

#GoodFoodGoodLife

Nestlé in Society 2014



Nestlé

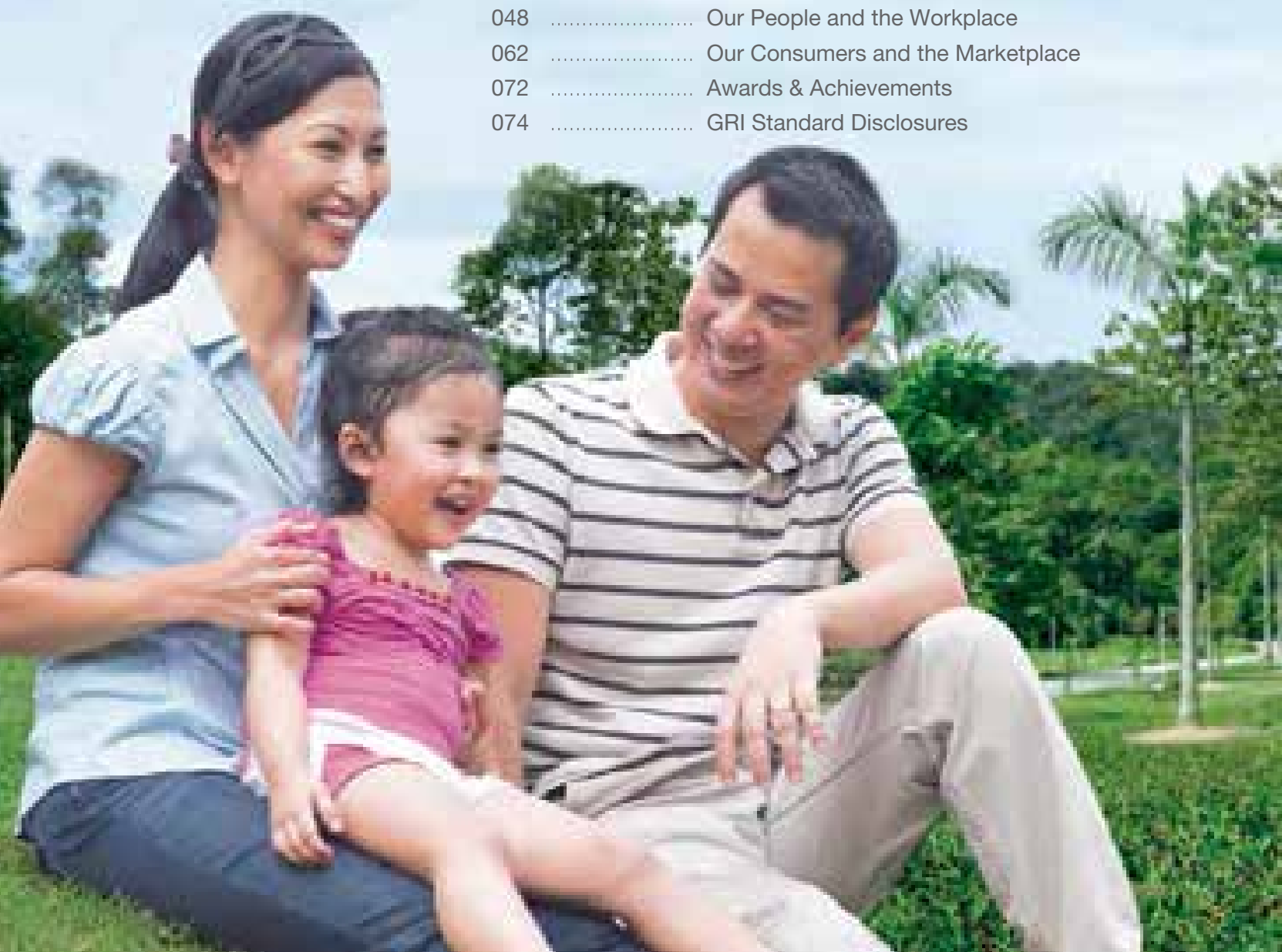
Good Food, Good Life

Touching Lives



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Our Respect and Care for
the Community

Our Commitment
to the Environment

Our People and
the Workplace

Our Consumers and
the Marketplace

Awards & Achievements



Nestlé

Good Food, Good Life

020 034 048 062 072

Built on the foundation of a strong compliance culture and commitment to sustainability, the Nestlé Creating Shared Value concept aims to create continuous shared benefits for our stakeholders and of course, the communities in which we operate. It is embedded in all that we do and as a result, we are able to prove that it is possible to do well as a Company by doing good for society at large.



MESSAGE TO STAKEHOLDERS



Creating Shared Value (CSV) is an approach that epitomises our desire to help improve the quality of life and create prosperity for the people whose lives we touch through our operations and business and is the foundation of our belief that in order for the Company to prosper, we have to also ensure that the communities in which we operate do so too.



Our Chairman Tan Sri Dato' Seri Syed Anwar Jamalullail and Managing Director Mr. Alois Hofbauer planting chillies at the Nestlé Chilli Farm in Kelantan.

MEETING OUR COMMITMENTS THROUGH CREATING SHARED VALUE

Creating Shared Value (CSV) is a fundamental part of the Nestlé way of doing business and can best be reflected in three areas that are core to our business strategy and vital to the welfare of the people and society – Nutrition, Water & Environment and Rural Development – which are also part of our sustainability commitments that we strive to build and protect for generations to come.

In addition to complying with national laws and international standards, it is because of CSV, as well as our Nestlé Corporate Business Principles that we are able to successfully do business and carry out initiatives for more than a century in Malaysia, thus earned the trust of our consumers, and this goes to show that it is possible for the company to do well, by doing good for the society.

This edition of the Nestlé in Society: Creating Shared Value and Meeting Our Commitments Report, which is our ninth stand-alone report for the year ended 31 December 2014 (unless otherwise stated) reflects our commitments and efforts to continue delivering on our promise of ‘Good Food, Good Life’ and nourishing Malaysians, as it focuses on key 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.

* 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.

As you will see, this Report illustrates in detail our efforts in creating value in areas that are most relevant to the Company and its value chain (see Nestlé in Society: Creating Shared Value and Meeting Our Commitments on pages 010 & 011 for more information on the said areas), new or existing, which we have embarked on to address some of the growing environmental and societal concerns that the country faces such as health – obesity and sedentary lifestyles; environmental – minimising carbon footprint agricultural practices; and rural poverty.

Just like any other business, our journey includes facing new and/or on-going local and global challenges, and having to constantly meet the ever-changing nutrition needs of our consumers; dealing with the threatening global water crisis; improving and optimising our product packaging; as well as ensuring use of sustainable palm oil within our supply chain. These are the issues we have addressed in the past, and will continue to improve on in the mid-to-long term future. Our goals and targets specific to these areas are outlined in the respective sections of this Report.

NUTRITION

We continued our efforts in promoting healthy eating and active lifestyles through our Nestlé Healthy Kids Programme. The Primary School Module – which was launched in 2010 and implemented in collaboration with the Nutrition Society of Malaysia – is currently in its second phase, reaching 77 day-boarding schools in Sabah and Sarawak and benefitting at least 4,500 children. Phase 2 saw the execution of a Train-the-Trainer and Food Operators’ Workshops, as well as the implementation of modules developed in Phase 1 of the programme by the educators. Further information on the programme can be found on page 028 – 031 of this Report.

WATER & ENVIRONMENT

Our commitment to Water & Environment saw further achievement in the area of minimising solid waste. In 2014, five out of six Nestlé Malaysia factories successfully achieved “Zero Landfill Status”, with all solid waste materials 100% recycled. In addition, the recent harvest season of innovative farming initiative – Nestlé Paddy Club – saw 298 farmers harvest 5,044MT of paddy over 788ha of paddy fields, thus achieving an average yield of 6.40MT/ha. These farmers who are also NPC members were able to achieve this by implementing a water-saving paddy farming method called Semi-Aerobic Intensification (SARI), which has been proven to reducing water usage and methane emission in irrigated fields.

RURAL DEVELOPMENT

Nestlé Malaysia has continuously improved the lives of lower income communities in several ways, one of which is through a Chilli Contract Farming Scheme, an initiative carried out in collaboration with the local Farmers’ Association Board to help create new income opportunities and improving yields for local farmers in Kelantan. The programme also tasks these local farmers to harvest quality chillies that meet global standards for producing MAGGI Chilli Sauce and to-date, 112 farmers successfully produced a yield of 506 metric tonnes of fresh chillies over 45 hectares of land.

Additionally, Nestlé Malaysia lent a helping hand and provided relief for victims of the December 2014 flood disaster that affected five states namely Johor, Kelantan, Pahang, Perak and Terengganu. In response to this unfortunate event, the Company provided aid and nourishment to the victims, some of whom are our employees and their families through several channels including food aid and a donation drive.

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

We believe that this 2014 Report represents our commitment to communicate transparently to our shareholders and stakeholders on the areas in which we engage with society.

We hope that you will find this Report useful in giving you a better understanding on how we operate, as we aim to plainly share information about our long-term impact on society and how they are fundamental to the creation of our long-term business success.

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



**Tan Sri Dato' Seri
Syed Anwar Jamalullail**
Chairman of the Board of Directors



Alois Hofbauer
Managing Director

FAST

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.
- Employs 339,456 people worldwide.
- 442 factories in 86 countries.
- Over 1 billion products sold every day representing over 2,000 global and local brands.
- World's largest private nutrition research capability based in Switzerland.
- 31 R&D and Product Technology Centres worldwide (19 R&D Centres and 12 Product Technology Centres).
- CHF 1.629 billion global investment in R&D in 2014.



FACTS

Nestlé Malaysia

- Commercial operations in Malaysia since 1912.
- Biggest halal producer in the Nestlé world and the Halal Centre of Excellence for the Nestlé Group.
- Employs 5,702 people.
- A range of over 500 products, with locally made leading household brand names, such as MILO, MAGGI and NESCAFÉ.
- Nestlé Malaysia turnover is 4.8 billion in 2014.
- Public listed on Bursa Malaysia since 1989.
- Head Office in Mutiara Damansara, Selangor.
- Operates 7 factories and a National Distribution Centre.



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



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



THE NESTLÉ CREATING SHARED VALUE LEGACY

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

THE MEANING OF GOOD FOOD, GOOD LIFE

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.

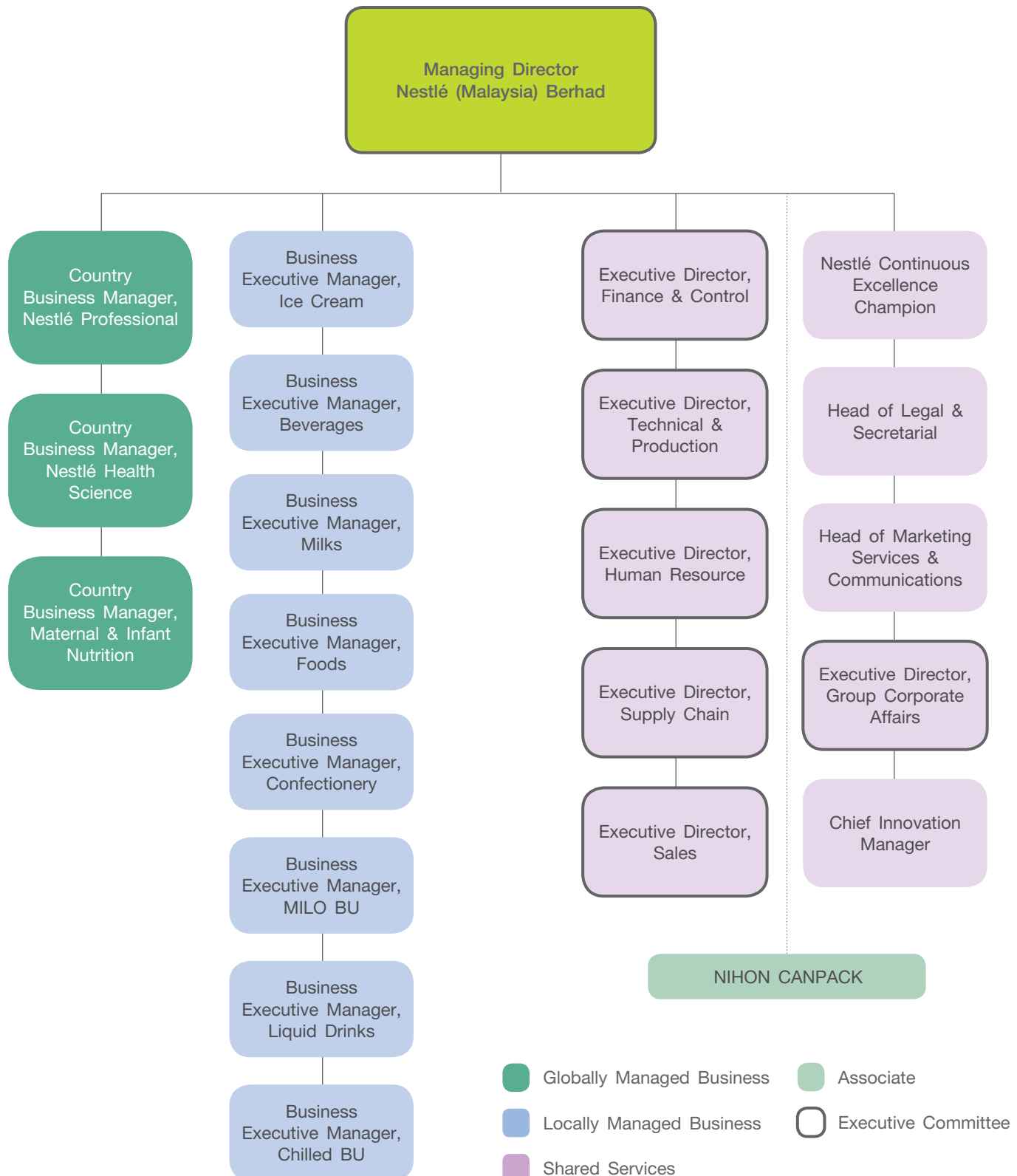
Embedded in everything that we do, the principles of Creating Shared Value drive us forward and help create what we mean by *Good Food, Good Life*.

THE PRIDE OF NESTLÉ: THE 'NEST'

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



ORGANISATION STRUCTURE



Nestlé in Society:

CREATING SHARED VALUE AND MEETING OUR COMMITMENTS

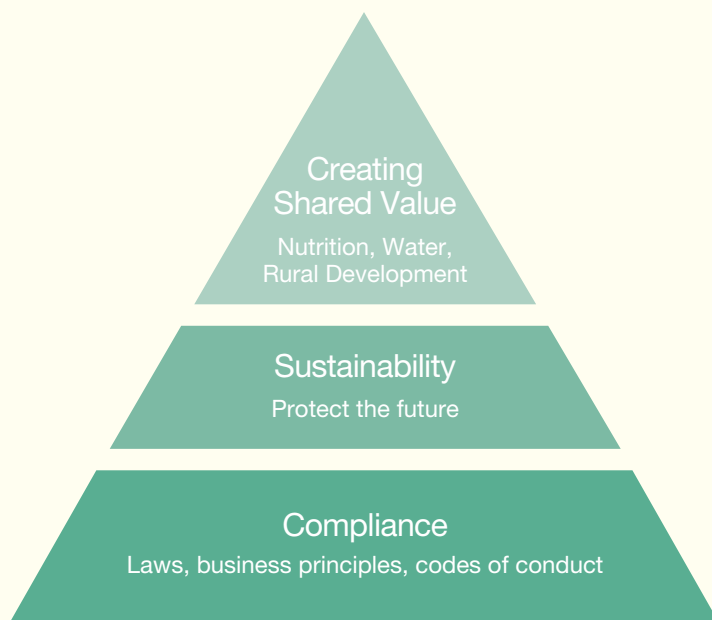
“Nestlé is all about quality of life and nutrition – that is what we live for as a company. But the relevance of that is the value that it creates: for consumers, for society and for our business – driving competitive advantage and R&D, being ahead of the curve, and building our brand value.”

Paul Bulcke

Chief Executive Officer, Nestlé S.A.

At Nestlé, we believe that in order to create long-term value for our shareholders, we must create value for our society. We also believe that 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.

Creating Shared Value is the way we do business and we are focused on creating value for society in three areas that we have identified as areas of greatest potential for joint value creation – Nutrition, Water & Environment, and Rural Development – which are core to our business strategy and operations.



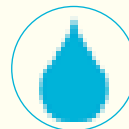
The Nestlé in Society Pyramid



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

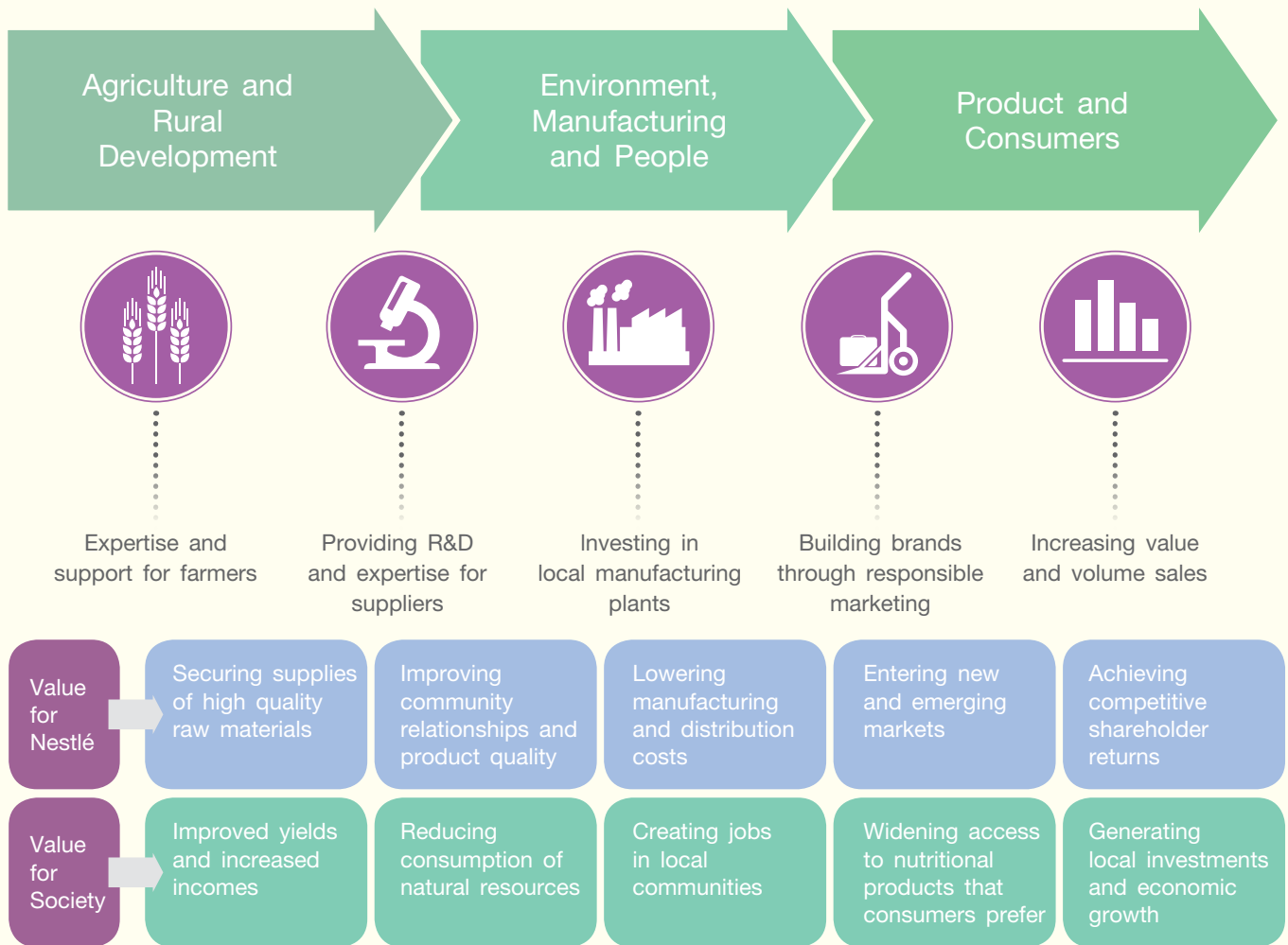
Why Rural development?

The overall well-being of our various stakeholders – farmers, rural communities, employees, 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 and 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**

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



Stakeholders sharing their feedback and suggestions with Managing Director Mr. Alois Hofbauer at the convening session held in December 2014.



Our engagement with stakeholders is guided by the Company's strategy of building and protecting trust and driven by our Creating Shared Value philosophy.

At Nestlé, we believe that in order for the Company to do well and prosper, we have to also create value in the communities that we operate in and this includes engaging with our stakeholders whose opinions and concerns are valuable in helping us deliver our commitments, thus bringing us closer to achieving our ambition of becoming the recognised leader in Nutrition, Health and Wellness, as well as the industry reference for sustainable financial performance, trusted by all stakeholders.

The stakeholders whom we engage with are those who are relevant and fundamental to the three key focus areas of the Nestlé value chain and business – Nutrition, Water and Environment, Rural Development – and they include representatives from Non-Governmental Organisations (NGOs) and government bodies covering sectors such as Corporate Governance, Environment, Sustainable Development, Nutrition & Health and Consumers Issues.

Our engagement with them is guided by the Company's strategy of building and protecting trust and driven by our Creating Shared Value philosophy; and we engage them through various platforms including speaking engagement sessions, forums, project tie-ups, consumer activities as well as roundtable and convening sessions.

