |   |  |  |  |  |                   |                             |  |  |   |  |   |  |   |       |                                 |              |    |                    |    |         |     |    |     |     |     |           |     |   |
| Chembong Ice Cream    | No   |  |   |    |  |    |  |    |  |  |  |                      |                      |  |             |  |                           |  |           |  |     |    |     |    |     |    |     |    |           |                             |  |                             |  |                             |  |                             |  |                     |  |   |  |   |  |  |  |  |                   |                             |  |  |   |  |   |  |   |       |                                 |              |    |                    |    |         |     |    |     |     |     |           |     |   |
| Kuching               | Yes  |  |   |    |  |    |  |    |  |  |  |                      |                      |  |             |  |                           |  |           |  |     |    |     |    |     |    |     |    |           |                             |  |                             |  |                             |  |                             |  |                     |  |   |  |   |  |  |  |  |                   |                             |  |  |   |  |   |  |   |       |                                 |              |    |                    |    |         |     |    |     |     |     |           |     |   |
| PJ                    | Yes  |  |   |    |  |    |  |    |  |  |  |                      |                      |  |             |  |                           |  |           |  |     |    |     |    |     |    |     |    |           |                             |  |                             |  |                             |  |                             |  |                     |  |   |  |   |  |  |  |  |                   |                             |  |  |   |  |   |  |   |       |                                 |              |    |                    |    |         |     |    |     |     |     |           |     |   |
| SAC                   | Yes  |  |   |    |  |    |  |    |  |  |  |                      |                      |  |             |  |                           |  |           |  |     |    |     |    |     |    |     |    |           |                             |  |                             |  |                             |  |                             |  |                     |  |   |  |   |  |  |  |  |                   |                             |  |  |   |  |   |  |   |       |                                 |              |    |                    |    |         |     |    |     |     |     |           |     |   |
| Batu Tiga             | Yes  |  |   |    |  |    |  |    |  |  |  |                      |                      |  |             |  |                           |  |           |  |     |    |     |    |     |    |     |    |           |                             |  |                             |  |                             |  |                             |  |                     |  |   |  |   |  |  |  |  |                   |                             |  |  |   |  |   |  |   |       |                                 |              |    |                    |    |         |     |    |     |     |     |           |     |   |
| <p>LA9</p>            | <p>Health and safety topics covered in formal agreements with trade unions.</p>  | <p>As indicated in the Collective Agreement 2011-2013 between Nestlé Manufacturing (M) Sdn Bhd and Food Industry Employee Union:</p> <ul style="list-style-type: none"> <li>• Article 29 describes the terms and conditions, under which an employee shall or shall not be entitled to paid sick leave;</li> <li>• Article 30 describes the terms and conditions, under which an employee shall be granted a prolonged illness leave;</li> <li>• Article 31 describes the terms and conditions, under which an employee shall be granted an industrial accident leave.</li> </ul>  |  |    |  |    |  |    |  |  |  |                      |                      |  |             |  |                           |  |           |  |     |    |     |    |     |    |     |    |           |                             |  |                             |  |                             |  |                             |  |                     |  |   |  |   |  |  |  |  |                   |                             |  |  |   |  |   |  |   |       |                                 |              |    |                    |    |         |     |    |     |     |     |           |     |   |

## GRI STANDARD DISCLOSURES

| Training and Education |  |   |  |
|------------------------|--|---|--|
| LA10                   | Average hours of training per year per employee by gender and by employee category.  | The figures are stated on page 53 in the 2013 NiS Report, under 'Our People and the Workplace'.   | <br>Data by gender group is not available |
| LA11                   | Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings. | <p>Nestlé Malaysia runs a two-day workshop that covers the three Key Areas of Concerns amongst potential retirees ie. Finance, Health and Relationships. It is designed to prepare and equip participants with the required knowledge, tools and skills to work out a retirement plan that suits them.</p> <p>The aims and objectives of the workshop are as follows:</p> <ul style="list-style-type: none"> <li>• To impart participants with the knowledge and tools to develop a retirement plan tailored to each individual's needs.</li> <li>• To prepare participants 'mentally and psychologically' to face the realities of retirement.</li> <li>• To de-mystify the many 'perceptions and myths' people perceive of retirement.</li> <li>• To help participants achieve the ability to look forward to their 'golden years' with much anticipation and joy.</li> </ul> |   |
| LA12                   | Percentage of employees receiving regular performance and career development reviews and by gender.  | The percentage of total employees who received regular performance appraisal and review during the reporting period is 100%, as stated on page 53 of the 2013 NiS Report.   |   |



Full



Partial



Not reported

## GRI STANDARD DISCLOSURES

| Diversity or Equal Opportunity |   |  |              |              |           |             |              |               |   |       |   |            |     |      |       |       |    |      |       |       |         |     |       |     |      |    |      |       |       |        |     |      |     |      |   |      |     |      |        |    |      |    |      |   |      |    |      |              |              |              |              |              |           |             |              |               |     |     |   |       |   |           |   |       |   |          |     |      |       |       |    |      |       |       |         |       |       |       |       |   |      |       |       |          |     |      |     |      |    |      |     |      |              |              |              |              |              |           |             |              |               |        |     |   |       |   |           |   |       |   |      |     |       |       |       |    |      |       |       |        |     |       |       |       |    |      |       |       |              |              |              |              |              |           |             |              |               |        |   |       |            |       |   |         |       |   |        |      |   |        |       |   |              |               |          |     |   |       |          |    |   |         |     |   |          |     |   |              |             |          |        |   |       |      |     |   |        |     |   |              |             |          |
|--------------------------------|---|--|--------------|--------------|-----------|-------------|--------------|---------------|---|-------|---|------------|-----|------|-------|-------|----|------|-------|-------|---------|-----|-------|-----|------|----|------|-------|-------|--------|-----|------|-----|------|---|------|-----|------|--------|----|------|----|------|---|------|----|------|--------------|--------------|--------------|--------------|--------------|-----------|-------------|--------------|---------------|-----|-----|---|-------|---|-----------|---|-------|---|----------|-----|------|-------|-------|----|------|-------|-------|---------|-------|-------|-------|-------|---|------|-------|-------|----------|-----|------|-----|------|----|------|-----|------|--------------|--------------|--------------|--------------|--------------|-----------|-------------|--------------|---------------|--------|-----|---|-------|---|-----------|---|-------|---|------|-----|-------|-------|-------|----|------|-------|-------|--------|-----|-------|-------|-------|----|------|-------|-------|--------------|--------------|--------------|--------------|--------------|-----------|-------------|--------------|---------------|--------|---|-------|------------|-------|---|---------|-------|---|--------|------|---|--------|-------|---|--------------|---------------|----------|-----|---|-------|----------|----|---|---------|-----|---|----------|-----|---|--------------|-------------|----------|--------|---|-------|------|-----|---|--------|-----|---|--------------|-------------|----------|
| LA13                           | Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity. | <p>Breakdown of Nestlé Malaysia's employees in terms of ethnic composition, age group and gender.</p> <table border="1"> <thead> <tr> <th>ETHNIC</th> <th>Mgt</th> <th>%</th> <th>N-Mgt</th> <th>%</th> <th>Temporary</th> <th>%</th> <th>Total</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>Bumiputera</td> <td>505</td> <td>8.6%</td> <td>3,645</td> <td>62.3%</td> <td>28</td> <td>0.5%</td> <td>4,178</td> <td>71.5%</td> </tr> <tr> <td>Chinese</td> <td>808</td> <td>13.8%</td> <td>338</td> <td>5.8%</td> <td>24</td> <td>0.4%</td> <td>1,170</td> <td>20.0%</td> </tr> <tr> <td>Indian</td> <td>137</td> <td>2.3%</td> <td>266</td> <td>4.5%</td> <td>5</td> <td>0.1%</td> <td>408</td> <td>7.0%</td> </tr> <tr> <td>Others</td> <td>76</td> <td>1.3%</td> <td>13</td> <td>0.2%</td> <td>2</td> <td>0.0%</td> <td>91</td> <td>1.6%</td> </tr> <tr> <td><b>Total</b></td> <td><b>1,526</b></td> <td><b>26.1%</b></td> <td><b>4,262</b></td> <td><b>72.9%</b></td> <td><b>59</b></td> <td><b>1.0%</b></td> <td><b>5,847</b></td> <td><b>100.0%</b></td> </tr> </tbody> </table><br><table border="1"> <thead> <tr> <th>AGE</th> <th>Mgt</th> <th>%</th> <th>N-Mgt</th> <th>%</th> <th>Temporary</th> <th>%</th> <th>Total</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>Below 30</td> <td>301</td> <td>5.1%</td> <td>1,815</td> <td>31.0%</td> <td>26</td> <td>0.4%</td> <td>2,142</td> <td>36.6%</td> </tr> <tr> <td>30 - 50</td> <td>1,098</td> <td>18.8%</td> <td>2,171</td> <td>37.1%</td> <td>6</td> <td>0.1%</td> <td>3,275</td> <td>56.0%</td> </tr> <tr> <td>Above 50</td> <td>127</td> <td>2.2%</td> <td>276</td> <td>4.7%</td> <td>27</td> <td>0.5%</td> <td>430</td> <td>7.4%</td> </tr> <tr> <td><b>Total</b></td> <td><b>1,526</b></td> <td><b>26.1%</b></td> <td><b>4,262</b></td> <td><b>72.9%</b></td> <td><b>59</b></td> <td><b>1.0%</b></td> <td><b>5,847</b></td> <td><b>100.0%</b></td> </tr> </tbody> </table><br><table border="1"> <thead> <tr> <th>GENDER</th> <th>Mgt</th> <th>%</th> <th>N-Mgt</th> <th>%</th> <th>Temporary</th> <th>%</th> <th>Total</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>Male</td> <td>795</td> <td>13.6%</td> <td>3,008</td> <td>51.4%</td> <td>25</td> <td>0.4%</td> <td>3,828</td> <td>65.5%</td> </tr> <tr> <td>Female</td> <td>731</td> <td>12.5%</td> <td>1,254</td> <td>21.4%</td> <td>34</td> <td>0.6%</td> <td>2,019</td> <td>34.5%</td> </tr> <tr> <td><b>Total</b></td> <td><b>1,526</b></td> <td><b>26.1%</b></td> <td><b>4,262</b></td> <td><b>72.9%</b></td> <td><b>59</b></td> <td><b>1.0%</b></td> <td><b>5,847</b></td> <td><b>100.0%</b></td> </tr> </tbody> </table><br><p>Breakdown of Nestlé Malaysia's Board of Directors in terms of ethnic composition, age group and gender</p> <table border="1"> <thead> <tr> <th>ETHNIC</th> <th>%</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Bumiputera</td> <td>37.5%</td> <td>3</td> </tr> <tr> <td>Chinese</td> <td>25.0%</td> <td>2</td> </tr> <tr> <td>Indian</td> <td>0.0%</td> <td>0</td> </tr> <tr> <td>Others</td> <td>37.5%</td> <td>3</td> </tr> <tr> <td><b>Total</b></td> <td><b>100.0%</b></td> <td><b>8</b></td> </tr> </tbody> </table><br><table border="1"> <thead> <tr> <th>AGE</th> <th>%</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Below 30</td> <td>0%</td> <td>0</td> </tr> <tr> <td>30 - 50</td> <td>25%</td> <td>2</td> </tr> <tr> <td>Above 50</td> <td>75%</td> <td>6</td> </tr> <tr> <td><b>Total</b></td> <td><b>100%</b></td> <td><b>8</b></td> </tr> </tbody> </table><br><table border="1"> <thead> <tr> <th>Gender</th> <th>%</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Male</td> <td>75%</td> <td>6</td> </tr> <tr> <td>Female</td> <td>25%</td> <td>2</td> </tr> <tr> <td><b>Total</b></td> <td><b>100%</b></td> <td><b>8</b></td> </tr> </tbody> </table> | ETHNIC       | Mgt          | %         | N-Mgt       | %            | Temporary     | % | Total | % | Bumiputera | 505 | 8.6% | 3,645 | 62.3% | 28 | 0.5% | 4,178 | 71.5% | Chinese | 808 | 13.8% | 338 | 5.8% | 24 | 0.4% | 1,170 | 20.0% | Indian | 137 | 2.3% | 266 | 4.5% | 5 | 0.1% | 408 | 7.0% | Others | 76 | 1.3% | 13 | 0.2% | 2 | 0.0% | 91 | 1.6% | <b>Total</b> | <b>1,526</b> | <b>26.1%</b> | <b>4,262</b> | <b>72.9%</b> | <b>59</b> | <b>1.0%</b> | <b>5,847</b> | <b>100.0%</b> | AGE | Mgt | % | N-Mgt | % | Temporary | % | Total | % | Below 30 | 301 | 5.1% | 1,815 | 31.0% | 26 | 0.4% | 2,142 | 36.6% | 30 - 50 | 1,098 | 18.8% | 2,171 | 37.1% | 6 | 0.1% | 3,275 | 56.0% | Above 50 | 127 | 2.2% | 276 | 4.7% | 27 | 0.5% | 430 | 7.4% | <b>Total</b> | <b>1,526</b> | <b>26.1%</b> | <b>4,262</b> | <b>72.9%</b> | <b>59</b> | <b>1.0%</b> | <b>5,847</b> | <b>100.0%</b> | GENDER | Mgt | % | N-Mgt | % | Temporary | % | Total | % | Male | 795 | 13.6% | 3,008 | 51.4% | 25 | 0.4% | 3,828 | 65.5% | Female | 731 | 12.5% | 1,254 | 21.4% | 34 | 0.6% | 2,019 | 34.5% | <b>Total</b> | <b>1,526</b> | <b>26.1%</b> | <b>4,262</b> | <b>72.9%</b> | <b>59</b> | <b>1.0%</b> | <b>5,847</b> | <b>100.0%</b> | ETHNIC | % | Total | Bumiputera | 37.5% | 3 | Chinese | 25.0% | 2 | Indian | 0.0% | 0 | Others | 37.5% | 3 | <b>Total</b> | <b>100.0%</b> | <b>8</b> | AGE | % | Total | Below 30 | 0% | 0 | 30 - 50 | 25% | 2 | Above 50 | 75% | 6 | <b>Total</b> | <b>100%</b> | <b>8</b> | Gender | % | Total | Male | 75% | 6 | Female | 25% | 2 | <b>Total</b> | <b>100%</b> | <b>8</b> |
| ETHNIC                         | Mgt   | %  | N-Mgt        | %            | Temporary | %           | Total        | %             |   |       |   |            |     |      |       |       |    |      |       |       |         |     |       |     |      |    |      |       |       |        |     |      |     |      |   |      |     |      |        |    |      |    |      |   |      |    |      |              |              |              |              |              |           |             |              |               |     |     |   |       |   |           |   |       |   |          |     |      |       |       |    |      |       |       |         |       |       |       |       |   |      |       |       |          |     |      |     |      |    |      |     |      |              |              |              |              |              |           |             |              |               |        |     |   |       |   |           |   |       |   |      |     |       |       |       |    |      |       |       |        |     |       |       |       |    |      |       |       |              |              |              |              |              |           |             |              |               |        |   |       |            |       |   |         |       |   |        |      |   |        |       |   |              |               |          |     |   |       |          |    |   |         |     |   |          |     |   |              |             |          |        |   |       |      |     |   |        |     |   |              |             |          |
| Bumiputera                     | 505   | 8.6%   | 3,645        | 62.3%        | 28        | 0.5%        | 4,178        | 71.5%         |   |       |   |            |     |      |       |       |    |      |       |       |         |     |       |     |      |    |      |       |       |        |     |      |     |      |   |      |     |      |        |    |      |    |      |   |      |    |      |              |              |              |              |              |           |             |              |               |     |     |   |       |   |           |   |       |   |          |     |      |       |       |    |      |       |       |         |       |       |       |       |   |      |       |       |          |     |      |     |      |    |      |     |      |              |              |              |              |              |           |             |              |               |        |     |   |       |   |           |   |       |   |      |     |       |       |       |    |      |       |       |        |     |       |       |       |    |      |       |       |              |              |              |              |              |           |             |              |               |        |   |       |            |       |   |         |       |   |        |      |   |        |       |   |              |               |          |     |   |       |          |    |   |         |     |   |          |     |   |              |             |          |        |   |       |      |     |   |        |     |   |              |             |          |
| Chinese                        | 808   | 13.8%  | 338          | 5.8%         | 24        | 0.4%        | 1,170        | 20.0%         |   |       |   |            |     |      |       |       |    |      |       |       |         |     |       |     |      |    |      |       |       |        |     |      |     |      |   |      |     |      |        |    |      |    |      |   |      |    |      |              |              |              |              |              |           |             |              |               |     |     |   |       |   |           |   |       |   |          |     |      |       |       |    |      |       |       |         |       |       |       |       |   |      |       |       |          |     |      |     |      |    |      |     |      |              |              |              |              |              |           |             |              |               |        |     |   |       |   |           |   |       |   |      |     |       |       |       |    |      |       |       |        |     |       |       |       |    |      |       |       |              |              |              |              |              |           |             |              |               |        |   |       |            |       |   |         |       |   |        |      |   |        |       |   |              |               |          |     |   |       |          |    |   |         |     |   |          |     |   |              |             |          |        |   |       |      |     |   |        |     |   |              |             |          |