Held in December at Hilton Kuala Lumpur and themed "Building Partnerships to Create a Sustainable Future for Malaysia", the convening session saw participants sharing their thoughts and providing feedback on the following topics/key points that Nestlé can be involved in or improve on:

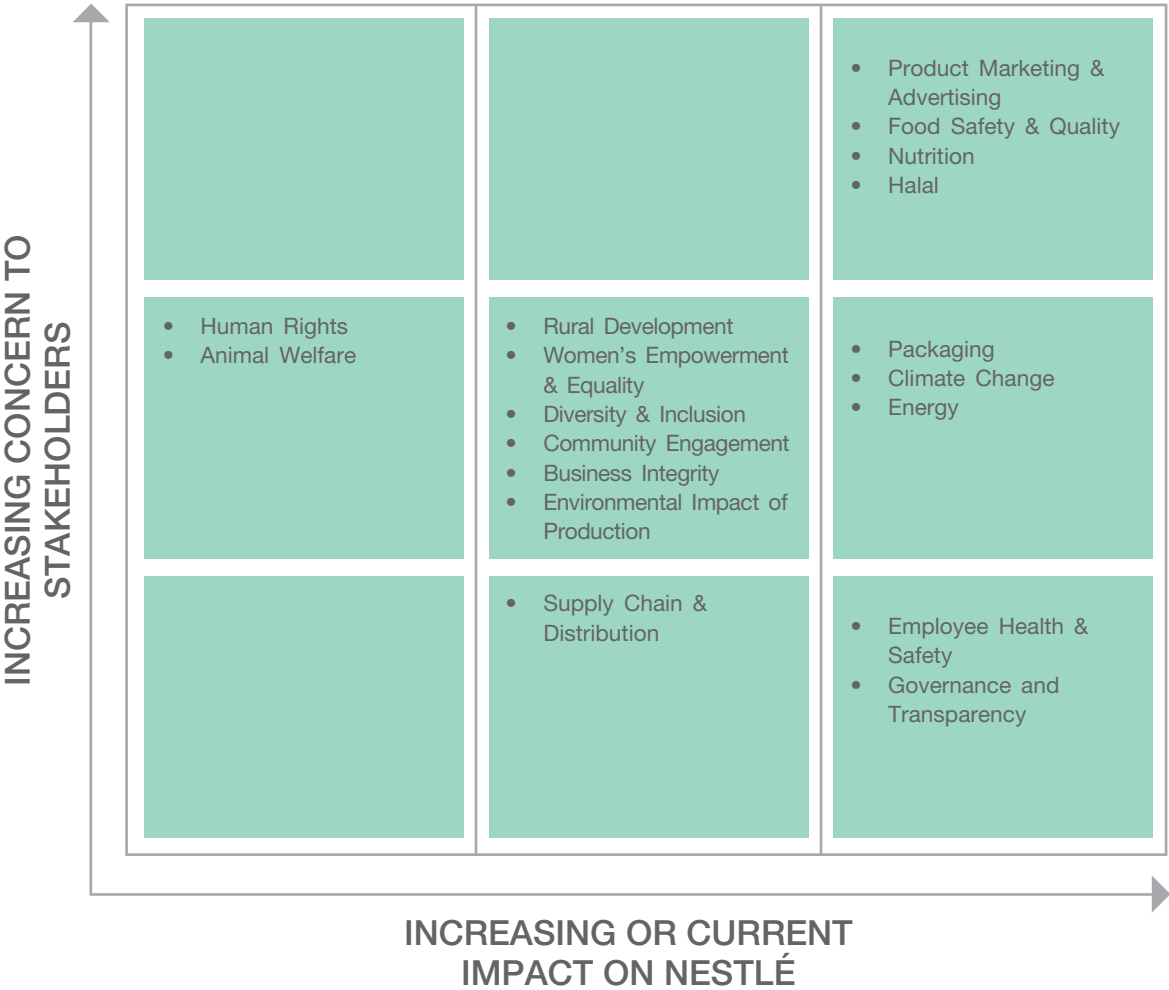
- Nestlé to extend and provide assistance by supporting research in universities, as well as students involved in clinical attachments;
- At the Community level, Nestlé to support/embark on more partnerships to reduce non-communicable diseases (NCDs) i.e. to consider partnering with multinational companies (MNCs) and/or universities on sustainable and measurable (with tangible results) community-based interventions;
- Nestlé Healthy Kids Programme – while the programme has been very effective with just the Company's current collaboration with the Nutrition Society of Malaysia (NSM), Nestlé should also consider other partners in order to enhance the programme further thus realising the concept of a multi-stakeholder approach;
- As the country's leading Nutrition, Health and Wellness company, Nestlé is to continue its corporate responsibility efforts in ensuring that the nation grows up healthy.

MATERIALITY

Materiality, as defined by Global Reporting Initiative (GRI), refers to topics that have a direct or indirect impact on an organisation’s ability to create, erode economic, environmental and social value for itself, its stakeholders and society at large.

For the first time and as part of our efforts to improve our reporting and of course, our business, we have included a Materiality Matrix into our 2014 Nestlé in Society Report. The Matrix outlines issues that matter most to our business and our stakeholders, and we were able to realign our priorities, thus identify increasingly important societal challenges that need to be addressed such as the below, which we were able to ascertain with the help of our stakeholders who participated in the recent stakeholder convening session:

- Marketing of our products to our consumers;
- The safety and quality of our products;
- Nutrition-related matters such as under-nutrition and obesity.



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

PROTECT AND BUILD TRUST



IDENTIFYING

We consider our stakeholders to be those who have a direct interest in our business and those who have an interest in how we manage our business.

MAPPING & DEFINING

Our extensive stakeholder engagement process with both internal and external stakeholders allows us to track and manage current and emerging issues.

ENGAGEMENT LEVEL

We continually monitor the changing environment in because material issues can be very with manage these expectations in a transparent and fair way.

GOVERNANCE

Creating Shared Value (CSV) is the way we do business and within the general Nestlé corporate governance structure, the Chairman, Chief Executive Officer, along with other members of the Executive Board, with the support of internal management bodies are responsible for the supervision and management of Nestlé's role in society and CSV. In addition, there are external advisory groups such as the CSV Council and the Nestlé Nutrition Council who provide advice on the strategy itself.

A Nestlé in Society Board has also been established to oversee the strategic implementation of CSV across all businesses, as well as lead the development and evolution of it and sustainability objectives and strategies at Group level. From time to time and when necessary, the Board seeks input and confirmation from the Executive Board.

Further development of the CSV concept and analysing of the Nestlé value chain are done by the Nestlé CSV Advisory Board, which is made up of 12 world-leading experts in the areas of corporate strategy, Nutrition, Water and Rural Development. Designated for three years, these experts provide the Company with a diversity of informed ideas, recommendations and feedback, which will help to assess our progress and discuss CSV opportunities and challenges, from which some are communicated to Nestlé S.A., who will then cascade them down to the various Nestlé markets for implementation. For the list of experts that sit on the Advisory Board, please visit: <http://www.nestle.com/csv/what-is-csv/governance>

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

In addition to taking the lead in mapping out their Units' CSV initiatives and ensuring that all activities carried out are in line with the Company's policies on sustainability and CSV, they also serve as Global Reporting Initiative (GRI) Champions who are responsible for monitoring the activities and the measurements required, as well as ensuring that proper 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

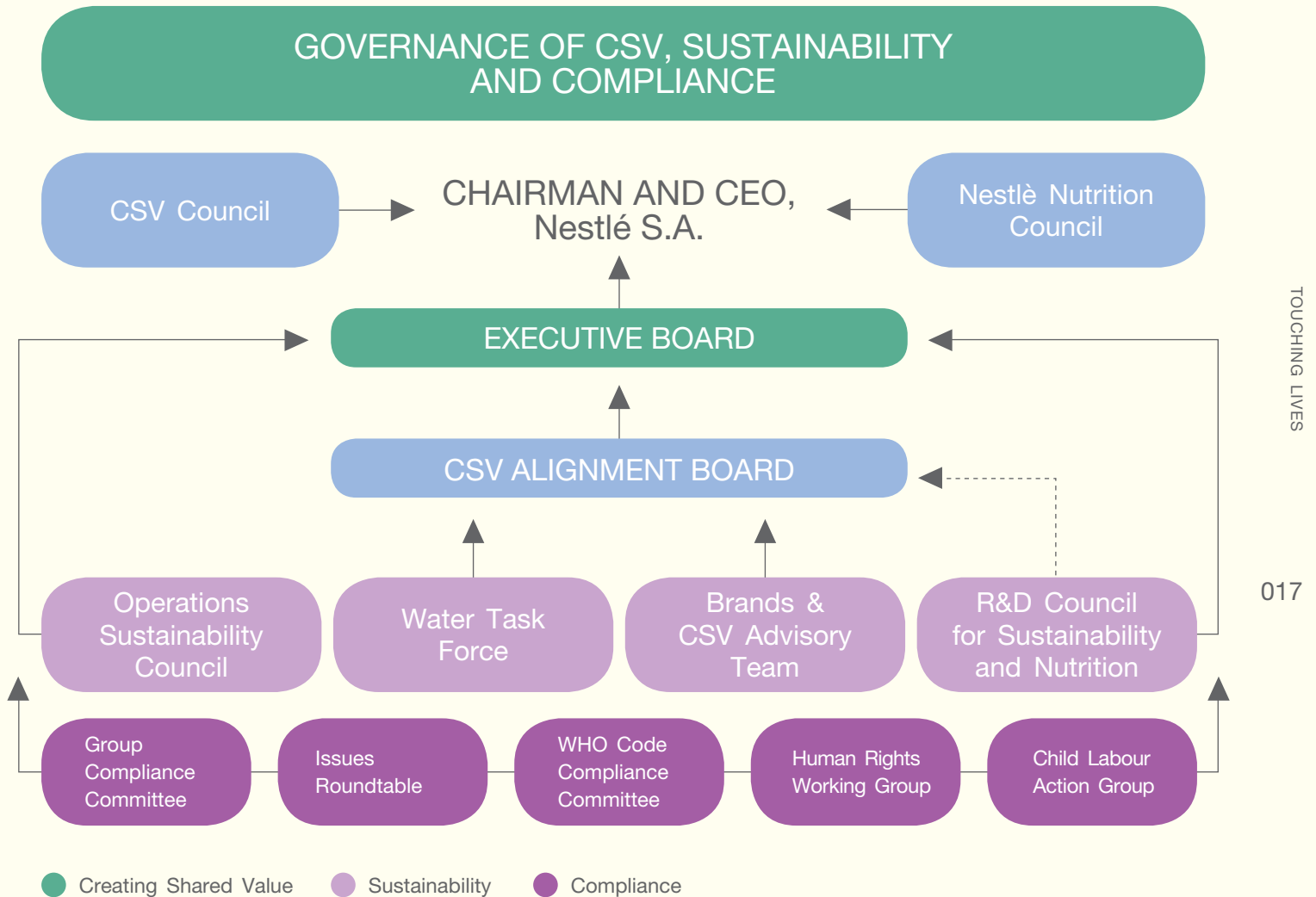
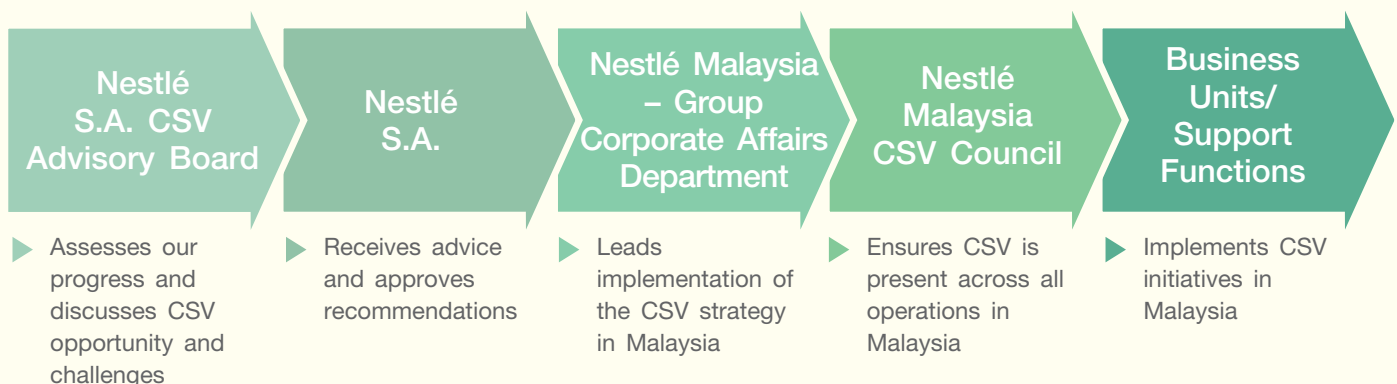


DIAGRAMME 4

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 Ref	2012	2013	2014
The Marketplace				
NUTRITION				
Products meeting or exceeding Nutritional Foundation profiling criteria (as % of sales)	#	78%	78%	77%
Products meeting or exceeding consumer taste preference (as % of sales)	#	80%	89%	88%
Products with nutritional plus over competitors (as % of sales)	#	52%	53%	51%
Products with a nutritional claim on front of pack	PR3	67%	62%	59%
Products covered with NESTLÉ NUTRITIONAL COMPASS (as % of sales)	PR3	100%	100%	100%
Products with GDA labelling (as % of sales)	PR3	98%	98%	98%
Our Environmental Footprint				
Total energy (GJ) ¹	EN5	1,479,099	1,526,031	1,346,213
Total amount of energy per tonne (GJ/tonne) ¹	EN5	3.94	3.82	3.53
Total direct and indirect greenhouse gas emissions (tonne CO ₂) ²	EN16	158,901	171,747	159,538
Total water withdrawal by source (m ³ /year)	EN8	1,734,455	1,863,027	1,710,038
Volume of water recycled per reused (m ³ /year)	EN10	80,710	80,710	80,710
Landfill waste (tonne)	EN22	4,698	1,990	160
Recycling (tonne) ³	EN22	11,561	13,303	11,895
Our People				
Workforce size	LA1	5,881	5,847	5,702
Lost Time Injury Frequency Rate	LA7	1.2	1.4	1.5
Leadership positions held by women	LA13	42%	37%	43%
Our Community				
<i>Number of students involved in Nestlé Healthy Kids intervention programme:</i>				
Primary School Module		189	136	4,835
Secondary School Module		4,954	4,954	4,954
<i>Project RiLeaf:</i>				
Number of trees planted		90,884	56,706	114,524
Total purchase of seedlings from KAPOK (RM)		128,353.50	85,059.00	175,960.50
Total amount of contracted work for tree planting (RM)		164,671.20	102,077.60	188,847.00

	GRI Ref	2012	2013	2014
<i>Nestlé Paddy Club:</i>				
Number of farmers impacted/ benefited from the project (Jan/Feb)		104	289	310
Number of farmers impacted/ benefited from the project (Aug/Sept)		170	312	298
Total number of hectares (Jan/Feb)		274	765	814
Total number of hectares (Aug/Sept)		475	807	788
<i>Setiu Wetlands Project with WWF-Malaysia:</i>				
Number of PEWANIS members (active & non-active)		13	20	45
<i>Nestlé Employee Volunteer Programme (ROCKs):</i>				
Total number of volunteers (employees & non-employees)		221	209	152
Total number of volunteer hours		1,193	952	835.5
Economic				
OPERATIONAL FOOTPRINT				
Number of total factories	#	7	7	7
VALUE GENERATION (RM'000)				
Total sales for Malaysia	EC1	4,556,243	4,787,925	4,808,933
VALUE DISTRIBUTION (RM'000)				
Turnover	EC1	4,556,243.00	4,787,925.00	4,808,933
Operating costs		896,309.00	963,375.00	975,005
Taxes		132,316.00	157,353.00	150,803
Net profit		505,352.00	561,701.00	550,384
Earnings per share (sen) ⁴		215.50	239.53	234.71
Net dividends per share (sen)		210.00	235.00	235.00
Dividend yield		3.3%	3.5%	3.4

Nestlé-specific indicators

¹ The data for 2012 and 2013 has been updated as per new reporting from SHE-PM.

² The data for 2012 and 2013 has been updated as per new reporting from SHE-PM.

³ All recycling and landfill waste are managed by appointed and authorised Waste Management Company.

⁴ Earnings per share are based on profit after tax

OUR RESPECT AND CARE FOR THE **COMMUNITY**

Sharing our knowledge and leveraging on our expertise in areas relevant to our value chain such as nutrition and good agricultural practices are some of the ways of how we create shared value for the communities that we engage with through our business.





A group of primary school participants with their educational materials during one of the module sessions of the Nestlé Healthy Kids programme, an initiative aimed at promoting healthy eating and active lifestyles.

Healthy Kids Global
Programme

68

Countries

Multi-partnership
approaches

280

Implementing
partners

Reached

6.9

Million children
in 2013 only

As the country's leading Nutrition, Health and Wellness company, our responsibility goes beyond that of our shareholders, employees and consumers. In addition to the activities relating to the communities involved in the Company's environmental initiatives (please refer to the section on *Our Commitment to the Environment* in this report, on pages 034 – 037) and the employee volunteer programmes for the community (as outlined in the *Our People and the Workplace* section on pages 055 & 056), Nestlé also addresses health-related issues such as malnutrition and obesity, sedentary lifestyles and aging population. These are addressed through initiatives that are created and carried out

in line with one of our Creating Shared Value focus areas – Nutrition – because food is the basis of health and of course, our business.

Furthermore, Nestlé is mindful of the United Nations Millennium Development Goals (MDG), which we have been able to contribute to through our work with external parties – both government and non-governmental organisations – in several community-based initiatives that are focused on poverty alleviation; gender equality and empowerment; education and environmental sustainability, all of which are featured on pages 026 & 027 and 041 & 042 (Community based initiatives) of this report.



Students getting active during an aerobics session, which falls under the 'Jom Aktif' topic of the Nestlé Healthy Kids Programme modules.

RAISING AWARENESS ON NUTRITION, HEALTH AND WELLNESS THROUGH THE NESTLÉ HEALTHY KIDS PROGRAMME

Getting active and acquiring healthy eating habits can help children achieve and maintain a healthy body weight. As such, the Nestlé Healthy Kids Programme was introduced as a global initiative to promote healthier lifestyles and diets for kids.

The objective is to improve nutrition knowledge and promote active lifestyle amongst school going children, and at the end of 2013, Nestlé was actively working with more than 280 partners to deliver our Healthy Kids Global Programme in 68 countries (2012: 64 countries). These efforts increase children's basic knowledge of the importance of nutrition and exercise, and reached 6.9 million children in 2013 alone (source: Nestlé in Society Global Report 2013).

The key to the programme's success is the quality of the expert teams who develop the educational materials and curricula to meet the specific needs of local communities, and in Malaysia the programme was first introduced in 2010 in collaboration with the Nutrition Society of Malaysia (NSM).

The overall programme in Malaysia is essentially divided into two components – The Primary School Module (Nestlé Healthy Kids Programme) and The Secondary School Module, also known as *Program Cara Hidup Sihat*.

The Primary School Module is targeted to schoolchildren aged 7-12 years, and comprise of two components – an interactive awareness campaign and a three-year research component involving an intervention group. Nestlé also reached out to those who are deemed most influential to children – their parents and teachers – through workshops and seminars. Topics shared, taught and discussed across all sessions cover both nutrition and physical activities. The Primary School component is further elaborated as a Case Study on pages 028 – 031.

Following the success of the Primary School Module, the Secondary School Module – *Program Cara Hidup Sihat* – was developed and launched in December 2012 in collaboration with the Ministry of Education and Universiti Putra Malaysia (UPM). Similarly, the three-year programme is aimed at promoting and enhancing the knowledge and practice of healthy and active lifestyle amongst secondary schools students from selected 100 day-boarding schools nationwide¹ by using Ten 'Healthy Eating & Be Active among Teens' (HEBAT) sub-modules.

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



A group of secondary school students giving their full attention during one of the Program Cara Hidup Sihat module sessions.

Total sub-modules
reached

4,954
students

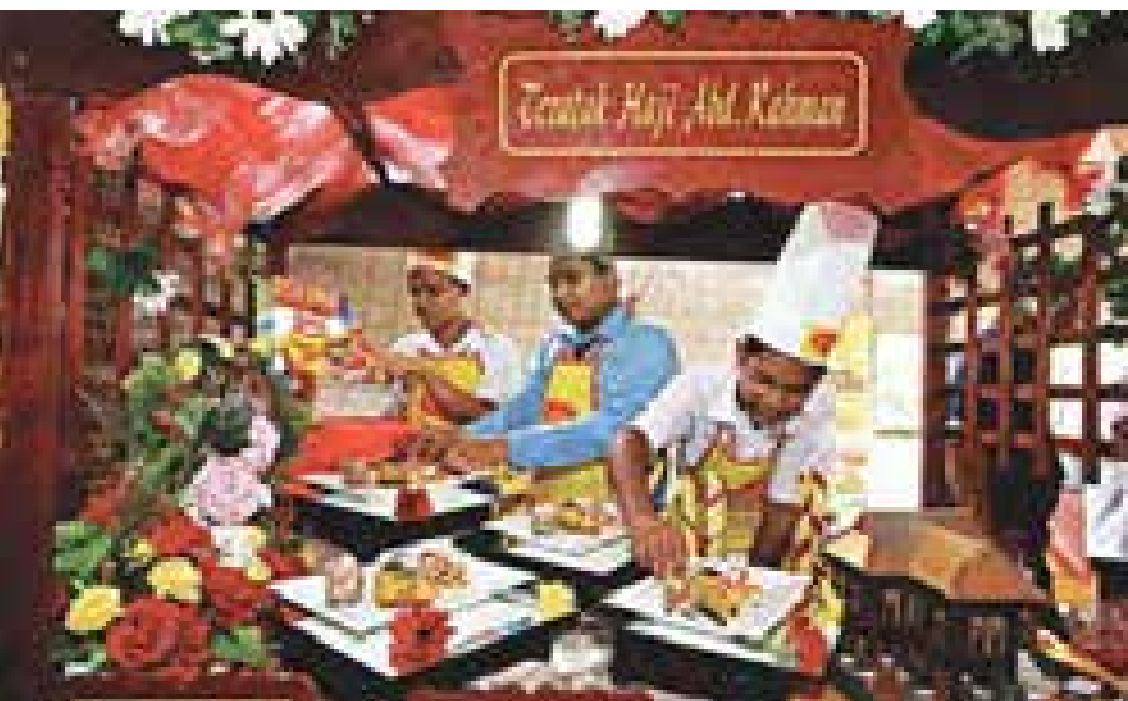
203
teachers and
wardens

332
food operators

“I am proud to announce that Program Cara Hidup Sihat – the first of its kind for Malaysian adolescents, has been successfully completed, and we received encouraging feedback on the HEBAT modules from the teachers and students. I offer my highest gratitude to project partners Nestlé Malaysia and the Ministry of Education for their continuous support and cooperation the past three years,” said UPM researcher and project partner, Dr. Chin Yit Siew.

Phase 1 covered four out of ten HEBAT sub-modules and reached a total of 4,954 students, 203 teachers and wardens as well as 332 food operators. The remaining six sub-modules were conducted in phase 2 and similarly, was monitored by the student affairs teachers and wardens from the respective participating schools. During this phase, 202 teachers and wardens were trained under the ‘Train-the-Trainer’ workshops and 293 teachers, canteen owners and chief cooks attended the ‘Food Operators Training’ sessions.

Results and outcome of the programme, which were reviewed by participating UPM researchers from the Medical and Health Sciences Faculty, showed positive improvement on Knowledge, Attitude and Practice (KAP) scores of healthy lifestyles and meal consumptions amongst the participants of the intervention group, as well as higher physical activity level and reduction in obesity rate.



The students of SMK Penanti, Kubang Semang, Pulau Pinang, who emerged as champion of the 2014 MAGGI Secondary Schools Cooking Competition.

DEVELOPING OUR OWN MASTERCHEFS – CULTIVATING CULINARY INTEREST THROUGH A COOKING COMPETITION

Culinary has evolved from being just a necessity to a form of art and has become a part of our lifestyle. Recent years have seen an increase in the interest of cooking amongst the young, which is evident with popular TV programmes such as Junior Masterchef U. S. and Australia.

Nestlé Malaysia has also contributed to the development of this by collaborating with the Ministry of Education, Home Economics teachers, respective State Technical and Vocational Units and Co-Curriculum Units to initiate the MAGGI Secondary Schools Cooking Competition in 1997. Targeted at aspiring young chefs aged between 13 to 15 years, the competition is aimed at cultivating culinary interest and promoting culinary arts as an alternative career choice, and to raise awareness through cooking demonstrations and nutrition talks on the importance of consuming a healthy and balanced diet.

The 18th edition of the competition held in 2014 saw the participation of 4,800 from 1,600 schools throughout the nation.

After competing in three challenging rounds at district, state and national levels, the team from SMK Penanti, Kubang Semang, Pulau Pinang emerged as champions of the 2014 edition and walked away with a cash prize worth RM2,000, a certificate, a trophy and MAGGI hampers. In addition, the school also received RM1,000 cash for the *Kemahiran Hidup Bersepadu (KHB)* funds.

Clinics reached out

210
children across
seven
venues in
Kelantan, Kedah,
Johor, Sarawak,
Penang and
Selangor

CULTIVATING HEALTHY LIFESTYLES THROUGH SPORTS

For many years, MILO has been at the forefront of sports development in Malaysia and has executed various campaigns successfully, which include Play More Learn More, Go Further Camp and HIDUP BOLA. These initiatives are aimed at encouraging children to play sports, as the brand believes that it is a vital aspect of a child's development and is a fundamental part of growing up.

As an extension to the HIDUP BOLA futsal competition, MILO organised a series of futsal clinics targeted at boys and girls aged between 7 to 11 years. During the sessions, the children learned about the technical aspects of the game, its rules and regulations, simple nutritional information, as well as the importance of warming up and cooling down exercises.

In total, the clinics reached out to 210 children across seven venues in Kelantan, Kedah, Johor, Sarawak, Penang and Selangor, as well as at the Grand Finals held at Sports Planet in Ampang, Selangor.



A participant having a go at one of the MILO HIDUP BOLA futsal clinics.



Chilli Club farmers picking the fresh chillies.

IMPROVING THE LIVES OF LOWER INCOME COMMUNITIES

Nestlé, through its Agricultural Services Department began working with the local Farmers' Association Board on a Chilli Contract Farming Scheme, which is aimed at improving yields and quality of crops to meet global standards.

The collaboration, which began in 1995, engages and tasks local farmers to harvest quality chillies that meet global standards for producing MAGGI Chilli Sauce. To-date, 112 farmers – all of whom have been accorded the Skim Amanah Ladang Malaysia (SALAM) accreditation for excellence in Malaysian farming practices – produced a yield of 506 metric tonnes of fresh chillies over 45 hectares of land.

The SALAM endorsement is also a pre-requisite to the 'Malaysia Best' brand, a locally and internationally recognised seal of approval from the Ministry of Agriculture that serves as a quality assurance for consumers on Malaysia's agricultural products.



As a result of the capacity building project between Nestlé Malaysia and World Wildlife Foundation Malaysia (WWF-Malaysia), the ladies of the Women's Society of Kg. Mangkok (PEWANIS) have successfully become environmental guardians of the Setiu Wetlands.

EMPOWERING WOMEN

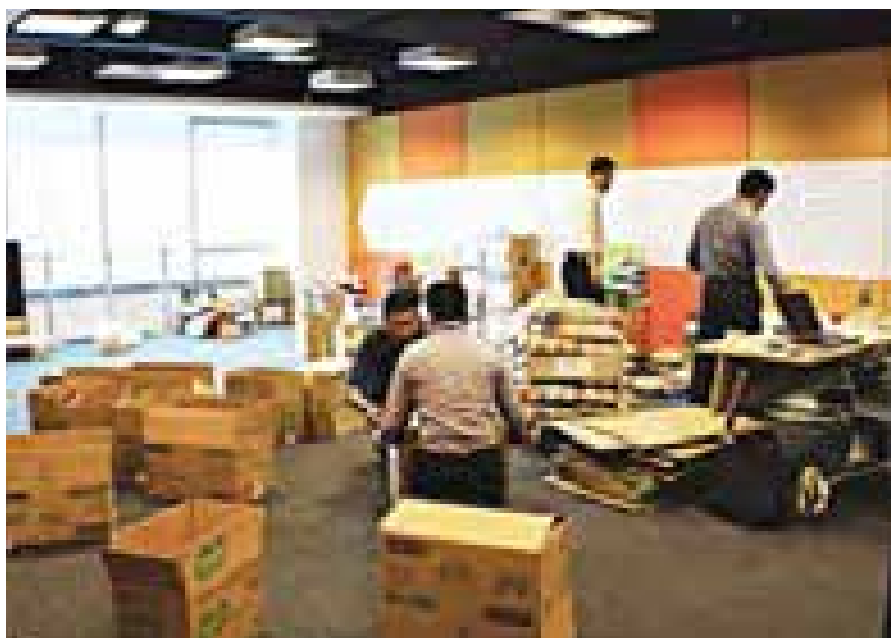
Nestlé has been collaborating with World Wildlife Foundation Malaysia (WWF-Malaysia) since 2006 on a project aimed at enhancing the livelihoods of a group of local women who refer to themselves as the Women's Society of Kg. Mangkok (PEWANIS). In addition to capacity building, this project also empowers these ladies to become environmental guardians of the Setiu Wetlands, which is home and nesting ground for the critically endangered painted terrapins and green turtles.

Nine years on, the wetlands has successfully been rejuvenated through active replanting of mangrove seedlings. This project has also witnessed the creation of economic benefits in the area as a result of its strong environmental conservation awareness, whereby the PEWANIS ladies have explored eco-tourism and developing a home-stay programme for both local and international visitors.

PROVIDING RELIEF FOR FLOOD VICTIMS

In response to the country's recent flood disaster in December affecting five states – Johor, Kelantan, Pahang, Perak and Terengganu – Nestlé executed a few of its own relief effort to provide aid and nourishment through the following channels to the victims, which also include employees and their families:

- Immediate Food Aid – Products such as MAGGI Hot Cup, MILO, NESCAFÉ and NESTLÉ Breakfast Cereals were delivered to and served at relief centres via sampling vans and also donated 50,000 MAGGI Hot Cups to the Media Prima Flood Relief Collection. MAGGI Hot Cups were also sold for charity via Jom Heboh and the proceeds were channeled to the flood donation collection;
- ROCKS' Donation Drive – In partnership with the Malaysian Red Crescent Society (MRCS), the Company's Employee Volunteer Programme had organised a drive to collect essential items such as rice, pillows and hygiene products, which were then sorted and packed by fellow ROCKers before they were handed over to MRCS for onward distribution to relief centres (details of the items collected is listed under the Nestlé ROCKS Employee Volunteer Programme write-up on pages 055 – 056 under Our People and the Workplace);
- Donation through the purchase of Nestlé products.
- Temporary accommodation and monetary support were immediately approved and disbursed for affected employees, as per the Company's Natural Disasters Assistance Policy.



Nestlé Malaysia employees lending a helping hand, packing aid items for the victims of the recent flood disaster in December 2014.

Case Study

NESTLÉ HEALTHY KIDS PROGRAMME – PHASE 2

Objectives

- Extend the reach of the NHK Programme to more school going children aged 7-12 years
- Create awareness among food operators on the preparation of healthy and nutritious food for school children
- Develop educational modules for the Ministry of Education to implement in all schools nationwide

BACKGROUND – WHERE WE ARE NOW

The primary school module of the Nestlé Healthy Kids Programme was launched in August 2010 to address complex issues such as nutrient deficiencies and obesity, as well as raise awareness on the importance and benefits of a healthy lifestyle amongst Malaysian school going children aged 7-12 years. The programme was implemented in collaboration with the Nutrition Society of Malaysia (NSM) over two three-year phases.

Phase 1 was conducted between 2010 and 2014, and involved an interactive awareness component that focuses on nutrition and physical activities that ran concurrently with a longitudinal intervention study. Activities during the Phase 1 period included:

- Nutrition Education Package – educational collaterals for children that include comic books, bookmarks and posters; and a guidebook for parents; etc.
- A Parent-Child Workshop for parents and children to discuss and learn about child nutrition and healthy lifestyle with experts.
- Parents-Teachers seminars and workshops, which doubled up as discussion platforms in addition to sharing nutritional information, knowledge and updates on the prevention of non-communicable diseases (NCD) among the young.
- Development of the **Nestlé Healthy Kids Programme** website (www.healthykids.org.my) that contains educational tools and interactive games to educate both parents and children about healthy eating and leading an active lifestyle.



Students of SK Tengkurus going through a briefing session to learn more about nutrition via the Nestlé Healthy Kids Programme's Nutrition Education Package.



These children learn about nutrition the fun way through simple and colourful educational collaterals that were prepared for and distributed to them, as part of the Nestlé Healthy Kids programme.

- Impact measurement on knowledge and body mass index (BMI) checks to assess nutritional status of participating students.
- IAAF Kids' Athletics Course on sports in general, aimed at developing and strengthening the physical activity component of the Nestlé Healthy Kids programme, to help develop and sustain future athletes within the school community.

The successful implementation of the Phase 1 activities resulted in the development of educational modules and the setting up of a NHK Expert Committee, comprising prominent health experts from the Nutrition Society of Malaysia.

(for more detailed information on NHK Phase 1 activities and achievements, please refer to the Nestlé Creating Shared Value Report 2012 and Nestlé in Society Report 2013)

PHASE 2 (2014-2016) of the NHK Programme expands the awareness outreach to schools in East Malaysia through three components:

1. Train-the-Trainers
2. Implementation of modules developed in Phase 1 by the educators
3. Engaging with food operators

The list of participating schools was provided by the respective Sabah and Sarawak State Education Departments, and Nestlé continued its collaboration with NSM to conduct the programme.

Activities

1. Conducted "Train-the-Trainers" workshop, conducted by the NHK Expert Committee. The workshop is aimed at training teachers and wardens on the Nestlé Healthy Kids modules, which included health topics such as 'Amalan Tabiat Sihat', 'Makan Mengikut Masa', 'Jom Aktif' and 'Kebersihan Diri'.

2. Food Operators' Workshop, with participation from those responsible in preparing meals for children in hostels such as chief cooks, canteen operators, supervisors and student affairs assistants.
 - Insights on basic nutrition and the principles of preparing healthier meals. They had the opportunity to observe how easily typical hostel canteen dishes such as *Ayam Goreng Berempah*, *Nasi Ayam Hainan* and *Kari Ayam dengan Kentang* can be made more nutritious and healthier through a cooking demonstration.
 - They were also taught about the importance of food safety and hygiene.



The Food Operators' Workshop is aimed at educating participants on how to prepare healthy and nutritious food for school children.



Teachers and wardens getting active during a 'physical activity' module conducted during the "Train-the-Trainers" workshop.

Achievements*

Activity	Achievement
Implementation of NHK programme modules in East Malaysia	A total of 77 day-boarding schools in Sabah and Sarawak are involved, benefitting at least 4,500 children
Train-the-Trainers workshop	The four-day workshop saw the participation of 166 teachers and wardens
Food Operators' workshop	The workshop was attended by a total of 227 participants

MOVING FORWARD

Nestlé will continue to conduct workshops to train the trainers, and create awareness among more food operators involved in the preparation of food for the participating schools.

Additionally, the NHK Expert Committee will continuously monitor the progress and impact of the modules, and will fine tune sections, where necessary, based on feedback from the participants.

The overriding objective will still be to develop modules to provide a standard approach and procedures to promote healthy eating habits and active lifestyle among schoolchildren. The modules will be further fine-tuned at the end of Phase 2 and will be presented to the Ministry of Education with the aim of having them incorporated into the existing national curriculum.

77
day-boarding
schools

at least
4,500
children

166
teachers and
wardens

227
participants

OUR COMMUNITY – OUR PERFORMANCE

	GRI Ref	2012	2013	2014
KEY COMMUNITY PROJECTS				
Nestlé Healthy Kids Programme¹				
Primary School Module				
Number of schools impacted		6	6	77
Total number of students involved in intervention programme		189	136	4,835
Total number of visits to the Healthy Kids Website		50,159	51,395	19,821
Total number of page views on the Healthy Kids Website		182, 896	164,303	51,282
Secondary School Module				
Number of schools impacted		100	100	100
Total number of students involved in intervention programme		4,954	4,954	4,954
Total number of teachers and wardens trained in the educational module		203	203	202
Total number of teachers, canteen owners and chief cooks trained in healthy cooking		332	332	293
MAGGI Secondary School Cooking Competition²				
Number of schools involved		1,600	1,680	1,600
Number of students participated		4,800	5,040	4,800
KOKO KRUNCH junior Taekwondo Championship³				
Number of participants		1,800	1,800	1,800
Nestlé Paddy Club, Kedah⁴				
Number of farmers impacted/ benefited from the project (Jan/Feb)		104	289	310
Number of farmers impacted/ benefited from the project (Aug/Sept)		170	312	298
Average yield (Jan/Feb)		4.48MT/ha	5.02MT/ha	5.85MT/ha
Average yield (Aug/Sept)		6.85MT/ha	7.06MT/ha	6.40MT/ha
Total number of hectares (Jan/Feb)		274	765	814
Total number of hectares (Aug/Sept)		475	807	788

	GRI Ref	2012	2013	2014
Nestlé Employee Volunteer programme (ROCKS)⁵				
Number of activities	#	19	11	14
Number of volunteers:				
i) Employees	#	212	205	146
ii) Non-employees	#	9	4	6
Total number of volunteer hours	#	1,193	952	835.5
Setiu Wetlands Project with WWF-Malaysia⁶				
Mangrove replanting activity (number of seedlings planted)	EN13	640	1,065	388
Outreach programme (beyond Kg. Mangkuk)		5	5	1
Number of PEWANIS members:				
i) Active members	#	10	15	15
ii) Non-active members	#	3	5	30

Nestlé specific indicator

¹ Source: Google Analytics Search Engine Optimisation Report, from January to December 2014 & Nutrition Society of Malaysia Yearly Report 2014.2.

² Source: Official appreciation letter by Kementerian Pelajaran Malaysia

³ Source: Various media articles by Breakfast Cereal Team and report by 3rd party agency

⁴ Source: Yield Report by the rice millers in Kedah (Ban Eng Hin & Chuan Huat Bee Kah)

⁵ Source: Attendance Report by Nestlé Group Human Resource Department.

⁶ Source: 2014 Report by WWF Malaysia.

OUR COMMITMENT TO THE **ENVIRONMENT**

We are helping to protect the environment and scarce resources, now and for future generations, by improving efficiency in our own operations and involving our partners to continuously optimise the environmental performance of our products along the value chain.

In addition to this, we have also initiated several projects to create awareness on environmental conservation; encourage recycling; and instill best environmental practices along the supply chain.





We ensure that 100% of the wastewater in factories are treated and comply with the local environmental regulations before being discharged.

Sharing Our Vision, Journey and Our Environmental Footprint

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

Paul Bulcke,

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

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Food production and consumption take up a large share of the world's resources, where we operate in an environment where water is increasingly scarce and biodiversity is declining. Furthermore, with climate change further exacerbating these challenges, we have to ensure that the principle of sustainability is embedded into all our activities, brands and products.

Nestlé has long sought to lead on climate change, shaping our business practices all along the supply chain. In practical terms, we are continuously making efforts to improve the environmental performance of our operations. Today, at the global level, Nestlé emits half the greenhouse gases per kilo of product it emitted ten years ago; by 2015, it aims to further reduce direct emissions of greenhouse gases by 35% compared with 2005 levels. Nestlé also looks at the beginning of its supply chain on environmental issues, helping farmers adapt their

practices to the environmental challenges arising from climate change. The NESCAFÉ Plan, the Nestlé Cocoa Plan and NESPRESSO Ecolaboration have been devised to make the farming of key commodities for Nestlé, like coffee and cocoa, more sustainable – from an economic, social and environmental perspective. The company also encourages its 400 biggest suppliers to report their greenhouse gas emissions targets through Carbon Disclosure Project (CDP), a not-for-profit organisation that enables companies to measure, disclose and share vital environmental information.

Nestlé's ambition is to ensure that our products do not lead to deforestation. Of the palm oil we use, 100% is RSPO-certified and supportive of the New York Declaration on Forests, which aims to halt and reverse the loss of forests. We also support the CDP initiative, which aims to remove commodity-driven deforestation from all supply

chains by 2020. At the other end of the supply chain, when it comes to keeping products like ice cream and yogurts cool and safe to eat, we use the very latest technologies and support the development and use of safe and efficient natural refrigerant solutions for commercial applications, as well as phasing out appliances that use Hydro Fluorocarbon (HFC). We have invested over £160 million into finding carbon-neutral natural alternatives in 93% of our industrial refrigeration systems. Today, all new ice cream chest freezers in Europe use natural refrigerants.

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

OUR COMMITMENTS

The foundation for every activity Nestlé engages in is committed to “Environmentally Sustainable Business Practices”. At all stages of the product life cycle, we strive to use natural resources efficiently, and favour the use of sustainably managed renewable resources and target zero waste.

Our commitments in the area of environmental sustainability are to:

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

Nestlé Environmental Policy

The Nestlé Policy on Environmental Sustainability incorporates the United Nations Global Compact (UNGC) environmental principles, which state that businesses should support a precautionary approach to environmental challenges; undertake initiatives to promote greater environmental responsibility; and encourage the development and diffusion of technologies with better environmental performance. The policy is complemented with more detailed commitments on key environmental issues:

- The Nestlé Commitment on Climate Change;
- The Nestlé Commitment on Biofuels;

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

Our journey in Nestlé Malaysia

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

Nestlé Malaysia had targeted to achieve the following objectives for 2014.

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

Note: All reductions are in comparison to year 2013.

To achieve these objectives, each of our six* factories in Malaysia have committed to a number of reduction programmes for each area of the environmental objectives. These programmes are tracked globally via a central based software reporting structure (I-Nexus).

At the same time Nestlé Malaysia is making strong initiatives in all Business Units and Supply Chain to actively reduce our carbon footprint through initiatives such as recycling campaign for packaging materials, Market Trial for Natural Gas Refrigerant Freezers, economising travel distance for our goods and personnel, and embarking on our Zero Landfill Journey.

Our Strategy

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

In 2014, our efforts have resulted in the reduction in the consumption of energy, water, greenhouse gases, solid waste and packaging materials, and we employ three key strategies to continuously improve our performance:

1. Strengthen our standard routines

This strategy ensures that we continue to be “Brilliant at Basics”. We have put in place routine maintenance and routine monitoring to prevent leakages of energy and water. For example performance monitoring of Steam Traps, Compressed air, Electrical Panels and large equipment bearings are conducted at an average of two to three times a year. At the same time, to ensure smooth operations and prevent wastages at all levels, we have incorporated Total Performance Management (TPM) philosophy into our operations. In 2014, we brought energy and water usage ownership to the shop floor level, with regular monitoring conducted and direct initiatives to reduce wastage implemented. This has resulted in successful situations where leakages were identified and arrested within 24 – 48 hours.

* Nestlé factories in Kuching (Client to insert exact names) are referred to as one entity for monitoring purposes.

2. **Rationalise Operations**

Where possible, productivity of our equipment are maximised to gain “Economy of Scale” and waste minimisation programmes are carried out with the support of focus working groups. At the same time we benchmark our key processes against set standards, which has been developed by Centre through a program called “DIY” (Do It Yourself). A list of best in class practices for various processes has been listed in this repository for factories to put into practice.

3. **Investments in new technology & automation**

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

The above key strategies are monitored and implemented in all our factories through collaborative networking of the respective production divisions. This aligned approach has enabled us to shorten the learning curve with the collaboration of the various operating factories.

In the area of supply chain and sales, the company continues to monitor the carbon footprint for the transportation of our finish goods and travels of sales personnel. We have also continued to further improve our “Load Optimisation Project” to reduce the carbon footprint at our Nestlé Distribution Centre.

For our Ice Cream business we have tested new freezers, which are more energy efficient and uses natural refrigerant i.e. Hydrocarbon Gas to replace the Synthetic Gases which is detrimental to our environment. Gradually, as we learn from the experience, we will be able to expand to other areas of the supply chain and transportation, as well as to our business partners.

WATER MANAGEMENT – OUR TOP PRIORITY

Nestlé has made water management a top priority, and is a founding signatory of the ‘UN Global Compact CEO Water Mandate’ and a key member of the ‘Water Environment and Federation Water Task Force and 2030 Water Resources Group’.

We have continuously:

- Worked to reduce the amount of water withdrawn throughout our manufacturing operations - creating awareness among the factory staff to eliminate waste; re-use of processing water for vacuum pumps and process pumps where appropriate; optimise water supply pressure in our selected unit operations and social blocks; and recycle back process water to social blocks and selected operations while ensuring all the hygiene standards are adhered to;

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

In 2014, Nestlé Malaysia achieved savings of 4% of specific water usage, from 4.67m3/tonne in 2013 to 4.48m3/tonne. The savings of 72,558m3 water per year is equivalent to the average usage of 1,325 people in one year.

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

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

Looking ahead, we are in the process of installing Reverse Osmosis filtration for boiler feed water in our factories in 2015. This will eliminate water wastages and at the same time, save energy. Additionally, we are also looking at tapping rainwater for our non-potable operations.

To ensure the sustainability of this precious resource, we believe there needs to be strong awareness at all levels of the supply chain, from the farmers that provide our raw materials to the consumers that consume our products.

ADDRESSING CLIMATE CHANGE – ENERGY AND GREEN HOUSE GASES MANAGEMENT.