| Indian                         | 137   | 2.3%   | 266          | 4.5%         | 5         | 0.1%        | 408          | 7.0%          |   |       |   |            |     |      |       |       |    |      |       |       |         |     |       |     |      |    |      |       |       |        |     |      |     |      |   |      |     |      |        |    |      |    |      |   |      |    |      |              |              |              |              |              |           |             |              |               |     |     |   |       |   |           |   |       |   |          |     |      |       |       |    |      |       |       |         |       |       |       |       |   |      |       |       |          |     |      |     |      |    |      |     |      |              |              |              |              |              |           |             |              |               |        |     |   |       |   |           |   |       |   |      |     |       |       |       |    |      |       |       |        |     |       |       |       |    |      |       |       |              |              |              |              |              |           |             |              |               |        |   |       |            |       |   |         |       |   |        |      |   |        |       |   |              |               |          |     |   |       |          |    |   |         |     |   |          |     |   |              |             |          |        |   |       |      |     |   |        |     |   |              |             |          |
| Others                         | 76  | 1.3%   | 13           | 0.2%         | 2         | 0.0%        | 91           | 1.6%          |   |       |   |            |     |      |       |       |    |      |       |       |         |     |       |     |      |    |      |       |       |        |     |      |     |      |   |      |     |      |        |    |      |    |      |   |      |    |      |              |              |              |              |              |           |             |              |               |     |     |   |       |   |           |   |       |   |          |     |      |       |       |    |      |       |       |         |       |       |       |       |   |      |       |       |          |     |      |     |      |    |      |     |      |              |              |              |              |              |           |             |              |               |        |     |   |       |   |           |   |       |   |      |     |       |       |       |    |      |       |       |        |     |       |       |       |    |      |       |       |              |              |              |              |              |           |             |              |               |        |   |       |            |       |   |         |       |   |        |      |   |        |       |   |              |               |          |     |   |       |          |    |   |         |     |   |          |     |   |              |             |          |        |   |       |      |     |   |        |     |   |              |             |          |
| <b>Total</b>                   | <b>1,526</b>  | <b>26.1%</b>   | <b>4,262</b> | <b>72.9%</b> | <b>59</b> | <b>1.0%</b> | <b>5,847</b> | <b>100.0%</b> |   |       |   |            |     |      |       |       |    |      |       |       |         |     |       |     |      |    |      |       |       |        |     |      |     |      |   |      |     |      |        |    |      |    |      |   |      |    |      |              |              |              |              |              |           |             |              |               |     |     |   |       |   |           |   |       |   |          |     |      |       |       |    |      |       |       |         |       |       |       |       |   |      |       |       |          |     |      |     |      |    |      |     |      |              |              |              |              |              |           |             |              |               |        |     |   |       |   |           |   |       |   |      |     |       |       |       |    |      |       |       |        |     |       |       |       |    |      |       |       |              |              |              |              |              |           |             |              |               |        |   |       |            |       |   |         |       |   |        |      |   |        |       |   |              |               |          |     |   |       |          |    |   |         |     |   |          |     |   |              |             |          |        |   |       |      |     |   |        |     |   |              |             |          |
| AGE                            | Mgt   | %  | N-Mgt        | %            | Temporary | %           | Total        | %             |   |       |   |            |     |      |       |       |    |      |       |       |         |     |       |     |      |    |      |       |       |        |     |      |     |      |   |      |     |      |        |    |      |    |      |   |      |    |      |              |              |              |              |              |           |             |              |               |     |     |   |       |   |           |   |       |   |          |     |      |       |       |    |      |       |       |         |       |       |       |       |   |      |       |       |          |     |      |     |      |    |      |     |      |              |              |              |              |              |           |             |              |               |        |     |   |       |   |           |   |       |   |      |     |       |       |       |    |      |       |       |        |     |       |       |       |    |      |       |       |              |              |              |              |              |           |             |              |               |        |   |       |            |       |   |         |       |   |        |      |   |        |       |   |              |               |          |     |   |       |          |    |   |         |     |   |          |     |   |              |             |          |        |   |       |      |     |   |        |     |   |              |             |          |
| Below 30                       | 301   | 5.1%   | 1,815        | 31.0%        | 26        | 0.4%        | 2,142        | 36.6%         |   |       |   |            |     |      |       |       |    |      |       |       |         |     |       |     |      |    |      |       |       |        |     |      |     |      |   |      |     |      |        |    |      |    |      |   |      |    |      |              |              |              |              |              |           |             |              |               |     |     |   |       |   |           |   |       |   |          |     |      |       |       |    |      |       |       |         |       |       |       |       |   |      |       |       |          |     |      |     |      |    |      |     |      |              |              |              |              |              |           |             |              |               |        |     |   |       |   |           |   |       |   |      |     |       |       |       |    |      |       |       |        |     |       |       |       |    |      |       |       |              |              |              |              |              |           |             |              |               |        |   |       |            |       |   |         |       |   |        |      |   |        |       |   |              |               |          |     |   |       |          |    |   |         |     |   |          |     |   |              |             |          |        |   |       |      |     |   |        |     |   |              |             |          |
| 30 - 50                        | 1,098   | 18.8%  | 2,171        | 37.1%        | 6         | 0.1%        | 3,275        | 56.0%         |   |       |   |            |     |      |       |       |    |      |       |       |         |     |       |     |      |    |      |       |       |        |     |      |     |      |   |      |     |      |        |    |      |    |      |   |      |    |      |              |              |              |              |              |           |             |              |               |     |     |   |       |   |           |   |       |   |          |     |      |       |       |    |      |       |       |         |       |       |       |       |   |      |       |       |          |     |      |     |      |    |      |     |      |              |              |              |              |              |           |             |              |               |        |     |   |       |   |           |   |       |   |      |     |       |       |       |    |      |       |       |        |     |       |       |       |    |      |       |       |              |              |              |              |              |           |             |              |               |        |   |       |            |       |   |         |       |   |        |      |   |        |       |   |              |               |          |     |   |       |          |    |   |         |     |   |          |     |   |              |             |          |        |   |       |      |     |   |        |     |   |              |             |          |
| Above 50                       | 127   | 2.2%   | 276          | 4.7%         | 27        | 0.5%        | 430          | 7.4%          |   |       |   |            |     |      |       |       |    |      |       |       |         |     |       |     |      |    |      |       |       |        |     |      |     |      |   |      |     |      |        |    |      |    |      |   |      |    |      |              |              |              |              |              |           |             |              |               |     |     |   |       |   |           |   |       |   |          |     |      |       |       |    |      |       |       |         |       |       |       |       |   |      |       |       |          |     |      |     |      |    |      |     |      |              |              |              |              |              |           |             |              |               |        |     |   |       |   |           |   |       |   |      |     |       |       |       |    |      |       |       |        |     |       |       |       |    |      |       |       |              |              |              |              |              |           |             |              |               |        |   |       |            |       |   |         |       |   |        |      |   |        |       |   |              |               |          |     |   |       |          |    |   |         |     |   |          |     |   |              |             |          |        |   |       |      |     |   |        |     |   |              |             |          |
| <b>Total</b>                   | <b>1,526</b>  | <b>26.1%</b>   | <b>4,262</b> | <b>72.9%</b> | <b>59</b> | <b>1.0%</b> | <b>5,847</b> | <b>100.0%</b> |   |       |   |            |     |      |       |       |    |      |       |       |         |     |       |     |      |    |      |       |       |        |     |      |     |      |   |      |     |      |        |    |      |    |      |   |      |    |      |              |              |              |              |              |           |             |              |               |     |     |   |       |   |           |   |       |   |          |     |      |       |       |    |      |       |       |         |       |       |       |       |   |      |       |       |          |     |      |     |      |    |      |     |      |              |              |              |              |              |           |             |              |               |        |     |   |       |   |           |   |       |   |      |     |       |       |       |    |      |       |       |        |     |       |       |       |    |      |       |       |              |              |              |              |              |           |             |              |               |        |   |       |            |       |   |         |       |   |        |      |   |        |       |   |              |               |          |     |   |       |          |    |   |         |     |   |          |     |   |              |             |          |        |   |       |      |     |   |        |     |   |              |             |          |
| GENDER                         | Mgt   | %  | N-Mgt        | %            | Temporary | %           | Total        | %             |   |       |   |            |     |      |       |       |    |      |       |       |         |     |       |     |      |    |      |       |       |        |     |      |     |      |   |      |     |      |        |    |      |    |      |   |      |    |      |              |              |              |              |              |           |             |              |               |     |     |   |       |   |           |   |       |   |          |     |      |       |       |    |      |       |       |         |       |       |       |       |   |      |       |       |          |     |      |     |      |    |      |     |      |              |              |              |              |              |           |             |              |               |        |     |   |       |   |           |   |       |   |      |     |       |       |       |    |      |       |       |        |     |       |       |       |    |      |       |       |              |              |              |              |              |           |             |              |               |        |   |       |            |       |   |         |       |   |        |      |   |        |       |   |              |               |          |     |   |       |          |    |   |         |     |   |          |     |   |              |             |          |        |   |       |      |     |   |        |     |   |              |             |          |