- *The savings in energy utilisation rate of 3.53GJ/tonne in 2014 is enough to sustain fuel for 2,660 number of cars annually.*
- *This is an equivalent of specific savings of 7.6%.*

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 increase in food prices and economic hardship.

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

Energy Management

In 2014 we recorded a savings of 7.6% of energy usage per tonne product, from 3.82 GJ per tonne in 2013 to 3.53 GJ per tonne in 2014, surpassing the annual 4% target.

Essentially, the savings were achieved through the following programmes:

- Creating awareness among factory staff on improving process efficiencies to maximise productivity and minimise waste;

- Strengthening our standard routines for steam traps, condensate recovery management and Air Leak Management, as efficient maintenance in this area prevents unnecessary losses;
- Reducing Steam Pressure to reduce fuel usage;
- Installing energy recovery equipment in our boilers i.e. Economisers, which have the capability of increasing boiler efficiencies by 5%;
- Installing new equipment with lower energy usage, e.g. by installing air diffusers for our waste water treatment plants instead of traditional aerators; using low pressure steamers for our noodle line etc.;
- Including an energy efficient criteria in the selection of equipment for our processes i.e. boilers, chillers and air compressors.

Looking ahead, Nestlé will explore opportunities to optimise energy efficiencies with ESCO's (Energy Saving Companies) and Industry Specialists. The next focus areas will be to explore the use of clean fuel i.e. natural gas in place of light fuel oil and the possibility for Co Generation, which will provide greater energy efficiency. We will also include usage of renewable energy, using photovoltaic cells and skylights to harness solar energy. At the same time we are keeping an open mind for viable technologies to absorb the direct CO₂ gas released from our fuel burning equipment.

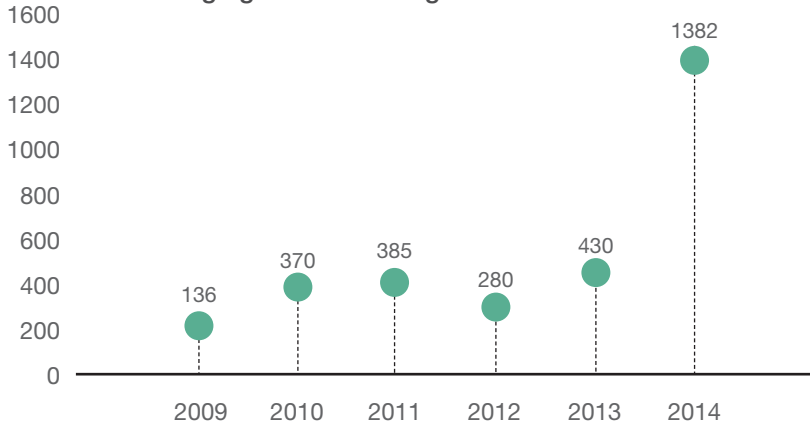
Refrigerant Management

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

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

We are strictly monitoring and tracking the consumption of refrigerant gases consumption on a monthly basis and the scheduled replacement of old equipment will follow the above policy.

Currently we are testing 200 units of freezers in our Ice Cream outlets using Hydrocarbon gas, and if proven safe, energy efficient and successful, we will gradually adopt the technology for the rest of our operations.

Packaging materials weight reduction – tonne

Packaging

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

However, packaging becomes waste after a product is consumed and is one of the most common items found in landfills. It is thus important that we continue to optimise our packaging to minimise its impact on the environment

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

For examples, we reduced the weight of our MAGGI chilli sauce glass bottled for both the 470g and 300g sizes by 14% and 7% respectively, which translates into a 900 tonnes reduction in glass usage.

In 2014, packaging optimisation projects enable to reduce material usage by 1,382 tonnes.

In 2014, Nestlé Malaysia achieved savings of

4%

of specific water usage.

We recorded a savings of

7.6 %

of energy usage per tonne product.



Our Agricultural Officer planting seedlings with a KAPOK (Komuniti Anak Pokok Kinabatangan) representative along the riverbanks of the lower Kinabatangan River as part of the Nestlé Project RiLeaf.

PROJECT RILEAF

Project RiLeaf was launched in 2011 as an initiative to reforest 2,400has of land along the Lower Kinabatangan River in Sabah. The three-year project aims to create a landscape where people, nature and agriculture (oil palm) can harmoniously co-exist in their need for water, through the replanting of trees to help minimise water pollution from soil sedimentation and agricultural fertiliser run-offs.

The project was further extended with the signing of a collaborative agreement with Sime Darby Foundation, who has committed to co-funding the project's resources.

Project RiLeaf also sees Nestlé supporting capacity building of the local community by purchasing forest seedlings from community-based seedling producer – Komuniti Anak Pokok Kinabatangan (KAPOK) – and acquires its services to manage the planting of the seedlings.

As an extension of the project, the Company regularly engages 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. In 2014, the first 36 oil palm farmers were audited and certified under the RSPO Group certification.

114,524 trees have been planted this year covering 102.7has, bringing the current total number of trees planted since the launch of the project to 294,681.

Total number of
trees planted

294,681

Data for 2012 and 2013 were based on KAPOK invoices. Due to an improvement in the documentation process, the total number of trees planted in 2014 is tabulated based on a proper planting record.

Left to right: Nestlé Malaysia Managing Director Mr. Alois Hofbauer, Northern Corridor Implementation Authority (NCIA) Chief Executive Yang Berbahagia Dato' Redza Rafiq, Muda Agricultural Development Authority (MADA) General Manager Yang Berusaha Tuan Haji Md. Zuki bin Ismail, Advisor to the Prime Minister for Koridor Utara Yang Berhormat Dato' Wira Mohd Johari Baharum and Pertubuhan Peladang Kawasan (PPK) MADA C2 Kerpan Chairman Yang Berusaha Tuan Haji Ismail bin Puteh viewing the Nestlé Paddy Club (NPC) exhibition at the MoU Signing Ceremony event between Nestlé, NCIA and PPK to help improve the productivity of the farmers under the NPC contract farming initiative.

NESTLÉ PADDY CLUB

Nestlé Paddy Club (NPC) is an innovative farming initiative launched in 2010 to benefit People, Planet and Profit, which in this context refers to the Company, local farmers of Kerpan and Sanglang, Kedah and the environment.

The exemplary contract farming initiative is executed in collaboration with several industry-related partners such as Organica Biotech, Ninamaju, Ban Eng Hin Rice Mill, Chuan Huat Rice Mill, Dupont and Bayer.

Through this initiative, club members – who are the local farmers involved – are taught to use a new and ecological way of paddy farming called Semi-Aerobic Rice Intensification (SARI) method, a water-saving approach applied in lowland paddy fields that has been proven to reduce water usage and methane emission in irrigated fields. They are also taught Good Agricultural Practices and sustainable agriculture, both of which help to ensure the safety and quality of food.

In addition, level greenhouse gases are also reduced, as the farmers use environment-friendly microbial supplements such as Agri-Organica, which are provided by Nestlé.

The recent harvest period saw 298 farmers harvesting 5,044MT of paddy over 788has of paddy fields, thus achieving an average yield of 6.40MT/ha.



Harvest Season/Year	February	August
2012	4.48MT/ha 104 farmers 274has	6.85MT/ha 170 farmers 475has
2013	5.02MT/ha 289 farmers 765has	7.06MT/ha 312 farmers 807has
2014	5.85MT/ha 310 farmers 814has	6.40MT/ha 298 farmers 788has

In February, Nestlé Malaysia teamed up with Universiti Tunku Abdul Rahman (UTAR) for a two-year scientific study to improve existing paddy planting methods used at the Nestlé rice contract farms. This included research on methane emissions, from which it was found that flooded paddy fields produced 74% higher emissions than that of non-flooded ones.

Average yield achieved **6.40**MT/ha, well above the national average of 3.7MT/ha

CARETON PROJECT – INSTILLING THE RECYCLING HABIT

2014 marks the third year of Nestlé's partnership with packaging company Tetra Pak, with whom they work together on an environmental sustainability project that promotes the habit of recycling of beverage cartons amongst consumers.

This year's edition of the CAREton project resulted in the collection of 7.2 million used beverage cartons, which exceeded the initial collection target of 5 million. Composed of paper, polyethylene and aluminum foil, these cartons will be recycled into 920 roofing tiles for the usage of social enterprise EPIC Homes, to put a roof over 20 identified and deserving Orang Asli families in 2015.

The campaign was supported by collection partners comprising community organisations and retailers, with a comprehensive network of over 460 drop-off points across the country.



Beverage cartons collected via the CAREton Project will be recycled into roofing tiles, which are used by social enterprise EPIC Homes to build homes for Orang Asli families.

Case Study

COMMITTED TO PROTECTING THE WORLD'S ENVIRONMENT

Although waste disposal through landfills is one of the oldest forms of waste treatment, the process impacts the environment in various ways. It uses up large tracts of land and pollution of the local environment may occur - such as contamination of groundwater or aquifers and the generation of methane, a greenhouse gas many times more potent than carbon dioxide.

Our ambition is to continually reduce the environmental impact of our products and to achieve zero waste to landfill from each of our factories by 2020, and driving down waste is one way we are working towards this goal.

One of Nestlé's primary functions is to transform perishable raw materials into finished products that meet consumers' expectations for safety, quality, convenience and value. In addition to this, the Company's Research and Development centres also look into preservation of the environment by processing methods that minimise waste generation.

SORTING OF PACKAGING WASTE AT SOURCE:

This is carried out at all our sites to ensure materials such as paper, plastic, and glass are segregated at source for recycling purposes, before they are sent out for landfill. Damaged packaging and rejected products are disposed off at our waste bins.

CONVERSION OF FOOD WASTE:

As an example, cereals that are rejected due to lumpy consistency are recovered and found to be suitable for conversion to animal feed.

CONVERSION OF OUR MARKET RETURNS IN OUR CENTRAL WAREHOUSE:

These are either converted into animal feed or organic fertilisers and packaging is sent for recycling.

CONVERSION OF WASTE WATER TREATMENT PLANT SLUDGE AND FOOD WASTE:

Waste water treatment plant sludge and food waste are converted into organic fertiliser using special microbes in a reactor.

CONVERSION OF LAMINATES:

Laminates, which are non-recyclable are converted into building materials such as roofing sheets and partitions.

Achieving Zero Landfill

The Nestlé Policy on the Environment stipulates that the manufacturing practices of the Group must include reducing waste generation and emissions as much as possible. Recycling of waste and disposal of non-recyclable waste must be top priority and carried out in an environmentally sound manner.

In our effort to minimise solid waste, we successfully achieved a landfill reduction of 57.6% in 5 out of 6 factories in 2013, which well exceeded the initial target of 10%.

Listed below are some of the initiatives that were carried out by the environmental team in 2014:

ACHIEVEMENT IN 2014

In 2014, five out of our six* operating factories in Malaysia i.e. Batu Tiga, Shah Alam Complex, Petaling Jaya, Chembong Complex and Chembong Ice Cream achieved “Zero Landfill Status”, with all solid waste materials 100% recycled. The total reduction of solid waste to landfill achieved in 2014 for Nestlé Malaysia is about 90%, from 1990 tons of landfill load in 2013 to a mere 177 tons in 2014.

This remarkable achievement is possible through close cooperation between the factories and the Company’s appointed third party solid waste management company.



Waste water is treated as part of our effort of minimising waste.

MOVING FORWARD

Moving ahead Nestlé will ensure that the zero landfill status achieved for the five factories in Malaysia is maintained and become part and parcel of our standard routines.

The remaining non-zero landfill factory in Kuching, East Malaysia, efforts are being made to reduce the landfill load gradually by increasing recycling activities. At the same time Nestlé plans to introduce technology to convert organic waste to organic fertiliser; and laminate plastics to building materials. However, its geographical location and low volumes coupled with the absence of local technical support would need to be addressed before achieving the zero landfill status.

* Nestlé Factories in Kuching are referred to as one entity for monitoring purposes.

Note: The management of hazardous waste such as chemicals, solvents, e-waste etc. is not part of this exercise. They are managed separately via authorised vendors as per the Environmental Quality Act.



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

OUR ENVIRONMENTAL FOOTPRINT – OUR PERFORMANCE

	GRI Ref	2012	2013	2014
Production				
Production Volume (tonne)		375,405	399,168	381,886
Materials Used				
Non-renewable materials (tonne) ¹	EN1	750	783	590
Direct materials (tonne)	EN1	405,501	411,681	374,913
Total weight of material used (tonne)	EN1	406,948	413,663	376,576
Recycled materials (tonne) ²	EN2	14,420	15,414	13,180
Percentage of recycled materials (%)	EN2	3.54%	3.73%	3.50%
Energy³				
Total direct energy consumption by primary source (GJ)	EN3	803,403	785,848	682,063
Total direct energy per tonne of finish goods (GJ/tonne)	EN3	2.14	1.97	1.79
Total direct energy by renewable primary source (GJ) (Coffee Ground)	EN3	107,242	83,805	61,769
046 Total direct energy by non-renewable primary source (GJ) (NG/LFO/Diesel/LPG)	EN3	696,161	702,043	620,294
Indirect energy consumption by primary source (GJ)	EN4	664,637	740,157	664,150
Indirect energy per tonne	EN4	1.77	1.85	1.74
% of Renewable Energy for Indirect Energy	EN4			6.40%
Renewable Energy for Indirect Energy (GJ) EN4	EN4			42,505
Non Renewable Energy for Indirect Energy (GJ)	EN4			621,644
Total energy (GJ)	EN5	1,479,099	1,526,031	1,346,213
Total amount of energy per tonne (GJ/tonne)	EN5	3.94	3.82	3.53
Energy saved due to improvements (GJ)	EN5	82,240	35,104	113,726
Water				
Total water withdrawal by source (m ³ /yr)	EN8	1,734,455	1,863,027	1,710,038
Total water withdrawal per tonne	EN8	4.62	4.67	4.48
Volume of water recycled per reused (m ³ /yr)	EN10	80,710	80,710	80,710
Percentage of water recycled and reused (%)	EN10	5%	4%	5%
Emissions, Effluents and Waste				
Total direct and indirect greenhouse gas emissions (tonne CO ₂) ⁴	EN16	158,901	171,747	159,538
Total greenhouse gas per tonne of finish goods (kg CO ₂ /tonne)	EN16	420	432	420
Other relevant indirect greenhouse gas emissions by weight (tonne) ⁵	EN17	9,938	9,647	12,056
Greenhouse gas reductions (tonne CO ₂)	EN18	1,419	-26,444	4,773
Percentage of specific greenhouse gas reductions (%)	EN18	1.0%	-18%	2.9%
Emission of ozone-depleting substance (tonne)	EN19	3.15	11.06	10.17
NO, SO, and other significant air emissions (type & weight)⁶				
SOx (tonne)	EN20	161.9	177	144.6
NOx (tonne)	EN20	171.1	179.4	159.7
Particulate Matter (PM) (tonne)	EN20	42.5	44.45	44

	GRI Ref	2012	2013	2014
Total water discharge by quality and destination (m3/yr) ⁷	EN21	1,077,517	1,010,999	966,636
Total weight of waste by type and disposal method⁸				
Hazardous Waste (tonne)	EN22	28	26	46
Landfill waste (tonne)	EN22	4,698	1,990	160
Recycling (tonne)	EN22	11,561	13,303	11,895
Recovery (tonne Coffee Ground)	EN22	12,833	9,882	6,172
Composting organic fertilizer (tonne)	EN22	16	3,079	4,917
Total number and volume of significant spills	EN23	nil	nil	nil
Weight of transported waste deemed hazardous (tonne)⁹				
Weight of hazardous waste transported	EN24	39.8	26	46
Weight of imported hazardous waste	EN24	nil	nil	nil
Weight of exported hazardous waste	EN24	nil	nil	nil
Weight of treated hazardous waste	EN24	3	2.97	nil
Travel				
Total distance travelled for finish goods for land and sea ('000 km)	EN29	8,439	8,418	9,391
Total CO ₂ discharge for above travels (tonne)	EN29	9,938	9,647	12,056
Average of CO ₂ for every tonne of finished goods, over the total distance travelled (CO ₂ /tonne* km)	EN29	61	52	60
Total distance travelled by Nestlé Staff on business ('000 km) ¹⁰	EN29	6,595	7,512	11,859
Total CO ₂ discharge from business related travel (tonne) ¹⁰	EN29	1,042	1,187	1,873
Total environmental protection expenditures and investments (RM)				
Waste disposal, emission treatment & remediation cost (RM)	EN30	3,760,333	4,169,057	3,885,187
Prevention and environmental management cost (RM investment cost)	EN30	1,003,978	3,533,470	2,398,283
Solid waste disposal cost (RM) ¹¹	EN30	523,416	395,211	34,260

¹ Fuel usage is not reported in EN1 for year 2013 onwards to be aligned to Nestlé GI. Fuel is reported as energy in EN 3.

² Calculations based on Packaging Technologist report i.e corrugated board = 50%; glass = 35% & MAGGI hot cup = 25%.

³ The data for 2012 and 2013 has been updated as per new reporting from SHE-PM. The primary energy sources purchased are a) Natural Gas b) Light Fuel Oil c) LPG – Liquefied Petroleum Gas and d) Diesel.

⁴ The data for 2012 and 2013 has been updated as per new reporting from SHE-PM.

⁵ The figure is the total GHG emission in tons for finished goods transport. Emission from employee commuting, business travel are reported as part of EN 29 i.e 1873 tons.

⁶ Note: Other gases ex POP (Persistent organic pollutants), VOC (Volatile Organic Compounds) and HAP (Hazardous air pollutants) are not relevant to our industry. Figures for NO_x, SO_x – obtained from calculations based on default data. Figures for PM (Particulate Matter) obtained from sampling at site.

⁷ All waste water discharged from factories are treated in biological waste water treatment plant and all the discharge parameters comply to the local environmental regulations.

⁸ All recycling and landfill waste are managed by appointed and authorised Waste Management Company.

⁹ All hazardous waste are managed by DOE authorised contractors for further treatment and disposal.

¹⁰ Source: <http://www.carpages.co.uk/co2/> -158 g CO₂/km. For 2014 business travel from factories on road has been included together with salesman.

¹¹ Significant reduction in landfill cost due to Zero Landfill efforts for 5 factories.

OUR PEOPLE AND THE **WORKPLACE**

The sustainability of the Company is very much dependent on our workforce, as it is people that will drive the business forward. Thus it is critical that we not only attract the best talents but also retain those that are already with us.





Our people are our greatest assets and not only do we nurture them to becoming better employees, but we also provide them with a conducive working environment, which is a vital aspect in helping them achieve their goals.



Our people are our most important asset, which is why we are on a permanent quest to attract and retain the right people for our existing and future business needs.

To do this, we need to provide them with a workplace they can thrive in and this includes ensuring safety at the workplace and providing career opportunities through various training programmes. As the leading Nutrition, Health and Wellness company, we also implement initiatives to develop a skillful and committed workforce who will work together to deliver the Nestlé promise of GOOD FOOD, GOOD LIFE to our consumers.

LISTENING TO OUR PEOPLE

Our people's feedback and opinions matter and are important to us, and we have in place a measuring tool called "The Nestlé & I Survey", which is conducted periodically as part of our staff engagement. The survey is aimed at soliciting views and comments relating to the workplace environment and more importantly, it serves as an open dialogue to discuss ways of improving the way we do business. It is said to be the key to success for most consistently high performing organisations including Nestlé.

As part of our journey to reignite the growth of the Company, we came up with comprehensive action plans based on the 2012 survey results primarily in the areas of Cooperation, Respect & Treatment, Manager Behaviour and Empowerment, all of which are essential in helping our leaders deal with the increasing challenges that they face, as well as to achieve on-going success for the Company.

Nestlé attaches great importance to confidentiality and because of that, it has engaged the help and services of an external partner – Towers Watson – to ensure confidentiality of the data collection, analysis and results reporting of the survey.

Preliminary results indicate a 96% overall participation rate, an achievement that reflects our employees commitment to making Nestlé a great place to work in. Towers Watson is currently reviewing and analysing the responses received via the survey, and results will be made available in March 2015.

SAFETY, HEALTH AND WELL-BEING OF OUR PEOPLE

Safety at the Workplace

Safety is a non-negotiable priority and an integral part of our culture as a food manufacturing company; we are committed to prevent work-related accidents, injuries and illnesses of our employees, contractors and others involved along the value chain.

Nestlé Malaysia organises an annual thematic initiative in conjunction with the Safety, Health & Environment (SHE) Day celebration, to create awareness as well as address safety and health issues.

In August, we launched a light-hearted and emotional programme called "We Do Coz We Care – SHE Beyond Operations", which is aimed at implementing SHE principles at all of our sites, focussing on the points of being mindful and taking care of one's health and safety on a daily basis.

The day of fun and learning saw employees participating in activities that reflect elements of ordinary daily life, which included managing and releasing stress, as well as the importance of being aware of one's surroundings as a good personal safety measure. In addition, there were health and safety talks that covered important topics in a fun and interesting way.



It is important for Nestlé employees to have a good understanding on nutrition and this is made possible with the Nutritional Quotient training sessions that the Company organises on a regular basis.

Ensuring Healthy Lifestyles for All

Being the leading Nutrition, Health and Wellness company, it is vital that every employee understands nutrition and makes it a priority in their daily life. On a regular basis, Nestlé carries out a training programme called Nutritional Quotient (NQ). Delivered by qualified nutritionists, NQ is aimed at ensuring that every employee has a good understanding on nutrition and thus applies it in their professional activities and day-to-day lives.

The latest edition of the NQ training, which started in June, was targeted at non-management employees in all Nestlé Malaysia factories. The first series of nutritional messages comprise of six different topics and were disseminated via easy-to-understand NQ Foundation posters and handouts over a period of six months to a total of more than 3,300 employees. Another six topics will be delivered to them next year.

In addition, Nestlé Malaysia also hosted fun and interactive NQ Wellness Day sessions at Petaling Jaya, Batu Tiga and Shah Alam factories, all of which included a briefing on healthy eating, a healthy cooking demonstration and a quiz.

The Importance of Financial Planning and Management

The well-being and development of our employees goes beyond performance in the workplace. As part of the Company's Wellness @ Work Programme – particularly its monthly Lunch n' Learn Thursdays session – Nestlé organised a talk on developing a wealth mind-set that creates a healthy mental attitude towards money management and personal financial planning.

The talk was delivered by one of the country's leading advocates of personal financial education – Founder and CEO of Abacus for Money, Carol Yip. Participants were given an insight on the importance of understanding the relationship with money including effective ways of managing take-home pay, as well as planning and dealing with financial-related matters to match one's living requirements.

At the end of the session, participants were able to see how psychological influences and financial hard facts can impact a financial plan.

KEEPING FIT AT THE WORKPLACE

Employee Wellness Programmes

Not only is Nestlé committed to enhancing the lives of its consumers, but also that of its employees. Throughout the year, the Company organised and carried out the following health-related activities to encourage healthy eating and active lifestyles:

Fruit Days	Fruits are distributed to employees twice a week to encourage healthy eating and to remind them about the importance of consuming fibre.
Dissemination of Wellness Tips via Email	Weekly email blasts are sent to employees, providing them with information on various health and wellness related topics including medical, mental, financial and physical.
Health Talks	Various talks on Non-Communicable and Communicable diseases were held with the aim of creating awareness amongst employees.
Health Screening Program	Health screenings are conducted on an annual basis covering BMI, Body Fat %, blood pressure, glucose and cholesterol checks.
Flu Vaccination Programme	In an effort to reduce absenteeism, employees with high MC rates due to flu received/will receive free flu vaccination.
Blood Donation	As part of its community service, Nestlé works together with hospitals to organise blood donation days.
Stress Management Programme	Based on the understanding that stress can be harmful, Nestlé conducted talks on how to identify and properly manage stress.
Ergonomic Programme	Employees with back problems attended talks that educated them about posture and simple exercises that can reduce or prevent back pains.
Indoor/Outdoor Fitness Program	Various fitness programmes were organised to encourage employees to be more active, including the Treadmill Challenge, which is further described on page 054.

Nestlé also organised a series of educational wellness talks to help its employees set simple health goals for the year. Held as part of the Company's existing Lunch N' Learn Thursdays activity, a total of ten sessions were conducted in 2014 and the talks covered various topics ranging from the importance of proper eating, keeping fit, stress management and more.



Fitness made fun for employees with the Nestlé Treadmill Challenge.

Healthy and Fun Fitness Challenges for All

Nestlé Malaysia teamed up with well-known fitness center – Fitness First – to organise the Nestlé Treadmill Challenge, which is aimed at encouraging employees to lead healthier lifestyles and showing them that staying fit can also be fun.

The Challenge, which is the first of its kind for Nestlé, required participants to run on the treadmill for ten minutes. There were eight teams, each consisting of five members and as a result, all eight ran a total of 67.5 kilometers within 50 minutes. Three teams emerged winners and walked away with medals and other goodies.

In addition, Nestlé Malaysia completed the second round of its Lose & Win Challenge, an educational ten-week programme for employees with a body mass index (BMI) of 25 and above that began in September 2014. During the programme, participants attended a series of weight management talks and exercise sessions, from which they learned how to eat healthily and lead an active lifestyle.

Yusni Kama Azura Yahya, Nurul Izzah Ishak and Azrah Abdul Ghani emerged as the top three weight loss champions of the programme, which ended in November. In total, ten winners walked away with prizes worth RM5,000. Collectively, they had lost a total of 58.6 kilograms of body weight and 24% of body fat percentage.

INSPIRING EMPLOYEES TO CREATE SHARED VALUE

Nestlé ROCKS Employee Volunteer Programme

Nestlé Reaching Out to Community and Kids (ROCKS) is an Employee Volunteer Programme that encourages our people to fulfill their own social or community obligations through the Company's various initiatives with 30 of Nestlé's "adopted" charity homes.

Throughout the year, the volunteers who are fondly known as Nestlé ROCKers, had the opportunity to take part and lend a helping hand in the following activities:

Cookout for Refugees	Our Nestlé ROCKers had come together to cook, pack, deliver and feed Burmese refugees in Rawang, as well as Central Kuala Lumpur. 33 volunteers participated in this programme, whereby they had prepared 100 food packs in the Nestlé MAGGI Kitchen and delivered them in two groups to the designated destinations.
ROCKS for Orang Asli, Ulu Batu	Nestlé lent a helping hand to the villagers of the Orang Asli Settlement in Ulu Batu by providing a health talk, contributing Nestlé products, playing fun games with the village children and treating them to lunch. A total of 33 volunteers participated in this fun-filled activity.
ROCKin' Bazaar	An annual shopping bazaar was conducted by Nestlé employees in aid of selected charity organisations – Rumah Al-Hidayah and St. Joseph, Sentul. Over RM51,000 was raised through this Company-wide effort, with a total participation of 20 teams from departments and factories.
Earth Hour Night Walk	Ten active ROCKers were chosen to join the Earth Hour Penang Night Walk that took place at Jalan Padang Kota Lama, Penang, an event held in collaboration with WWF-Malaysia, sought to call for support towards finding a solution to the climate crisis.
Iftar with Kompleks Penyayang Bakti	Nestlé ROCKS organised a joyous and momentous <i>iftar</i> feast for the members of Kompleks Penyayang Bakti, Sungai Buloh. 34 volunteers joined this event, spending time with the children and dedicating 136 volunteer hours in total.
Festive Shopping – Raya and Deepavali	In the spirit of giving and sharing, ROCKers and their family members brought smiles to groups of children by treating them to a Hari Raya and Deepavali shopping spree. The Hari Raya event brought together 35 volunteers who had dedicated their time to shopping for/with 60 children of Rumah Amal Asnaf Al-Barakh, Olak Lempit. Meanwhile, the Deepavali outing saw participation of 19 volunteers, who help shopped with the children of Rumah Kebajikan Anbu Illam and Rumah Kebajikan Karunai Illam.



Nestlé ROCKers shared a day of fun and cheer with children from Praise Emmanuel Children's Home at the year end Christmas ice skating party at Royale Chulan Damansara.

Christmas Party	ROCKS shared the Christmas spirit with 21 delightful children from Praise Emmanuel Children's Home with an ice skating party and granted their wish lists. The 17 ROCKers who joined the festive celebration enjoyed accompanying the children and coaching them through their first ice skating experience.
CAREton Build Homes Project	Nestlé ROCKS, together with Tetra Pak and EPIC Homes joined efforts in building a home for a family of four in the Orang Asli settlement of Kg. Hulu Tamu, Batang Kali. The three-day two-night event saw the participation of 11 ROCKers.
Flood Relief Efforts	<p>In response to the devastating monsoon floods in Johor, Kelantan, Pahang, Perak and Terengganu in December, ROCKS organised a donation drive, which appealed to employees to help contribute items such as hygiene products, rice, pillows and other essentials.</p> <p>In total, 935kg of rice, 27 pillows, 42 boxes of hygiene parcels and 12 boxes of other essentials were collected.</p>

Case Study

ENGAGING AND NURTURING LEADERS

In an effort to enhance and further strengthen the work culture, Nestlé Malaysia organised and conducted a Leadership & Personal Effectiveness Programme – LEAD PEP 2.1 – for its senior managers, which included the Company's Managing Director, as well as division heads and business unit managers.

Implemented in collaboration with leadership experts from Mount Eliza Executive Education, University of Melbourne and Melbourne Business School, the main objective of the programme is to improve relationships between leaders and their team members, which has been proven to help increase Employee Engagement scores within the Company and contribute to achieving its growth target when good.

LEAD PEP 2.1 consists of three modules, two out of which – the first and final modules – are intensive and focuses on an individual development project. The second module requires participants to utilise the Melbourne Business School's comprehensive online learning platform and action research project called "Thread" that supports their learning and development throughout the programme. All three will be executed and completed within a period of four months.

Nestlé sees itself as a human Company that not only cares for the well-being of its consumers, but that of its employees as well. Nestlé believes that it is the people who form the pillar of the Company and that nothing can be achieved without their commitment and strength.



Participants of the 2014 LEAD PEP 2.1, a programme aimed at improving relationships between leaders and their team members.

The programme addressed topics that are key and essential in becoming a good leader such as leadership, self-awareness, motivation and engagement of employees, coaching, strategic human capital, cultural sensitivity and awareness, global mind-sets of leadership, navigating complex and abstract challenges and marketing.

To-date, and as planned, the programme reached out to a total of 163 participants who were divided into seven cohorts.

MODULE 1:
August-
November

MODULE 2:
On-Going

MODULE 3:
2015



Lead PEP 2.1 participants sharing their ideas and input during a discussion session.

POSITIVE OUTCOMES FROM THE PROGRAMME

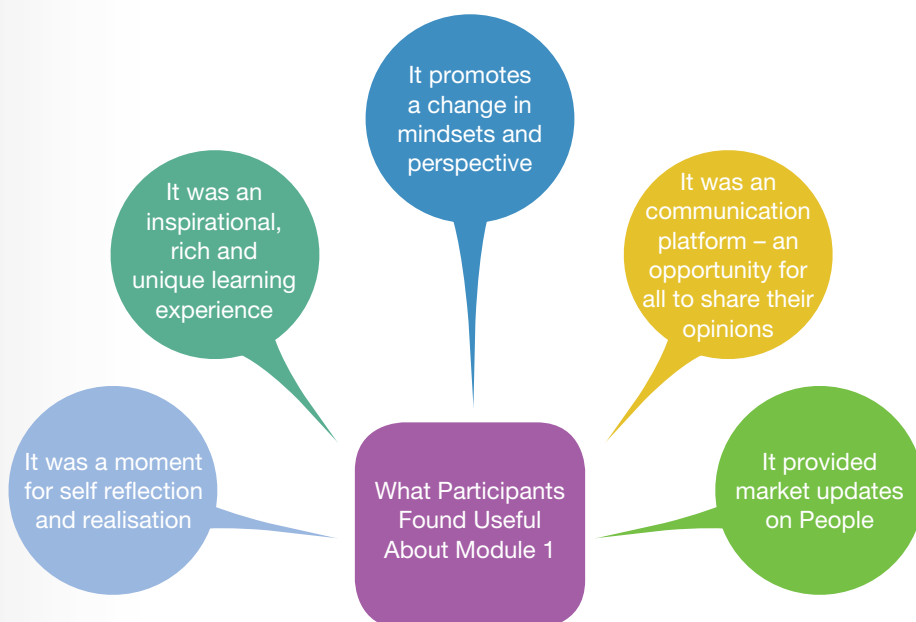
Based on feedback from the participants, LEAD PEP 2.1 has achieved its objectives, as participants found it insightful and knowledgeable. The programme was an eye-opener resulting in the participants wanting to improve and challenge themselves to become better leaders and to enable them to carry out their daily working tasks in a better and more effective way. Below are some of things that the participants found useful about Module 1:

In addition, participants gained new insights on Strategic Human Capital and Business Performance, which reiterated the importance of learning at every step of the working journey. Participants were taught on building trust, managing people, as well as dealing with cultural and behavioural differences.

At the end of each session, participants were asked to evaluate Module 1 of the programme by rating it from 1 (non-satisfactory) to 7 (satisfactory), and this resulted in an average evaluation score of 6.14.

In conclusion, LEAD PEP 2.1 has created a new awareness on the impact of cultural values on leadership practice and reinforced the importance of coaching in building relationships and motivation for achieving desired performance and results.

Moving forward, the seven cohorts will continue with Module 3 of the programme in 2015.



OUR PEOPLE – OUR PERFORMANCE

	GRI Ref	2012	2013	2014
Workforce – Full Time Equivalent Employees¹				
Total number of employees	LA1	5,669	5,847	5,702
Total number of employees – Nestlé Products Sdn. Bhd. (NPS Head Office, NPS NDC & Sales)	LA1	1,506	1,524	1,585
Total number of employees – Nestlé Manufacturing Malaysia (Factory, NHM HOU & NMM NDC)		4,313	4,156	4,117
NMM Shah Alam	LA1	1,144	1,116	1,126
NMM Petaling Jaya	LA1	674	670	610
NMM Batu Tiga	LA1	936	904	901
NMM Kuching	LA1	232	229	234
NMM Chembong & Chembong Ice Cream	LA1	1,048	1,957	951
NMM HOU		76	80	75
NMM NDC		203	200	220
Permanent employees (%)	LA1	99%	99%	99%
Temporary & Contract employees (%)	LA1	1%	1%	1%
Total number of new employees by gender – Male				131
Total number of new employees by gender – Female				116
Total number of employees leaving employment by gender – Male	LA2	184	188	181
Rate of employees leaving employment by gender (%) – Male	LA2	3.3%	3.32%	3.17%
Total number of employees leaving employment by gender – Female	LA2	130	143	174
Rate of employees leaving employment by gender (%) – Female	LA2	2.3%	2.52%	3.05%
Total number of employees leaving employment by region – Nestlé Products Sdn. Bhd.	LA2	148	206	184
Total number of employees leaving employment by region (%) – Nestlé Products Sdn. Bhd.	LA2	2.65%	3.63%	3.23%
Total number of employees leaving employment by region – Nestlé Manufacturing Malaysia	LA2	162	125	171
Total number of employees leaving employment by region (%) – Nestlé Manufacturing Malaysia	LA2	2.90%	2.20%	3.00%
Labour/Management Relations²				
Percentage of employees covered by collective bargaining agreement	LA2	97%	73%	72%
Occupational Health and Safety³				
Lost Time Injury Frequency Rate	LA7	1.2	1.4	1.5

	GRI Ref	2012	2013	2014
Injury Rate for Total Workforce by Region⁴				
Nestlé HOU	LA7	1.1	0.0	0.9
NMM Shah Alam	LA7	2.9	3.5	0.6
NMM Petaling Jaya	LA7	0.9	3.0	0.5
NMM Batu Tiga	LA7	1.9	1.5	2.0
NMM Kuching	LA7	3.7	3.5	1.8
NMM Chembong	LA7	3.7	3.9	3.2
NMM Ice Cream	LA7	2.0	0.0	16.8
Nestlé NDC	LA7	0.0	2.1	0.5
Sales & Marketing	LA7	n/a	0.0	2.1
Lost Day Rate for Total Workforce by Region⁵				
Nestlé HOU	LA7	0.5	0.0	17.4
NMM Shah Alam	LA7	18.0	4.3	8.2
NMM Petaling Jaya	LA7	1.5	14.5	1.5
NMM Batu Tiga	LA7	0.4	3.9	4.3
NMM Kuching	LA7	0.0	0.0	0.0
NMM Chembong	LA7	20.3	10.3	7.6
NMM Ice Cream	LA7	55.1	0.0	77.3
Nestlé NDC	LA7	0.0	0.0	3.1
Sales & Marketing	LA7	0.0	0.0	2.8
Absolute Number of Fatalities for Total Workforce by Region⁶				
Nestlé HOU	LA7	0	0	0
NMM Shah Alam	LA7	0	0	0
NMM Petaling Jaya	LA7	0	0	0
NMM Batu Tiga	LA7	0	0	0
NMM Kuching	LA7	0	0	0
NMM Chembong	LA7	0	0	0
NMM Ice Cream	LA7	0	0	0
Nestlé NDC	LA7	0	0	0
Sales & Marketing	LA7	0	0	0
Training and Development⁷				
Training provided to employees per year (value of training – RM)		14,505,288	16,596,413	617,647
Number of attendance – local training		2,435	4,029	4,018
Number of attendance – overseas training		164	269	121
Number of employees enrolled in Flexi-Benefit		620	748	887
Average hours of training per year, per employee, per employee category	LA10			
– Management		15.66	15.61	12.73
– Non-management		17.68	14.74	11.11

	GRI Ref	2012	2013	2014
Average hours of training per year by gender				
– Male				900
– Female				1,869
Percentage number of employees receiving performance and career development reviews	LA12			
– Management		94%	100%	100%
Diversity⁸				
Gender profile (total) – % male	LA13	66%	65%	66%
Gender profile (total) – % female	LA13	34%	35%	34%
Leadership positions held by women	LA13	42%	37%	43%
Female/Male salary ration (women:men)	LA14			
Top Management		7:93	17:83	31:69
Senior Management		28:72	29:71	34:66
Middle Management 1		40:60	42:58	38:62
Middle Management 2		46:54	48:52	48:52
Executives		51:49	53:47	52:48
Confidential Administrator Support		82:18	84:16	79:21
Non-Management (unionised)		30:70	29:71	28:72
Human Rights and Labour Standards⁹				
New employees trained on employee requirements, human rights and labour standards (number of employees)		138	172	145
Percentage and total number of business unit analysed for risks related to corruption:	SO2	14 out of 81 (17%)	15 out of 84 (18%)	10 out of 85 (12%)
Percentage of employees trained in organisation's anti-corruption policies and procedures	SO3			
– Management		1,501	1,585	385
– Non-management		4,380	4,262	47
– Audited Employees ¹⁰		3,877	4,660	833

¹ Source: Records from Human Resources, 2014

² Source: Records from Human Resources, 2014

³ Data for 2012 and 2013 has been updated as per new reporting from SHE-PM

⁴ Data for 2012 and 2013 has been updated as per new reporting from SHE-PM

⁵ Data for 2012 and 2013 has been updated as per new reporting from SHE-PM

⁶ Data for 2012 and 2013 has been updated as per new reporting from SHE-PM

⁷ Source: Records from Human Resources, 2014

⁸ Source: Records from Human Resources, 2014

⁹ Source: Records from Human Resources, 2014

¹⁰ Decrease in number for 2014 is due to no audit at factories

OUR CONSUMERS AND THE **MARKETPLACE**

Since Nestlé first made its debut here in 1912, we have continued to provide products that have constantly delighted Malaysians, delivering on our brand promise of **GOOD FOOD, GOOD LIFE.**

1,649
PLEDGE TO LIVE A HEALTHY LIFE





As the nation's leading Nutrition, Health and Wellness company, Nestlé Malaysia took the unprecedented step of challenging Malaysians to live healthily through healthy eating and active lifestyles through its 'Nestlé Promosi Lebih Kebaikan, Lebih Nilai' Campaign and Promotion, which is aimed at creating awareness on the importance of healthy living amongst Malaysians.



20,000 runners and their families participated in the 2014 edition of the Malaysia Breakfast Day event, which is an initiative aimed at promoting the importance of breakfast.

As the nation's leading food manufacturer, we are obligated to help improve the quality of life for all Malaysians by providing Nutrition, Health and Wellness solutions through our products and activities.

Essentially, we are able to do this by capitalising on our global resources, which include the world's largest private nutrition R&D network. This has allowed us to continuously innovate and renovate our products, making them healthier and more nutritious to address the various health challenges present today.

In addition, Nestlé also creates awareness on healthy eating and promotes active lifestyles through various activities, each customised and targeted at different stakeholders with the end goal of helping them lead healthier lives.

Number of runners

7,709
runners

Substantial coverage

42
newspaper articles
and 5 TV broadcast
segments.

START THE DAY RIGHT WITH BREAKFAST

Breakfast is said to be the most important meal of the day, one that is good for health and essential to start the day right. In reality, though, it is often one the most skipped meals - largely a result of the fast-paced and hectic lifestyle we lead today. To address this, the nation's favourite chocolate malt beverage brand – MILO – launched Malaysia Breakfast Day, an initiative to promote the importance of having breakfast.

The 2014 edition was held in Putrajaya with the main highlights of the day being the Malaysia Breakfast Day runs, namely the 7km Competitive Run for serious individual runners and the 3km Family Fun Run for teams of fours.

In recent years, there has been an increase in running competitions as well as participation, which is an indication that Malaysians are becoming more health conscious with many opting for running as a convenient form of exercise. This is clearly reflected with the increase in number of runners for the Competitive Run that saw a total of 7,709 runners.

Participants of the two runs were then treated to a healthy breakfast, which included a wide selection of favourite Malaysian dishes. The event, and the importance of its objectives, did not go unnoticed by the media, as it successfully generated substantial coverage through 42 newspaper articles and 5 TV broadcast segments.

AN INSIGHT INTO INTENSIVE CARE THERAPY MANAGEMENT

Nestlé offers nutritional expertise for people with specific dietary needs through its Health Care Nutrition (HCN) unit - actively creating awareness on health issues and providing solutions in the area of medical nutrition management.

This year, HCN organised a symposium for healthcare professionals involved in Intensive Care Unit (ICU) management, to keep them updated with the latest on therapy management in dealing with ICU patients. The symposium guest speaker was renowned Louisville University medicine MD, Professor Stephen McClave, whose presentation focused on critical care nutrition.



Nestlé Nutrition Institute (NNI) contributes to scientific and nutrition education by regularly organising talks and workshops, which are aimed at sharing nutritional information and knowledge amongst the scientific, nutrition and health communities.

LAUNCH OF USEFUL MALAYSIAN ALLERGY PREVENTION GUIDELINES

The Malaysian arm of the Nestlé Nutrition Institute (NNI) was established in 2007 with the aim of sharing nutritional information and knowledge amongst the scientific, nutrition and health communities. Over the years, NNI has actively organised various symposia and workshops for healthcare institutions and professionals.

Nurturing the good health of a child's first 1,000 days of life is important and this includes nutrition intake, health in general and overall wellness. With that belief and key objective in mind, NNI Malaysia initiated a health economic study focused on allergy prevention. Led by three paediatricians from Pantai Hospital Kuala Lumpur and Subang Jaya Medical Centre, the study assessed the use and cost effectiveness of partially hydrolysed whey protein formula that could help reduce the risk of eczema in infants. Findings from the research was shared and discussed with healthcare professionals at the 23rd Congress of Obstetrical & Gynaecological Society of Malaysia (OGSM).

The first Malaysian Allergy Prevention (MAP) Guidelines for Healthcare Professionals which endorsed by three renowned medical societies in Malaysia – namely Malaysian Society of Allergy and Immunology (MSAI), Obstetrical & Gynaecological Society of Malaysia (OGSM) and Malaysian Paediatric Association (MPA) – these guidelines which covers topics such as maternal diet and behaviour, breastfeeding, infant formula and complementary foods, would be a useful reference for healthcare professionals when dealing with their patients.

NNI's other contributions to scientific and nutrition education during the year include a two-day "Continuous Medical Education Workshop for Medical Officers", the fifth NNI Symposium, which was held in collaboration with the Malaysian Paediatric Association; and a nutrition workshop for dietitians, organised jointly with the Malaysian Dietitians' Association.

Total of SMEs

250
companies

350
participants

HALAL MENTORING SESSIONS FOR SMALL-MEDIUM ENTREPRENEURS (SMEs)

In August 2009, Nestlé Malaysia signed a memorandum of agreement with Halal Industry Development Corporation (HDC) and Small-Medium Entrepreneurs Corporation (SME Corp) with the aim of mentoring and sharing with small and medium-based businesses involved in the Halal food and beverages industry, best practices in the areas of Halal Implementation and assurance.