| Male                           | 795   | 13.6%  | 3,008        | 51.4%        | 25        | 0.4%        | 3,828        | 65.5%         |   |       |   |            |     |      |       |       |    |      |       |       |         |     |       |     |      |    |      |       |       |        |     |      |     |      |   |      |     |      |        |    |      |    |      |   |      |    |      |              |              |              |              |              |           |             |              |               |     |     |   |       |   |           |   |       |   |          |     |      |       |       |    |      |       |       |         |       |       |       |       |   |      |       |       |          |     |      |     |      |    |      |     |      |              |              |              |              |              |           |             |              |               |        |     |   |       |   |           |   |       |   |      |     |       |       |       |    |      |       |       |        |     |       |       |       |    |      |       |       |              |              |              |              |              |           |             |              |               |        |   |       |            |       |   |         |       |   |        |      |   |        |       |   |              |               |          |     |   |       |          |    |   |         |     |   |          |     |   |              |             |          |        |   |       |      |     |   |        |     |   |              |             |          |
| Female                         | 731   | 12.5%  | 1,254        | 21.4%        | 34        | 0.6%        | 2,019        | 34.5%         |   |       |   |            |     |      |       |       |    |      |       |       |         |     |       |     |      |    |      |       |       |        |     |      |     |      |   |      |     |      |        |    |      |    |      |   |      |    |      |              |              |              |              |              |           |             |              |               |     |     |   |       |   |           |   |       |   |          |     |      |       |       |    |      |       |       |         |       |       |       |       |   |      |       |       |          |     |      |     |      |    |      |     |      |              |              |              |              |              |           |             |              |               |        |     |   |       |   |           |   |       |   |      |     |       |       |       |    |      |       |       |        |     |       |       |       |    |      |       |       |              |              |              |              |              |           |             |              |               |        |   |       |            |       |   |         |       |   |        |      |   |        |       |   |              |               |          |     |   |       |          |    |   |         |     |   |          |     |   |              |             |          |        |   |       |      |     |   |        |     |   |              |             |          |
| <b>Total</b>                   | <b>1,526</b>  | <b>26.1%</b>   | <b>4,262</b> | <b>72.9%</b> | <b>59</b> | <b>1.0%</b> | <b>5,847</b> | <b>100.0%</b> |   |       |   |            |     |      |       |       |    |      |       |       |         |     |       |     |      |    |      |       |       |        |     |      |     |      |   |      |     |      |        |    |      |    |      |   |      |    |      |              |              |              |              |              |           |             |              |               |     |     |   |       |   |           |   |       |   |          |     |      |       |       |    |      |       |       |         |       |       |       |       |   |      |       |       |          |     |      |     |      |    |      |     |      |              |              |              |              |              |           |             |              |               |        |     |   |       |   |           |   |       |   |      |     |       |       |       |    |      |       |       |        |     |       |       |       |    |      |       |       |              |              |              |              |              |           |             |              |               |        |   |       |            |       |   |         |       |   |        |      |   |        |       |   |              |               |          |     |   |       |          |    |   |         |     |   |          |     |   |              |             |          |        |   |       |      |     |   |        |     |   |              |             |          |
| ETHNIC                         | %   | Total  |              |              |           |             |              |               |   |       |   |            |     |      |       |       |    |      |       |       |         |     |       |     |      |    |      |       |       |        |     |      |     |      |   |      |     |      |        |    |      |    |      |   |      |    |      |              |              |              |              |              |           |             |              |               |     |     |   |       |   |           |   |       |   |          |     |      |       |       |    |      |       |       |         |       |       |       |       |   |      |       |       |          |     |      |     |      |    |      |     |      |              |              |              |              |              |           |             |              |               |        |     |   |       |   |           |   |       |   |      |     |       |       |       |    |      |       |       |        |     |       |       |       |    |      |       |       |              |              |              |              |              |           |             |              |               |        |   |       |            |       |   |         |       |   |        |      |   |        |       |   |              |               |          |     |   |       |          |    |   |         |     |   |          |     |   |              |             |          |        |   |       |      |     |   |        |     |   |              |             |          |
| Bumiputera                     | 37.5%   | 3  |              |              |           |             |              |               |   |       |   |            |     |      |       |       |    |      |       |       |         |     |       |     |      |    |      |       |       |        |     |      |     |      |   |      |     |      |        |    |      |    |      |   |      |    |      |              |              |              |              |              |           |             |              |               |     |     |   |       |   |           |   |       |   |          |     |      |       |       |    |      |       |       |         |       |       |       |       |   |      |       |       |          |     |      |     |      |    |      |     |      |              |              |              |              |              |           |             |              |               |        |     |   |       |   |           |   |       |   |      |     |       |       |       |    |      |       |       |        |     |       |       |       |    |      |       |       |              |              |              |              |              |           |             |              |               |        |   |       |            |       |   |         |       |   |        |      |   |        |       |   |              |               |          |     |   |       |          |    |   |         |     |   |          |     |   |              |             |          |        |   |       |      |     |   |        |     |   |              |             |          |
| Chinese                        | 25.0%   | 2  |              |              |           |             |              |               |   |       |   |            |     |      |       |       |    |      |       |       |         |     |       |     |      |    |      |       |       |        |     |      |     |      |   |      |     |      |        |    |      |    |      |   |      |    |      |              |              |              |              |              |           |             |              |               |     |     |   |       |   |           |   |       |   |          |     |      |       |       |    |      |       |       |         |       |       |       |       |   |      |       |       |          |     |      |     |      |    |      |     |      |              |              |              |              |              |           |             |              |               |        |     |   |       |   |           |   |       |   |      |     |       |       |       |    |      |       |       |        |     |       |       |       |    |      |       |       |              |              |              |              |              |           |             |              |               |        |   |       |            |       |   |         |       |   |        |      |   |        |       |   |              |               |          |     |   |       |          |    |   |         |     |   |          |     |   |              |             |          |        |   |       |      |     |   |        |     |   |              |             |          |
| Indian                         | 0.0%  | 0  |              |              |           |             |              |               |   |       |   |            |     |      |       |       |    |      |       |       |         |     |       |     |      |    |      |       |       |        |     |      |     |      |   |      |     |      |        |    |      |    |      |   |      |    |      |              |              |              |              |              |           |             |              |               |     |     |   |       |   |           |   |       |   |          |     |      |       |       |    |      |       |       |         |       |       |       |       |   |      |       |       |          |     |      |     |      |    |      |     |      |              |              |              |              |              |           |             |              |               |        |     |   |       |   |           |   |       |   |      |     |       |       |       |    |      |       |       |        |     |       |       |       |    |      |       |       |              |              |              |              |              |           |             |              |               |        |   |       |            |       |   |         |       |   |        |      |   |        |       |   |              |               |          |     |   |       |          |    |   |         |     |   |          |     |   |              |             |          |        |   |       |      |     |   |        |     |   |              |             |          |
| Others                         | 37.5%   | 3  |              |              |           |             |              |               |   |       |   |            |     |      |       |       |    |      |       |       |         |     |       |     |      |    |      |       |       |        |     |      |     |      |   |      |     |      |        |    |      |    |      |   |      |    |      |              |              |              |              |              |           |             |              |               |     |     |   |       |   |           |   |       |   |          |     |      |       |       |    |      |       |       |         |       |       |       |       |   |      |       |       |          |     |      |     |      |    |      |     |      |              |              |              |              |              |           |             |              |               |        |     |   |       |   |           |   |       |   |      |     |       |       |       |    |      |       |       |        |     |       |       |       |    |      |       |       |              |              |              |              |              |           |             |              |               |        |   |       |            |       |   |         |       |   |        |      |   |        |       |   |              |               |          |     |   |       |          |    |   |         |     |   |          |     |   |              |             |          |        |   |       |      |     |   |        |     |   |              |             |          |
| <b>Total</b>                   | <b>100.0%</b>   | <b>8</b>   |              |              |           |             |              |               |   |       |   |            |     |      |       |       |    |      |       |       |         |     |       |     |      |    |      |       |       |        |     |      |     |      |   |      |     |      |        |    |      |    |      |   |      |    |      |              |              |              |              |              |           |             |              |               |     |     |   |       |   |           |   |       |   |          |     |      |       |       |    |      |       |       |         |       |       |       |       |   |      |       |       |          |     |      |     |      |    |      |     |      |              |              |              |              |              |           |             |              |               |        |     |   |       |   |           |   |       |   |      |     |       |       |       |    |      |       |       |        |     |       |       |       |    |      |       |       |              |              |              |              |              |           |             |              |               |        |   |       |            |       |   |         |       |   |        |      |   |        |       |   |              |               |          |     |   |       |          |    |   |         |     |   |          |     |   |              |             |          |        |   |       |      |     |   |        |     |   |              |             |          |
| AGE                            | %   | Total  |              |              |           |             |              |               |   |       |   |            |     |      |       |       |    |      |       |       |         |     |       |     |      |    |      |       |       |        |     |      |     |      |   |      |     |      |        |    |      |    |      |   |      |    |      |              |              |              |              |              |           |             |              |               |     |     |   |       |   |           |   |       |   |          |     |      |       |       |    |      |       |       |         |       |       |       |       |   |      |       |       |          |     |      |     |      |    |      |     |      |              |              |              |              |              |           |             |              |               |        |     |   |       |   |           |   |       |   |      |     |       |       |       |    |      |       |       |        |     |       |       |       |    |      |       |       |              |              |              |              |              |           |             |              |               |        |   |       |            |       |   |         |       |   |        |      |   |        |       |   |              |               |          |     |   |       |          |    |   |         |     |   |          |     |   |              |             |          |        |   |       |      |     |   |        |     |   |              |             |          |
| Below 30                       | 0%  | 0  |              |              |           |             |              |               |   |       |   |            |     |      |       |       |    |      |       |       |         |     |       |     |      |    |      |       |       |        |     |      |     |      |   |      |     |      |        |    |      |    |      |   |      |    |      |              |              |              |              |              |           |             |              |               |     |     |   |       |   |           |   |       |   |          |     |      |       |       |    |      |       |       |         |       |       |       |       |   |      |       |       |          |     |      |     |      |    |      |     |      |              |              |              |              |              |           |             |              |               |        |     |   |       |   |           |   |       |   |      |     |       |       |       |    |      |       |       |        |     |       |       |       |    |      |       |       |              |              |              |              |              |           |             |              |               |        |   |       |            |       |   |         |       |   |        |      |   |        |       |   |              |               |          |     |   |       |          |    |   |         |     |   |          |     |   |              |             |          |        |   |       |      |     |   |        |     |   |              |             |          |
| 30 - 50                        | 25%   | 2  |              |              |           |             |              |               |   |       |   |            |     |      |       |       |    |      |       |       |         |     |       |     |      |    |      |       |       |        |     |      |     |      |   |      |     |      |        |    |      |    |      |   |      |    |      |              |              |              |              |              |           |             |              |               |     |     |   |       |   |           |   |       |   |          |     |      |       |       |    |      |       |       |         |       |       |       |       |   |      |       |       |          |     |      |     |      |    |      |     |      |              |              |              |              |              |           |             |              |               |        |     |   |       |   |           |   |       |   |      |     |       |       |       |    |      |       |       |        |     |       |       |       |    |      |       |       |              |              |              |              |              |           |             |              |               |        |   |       |            |       |   |         |       |   |        |      |   |        |       |   |              |               |          |     |   |       |          |    |   |         |     |   |          |     |   |              |             |          |        |   |       |      |     |   |        |     |   |              |             |          |
| Above 50                       | 75%   | 6  |              |              |           |             |              |               |   |       |   |            |     |      |       |       |    |      |       |       |         |     |       |     |      |    |      |       |       |        |     |      |     |      |   |      |     |      |        |    |      |    |      |   |      |    |      |              |              |              |              |              |           |             |              |               |     |     |   |       |   |           |   |       |   |          |     |      |       |       |    |      |       |       |         |       |       |       |       |   |      |       |       |          |     |      |     |      |    |      |     |      |              |              |              |              |              |           |             |              |               |        |     |   |       |   |           |   |       |   |      |     |       |       |       |    |      |       |       |        |     |       |       |       |    |      |       |       |              |              |              |              |              |           |             |              |               |        |   |       |            |       |   |         |       |   |        |      |   |        |       |   |              |               |          |     |   |       |          |    |   |         |     |   |          |     |   |              |             |          |        |   |       |      |     |   |        |     |   |              |             |          |
| <b>Total</b>                   | <b>100%</b>   | <b>8</b>   |              |              |           |             |              |               |   |       |   |            |     |      |       |       |    |      |       |       |         |     |       |     |      |    |      |       |       |        |     |      |     |      |   |      |     |      |        |    |      |    |      |   |      |    |      |              |              |              |              |              |           |             |              |               |     |     |   |       |   |           |   |       |   |          |     |      |       |       |    |      |       |       |         |       |       |       |       |   |      |       |       |          |     |      |     |      |    |      |     |      |              |              |              |              |              |           |             |              |               |        |     |   |       |   |           |   |       |   |      |     |       |       |       |    |      |       |       |        |     |       |       |       |    |      |       |       |              |              |              |              |              |           |             |              |               |        |   |       |            |       |   |         |       |   |        |      |   |        |       |   |              |               |          |     |   |       |          |    |   |         |     |   |          |     |   |              |             |          |        |   |       |      |     |   |        |     |   |              |             |          |
| Gender                         | %   | Total  |              |              |           |             |              |               |   |       |   |            |     |      |       |       |    |      |       |       |         |     |       |     |      |    |      |       |       |        |     |      |     |      |   |      |     |      |        |    |      |    |      |   |      |    |      |              |              |              |              |              |           |             |              |               |     |     |   |       |   |           |   |       |   |          |     |      |       |       |    |      |       |       |         |       |       |       |       |   |      |       |       |          |     |      |     |      |    |      |     |      |              |              |              |              |              |           |             |              |               |        |     |   |       |   |           |   |       |   |      |     |       |       |       |    |      |       |       |        |     |       |       |       |    |      |       |       |              |              |              |              |              |           |             |              |               |        |   |       |            |       |   |         |       |   |        |      |   |        |       |   |              |               |          |     |   |       |          |    |   |         |     |   |          |     |   |              |             |          |        |   |       |      |     |   |        |     |   |              |             |          |
| Male                           | 75%   | 6  |              |              |           |             |              |               |   |       |   |            |     |      |       |       |    |      |       |       |         |     |       |     |      |    |      |       |       |        |     |      |     |      |   |      |     |      |        |    |      |    |      |   |      |    |      |              |              |              |              |              |           |             |              |               |     |     |   |       |   |           |   |       |   |          |     |      |       |       |    |      |       |       |         |       |       |       |       |   |      |       |       |          |     |      |     |      |    |      |     |      |              |              |              |              |              |           |             |              |               |        |     |   |       |   |           |   |       |   |      |     |       |       |       |    |      |       |       |        |     |       |       |       |    |      |       |       |              |              |              |              |              |           |             |              |               |        |   |       |            |       |   |         |       |   |        |      |   |        |       |   |              |               |          |     |   |       |          |    |   |         |     |   |          |     |   |              |             |          |        |   |       |      |     |   |        |     |   |              |             |          |
| Female                         | 25%   | 2  |              |              |           |             |              |               |   |       |   |            |     |      |       |       |    |      |       |       |         |     |       |     |      |    |      |       |       |        |     |      |     |      |   |      |     |      |        |    |      |    |      |   |      |    |      |              |              |              |              |              |           |             |              |               |     |     |   |       |   |           |   |       |   |          |     |      |       |       |    |      |       |       |         |       |       |       |       |   |      |       |       |          |     |      |     |      |    |      |     |      |              |              |              |              |              |           |             |              |               |        |     |   |       |   |           |   |       |   |      |     |       |       |       |    |      |       |       |        |     |       |       |       |    |      |       |       |              |              |              |              |              |           |             |              |               |        |   |       |            |       |   |         |       |   |        |      |   |        |       |   |              |               |          |     |   |       |          |    |   |         |     |   |          |     |   |              |             |          |        |   |       |      |     |   |        |     |   |              |             |          |
| <b>Total</b>                   | <b>100%</b>   | <b>8</b>   |              |              |           |             |              |               |   |       |   |            |     |      |       |       |    |      |       |       |         |     |       |     |      |    |      |       |       |        |     |      |     |      |   |      |     |      |        |    |      |    |      |   |      |    |      |              |              |              |              |              |           |             |              |               |     |     |   |       |   |           |   |       |   |          |     |      |       |       |    |      |       |       |         |       |       |       |       |   |      |       |       |          |     |      |     |      |    |      |     |      |              |              |              |              |              |           |             |              |               |        |     |   |       |   |           |   |       |   |      |     |       |       |       |    |      |       |       |        |     |       |       |       |    |      |       |       |              |              |              |              |              |           |             |              |               |        |   |       |            |       |   |         |       |   |        |      |   |        |       |   |              |               |          |     |   |       |          |    |   |         |     |   |          |     |   |              |             |          |        |   |       |      |     |   |        |     |   |              |             |          |