Since the inaugural pilot session in 2010, Nestlé, HDC and SME Corp has successfully organised and executed four sessions annually, reaching out to a total of 250 companies and 350 participants.

Halal Mentoring Sessions for SMEs from 2010 until 2014

Year	Location	No. of companies	No. of participants
2010	(i) HDC Training Centre, Bandar Utama, Selangor	8	13
2011	(i) HDC Training Centre, Bandar Utama, Selangor (ii) New York Hotel, Johor Bahru, Johor (iii) HDC Training Centre, Bandar Utama, Selangor (iv) Sunway Seberang Jaya Hotel, Penang	50	74
2012	(i) HDC Training Centre, Bandar Utama, Selangor (ii) Awana Kijal, Terengganu (iii) Renaissance Melaka Hotel, Melaka (iv) Hotel Grand Margherita, Kuching, Sarawak	55	89
2013	(i) Park Avenue Hotel, Sg. Petani, Kedah (ii) Belmont Marco Polo Hotel, Tawau, Sabah (iii) Hotel Perdana, Kota Bharu, Kelantan (iv) HDC Training Centre, Bandar Utama, Selangor	61	76
2014	(i) Hotel Impiana, Ipoh, Perak (ii) Hotel Park City Everly, Miri, Sarawak (iii) Thistle Hotel, Johor Bahru, Johor (iv) Dewan Mahkota, SME Corp, KL Sentral	76	98
Total		250	350



In 2014, Nestlé Malaysia and PwC Malaysia organised an interactive talk on Creating Shared Value to help organisations better understand the concept and how it can contribute to long-term business success.

SPREADING THE SUSTAINABILITY MESSAGE

Over the years, Nestlé has successfully proven the viability of Creating Shared Value (CSV), which we have incorporated into the way we operate our business. As a strong proponent of the CSV philosophy, we collaborated with PwC Malaysia to organise a talk on how emerging trends like CSV and impact measurement can guide and contribute to an organisation's long-term business success.

Titled *Measuring Shared Value: Enabling Effective Sustainability*, the half-day programme was attended by 50 participants from organisations who have already embarked on CSV, as well as those who are keen to explore the CSV approach.

The interactive session presented a unique perspective on decision-making and key items discussed include the need for businesses to effectively measure and value their impacts beyond traditional performance, and how businesses can benefit from a more holistic view of their performance. Both Nestlé and PwC shared best practices based on their expertise and knowledge.

At the end of the programme, participants were treated to a delightful and entertaining cooking demonstration by Nestlé Malaysia's chef – Chef Muluk – on how to prepare simple, healthy and nutritious meals.

Case Study

NESTLÉ PROMOSI LEBIH KEBAIKAN, LEBIH NILAI

Encouraging Healthier Lifestyles

Today's hectic lifestyle, coupled with modern conveniences, has somewhat impacted and changed the way we live and eat, resulting in consumption of improper meals and sedentary lifestyles. When able to, meals are taken at odd times and more so these days, on our own and not with family members. Inflation and the rising cost of living have further contributed to the problem with people opting for the not so healthy options, which are perceived to be more affordable.

In view of this, Nestlé Malaysia launched an initiative to promote healthy eating and lifestyles, as well as encouraging Malaysians to spend more time together especially eating together, as spending time with the family is important and is the key to happiness.



Nestlé Malaysia Managing Director Mr. Alois Hofbauer with Minister of Women, Family and Community Development Yang Berhormat Dato' Sri Rohani Abdul Karim at the launch of the 'Nestlé Promosi Lebih Kebajikan, Lebih Nilai'.



Consumers at one of the healthy cooking demonstrations held as part of the 'Nestlé Promosi Lebih Kebajikan, Lebih Nilai'.

A Campaign to Promote More Goodness and More Value

The Nestlé *Promosi Lebih Kebajikan, Lebih Nilai* campaign was aimed at creating awareness amongst Malaysians on the importance of healthy lifestyles, as well as to demonstrate that eating healthily is not only pleasurable but also affordable. It received support from the Ministry of Women, Family and Community Development, as the campaign is in line with one of the Ministry's objectives to develop healthy and prosperous communities through healthy diets and lifestyles.

Launched in March 2014, the six-week campaign was supported with road shows held at 22 hypermarkets and supermarkets throughout the country, potentially reaching out to a total of 670,500 consumers. In addition, Nestlé also had mobile promotional units at 740 locations and 1,386 participating outlets, resulting in another 298,702 consumer engagements. Both the roadshows and mobile units proved to be effective channels to disseminate Nestlé's messages on health and nutrition, as the final number of pledges received far exceeded the initial target of getting 1 million pledges.

Through the campaign, the Company was able to share with Malaysian consumers its knowledge and expertise in nutrition, health and wellness, in addition to offering them nutritious and tasty food and beverage products at great value. Consumers also enjoyed great value offers of up to 20% when purchasing participating Nestlé products.

Nestlé's efforts in promoting the campaign and key messages were seen across various media channels including ad insertions, television and radio commercial spots, the Company website and social media pages.

Pledging for a Better Life

During the campaign period, Malaysians were encouraged to make a pledge to lead a healthier lifestyle. They were able to this by registering on the Nestlé website – <http://www.nestle.com.my/PromosiLebih> or by visiting the interactive roadshows held at various locations nationwide from 1st March to 15th April 2014. They also received daily tips on healthy lifestyle via the Nestlé Good Food Good Life Facebook page and email. By the end of the campaign Nestlé successfully received 2.2 million health pledges*.

Nestlé also encouraged the public to share their inspiring stories and commitment to living healthy lifestyles through a #JanjiSihat story contest, for which they received 5,381 submissions.

ACHIEVEMENTS

While the number of pledges received is not truly indicative of Malaysians actually turning over a new leaf to lead healthy lifestyles and to eat healthily, it is however reflective of the high level of awareness of the campaign and its key messages.

At the ground level, the promotion packages complemented the campaign messages by providing health and nutritional information of the Nestlé products and great value for a healthy diet.

* The 'Nestlé Promosi Lebih Baik, Lebih Nilai' health pledges made/received are of non-unique nature.

Health pledges

2.2 million

JanjiSihat story contest

5,381
submissions

THE MARKETPLACE – OUR PERFORMANCE

	GRI Ref	2012	2013	2014
Nutrition				
Products meeting or exceeding Nutritional Foundation profiling criteria (as % of sales)	#	78%	78%	77%
Products meeting or exceeding consumer taste preference (as % of sales)	#	80%	89%	88%
Products with nutritional plus over competitors (as % of sales)	#	52%	53%	51%
Products with a nutritional claim on front of pack	PR3	67%	62%	59%
Products covered with Nestlé Nutritional Compass (as % of sales)	PR3	100%	100%	100%
Products with GDA labelling (as % of sales)	PR3	98%	98%	98%
Nutrition, Health & Wellness¹				
Total number of employees who received nutrition training	#	724	188	7,169
Consumer Services				
Number of cases handled	#	17,067	21,601	16,700
Number of enquiries	#	14,661	18,151	13,078
Number of complaints	#	2,316	3,342	3,579
Number of praises	#	90	108	43

Nestlé-specific indicators

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

AWARDS AND ACHIEVEMENTS

1. Halal Excellence Awards 2014

Nestlé Malaysia was awarded the Halal Excellence Award 2014 for its exceptional contribution to the development of the overall Halal industry during the World Halal Week event, which was organised by the Halal Development Corporation (HDC). Received by the Company's Chairman, Tan Sri Dato' Seri Syed Anwar Jamalullail, the award was presented by the Raja Muda of Perak, H.R.H. Raja Dr. Nazrin Shah Ibni Almarhum Sultan Azlan Shah, who was accompanied by Minister of International Trade & Industry, Y.B. Dato' Sri Mustapa Mohamed.

2. National Annual Corporate Report Awards (NACRA) 2014

Organised by Bursa Malaysia Berhad, the Malaysian Institute of Accountants (MIA) and the Malaysian Institute of Certified Public Accountants (MICPA), the National Annual Corporate Report Awards (NACRA) is an award that recognises excellence in the quality of corporate, financial and Corporate Social Responsibility reporting. On 20 November 2014, Nestlé Malaysia was awarded the Gold Award for Best CSR Reporting and Industry Excellence for Consumer Products, which were presented by Deputy Finance Minister, Y.B. Datuk Hj. Ahmad Hj. Maslan.

3. Asia Corporate Excellence & Sustainability Awards (ACES) 2014

The Asia Corporate Excellence & Sustainability Awards (ACES) recognises and honours successful Asian companies and individuals based on their contributions to the communities that they operate in and also the world. In 2014, Nestlé Malaysia was selected as one of 3 winners for the category of Top CSR Advocates in Asia 2014 and was also the only winner from Malaysia.



4. Malaysia's 100 Leading Graduate Employers Award 2014

Nestlé Malaysia made the 2014 Malaysia's 100 Leading Graduate Employers list, an award that celebrates Malaysia's top ten 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 was awarded as the Most Popular Graduate Employer in the FMCG/Retail category, which is a result of its consistent and intensive efforts in fostering relationships with educational institutions, graduates and young professionals.

5. Malaysia Book of Records – 100 years of Excellence Awards (April 2014)

The Malaysian Book of Records (MBR) is an official body that acknowledges and certifies the country's record holders, breakers and creators. In an effort to encourage private sectors to play a role in building the nation towards Vision 2020, MBR also recognises companies that have served the nation for over 100 years. In 2014, Nestlé Malaysia was bestowed the 100 Years of Excellence Award in April 2014 for continuously investing and delighting its consumers for the past century.

6. The Putra Brand Awards 2014

The Putra Brand Awards is an award that recognises and honours several of the nation's big and favourite brands across various industry categories based on consumer preference. The 2014 edition saw Nestlé Malaysia bagging up the Gold and Silver awards under the People's Choice Beverage (Non-alcoholic) Category for MILO and NESCAFÉ respectively; and MAGGI, the Gold Award under the People's Choice Foodstuff Category.

7. The Effie Awards 2014

The Effie Awards, is 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). In 2014, the Effies recognised Nestlé Malaysia's MILO 'Fuel for Champions' campaign and awarded the Bronze Award for having cut through creative ideas, great execution and exceeding marketing and sales targets. Two other brands made it through to the finals, namely – MAGGI for its 'Bigger Pack, Bigger Satisfaction' Campaign and KIT KAT, for its Kit Kat Zizan "Autograph" Campaign.

8. Advertising + Marketing Magazine's Agency of the Year and MARKies Awards 2014

The Advertising + Marketing Magazine's Agency of the Year and MARKies Awards recognises agency performance in developing creative and award-winning advertisements for the year. Nestlé Malaysia's brands below made the 2014 list:

- Best Idea – Public/Media Relations
The MILO Breakfast Movement (FleishmanHillard)
- Best Idea – Print
Nestlé Products' "Going beyond Digital to Create User Generated Content" (Mindshare Malaysia)
- Best Idea – TV
MAGGI Big Kari (Publicis Malaysia)
- Best Idea – Social
KIT KAT, The Grand Break Campaign (Mitosis)
- Best Idea – Integrated Media
MAGGI Big Kari (Publicis Malaysia)


9. The Dragon Award 2014

The Dragon Award is organised by Promotion Marketing Awards of Asia (PMAA), who recognises and selects only the very best promotion marketing campaigns including the best in each country and the Asean region. Winning campaigns are reviewed based on strategic relevance, originality, creative execution and effectiveness amongst others. Nestlé Malaysia received the Gold Malaysia and Gold Asia awards for The MILO 'Breakfast Movement' Campaign.

GRI STANDARD DISCLOSURES

STANDARD DISCLOSURES 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 pages 002 – 005 of the 2014 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"> • Nutrition: Nestlé Healthy Kids Programme – pages 028 – 031. • Water/Environment: Project RiLeaf and other Environmental initiatives – pages 034 – 047. • Rural Development: Nestlé Paddy Club – page 042. <p>In 3-5 years time we plan to carry out the following:</p> <ul style="list-style-type: none"> • Nutrition: Nestlé Healthy Kids Programme <ul style="list-style-type: none"> – To create a healthier nation by providing knowledge on nutrition and knowledge on active living to ten thousand schoolchildren. – Address the nation's alarming dual-burden nutritional problem. – Create a healthier nation by providing knowledge on nutrition and knowledge on active living amongst schoolchildren. • Water/Environment: Project RiLeaf and other Environmental initiatives <ul style="list-style-type: none"> – Install water waste effluent recycling facility to reduce water usage. – Operate with clean fuel for our factory in Chembong i.e. Natural Gas and replace the Light Fuel oil, which we are using now. – Install CO-Gen plants to reduce our energy carbon footprint. • Rural Development: Nestlé Paddy Club <ul style="list-style-type: none"> – To increase average yields of lower-yielding NPC farmers. – To utilise the research findings on Environment, Food Safety & Agronomy to increase quality, traceability, sustainability & yield of rice growing. – To effectively use of by-products, resulting in Zero waste generated from all NPC millers. 	



Full



Partial



Not reported

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 topic discussed and agreed with stakeholders in 2014, please refer to pages 012 – 015 of the 2014 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 010 & 011. The assessments of the performance of these areas can be found on:</p> <ul style="list-style-type: none"> • Nutrition: pages 020 – 033, 062 – 066 • Water/Environment: pages 034 – 047 • Rural Development: pages 026 & 027, 041 & 042. <p>In 3-5 years time we plan to carry out the following:</p> <ul style="list-style-type: none"> • Nutrition: Nestlé Healthy Kids Programme <ul style="list-style-type: none"> – To create a healthier nation by providing knowledge on nutrition and knowledge on active living to ten thousand schoolchildren. – Address the nation's alarming dual-burden nutritional problem. – Create a healthier nation by providing knowledge on nutrition and knowledge on active living amongst schoolchildren. • Water/Environment: Project RiLeaf and other Environmental initiatives <ul style="list-style-type: none"> – Install water waste effluent recycling facility to reduce water usage. – Operate with clean fuel for our factory in Chembong i.e. Natural Gas and replace the Light Fuel oil, which we are using now. – Install CO-Gen plants to reduce our energy carbon footprint. • Rural Development: Nestlé Paddy Club <ul style="list-style-type: none"> – To increase average yields of lower-yielding NPC farmers. – To utilise the research findings on Environment, Food Safety & Agronomy to increase quality, traceability, sustainability & yield of rice growing. – To effectively use of by-products, resulting in Zero waste generated from all NPC millers. <p>Inspired and highly emphasised by the NHW Roadmap for all Nestlé markets in Zone AOA (Asia, Oceania & Africa), Nestlé Malaysia is committed to put Consumers & 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 page 023 & 024 and 028 – 031 of the 2014 NiS Report.</p> <p>Nestlé Malaysia's Governance mechanism to manage risks and opportunities:</p> <ul style="list-style-type: none"> • Nutrition: Nestlé Policy on Sodium (Salt), Nestlé Policy on Sugars, Nestlé Policy on Saturated Fat, Nestlé Policy on Trans Fat, Nestlé Policy on Fortification on Food Products with Vitamins, Minerals and Trace Elements. • Water/Environment: Please refer to pages 036 – 038. • Rural Development: Nestlé Paddy Club tracks the amount that is delivered to them after every harvest. <p>Kindly refer to page 036 – 038 for further information on the Company's environmental sustainability commitments including key impacts, targets and opportunities.</p>	

2. Organisational Profile

Profile Disclosures	Description	Cross Reference/Direct Answers	Level of Reporting
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 2014 Corporate Report, pages 018 – 031 [under Business Review] and in the 2014 NiS Report, page 007 [under Fast Facts].	●
2.3	Operational structure of the organisation, including main divisions, operating companies, subsidiaries, and joint ventures.	<p>The following are Nestlé (Malaysia) Berhad's investments in subsidiaries:</p> <ul style="list-style-type: none"> • Nestlé Products Sdn. Bhd. (100%) <ul style="list-style-type: none"> – Sales, distribution and marketing activities • Nestlé Manufacturing (Malaysia) Sdn. Bhd. (100%) <ul style="list-style-type: none"> – Manufacturing activities • Nestlé Asean (Malaysia) Sdn. Bhd. (100%) <ul style="list-style-type: none"> – Manufacturing and exporting of chocolate confectionery products. • Nestlé Foods (Malaysia) Sdn. Bhd. (100%; inactive) • Nihon Canpack (Malaysia) Sdn. Bhd. (20%) <ul style="list-style-type: none"> – Manufacturing and sales of canned beverages 	●
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 are on pages 006 & 007 of the 2014 NiS Report.	●
2.6	Nature of ownership and legal form.	<p>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:</p> <ul style="list-style-type: none"> • Limited by shares • Public Limited 	●
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	<p>The Company manufactures and supplies products for both the domestic and export markets, consumers and also out-of-home (OOH) segments such as coffee-shops and restaurant operators; as well as other relevant stakeholders such as healthcare professionals, who are addressed through the Nestlé Start Well Stay Well Educational Programme. The Company distributes its products throughout Malaysia, defined by seven regional areas within Malaysia: Central 1 (Kuala Lumpur and Selangor), Central 2 (Negeri Sembilan and Melaka), Northern 1 (Pulau Pinang, Kedah and Perlis), Northern 2 (Perak), Southern (Johor), East Coast (Pahang, Terengganu and Kelantan) and East Malaysia (Sabah, Sarawak and Brunei).</p>	●



Full



Partial



Not reported

Profile Disclosures	Description	Cross Reference/Direct Answers	Level of Reporting
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 007, and the summary of sales and profit is stated under Summary of Key Performance Data on pages 018 and 019 of the 2014 NiS Report. The scale of reporting organisation by the quantity of products provided can be found in the 2014 Corporate Report on pages 018 – 031 [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 2014 Corporate Governance & Financial Report on pages 040 – 104 respectively.	●
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 009 of the 2014 NiS Report.	●
2.10	Awards received in the reporting period.	The Company received numerous awards, as indicated on pages 072 & 073 of the 2014 NiS Report.	●

3. Report Parameters

3.1	Reporting period.	From 1 January until 31 December 2014.	●
3.2	Date of most recent previous report.	The Company's Annual Report 2013, which consists of three books: Corporate Report, Corporate Governance & Financial Report and Creating Shared Value Report was published in March 2014. The online version of the 2013 Annual Report will be uploaded on our corporate website at: can be found online at http://www.nestle.com.my/aboutus/investors/annual_report .	●
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 2014 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"> • GRI Content Guidelines • Bursa Malaysia Guidelines • Message to Stakeholders, on pages 002 – 005 of the 2014 NiS Report. • The Nestlé Global Creating Shared Value Strategy, on pages 010 & 011 of the 2014 NiS Report 	●
3.6	Boundaries of report.	The boundary of the report is stated in the Message to Stakeholders on page 004 of the 2014 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. The Corporate Report and NiS Report cover the business aspects of all of the Company's Business Units (BUs).	●

Profile Disclosures	Description	Cross Reference/Direct Answers	Level of Reporting
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 004 of the 2014 NiS Report.	●
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 2014 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"> • Our Respect and Care for the Community, pages 020 – 033 • Our Commitment to the Environment, pages 034 – 047 • Our People and the Workplace, pages 048 – 061 • Our Consumers and the Marketplace, pages 062 – 071 	●
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 2014 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.	●
3.12	Table identifying the location of the Standard Disclosure in the report.	GRI Standard Disclosure table is available on pages 074 – 114 of the 2014 Nestlé in Society 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 005 of the 2014 NiS Report. The Company engaged PricewaterhouseCoopers to verify the report in accordance with the GRI 3.1 Standard and the internationally recognised standard ISAE3000 issued by the International Auditing and Assurance Standards Board (IAASB).	●



Full







Partial



Not reported

4. Governance, Commitments and Engagement

Profile Disclosures	Description	Cross Reference/Direct Answers	Level of Reporting
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 002 – 030 of the 2014 Corporate Governance & 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"> • 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. • 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. • 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. • Principle 4 – Foster Commitment of Directors, which covers Time Commitment and the Director's Training. • 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. • Principle 6 – Recognise and Manage Risks of the Group, which defines the importance of risk management and internal controls. • 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. • 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. <p>Please also refer to LA13 on page 101.</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 an Independent, Non-Executive Director.	●

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"> • Tan Sri Dato' Seri Syed Anwar Jamalullail • Dato' Mohd. Rafik bin Shah Mohamad • Tan Sri Datuk Dr. Rafiah binti Salim • Tan Sri Datuk Yong Poh Kon • Toh Puan Dato' Seri Hajjah Dr. Aishah Ong • Dato' Frits van Dijk • Alois Hofbauer • Martin Peter Krüegel 	
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 2014. 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 26th August 2010, the Compensation Committee is responsible to make recommendations to the Board on the compensation framework for Directors and employees of the Group. The main responsibilities of the committee are to ensure that the compensation, salary and benefits of the Directors and 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 2014 Corporate Governance & Financial Report, on pages 029 – 030.</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 of three members who are all Independent, Non-Executive Directors. The committee was established on 2nd March 1994 under the Terms of Reference stated in the 2014 Corporate Governance & Financial Report. More information on this matter is available in the 2014 Corporate Governance & Financial Report, on pages 022 – 024.	



Full



Partial



Not reported

Profile Disclosures	Description	Cross Reference/Direct Answers	Level of Reporting
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 2014 Corporate Governance & Financial Report, on pages 025 – 028.	●
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.	<p>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:</p> <ul style="list-style-type: none"> • Message to Shareholders, 2014 Corporate Report – pages 008 – 013 • Message to Stakeholders, 2014 NiS Report – pages 002 – 005 • Corporate Governance Statement, 2014 Corporate Governance & Financial Report – pages 002 – 018. 	●
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	<p>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> <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"> • The rights and responsibilities of shareholders; • The equitable treatment of shareholders; • The duties and responsibilities of Directors; and • Disclosure and transparency <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 2014 Corporate Governance & Financial Report, on pages 004 – 009.</p>	●

Profile Disclosures	Description	Cross Reference/Direct Answers	Level of Reporting
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	<p>Processes in place for the highest governance body to ensure conflicts of interest are avoided are carried out by an independent third party, who are professionally qualified to conduct Board Effectiveness Evaluations. More information on this matter is available in the 2014 Corporate Governance & Financial Report, on page 009.</p> <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 2014 Corporate Governance & Financial Report, on pages 026 – 027.</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 practiced by the Company, as well as the application of the 8 Principles and 26 Recommendations of the Malaysian Code on Corporate Governance 2012 ["MCCG 2012"], relevant chapters of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad on corporate governance and the internal requirements as codified in the Nestlé Code of Business Conduct. For more information, please refer to page 004 of the 2014 Corporate Governance & Financial Report.	●
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"> • The UN Millennium Development Goals (produced first report in 2005) • UNGC GED Water Mandate (founding signatory) • Roundtable for Sustainable Palm Oil (RSPO) (15 November 2009) <p>For more details, please visit: www.nestle.com/csv/human-rights-compliance.</p> <p>Nestlé Malaysia signed and supports, amongst others:</p> <ul style="list-style-type: none"> • UN Global Compact (29 March 2007) • Responsible Advertising to Children (5 August 2013) 	●








Full



Partial



Not reported

Profile Disclosures	Description	Cross Reference/Direct Answers	Level of Reporting
4.13	Memberships in associations (such as industry associations) and/or national/ international advocacy organisations in which the organisation: *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"> Federation of Malaysia Manufacturers (FMM) – Managing Director is a Council Member and Chairman of the FMM Ethical Business Practices Committee Malaysian International Chamber of Commerce and Industry (MICCI) – Managing Director is a General Committee Member Business Council for Sustainability and Responsibility Malaysia (BCSRM) – Executive Director, Technical & Production is an Executive Committee Member FMM Infant Formula Ethics Committee (FIFEC) – Member <p>Nestlé does not provide any additional substantive funding beyond routine membership fees/dues.</p>	
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 2014 NiS Report, under 'Engaging Our Stakeholders' on pages 012 – 015.</p> <p>In addition and through our day-to-day operations, we also engage with other stakeholders such as our farmers, oil palm smallholders, local communities, contractors and suppliers.</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. For more information, please refer to pages 012 – 015 of the 2014 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 012 – 015 of the 2014 NiS Report, under 'Engaging Our Stakeholders'.	
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 013 & 014 of the 2014 NiS Report, under 'Engaging Our Stakeholders'.	

STANDARD DISCLOSURES PART II: DISCLOSURES ON MANAGEMENT APPROACH (DMAs)

Profile Disclosures	Description	Cross Reference/Direct Answers	Level of Reporting
DMA SC	Disclosure on Management Approach SC		
Aspects	<p>i) <i>Policy</i></p> <p>ii) <i>Goals</i></p> <p>iii) <i>Performance</i></p> <p>iv) <i>Purchasing Decision Making</i></p> <p>v) <i>Management Responsibility</i></p> <p>vi) <i>Training & Awareness</i></p> <p>vii) <i>Monitoring & Follow-Up</i></p>	<p><u>Policy</u></p> <p>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 of 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 (NPC), which are on page 042.</p> <p><u>Goals, Performance, Monitoring & Follow-Up</u></p> <p>An example of an initiative that aims to Protect Natural Resources is the Project RiLeaf. Goals, performance, monitoring and follow-up for this initiative are on page 041 of the 2014 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 NPC. Goals, performance, monitoring and follow-up for this initiative is on page 042 of the 2014 NiS Report.</p> <p><u>Purchasing Decision Making</u></p> <p>Purchasing Decision Making is headed by the Executive Director, Supply Chain in Nestlé Malaysia.</p> <p>All purchasing decisions are in accordance with the Nestlé Supplier Code, which covers sustainability requirements such as Human Rights, Safety and Health, Environmental Sustainability and Business Integrity.</p> <p><u>Management Responsibility</u></p> <p>Management Responsibility for Project RiLeaf and NPC are headed by the Executive Director, Technical & Production.</p> <p><u>Training & Awareness</u></p> <p>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:</p> <p>NPC: A total of four training sessions are conducted per season, for all NPC members:</p> <p>i) Agri-Organica Application</p> <p>ii) Awareness on Environmental Issues</p> <p>iii) Pesticide and Chemical Management (by partner organisation, DuPont and Bayer)</p> <p>iv) Safety Briefing</p>	<p>●</p> <p>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.</p>



Full



Partial



Not reported

Profile Disclosures	Description	Cross Reference/Direct Answers	Level of Reporting
DMA EC	Disclosure on Management Approach EC		
	i) <i>Goals & Performance</i>	Nestlé Malaysia's financial matters such as the economic performance; market presence and indirect economic impacts are reported in the 2014 Corporate Governance & Financial Report.	●
	ii) <i>Policy</i>		
DMA EN	Disclosure on Management Approach EN		
	i) <i>Goals & Performance</i>	Nestlé's commitment to the environment is focused on water preservation, natural resources efficiency, biodiversity conservation, air emissions reduction, climate change adaptation, and zero waste.	
	ii) <i>Policy</i>		
	iii) <i>Organisational Responsibility</i>	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 046 & 047 of the 2014 NiS Report.	●
	iv) <i>Training & Awareness</i>		
	v) <i>Monitoring & Follow-Up</i>		
DMA LA	Disclosure on Management Approach LA		
	i) <i>Goals & Performance</i>	<u>Policy</u> Globally, Nestlé adheres to UNGC's 10 principles, which broadly covers Human Rights, Labour, Environment and Anti-Corruption.	
	ii) <i>Policy</i>		
	iii) <i>Organisational Responsibility</i>	Occupational Health & Safety – Nestlé Corporate Business Principles, Safety & Health at Work.	
	iv) <i>Training & Awareness</i>	Diversity & Equality – Code of Business Conduct	
	v) <i>Monitoring & Follow-Up</i>	Training & Education – Nestlé Management & Leadership Principles	
		<u>Goals, Performance, Monitoring, Follow-Up</u> Occupational Health & Safety – please refer to page 051 – 054 of the 2014 NiS Report.	●
		Diversity & Equality – please refer to page 061 of the 2014 NiS Report.	
		Training & Education – please refer to pages 057 & 058 and 060 & 061 of the 2014 NiS Report.	
		<u>Organisational Responsibility</u> Occupational Health & Safety – Executive Director, Technical & Production	
		Diversity & Equality – Executive Director, Human Resources	
		Training & Education – Executive Director, Human Resources	

Profile Disclosures	Description	Cross Reference/Direct Answers	Level of Reporting
		<p><u>Awareness</u></p> <p>Occupational Health & Safety; Diversity & Equality; Training & Education – The Nest (Intranet), weekly and monthly internal news blasts, notice boards</p> <p><u>Training</u></p> <p>Training Needs Indicator, as specified below:</p> <p>Occupational Health & Safety:</p> <ul style="list-style-type: none"> On-boarding session SHE Induction CARE Audit/Training <p>Diversity & Equality:</p> <ul style="list-style-type: none"> During On-boarding session, all employees are introduced to Nestlé Code of Business Conduct. <p>Training & Education:</p> <ul style="list-style-type: none"> Individual training and education are discussed with line managers during Personal Development and Growth session. 	●
DMA HR	Disclosure on Management Approach HR		
	<p>i) <i>Goals & Performance</i></p> <p>ii) <i>Policy</i></p> <p>iii) <i>Organisational Risk Assessment</i></p> <p>iv) <i>Impact Assessment</i></p> <p>v) <i>Organisational Responsibility</i></p> <p>vi) <i>Training & Awareness</i></p> <p>vii) <i>Monitoring, Follow-Up & Remediation</i></p>	<p>Nestlé not only delivers high quality products but also 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 the Nestlé Corporate Business Principles (NCBP).</p> <p>The Nestlé Code of Business Conduct 2013 specifies and helps the continued implementation of the Corporate Business Principles by establishing certain non-negotiable minimum standards 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

Profile Disclosures	Description	Cross Reference/Direct Answers	Level of Reporting
DMA SO	Disclosure on Management Approach SO		
	i) <i>Goals & Performance</i>	<u>Policy</u> Impact on Local Communities (specifically farmers and rural communities); Corruption; and Anti-Competitive Behaviour and Compliance are specified in the Nestlé Corporate Business Principle and the Nestlé Code of Business Conduct.	
	ii) <i>Policy</i>		
	iii) <i>Organisational Responsibility</i>		
	iv) <i>Training & Awareness</i>	<u>Goals, Performance, Monitoring, Follow-Up</u> Impact on the local communities are stated on pages 020 – 033 of the 2014 NiS Report.	
	v) <i>Monitoring, Follow-Up & Remediation</i>	The Nestlé Market Audit provides assistance to local and Nestlé S.A. management by independently assessing with a risk-based approach: <ul style="list-style-type: none"> • The effectiveness of the internal control and risk management procedures • The reliability of information used for reporting and decision-making • The compliance with Corporate standards, policies, business principles and Corporate Governance rules • The efficient use of all Company resources/assets • The deviations from defined best practices <u>Organisational Responsibility</u> Impact on Local Community – Executive Director, Group Corporate Affairs Corruption – Executive Director, Human Resources Anti-Competitive Behaviour – Head of Legal & Secretarial Compliance – Compliance Steering Committee, which comprises of the following members: <ul style="list-style-type: none"> • Managing Director • Executive Director, Finance & Control • Executive Director, Technical & Production • Executive Director, Human Resources • Executive Director, Group Corporate Affairs • Head of Legal & Secretarial • Head of Nestlé Malaysia – Internal Audit Function • Country Business Manager of the Nestlé Professional Business Unit • Market Compliance Officer 	

Profile Disclosures	Description	Cross Reference/Direct Answers	Level of Reporting
		<p><u>Training & Awareness</u></p> <p>Impact on Local Community – 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 an employee volunteer programme. Please see pages 055 & 056 of the 2014 NiS Report.</p> <p>Corruption – The Human Resources Department plans and conducts periodic training and awareness sessions in respect of the Nestlé Corporate Business Principle and the Nestlé Code of Business Conduct throughout the year intended for all employees of the company.</p> <p>Anti-Competitive Behaviour – There are specific modules developed to cater for different levels of understanding within the company on compliance with the Competition Act 2010 whereby targeted trainings are planned for different levels of employees throughout the company to facilitate understanding of the law and effectiveness of action plans developed to avoid anti-competitive behaviours.</p> <p>Compliance – The Corporate Compliance Framework prescribes that each business unit and function will have to carry out compliance sharing session on a monthly basis whereby the company's compliance documents will be collectively reviewed and discussed to inculcate the compliance awareness and culture among members of the business unit and function. The number of compliance sharing sessions will be reported and escalated to the top management for continuous monitoring and improvement.</p>	
DMA PR	Disclosure on Management Approach PR		
	i) <i>Customer health and safety</i>	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.	
	ii) <i>Product and service labeling</i>	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.	
	iii) <i>Marketing communications</i>		
	iv) <i>Customer privacy</i>		
	v) <i>Compliance</i>	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.	



Full






Partial



Not reported

Profile Disclosures	Description	Cross Reference/Direct Answers	Level of Reporting
		<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		
	i) <i>Goals & Performance</i>	Not applicable, as Nestlé Malaysia does not breed animals or handle livestock in its operations.	
	ii) <i>Policy</i>		
	iii) <i>Organisational Responsibility</i>		●
	iv) <i>Training & Awareness</i>		
	v) <i>Monitoring & Follow-Up</i>		

STANDARD DISCLOSURES PART III: PERFORMANCE INDICATORS

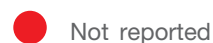
Profile Disclosures	Description	Cross Reference/Direct Answers	Level of Reporting
Sourcing			
Across all aspects of sourcing			
FP1	Percentage of purchased volume from suppliers compliant with company's sourcing policy.	<p>The percentage of purchase volume from compliant suppliers is 100%, as the Nestlé Suppliers Code demands each and every supplier to adhere to the codes before being listed as a Nestlé supplier or vendor.</p> <p>The Nestlé Suppliers Code binds the Group's supplier 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>	
Economic			
Economic performance			
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 019 of the 2014 NiS Report.</p> <p>The direct economic value generated and distributed is stated in the 2014 Corporate Governance & Financial Report on page 040.</p> <p>Please also refer to pages 040 – 104 of the 2014 Corporate Governance & Financial Report.</p>	



Full



Partial



Not reported

Profile Disclosures	Description	Cross Reference/Direct Answers	Level of Reporting
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 good 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 2014 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 069 – 073 of the 2014 Corporate Governance & Financial Report.</p> <p>The Company offers two retirement schemes that are made available for when a staff reaches the retiring age, namely the Employee Provident Fund Scheme and the Nestlé Malaysia Group Retirement Scheme (NMGRS).</p> <p>In addition, the Company also offers various types of benefits i.e. Invalidity Benefits and Survivor 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.	●
Market presence			
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 RM900 (for Category 1) to RM1,400 (for Category 11).</p> <p>According to the collective agreement between Nestlé Products Sdn. Bhd. and National Union of Commercial Workers, the wage range ration is from RM1,000 to RM1,600.</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 page 042 of the 2014 NiS Report.</p>	●

Profile Disclosures	Description	Cross Reference/Direct Answers	Level of Reporting
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.	●
Indirect economic impacts			
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 040 of the 2014 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 2014 NIS Report, on page 018. Results, data and achievements for all community-based projects are stated on pages 032 & 033. Please also refer to 'Engaging Our Stakeholders' section on pages 012 – 015.	●
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.	●
Environmental			
Materials			
EN1	Materials used by weight or volume.	The figure is stated on page 046 in the 2014 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 046 in the 2014 NiS Report, under 'Our Commitment to the Environment'.	●
Energy			
EN3	Direct energy consumption by primary energy source.	The figure is stated on page 046 in the 2014 NiS Report, under 'Our Commitment to the Environment'.	●
EN4	Indirect energy consumption by primary source.	The figure is stated on page 046 in the 2014 NiS Report, under 'Our Commitment to the Environment'.	●



Full



Partial



Not reported

Profile Disclosures	Description	Cross Reference/Direct Answers	Level of Reporting
EN5	Energy saved due to conservation and efficiency improvements.	The figure is stated on page 046 in the 2014 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.	<p>Refer to 'Our Commitment to the Environment – Packaging' on page 040 of the 2014 NiS Report. Initiatives include packaging recyclables and renewable materials for packaging.</p> <p>In 2011, Nestlé initiated the testing of 200 pilot units of high energy efficient freezers in the Ice Cream business retails using Hydrocarbon refrigerant, following which 2014 saw the deployment of an additional 347 units of similar freezers. Upon the successful testing of these environmental freezers, Nestlé Malaysia will progressively replace the freezers in 2015. This is an example of our efforts towards natural refrigerant use, which has less global warming effect.</p>	●
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	Please refer to page 039 of the 2014 NiS Report under 'Our Commitment to the Environment – Addressing Climate Change'. We achieved a total purchased electrical savings of 43,963 GJ in 2014 due to improvement in process efficiency and other various energy saving initiatives (e.g. high efficient lights, productivity improvement, rationalised operations at Chillers and Air compressors etc.). Further Shuttle services are provided in Head Office and Factories for employees commuting.	●
Water			
EN8	Total water withdrawal by source.	<p>The figure is stated on page 046 in the 2014 NiS Report, under 'Our Commitment to the Environment'. All our water sources are from Municipal Water, which are sourced from:</p> <ul style="list-style-type: none"> a) Sungai Selangor – Syarikat Bekalan Air Selangor – Petaling Jaya, Shah Alam Complex & Batu Tiga factories; b) Sungai Batu Hampar – Syarikat Bekalan Air Negeri Sembilan – Chembong factories; 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 to Wetlands, 1971 list.	●
EN10	Percentage and total volume of water recycled and reused.	The figure is stated on page 046 in the 2014 NiS Report, under 'Our Commitment to the Environment'.	●

Profile Disclosures	Description	Cross Reference/Direct Answers	Level of Reporting
Biodiversity			
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. 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 027 & 041 of the 2014 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 027 & 041 of the 2014 NiS Report. In addition to that, Nestlé regularly engages with its stakeholders and one of the ways it does this is through the Nestlé Stakeholder Convening Session, please refer to pages 012 & 015 of the 2014 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.	●
Emission, Effluents and Waste			
EN16	Total direct and indirect greenhouse gas emissions by weight.	The figure is stated on page 046 in the 2014 NiS Report, under Our Commitment to the Environment.	●
EN17	Other relevant indirect greenhouse gas emissions by weight.	The figure is stated on page 046 in the 2014 NiS Report, under 'Our Commitment to the Environment'.	●



Full



Partial



Not reported

Profile Disclosures	Description	Cross Reference/Direct Answers	Level of Reporting
EN18	Initiatives to reduce greenhouse gas emission and reductions achieved.	The figure is stated on page 039 in the 2014 NiS Report, under 'Our Commitment to the Environment – Addressing Climate Change'.	●
EN19	Emmission of ozone-depleting subsances by weight.	The figure is stated on page 046 in the 2014 NiS Report, under 'Our Commitment to the Environment'.	●
EN20	NOx, SOx and other significant air emmissions by type and weight.	The figure is stated on page 046 in the 2014 NiS Report, under 'Our Commitment to the Environment'.	●
EN21	Total water discharge by quality and destination.	<p>All waste water discharged from factories are treated in biological waste water treatment plants and all the discharge parameters comply with the local environmental regulations.</p> <p>The figure is stated on page 046 in the 2014 NiS Report, under 'Our Commitment to the Environment'.</p>	●
EN22	Total weight of waste by type and disposal method.	<p>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 pages 044 & 045, under "Committed to Protecting the World's Environment".</p> <p>Management and monitoring of waste by deep well injection is not applicable or relevant to the Company's operations. The 2014 figure is stated on page 047 in the 2014 NiS Report, under 'Our Commitment to the Environment'.</p>	●
EN23	Total number and volume of significant spills.	The figure is stated on page 047 in the 2014 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 transporated waste shipped internationally.	All hazardous waste is managed by DOE authorised 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.	●
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.	<p>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.</p> <p>Maximum flow from our operations in Klang Valley is 0.033 m3/second vs. Klang River flow of 50 m3/second (source: http://www.KlangRiver).</p>	●

Profile Disclosures	Description	Cross Reference/Direct Answers	Level of Reporting
Products and services			
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Refer to page 043 of the 2014 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. Please refer to page 043 of the 2014 NiS Report for more information on the initiative.	●
Compliance			
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	As of December 2014, no significant fines, non-monetary sanctions or cases brought through dispute resolution mechanisms were being imposed or happened within the Group.	●
Transport			
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 is monitored monthly. The 2014 figure is stated on page 047 in the 2014 NiS Report, under 'Our Commitment to the Environment'.	●
Overall			
EN30	Total environmental protection expenditures and investments by type.	The figure is stated on page 047 in the 2014 NiS Report, under 'Our Commitment to the Environment'.	●



Full



Partial



Not reported

Profile Disclosures	Description	Cross Reference/Direct Answers	Level of Reporting
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Social: Labour Practices and Decent Work

Employment

LA1	Total workforce by employment type, employment contract and region broken down by gender.	The figure is stated on page 059 in the 2014 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 Group Human Resource Department (GHRD). However, the Company plans to start tracking in 2014. The latest figure is stated on page 059 in the 2014 NiS Report, under 'Our People and the Workplace'.	● 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.	●

Labour/Management Relations

LA4	Percentage of employees covered by collective bargaining agreements.	<p>Breakdown of employees covered by collective bargaining agreements:</p> <ul style="list-style-type: none"> • Total of non-management employees – 4,148 • Total of employees under the union – 4,091 <ul style="list-style-type: none"> □ NFM – 83 □ NMM – 3,449 □ NPM – 559 <p>Percentage of employees covered by collective bargaining agreements is 72%.</p> <p>(Source: GHRD, Nestlé Malaysia, December 2014).</p>	●
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 was no working time lost due to industrial disputes, strikes and/or lockout in our Malaysian operations.	●

Profile Disclosures	Description	Cross Reference/Direct Answers	Level of Reporting						
Occupational Health and Safety									
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	100%	<div></div>						
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender.	<p>As recorded and stated on page 060 of the 2014 NiS Report, minor (first-aid level) injuries are included in the calculation of Lost Time Injury Frequency Rate.</p> <p>For each Nestlé-recordable incident, any lost or restricted days must be tracked and recorded in SHE-PM tool, which is the system of rules applied for recording and reporting accident statistics. Lost and restricted days are counted as calendar days, starting from the day after the injury or illness.</p> <p>Injury rate, occupational diseases rate, lost day rate, absentee rate and absolute number of fatalities for total workforce by region is recorded in the SHE-PM tool, which is stated on page 060 of the 2014 NiS Report.</p> <p>Injury rate, occupational diseases rate, lost day rate, absentee rate and absolute number of fatalities for independent contractors working on-site to whom the reporting organisation is liable for the general safety of the working environment by region is included together with total workforce as illustrated in the table below:</p> <table><tr><th>Location of Incident</th><th>Affected Individuals in Scope</th></tr><tr><td>On Nestlé sites</td><td><u>All individuals</u>, i.e. all employees (regular and temporary), contractors and members of the public.</td></tr><tr><td>Outside Nestlé sites</td><td><u>All employees</u> (regular and temporary).</td></tr></table> <p>According to the Nestlé’s policy, any injuries or illnesses (occupational diseases) that occur throughout 2014 are recorded and tracked based on incident classifications such Near Miss, Hurt, First Aid, Medical Treatment (beyond First Aid), Restricted Work, Lost-Time, Irreversible and Fatality.</p>	Location of Incident	Affected Individuals in Scope	On Nestlé sites	<u>All individuals</u> , i.e. all employees (regular and temporary), contractors and members of the public.	Outside Nestlé sites	<u>All employees</u> (regular and temporary).	<div></div> <div>Data by age group is not available</div>
Location of Incident	Affected Individuals in Scope								
On Nestlé sites	<u>All individuals</u> , i.e. all employees (regular and temporary), contractors and members of the public.								
Outside Nestlé sites	<u>All employees</u> (regular and temporary).								



Full



Partial



Not reported

Profile Disclosures	Description	Cross Reference/Direct Answers	Level of Reporting
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LA8 Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.

As reported under 'Our People and the Workplace' on pages 048 – 053, the Company has organised various programmes for its employees covering overall education, training, counseling, prevention and risk-control work-related matters. The below table summaries the assistance programmes provided to the below recipients:

Assistance Programme								
	Education/ Training		Counseling		Prevention/ Risk Control		Treatment	
Programme Recipients	Yes	No	Yes	No	Yes	No	Yes	No
Employees	✓ Refer to pages 048 – 053		✓ Refer to pages 048 – 053		✓ Refer to pages 048 – 053		✓ Refer to pages 048 – 053	
Employees' Families		✓		✓	✓ Immediate family members are covered under employee's medical insurance		✓ Immediate family members are covered under employee's medical insurance	
Community Members	✓ Refer to pages 065 & 066			✓		✓		✓

All Nestlé Malaysia factories are exposed to high-risk chemicals. Measures are being taken to reduce the risks to workers.