## GRI STANDARD DISCLOSURES

| <b>Freedom of Association and Collective Bargaining</b> |   |  |   |
|---|---|--|---|
| HR5   | Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights.  | No such incidents reported in 2013.  |    |
| <b>Child Labour</b>                                     |   |  |   |
| HR6   | Operations and significant suppliers identified as having significant risk for incidents of child labour, and measures taken to contribute to the effective abolition of child labour.                              | <p>Our policy clearly prohibits child labour and recruitment procedures verify that prospective employees are of legal working age. There can be potential conflict in countries where human rights are compromised. We keep abreast of issues, using such resources as Amnesty International, and ensure that education on human rights and equality are integrated into management training programmes.</p> <p>Our policy on child labour is stated in the Nestlé Supplier Code, page 2:<br/>           “The used of child labour by the Supplier is strictly prohibited. Child labour refers to work that is mentally, physically, socially, morally dangerous or harmful for children, or improperly interferes with their schooling needs.”</p> <p>For children that are used in our advertisements, a parent consent talent agreement is signed by the parent/guardian of the child.</p> |    |
| <b>Prevention of Forced and Compulsory Labour</b>       |   |  |   |
| HR7   | Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of all forms of forced or compulsory labour. | <p>No operations are considered to have significant risks for incidents of forced/compulsory labour. However, we have noted 34 cases related to Working Time violation, based on the Human Rights Grievance report for 2013:</p> <ul style="list-style-type: none"> <li>• 5 cases - 72 hours violation</li> <li>• 29 cases - Resting day violation</li> </ul> <p>Internal action has been taken by the respective sites to close the gaps and identify root cause (rotation of shifts, proper briefing on working time/over time, better scheduling, etc).</p>   |  |
| <b>Security Practices</b>                               |   |  | <b>Level of Reporting</b>   |
| HR8   | Percentage of security personnel trained in the organisation’s policies or procedures concerning aspects of human rights that are relevant to operations.   | All security personnel have been trained in the organisation’s policies or procedures concerning aspects of human rights that are relevant to operations, as they all have to comply with the Nestlé Supplier Code.  |  |
| <b>Indigenous Rights</b>                                |   |  |   |
| HR9   | Total number of incidents of violations involving rights of indigenous people and actions taken.  | None - no incidents of violations involving rights of indigenous people was reported during the year under review, hence, there were no actions taken.   |  |

## GRI STANDARD DISCLOSURES

| <b>Assessment</b>        |   |  |   |
|--------------------------|---|--|---|
| HR10                     | Percentage and total number of operations that have been subject to human rights reviews and/or impact assessment.  | All Nestlé Malaysia sites have been subjected to CARE audits.  |    |
| <b>Remediation</b>       |   |  |   |
| HR11                     | Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanism.  | No such incidents reported in 2013 by site Human Resource Management. The Nestlé Whistleblowing Policy was introduced in August 2011 to outline when, how and to whom a concern may be raised, distinguishes a concern from a personal grievances and allows the whistleblower the opportunity to raise a concern outside of their management line.<br><br>The introduction of the Policy also saw the establishment of a Business Ethic and Fraud Committee and a Non-Compliance Hotline (free phonenumber and web). For more details, Please refer to pages 78 & 79 of the 2011 Nestlé CSV Report. |    |
| <b>Social: Society</b>   |   |  |   |
| <b>Local Communities</b> |   |  |   |
| SO1 (FPSS)               | Nature, scope and effectiveness of any programmes and practices that assess and manage the impacts of operations on communities, including entering, operating and exiting. | All our operation facilities are indicated on pages 4 & 5 of the 2013 NiS Report.<br><br>New facilities are subject to all local building codes, regulations and requirements including environmental impact studies. Impact of operations on communities are reported under 'Our Respect and Care for the Community' section of the 2013 NiS Report, on pages 19 - 23. Feedback from our stakeholders are also reported on pages 11 & 12 of the 2013 NiS Report.  |  |
| SO1 (G3.1)               | Percentage of operations with implemented local community engagement, impact assessments and development programmes.  | No data available for operations with implemented local community engagement, impact assessments and development programmes. This is because CSV is embedded within our business operations.   |  |
| SO9                      | Operations with significant potential or actual negative impacts on local communities.  | There were no reports on significant potential or negative impacts of operations on local communities in 2013.   |  |
| SO10                     | Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.                                    | There were no reports on significant potential or negative impacts of operations on local communities in 2013.   |  |



Full



Partial



Not reported

## GRI STANDARD DISCLOSURES

| <b>Healthy and Affordable Food</b> |  |   |                           |
|------------------------------------|--|---|---------------------------|
| FP4                                | Nature, and scope, and effectiveness of any programmes and practices (in-kind contributions, volunteer initiatives, knowledge transfer, partnerships and product development) that promote healthy lifestyles; the prevention of chronic disease; access to healthy, nutritious and affordable food; and improved welfare for communities in need. | <p>Reports are available on the various programmes and practices that relate to promoting healthy and affordable food as stated in 'Our Respect and Care for the Community' on pages 19 - 23 of the 2013 NiS Report, which explains our <i>Program Cara Hidup Sihat</i>, Nestlé Healthy Kids and other initiatives.</p> <p>In addition, our Nestlé ROCKs Employee Volunteer Programme and 'Wellness@Work' employee wellbeing programme are also featured under 'Our People and the Workplace' on pages 46 - 50 of the 2013 NiS Report.</p>  | ●                         |
| <b>Corruption</b>                  |  |   | <b>Level of Reporting</b> |
| SO2                                | Percentage and total number of business units analysed for risks related to corruption.  | <p>100%. In 2013, 15 audits were carried out across the various Business/Support Units in Nestlé Malaysia.</p> <p>The Board and Management fully support the contents of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers. In support of the Nestlé Market Internal Audit Department and prevailing practices of related companies, the Board and Management have put in place risk management guidelines, control measures and processes throughout the Group.</p> <p>Risk management is firmly embedded in the Group's key processes through its Risk Management Framework, in line with Principle 6 and Recommendation 6.1 of the Malaysian Code on Corporate Governance 2012 ("MCCG 2012"). Risk management practices are inculcated and entrenched in the activities of the Group's, which requires, amongst others, establishing risk tolerance thresholds to actively identify, assess and monitor key business risks faced by the Group. More information on this matter is available in the Corporate Governance &amp; Financial Report 2013, on pages 19 &amp; 20.</p> | ●                         |
| SO3                                | Percentage of employees trained in organisations's anti-corruption policies and procedures.  | 100%. Every employee, particularly new ones is given a book - Code of Business Conduct - upon their first day of induction. Please refer to page 53 of the 2013 NiS Report.   | ●                         |
| SO4                                | Actions taken in response to incidents of corruption.  | No incidences of corruption were reported in 2013.  | ●                         |
| <b>Public Policy</b>               |  |   |                           |
| SO5                                | Public policy positions and participation in public policy development and lobbying.   | Nestlé does not participate in lobbying activities or activities to influence public policy development.  | ●                         |

GRI STANDARD DISCLOSURES

|                                       |   |   |   |
|---------------------------------------|---|---|---|
| SO6                                   | Total value of financial and in-kind contributions to political parties, politicians and related institutions by country.   | Nestlé does not contribute to political parties, politicians, and/or related institutions by country.   |    |
| <b>Anti-Competitive Behaviour</b>     |   |   |   |
| SO7                                   | Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes.  | As of December 2013, there are no reports of legal actions taken for anti-competitive behaviour, anti-trust, and monopoly practices within the Group.   |    |
| <b>Compliance</b>                     |   |   | <b>Level of Reporting</b>   |
| SO8                                   | Monetary value of significant fines and total number of non-monetary sanctions for non-compliances with laws and regulations.   | As of December 2013, there are no monetary value of significant fines and total number of non-monetary sanctions for non-compliances with laws and regulations being imposed to the Group.  |    |
| <b>Social: Product Responsibility</b> |   |   |   |
| <b>Customer Health and Safety</b>     |   |   |   |
| PR1                                   | Life cycle stages in which health and safety impacts of products and services are assessed for improvement and percentage of significant products and services categories subject to such procedures. | <p>The Nestlé Quality Management System covers the end-to-end process, ensuring the quality compliance and performance of our products across our value chain. Food safety is being assessed through our yearly review of Food Safety Management System (under FSMS requirement). Health and Safety impacts of our products are assessed for improvements in all life cycle stages, which includes product concept development, R&amp;D, certification, manufacturing, marketing and promotion, storage distribution and supply and disposal, reuse of recycling, significant environmental and social impacts.</p> <p>Whenever a product is being developed, nutritional and health impact on consumers are being assessed by looking at the sensitive nutrients in the foods. The recipe will not be approved if it does not comply with the nutritional requirements of Nestlé.</p> <p>Nestlé's unique 60/40+ programme constantly re-challenges its products to ensure that they are preferred by at least 60% of consumers of a large panel. Nutritional assessments are conducted locally which guarantees that wherever Nestlé operates, it is the nutritional needs of the local consumers that dictate the formulation of our products.</p> <p>All food contact packaging must comply to the Nestlé standard which are shared with all suppliers with the following rules:</p> <ul style="list-style-type: none"> <li>• When no local legal requirements exist in the domain covered by the Standards or if local legal requirements are less stringent, the Standards must be enforced.</li> <li>• When local legal requirements exist in the domain covered by the Standards and is more stringent, these local legal requirements must be enforced.</li> </ul> <p>Source: <i>Nestlé Standards on Materials in Contact with Food (GI-80.008-1 of February 2012), Nestlé Quality Management System (NQMS) and 60/40+.</i></p> |  |

## GRI STANDARD DISCLOSURES

|     |  |   |   |
|-----|--|---|---|
| PR2 | Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes. | No such incidents were reported in 2013.  | ● |
| FP5 | Percentage of production volume manufactured in sites certified by an independent third party according to internationally recognised food safety management system standards.               | The percentage of production volume manufactured in sites certified by an independent third party is 100%; on all 7 factories based on the Nestlé Quality Management System. All factories are audited annually by SGS for ISO 22000, OHSAS 18001 and ISO 14000.<br><br>Source: <i>Manufacturing Management, Technical and Production, Nestlé Malaysia.</i> | ● |

GRI STANDARD DISCLOSURES

|            |   |  |   |
|------------|---|--|---|
| <p>FP6</p> | <p>Percentage of total sales volume of consumer products, by product category, that are lowered in saturated fat, trans fat, sodium and sugars.</p> | <p>Due to confidentiality of the information, Nestlé is unable to provide percentage of total sales volume of consumer products, by product category. We can however, provide the following:</p> <p>Definition of Saturated Fatty Acid (inclusive of Trans Fat):</p> <p>Nestlé is, and has always been, committed to improving its food products with due regard to food safety and nutrition standards, as well as complying with regulatory requirements and meeting consumer health expectations. Based on this commitment, the Company has formulated a policy that:</p> <ul style="list-style-type: none"> <li>• Requires monitoring of the level of SFA in all food products</li> <li>• Makes it mandatory not to increase the level of SFA above the current values in existing food products</li> <li>• Obliges new products to have an SFA content less than that of an equivalent one in the Nestlé portfolio, or, if no such equivalent exists, the leading competitive product in the appropriate food category</li> <li>• Necessitates reduction of SFA specifically, or the general level of total fat, by a defined amount over a prescribed time period (see below).</li> </ul> <p><u>Definition of Sodium:</u></p> <p>The Company reiterates its current Policy for a further four-year period as follows:</p> <p>Sodium levels of relevant food products will be reduced by an average of at least 10% over four years (2012-2015). The Implementation Standard for Sodium (Salt) Levels in Food Products (GI-31.032) provides guidance on implementation of this Policy, in terms of:</p> <ul style="list-style-type: none"> <li>• Product safety</li> <li>• Priority food products</li> <li>• Stepwise reduction</li> <li>• New product development</li> </ul> <p><u>Definition of Sugar Reduction:</u></p> <p>Emphasis for sugar reduction of will be given to products that:</p> <ul style="list-style-type: none"> <li>• Make a significant contribution to a person’s total dietary sugar intake (such as complete meals, meal replacers, snacks or drinks)</li> <li>• Are intended primarily for consumption by children.</li> </ul> <p>Products that are food components (such as coffee and tea creamers, sauces, toppings, spreads, etc) will be given secondary consideration since the serving sizes of such products are relatively small and they do not generally make a significant contribution to a person’s daily sugar intake.</p> |  |
|------------|---|--|---|



|     |   |   |   |
|-----|---|---|---|
| FP8 | Policies and practices on communication to consumers about ingredients and nutrition information beyond legal requirements.                                     | <p>The Group requires all Nestlé products to have the following labels on its packaging:</p> <ul style="list-style-type: none"> <li>• NESTLÉ NUTRITIONAL COMPASS - provides relevant information to guide consumers in an innovative way through understanding the nutrition table, ingredients used in the product, tips for responsible enjoyment and the healthy use of our products. It also provides contact details so that consumers may obtain more useful information.</li> <li>• Guideline Daily Amount - provide a factual and objective guide to the daily intake for energy and key nutrients and empower consumers to evaluate a product's role in the daily diet.</li> </ul> | ● |
| PR4 | Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes. | No incidences of non-compliance with regulations and/or voluntary codes concerning product and services information and labelling, by type of outcomes were reported in 2013.   | ● |
| PR5 | Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.   | <p>An organisation-wide practice is in place to assess and maintain customer satisfaction on our products. This is known as Goal Alignment, whereby all manufacturing sites that produces our products are measured by the number of unprepared incidents. The annual target is 'Zero Unprepared Incident' and as of December 2013, the target has been achieved and maintained throughout the year.</p> <p>For our supply chain management, the Customer Satisfaction Level report is in place to measure factors that relates to the supply of our product to customers from our factories such as the freshness of shipment and the stock cover (availability of products).</p>          | ● |