There have been no reported cases of serious illnesses or diseases due to exposure to high-risk chemicals.

(Source: Chemical Health Risk Assessments: Year 2009 through 2013)

LA9 Health and safety topics covered in formal agreements with trade unions.

As indicated in the Collective Agreement 2011-2013 between Nestlé Manufacturing (M) Sdn. Bhd. and Food Industry Employee Union:

- Article 29 describes the terms and conditions, under which an employee shall or shall not be entitled to paid sick leave;
- Article 30 describes the terms and conditions, under which an employee shall be granted a prolonged illness leave;
- Article 31 describes the terms and conditions, under which an employee shall be granted an industrial accident leave.

Profile Disclosures	Description	Cross Reference/Direct Answers	Level of Reporting
Training and Education			
LA10	Average hours of training per year per employee, by gender and, by employee category.	The figure is stated on page 061 in the 2014 NiS Report, under 'Our People and the Workplace'.	 Data by gender by 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 i.e. Finance, Health and Relationships. It is designed to prepare and equip participants with the required knowledge, tools and skills to work out a retirement plan that suits them.</p> <p>The aims and objectives of the workshop are as follows:</p> <ul style="list-style-type: none"> • To impart participants with the knowledge and tools to develop a retirement plan tailored to each individual's needs. • To prepare participants 'mentally and psychologically' to face the realities of retirement. • To de-mystify the many 'perceptions and myths' people perceive of retirement. • To help participants achieve the ability to look forward to their 'golden years' with much anticipation and joy. 	
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 061 of the 2014 NiS Report.	



Full



Partial



Not reported

Profile Disclosures	Description	Cross Reference/Direct Answers	Level of Reporting
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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.

Breakdown of Nestlé Malaysia's employees in terms of ethnic composition, age group and gender.

ETHNIC	Mgt	%	N-Mgt	%	Temporary	%	Total	%
Bumiputera	491	8.6%	3,555	62.3%	31	0.5%	4,077	72%
Chinese	812	14.2%	334	5.9%	15	0.3%	1,161	20%
Indian	131	2.3%	246	4.3%	7	0.1%	3,84	7%
Others	63	1.1%	13	0.2%	4	0.1%	80	1%
Total	1,497	26.3%	4,148	72.7%	57	1.0%	5,702	100%

AGE	Mgt	%	N-Mgt	%	Temporary	%	Total	%
Below 30	311	5.5%	1,565	27.4%	26	0.5%	1,902	33%
30-50	1,063	18.6%	2,261	39.7%	7	0.1%	3,331	58%
Above 50	123	2.2%	3,22	5.6%	24	0.4%	4,69	8%
Total	1,497	26.3%	4,148	72.7%	57	1.0%	5,702	100%

GENDER	Mgt	%	N-Mgt	%	Temporary	%	Total	%
Male	772	13.5%	2,940	51.6%	33	0.6%	3,745	66%
Female	725	12.7%	1,208	21.2%	24	0.4%	1,957	34%
Total	1,497	26.3%	4,148	72.7%	57	1.0%	5,702	100%


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

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

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

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

Profile Disclosures	Description	Cross Reference/Direct Answers	Level of Reporting
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LA14	Ratio of basic salary and remuneration of women to men by employee category by significant locations of operations.	<p>The figure is stated on page 061 in the 2014 NiS Report, under 'Our People and the Workplace'.</p> <p>Below are the snapshot on the annual basic salary income by gender and headcount for 2014.</p>	
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Employee Category	WOMEN			MEN		
	Annual Basic Salary	HC	Ratio	Annual Basic Salary	HC	Ratio
Management	65,990,675	732	1.27	91,474,597	797	1.00
Non-Management	32,390,400	1,257	1.06	81,853,762	3,001	1.00


Data by significant location of operations is not available.

Social: Human Rights

Investment and Procurement Practices

HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns or that have undergone human rights screening.	Not applicable for Nestlé Malaysia. As stated in the Nestlé Corporate Business Principles, Nestlé fully supports the United Nations Global Compact (UNGC) guiding principles on human rights and labour practices.	
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HR2	Percentage of significant suppliers and contractors and other business partners that have undergone human rights screening and actions taken.	Nestlé Malaysia does not have visibility of these activities, as we do not conduct any Human Rights sessions with third parties. They are however within the purview of the respective stakeholders and advocated to embrace the Human Rights and Integrity principles as contained in the Nestlé Corporate Business Principles and the Nestlé Code of Business Conduct.	
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HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	<ol style="list-style-type: none"> Total trained staff in 2014 = 943 employees (management and non-management) – <i>for breakdown of numbers, please see below.</i> Total training sessions = 25 sessions in HOU and 4 sessions in the Regions during the CARE Assessment – CARE (Nestlé Corporate Compliance Assessment Program of Human Rights & Labour Practices, Business Integrity, Safety & Health, Environment Sustainability and Security) Total hours (in average of 3-hour training) = 1,227 hours for 409 staff. Total for 1,352 employees (409 + 943) – 4,056 hours. Training on: <ol style="list-style-type: none"> NCBP – Nestlé Corporate Business Principles NCBC – Nestlé Code of Business Conduct Human Rights Standards and e-learning 	
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Both documents are published in The Nest. New intakes are also given the same document in their offer letters and this is also mentioned in the OnBoarding-First Day Orientation session. All employees are aware of the Management Handbook and Collective Agreement.



Full







Partial



Not reported

Profile Disclosures	Description	Cross Reference/Direct Answers	Level of Reporting
Non-Discrimination			
HR4	Total number of incidents of discrimination and corrective actions taken.	Two (2) reported case of discrimination/harassment in 2014 (one (1) for discrimination and one (1) for sexual harassment). Investigation done and one action of dismissal was taken.	●
Freedom of Association and Collective Bargaining			
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 2014.	●
Child Labour			
HR6	Operations and significant suppliers identified as having significant risk for incidents of child labor, 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 Suppliers Code, page 2:</p> <p>“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>Where children are used in our advertisements, parental consent and talent agreement are signed by the respective parent/guardian of the child.</p>	●
Prevention of Forced and Compulsory Labour			
HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labour.	All Nestlé Malaysia work sites are audited by external auditors (Bureau Veritas), which comprehensively covers human rights. In 2014 all Sales Regions and the Head Office were audited and there were zero gaps reported. In addition, the Nestlé Supplier Code summarises the non-negotiable with suppliers in terms of human rights. We will not engage in supplier relationships where there is forced labour, violation of minimum age to work, wages and benefits etc.	●

Profile Disclosures	Description	Cross Reference/Direct Answers	Level of Reporting
Security Practices			
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.	
Indigenous Rights			
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.	
Assessment			
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.	
Remediation			
HR11	Number of grievances related to human rights filed, addressed, and resolved through formal grievance mechanism.	<p>No such incidents reported in 2014 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 grievance and allows the whistleblower the opportunity to raise a concern outside of their management line.</p> <p>The introduction of the Policy also saw the establishment of a Business Ethic and Fraud Committee and a Non-Compliance Hotline (free phone line and web). For more details, please refer to pages 088 & 090 of the 2011 Nestlé CSV Report.</p>	



Full









Partial



Not reported

Profile Disclosures	Description	Cross Reference/Direct Answers	Level of Reporting
Social: Society			
Local Communities			
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.	<p>All our operation facilities are indicated on pages 004 & 007 of the 2014 NiS Report.</p> <p>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 2014 NiS Report, on pages 020 – 033. Feedback from our stakeholders are also reported on page 013 of the 2014 NiS Report.</p>	●
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 2014.	●
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 2014.	●
Healthy and Affordable Food			
FP4	Nature, and scope, and effectiveness of any programs 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 page 020 – 033 of the 2014 NiS Report, which explains our 'Program Cara Hidup Sihat', Nestlé Healthy Kids and other initiatives.</p> <p>In addition, our Nestlé ROCKS Employee Volunteer Programmes and 'Wellness@Work' employee well-being programme are also featured under 'Our People and the Workplace' on pages 048 – 056 of the 2014 NiS Report.</p>	●

Profile Disclosures	Description	Cross Reference/Direct Answers	Level of Reporting
Corruption			
SO2	Percentage and total number of business units analysed for risks related to corruption.	<p>100%. In 2014, 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 & Financial Report 2014, on pages 019 – 021.</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 061 of the 2014 NiS Report.	
SO4	Actions taken in response to incidents of corruption.	No incidences of corruption were reported in 2014.	
Public Policy			
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.	
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.	
Anti-Competitive Behaviour			
SO7	Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes.	As of December 2014, there are no reports of legal actions taken for anti-competitive behaviour, anti-trust, and monopoly practices within the Group.	







Full




Partial



Not reported

Profile Disclosures	Description	Cross Reference/Direct Answers	Level of Reporting
Compliance			
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliances with laws and regulations.	As of December 2014, 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.	
Social: Product Responsibility			
Customer Health and Safety			
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 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&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 consumer that dictate the formulation of our products.</p> <p>Source: <i>Nestlé Quality Management System (NQMS) and 60/40+.</i></p>	
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 2014.	
FP5	Percentage of production volume manufactured in sites certified by an independent third party according to internationally recognised food safety management system standards.	<p>The percentage of production sites certified by an independent third party is 100%; on all 8 factories based on Nestlé Quality Management System. All factories are audited annually by SGS for FSSC 22000, OHSAS 18001 and ISO 14000.</p> <p>Source: <i>Manufacturing Management, Technical and Production, Nestlé Malaysia.</i></p>	

Profile Disclosures	Description	Cross Reference/Direct Answers	Level of Reporting
FP6	Percentage of total sales volume of consumer products, by product category, that are lowered in saturated fat, trans fat, sodium and sugars.	<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>Nestlé has always been committed to constantly improving both the nutritional benefits and taste of its food and beverage products. We pay particular attention to food safety and nutritional recommendations whilst complying with regulatory requirements and meeting consumer expectations</p> <p><u>Saturated Fatty Acid (inclusive of Trans Fat):</u></p> <p>Since the establishment of the first Nestlé Policy on saturated fat in 2009, the saturated fat levels of many products – especially children’s products – have been significantly reduced.</p> <p>The Policy target is to further reduce the saturated fat content by an average of at least 10% over three years (2014-2016) in those products that do not meet the Nestlé Nutritional Foundation criteria for saturated fat as defined in the Nestlé Nutritional Profiling System.</p> <p><u>Sodium (Salt):</u></p> <p>Since the establishment of the first Nestlé Policy on sodium in 2005, the sodium levels of many products, including culinary products and breakfast cereals, have been significantly reduced.</p> <p>The Policy target is to further reduce the sodium content by an average of at least 10% over four years (2013-2016) in those products that do not meet the Nestlé Nutritional Foundation criteria for sodium as defined in the Nestlé Nutritional Profiling System.</p> <p><u>Sugar:</u></p> <p>Since the establishment of the first Nestlé Policy on sugars in 2007, the amount of sugars in many products – especially children’s products – have already been significantly reduced.</p> <p>The Policy target is to further reduce the content of sugars by an average of at least 10% over three years (2014-2016) in those products that do not meet the Nestlé Nutritional Foundation criteria for sugars as defined in the Nestlé Nutritional Profiling System.</p> <p>(Source: Nestlé Policy on Saturated Fat: January 2014; Nestlé Policy on Sodium (Salt): January 2014; Nestlé Policy on Sugars: June 2014)</p>	





Full




Partial



Not reported

Profile Disclosures	Description	Cross Reference/Direct Answers	Level of Reporting
FP7	Percentage of total sales volume on consumer products, by product category sold, that contain increased fiber, vitamins, minerals, phytochemicals or functional food additives.	<p>At Nestlé Malaysia, we are constantly innovating and renovating our products to improve their nutritional quality. Every year, we focus on improving certain ingredients for selected product range. In 2014, we have focused our efforts on reducing sodium and sugar content in a number of products. Therefore, we do not have any data on products have been fortified with vitamins and minerals.</p> <p>Nestlé Policy on Fortification of Food Products with Vitamins, Minerals and Trace Elements is to promote fortification of food products with vitamins, minerals and trace elements at levels that are sufficient to help to improve health but in amounts that do not increase the risk of developing adverse consequences from excessive consumption.</p> <p>We do not collate quantitative data for the percentage of products that that contain increased fiber, vitamins, minerals, phytochemicals or functional food additives.</p>	
Product and Service Labelling			
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	<p>The internal Regulatory and Scientific Affairs Unit has stated that information requirement and labeling on packaging for:</p> <ul style="list-style-type: none"> Sourcing of components of the products or service is not required by the Malaysian Food Regulation 1985. Content, particularly with regard to substances that might produce an environmental or social impact is not requires by the Malaysian Food Regulation 1985. However, an internal process is in place, which requires the Regulatory and Scientific Affairs' approval for proposal on labeling or any form of on-pack communication. Regulatory and Scientific Affairs will vet through the labels or any form of on-pack communication to ensure that it complies to every requirements needed and to avoid any approval of labels that potentially have any sensitivity impact on environment and social. The safe use of the product or service is required by the Malaysian Food Regulation 1985 and a procedure is in place to address food allergens contained in our products. All infant formula, infant cereal and follow-up formula products are required to enclose information on the safe use of the product on it packaging. Disposal of the product and environmental/social impact is not applicable for our products, as the products do not require extensive special disposal methods. <p>All Nestlé products feature the following labels and logos on its packaging:</p> <ul style="list-style-type: none"> Nutritional Claim on Front of Pack (FOP) – 59% of sales in 2012. Nestlé Nutritional Compass – 100% on all Nestlé products. Guideline Daily Amount – 98% of sales in 2012. <p>However, there is other information on the use of logos as well as information that do not appear on our products' packaging, even though the Company is eligible for the following logos:</p> <ul style="list-style-type: none"> Veterinary Health Mark (VHM) Certification on all factories/manufacturing sites. Ministry of Health Certification (HACCP). 	

Profile Disclosures	Description	Cross Reference/Direct Answers	Level of Reporting
FP8	Policies and practices on communication to consumers about ingredients and nutrition information beyond legal requirements.	<p>At Nestlé, we have a Standard for Natural Claim that sets for product innovation and renovation in terms of ingredients, additives, processing aids, flavourings and processes, as well as the principles of responsible and credible claims related to “Natural” for labelling and communication across Nestlé brands.</p> <p><u>Flavourings</u></p> <p>For use of the claim “with natural flavour(s)/flavouring(s)”, the flavouring(s) must meet the definition of “natural” prescribed in legislation. In the absence of local legislation the flavouring(s) must meet the requirements of the Codex Alimentarius – Guidelines for the Use of Flavourings CAC/GL 66-2008 5.</p> <p><u>Food Safety</u></p> <p>For products with “Natural” claims, food safety parameters (e.g. pesticide residues, contaminants) must be within the limits given by local regulations for conventional foods.</p> <p><u>Genetically Modified Organism (GMO)</u></p> <p>Nestlé follows national regulations and consumer preferences when it comes to the use of GMO ingredients. In countries with GMO labelling regulations, as regulators differentiate GMO ingredients from conventional ones, only products which are outside the scope of the regulation (i.e. products that do not require GMO labelling) may carry “natural” claims. In countries where there are no GMO labelling regulations, as GMO ingredients are not differentiated from their conventional counterparts by regulators, products which contain GMO ingredients may carry natural claims.</p> <p>The guiding principle of our communication to consumers is to promote informed consumer choice by using labelling terms and consumer messages that are truthful, convey clear meaning and are not misleading. Therefore, the Group requires all Nestlé products to have the following labels on its packaging:</p> <ul style="list-style-type: none"> • The NESTLÉ NUTRITIONAL COMPASS is a simple device often situated at the back of Nestlé product packs. It was created to provide our consumers with clear and easy-to-understand nutrition information about our products. It helps our consumers in making healthier choices when choosing food products, thus making it possible for them to achieve a balanced diet. The NESTLÉ NUTRITIONAL COMPASS has been a trustworthy guide for our consumers on their journey on Nutrition, Health and Wellness since 2005 and appears on 97% of Nestlé packs worldwide (by NPS). 	





Full




Partial



Not reported

Profile Disclosures	Description	Cross Reference/Direct Answers	Level of Reporting
		<ul style="list-style-type: none"> As the Good Food Good Life Company, we enhance lives by offering tastier and healthier food and beverage choices and helping consumers care for themselves and their families. As part of this commitment, in 2005, Nestlé successfully introduced the NUTRITIONAL COMPASS® worldwide, guiding consumers in a very innovative way through understanding the nutrition table and healthy usage of our products. Just one year later, we added as part of an industry pledge, Guideline Daily Amounts (GDA) for adults on our packs in the EU region. Beyond Zone EUR, our voluntary implementation of GDA has been progressing rapidly in Zone AMS and Zone AOA. <p>(Source: Nestlé Standard on Natural Claims: December 2012; Nestlé Nutritional Compass Evolution: Building on success: December 2010)</p>	
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	No incidences of non-compliance with regulations and/or voluntary codes concerning product and services information and labeling, by type of outcomes were reported during the year under review.	
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 produce our products are measured by the number of unprepared incidents. The annual target is 'Zero Unprepared Incident' and as of December 2014, 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>	

Profile Disclosures	Description	Cross Reference/Direct Answers	Level of Reporting
Marketing Communications			
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	<p>Consumer communication is one of our Corporate Business Principles, which form the foundation of all we do. The Principles state: "We are committed to responsible, reliable consumer communication that empowers consumers to exercise their right to informed choice and promotes healthier diets." Adherence to these principles is regularly monitored by Nestlé S.A.</p> <p>In February 2011, Nestlé released a comprehensive 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"> • Be truthful and credible • Encourage moderation • Not generate unrealistic expectations of popularity or success • Not undermine parental authority. <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>Nestlé Malaysia is a member of the Malaysian Advertisers Association (MAA) – that governs all advertising practices in the industry - of which Mr. Khoo Kar Khoon, Communications Director, Nestlé Products Sdn. Bhd. is the Council Member and Special Advisor to MAA (ref: malaysiaadvertisers.com.my). As a member, Nestlé complies with all regulations imposed by the various government agencies.</p> <p>Nestlé Malaysia conducts audits to monitor controls, compliance and efficiency internally within Nestlé on an annual basis.</p> <p>In the event of a justified and extensive product-related issue or banning of products in other markets, Nestlé Malaysia will take the necessary actions and even precautionary measures i.e. voluntary recall of the affected product to give consumers a peace of mind and assure that the products sold are safe for consumption. To-date, Nestlé Malaysia has not sold any products that are banned in other countries.</p>	



Full



Partial



Not reported

Profile Disclosures	Description	Cross Reference/Direct Answers	Level of Reporting
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 2014. Nestlé Malaysia also signed the pledge on Responsible Advertising to Children on 5 August 2013, as a member of the FMM. We are currently working closely with Ministry Of Health through FMM to come up with the local Marketing to Children Regulation.	●
Customer Privacy			
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	None – no complaint related to breaches of customer privacy and losses of customer data recorded at Contact Centre in 2014.	●
Compliance			
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 during the year under review.	●

Profile Disclosures	Description	Cross Reference/Direct Answers	Level of Reporting
Animal Welfare			
Breeding and Genetics			
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.	●
Animal Husbandry			
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.	●
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.	●
Transportation, Handling and Slaughter			
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.	●



Full



Partial



Not reported

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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 Nestlé in Society: Creating Shared Value Report 2014 ("Nestlé CSV Report 2014").

Management's Responsibility

Management of Nestlé is responsible for the preparation of the Nestlé CSV Report 2014 in accordance with Nestlé's internal reporting guidelines and Global Reporting Initiative's ("GRI") G3.1 Sustainability Reporting Guidelines.

This responsibility includes the selection and application of appropriate methods to prepare the Nestlé CSV Report 2014 as well as the design, implementation and maintenance of systems and processes relevant for the preparation. Furthermore, the responsibility includes the use of assumptions and estimates for disclosures made by Nestlé 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 sustainability report indicators are subject to inherent limitations given their nature and methods for determining, calculating and estimating such data.

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

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

Subject Matter

The following information collectively known as Selected Information (hereinafter referred to as "Selected Information") 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's G3.1 Sustainability Reporting Guidelines;
- Nestlé's declaration on their achievement of an A+ level of reporting in accordance with the GRI's G3.1 Sustainability Reporting Guidelines in the Nestlé CSV Report 2014; and
- The management and reporting processes with respect to the preparation of the following six (6) Selected Information reported and marked in the Nestlé CSV Report 2014 as follows:
 1. Nestlé Healthy Kids Programme
 - Total number of participating students (page 20)
 - Total number of teachers / workers (page 21)
 - Total number of food operations (page 21)
 2. Nestlé Lelaki Kebajikan, Lelaki Nini
 - Number of health pledges received (page 70)
 3. Project BILeaf
 - Total number of trees planted in 2014 (page 18)

4. Zero Landfill Initiative

- Number of factories in Malaysia that have achieved zero landfill status (page 3 and 43)

5. LEAD PEP 2.1

- Number of cohorts delivered in 2014 (page 57)
- Total number of leaders that have participated in 2014 (page 57)
- Evaluation score of the programme (page 58)

6. Milo Breakfast Day

- Total number of competitive participants (page 63)
- Total number of articles on event (print & broadcast only) (page 63)

Criteria

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

Main Assurance Procedures

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

- Inquiries of personnel responsible for the preparation of the Nestlé CSV Report 2014 regarding the process to prepare the said report and the underlying internal control system;
- Understanding the sustainability report management structure and inspection of documents regarding Nestlé's sustainability 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 Nestlé CSV Report 2014 in accordance with core GRI's G3.1 Sustainability Reporting Guidelines.

Conclusion

Based on our limited assurance engagement, in all material respects, nothing has come to our attention that causes us to believe that, for the year ended 31 December 2014:

- The Nestlé CSV Report 2014 has not been prepared in accordance with GRI's G3.1 Sustainability Reporting Guidelines;
- The Selected Information has not been fairly stated in accordance with Nestlé's internal sustainability reporting guidelines; and
- The report disclosures are not sufficient to achieve an A+ level of reporting in accordance with GRI's G3.1 Sustainability Reporting Guidelines.

Other matters

This report is issued for the sole purpose for inclusion in the Nestlé CSV Report 2014 and should not be used or relied upon for any other purpose. We do not assume responsibility to any other person for the content of the report.



PRICEWATERHOUSECOOPERS
(No. AF 1126)
Chartered Accountants
Kuala Lumpur

1 March 2015

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