| Marketing Communications |  |   | Level of Reporting |
|--------------------------|--|---|--------------------|
| PR6                      | <p>Programmes for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion and sponsorship.</p> | <p>Consumer communication is one of our Corporate Business Principles which form the foundation of all that we do. The Principles state: "We are committed to responsible, reliable consumer communication that empowers consumers to exercise their right to informed choice and promotes healthier diets." Adherence to these principles are regularly monitored by Nestlé S.A.</p> <p>In February 2011, Nestlé released a comprehensive and detailed set of Consumer Communication Principles. These principles, which still apply to all kinds of consumer communication by our marketing staff and advertising agencies globally, stipulate that our advertisements must:</p> <ul style="list-style-type: none"> <li>• Be truthful and credible</li> <li>• Encourage moderation</li> <li>• Not generate unrealistic expectations of popularity or success</li> <li>• Not undermine parental authority.</li> </ul> <p>The World Health Organization (WHO) Recommendations on Marketing of Foods and Beverages to Children was approved by Member States in May 2010. Specifically, four areas are subject to discussion which are commercial activities in schools and related settings, the digital environment, the age definition of a child and the development of nutrition profiles for defining foods that should not be advertised to children.</p> <p>As awareness of the effects of advertising to children grew, the policy on Marketing Communication to Children was released in 2011. The updated policy states that Nestlé does not directly advertise or market our products towards children less than six years of age. Advertising to children aged six to 12 is restricted to products with a nutritional profile that helps them achieve a healthy, balanced diet, including limits for ingredients such as sugar, salt and fat.</p> <p>In addition, one of the Nestlé Healthy Kids (NHK) Programme criteria is that it is a corporate programme. Thus, it is not related to marketing objectives. As a principle, product sampling or association of NHK programmes with brands are not allowed.</p> <p>Nestlé Malaysia is a member of the Malaysian Advertisers Association - that governs all advertising practices in the industry - of which Mr. Khoo Kar Khoon, Communications Director, Nestlé Products Sdn. Bhd. is the President of the Council (ref: malaysiaadvertisers.com.my). As a member, Nestlé complies with all regulations imposed by the various government agencies.</p> <p>Nestlé Malaysia conducts audits to monitor controls, compliance and efficiency internally within Nestlé on an annual basis.</p> | ●                  |

|                              |   |   |   |
|------------------------------|---|---|---|
| PR7                          | Total number of incidence of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes. | No such incidences in 2013. Nestlé Malaysia also signed the pledge on Responsible Advertising to Children on 5 August 2013, as a member of the FMM. |    |
| <b>Customer Privacy</b>      |   |   | <b>Level of Reporting</b>   |
| PR8                          | Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.  | No complaint related to breaches of customer privacy and losses of customer data were recorded at Contact Centre in 2013.                           |    |
| <b>Compliance</b>            |   |   |   |
| PR9                          | Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.   | No significant fines for non-compliance with laws and regulations concerning the provision and use of products and services were reported in 2013.  |  |
| <b>Animal Welfare</b>        |   |   |   |
| <b>Breeding and Genetics</b> |   |   |   |
| FP9                          | Percentage and total of animals raised and/or processed, by species and breed type.   | Not applicable – Nestlé Malaysia does not breed animals or handle livestock in its operations.  |  |
| <b>Animal Husbandry</b>      |   |   |   |
| FP10                         | Policies and practices, by species and breed type, related to physical alterations and the use of anesthetic.   | Not applicable - Nestlé Malaysia does not breed animals or handle livestock in its operations.  |  |
| FP11                         | Percentage and total numbers of animals raised and/or processed, by species and breed type, per housing type.   | Not applicable - Nestlé Malaysia does not breed animals or handle livestock in its operations.  |  |



Full



Partial



Not reported

|   |   |  |                           |
|---|---|--|---------------------------|
| FP12  | Policies and practices on antibiotic, anti-inflammatory, hormone, and/or growth promotion treatments, by species and breed type.  | Not applicable - Nestlé Malaysia does not breed animals or handle livestock in its operations. | ●                         |
| <b>Transportation, Handling and Slaughter</b> |   |  | <b>Level of Reporting</b> |
| FP13  | Total number of incidents of non-compliance with laws and regulations, and adherence with voluntary standards related to transportation, handling and slaughter practices for live terrestrial and aquatic animals. | Not applicable - Nestlé Malaysia does not breed animals or handle livestock in its operations. | ●                         |



## Independent Assurance Report

### To Management of Nestlé (Malaysia) Berhad

We have been engaged by Nestlé (Malaysia) Berhad ("Nestlé") to perform an independent limited assurance engagement on selected Corporate Responsibility Information ("Selected Information") as reported by Nestlé in their 2013 Nestlé in Society: Creating Shared Value & Meeting Our Commitments Report ("2013 Nestlé CSV Report").

### Management's Responsibility

Management of Nestlé is responsible for the preparation of the 2013 Nestlé CSV Report in accordance with the Global Reporting Initiative's ("GRI") G3.1 Guidelines.

This responsibility includes the selection and application of appropriate methods to prepare the 2013 Nestlé CSV Report as well as the design, implementation and maintenance of systems and processes relevant for the preparation of the 2013 Nestlé CSV Report. Furthermore, the responsibility includes the use of assumptions and estimates for disclosures made by Nestlé which are reasonable in the circumstances.

### Our Responsibility

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

The accuracy and completeness of the CSV indicators are subject to inherent limitations given their nature and methods for determining, calculating and estimating such data.

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

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

### Subject Matter

The Selected Information for the year ended 31 December 2013 on which we provide limited assurance consists of:

- The nature and extent of Nestlé's application of the Reporting Principles for Defining Content as stated in the GRI G3.1 Sustainability Reporting Guidelines;
- Nestlé's declaration on the GRI Application Level 'A+' of the GRI G3.1 Sustainability Reporting Guidelines in the 2013 Nestlé CSV Report; and
- The management and reporting processes with respect to the preparation of the following six (6) Selected Information reported and marked in the 2013 Nestlé CSV Report as follows:
  - Nestlé Healthy Kids Programme: Total number of students, teachers and wardens as well as food operators the programme reached (page 20)
  - Bonanza Hari Keluarga: Total number of qualified entries received nationwide (page 59)
  - Project RiLeaf: Total number of trees planted in 2013 (page 29)
  - Nestlé Paddy Club: Successful yield achieved in metric tonnes per hectare ("mt/ha") for the August/September 2013 harvest (page 35)

- Zero Landfill Initiative: Number of factories in Nestlé Malaysia that had achieved zero landfill status (page 31)
- Lost Time Injury Frequency Rate: Lost time Injury Frequency Rate (LTIFR) for 2013 (page 16)

#### Criteria

- Nestlé's internal CSV reporting guidelines and procedures by which the Selected Information is gathered, collated and aggregated internally; and
- The "Sustainability Reporting Guidelines G3.1" published in March 2011 by the GRI.

#### Main Assurance Procedures

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

- Inquiries of personnel responsible for the preparation of the 2013 Nestlé CSV Report regarding the process to prepare the 2013 Nestlé CSV Report and the underlying internal control system;
- Understanding the CSV management structure and inspection of documents regarding Nestlé's CSV strategy and stakeholder dialogue;
- Inquiries of personnel responsible for internal reporting, and data collection at the corporate level for the Selected Information;
- Inspection on a sample basis of internal documents, contracts and invoices/reports from Nestlé and external service providers supporting the Selected Information for completeness and accuracy;
- Reviewing the appropriateness of the management and reporting processes for the Selected Information and assessing the collation and reporting of data at the corporate level; and

- Assessing the GRI Application Level of the GRI G3.1 Sustainability Reporting Guidelines that has been applied to the CSV Report 2013 at level 'A+'.

#### Conclusion

Based on our limited assurance engagement, in all material respects, nothing has come to our attention that causes us to believe that, for the year ended 31 December 2013:

- The 2013 Nestlé CSV Report has not been prepared in accordance with GRI Reporting Initiative's ("GRI") G3.1 Guidelines;
- The Selected Information has not been fairly stated in accordance with Nestlé's internal CSV reporting guidelines; and
- Nestlé's declaration on the GRI Application Level is not applied properly in accordance with the GRI G3.1 Sustainability Reporting Guidelines at level 'A+'.

#### Other matters

This report is issued for the sole purpose for inclusion in the 2013 Nestlé CSV Report and should not be used or relied upon for any other purpose. We do not assume responsibility to any other person for the content of this report.



PRICEWATERHOUSECOOPERS  
(No. AF: 1146)  
Chartered Accountants  
Kuala Lumpur  
20 March 2013

## NESTLÉ CONTACT DETAILS

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- Visit our Facebook page at : <http://www.facebook.com/NestleMalaysia>
- Call us at Free Phone : **1-800-88-3433**
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