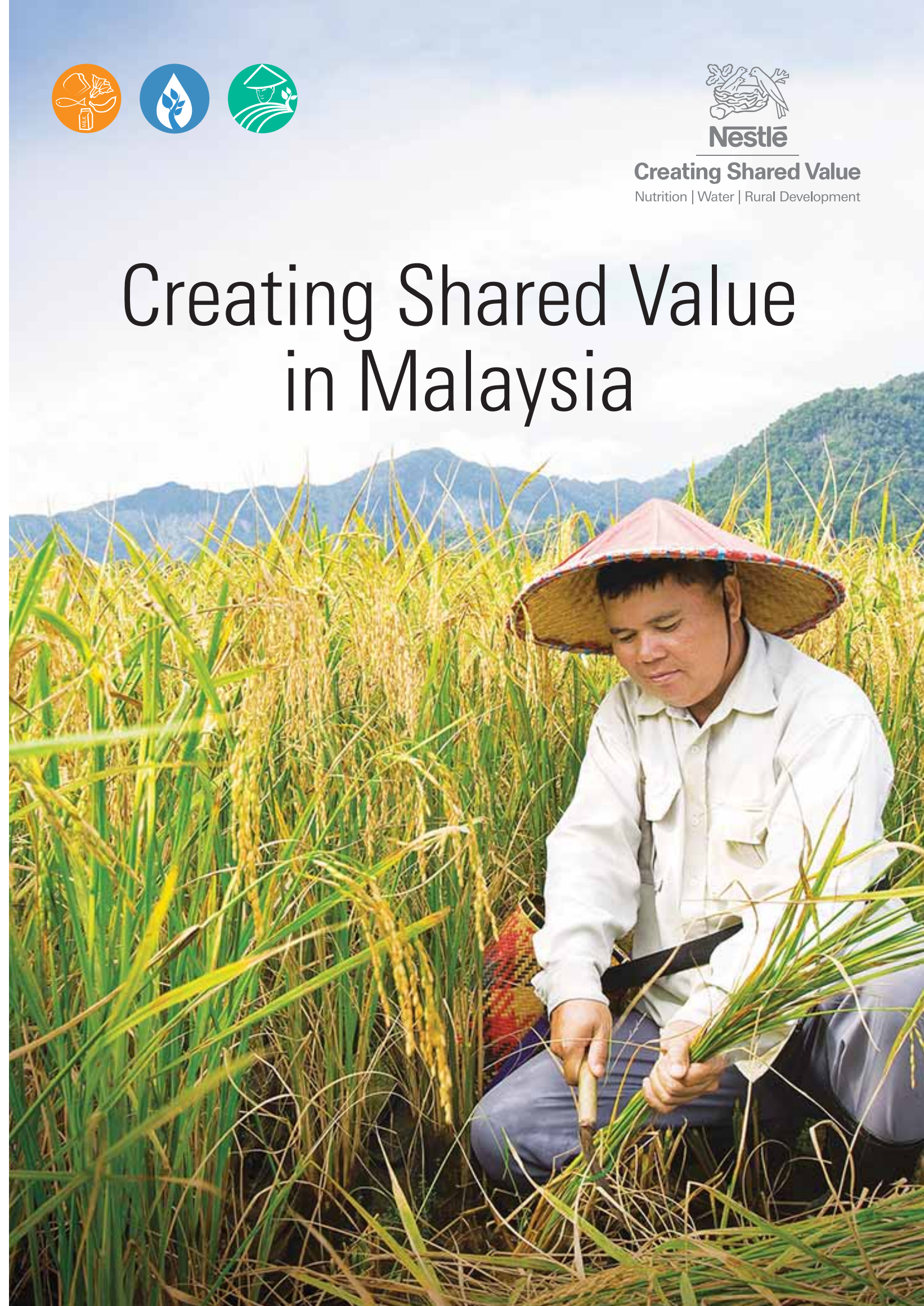




**Creating Shared Value**  
Nutrition | Water | Rural Development

# Creating Shared Value in Malaysia



**Nestlé**

Good Food, Good Life

**Nestlé (Malaysia) Berhad** (110925-W)  
22-1, 22<sup>nd</sup> Floor, Menara Surian  
No.1, Jalan PJU 7/3  
Mutiar Damansara  
47810 Petaling Jaya  
Selangor Darul Ehsan  
Malaysia.

Tel: (+603) 7965 6000  
Fax: (+603) 7965 6767  
Nestlé Consumer Services Free Phone:  
1-800-88-3433  
Facebook: <http://www.facebook.com/NestleMalaysia>

**[www.nestle.com.my](http://www.nestle.com.my)**



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

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

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



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

Paul Bulcke  
Chief Executive Officer  
Nestlé S.A.



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# The Nestlé Legacy



*Henri Nestlé*  
Illustration by H. G. G. G.

## The Pride of Nestlé: The Nest

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



## The Nestlé Creating Shared Value Legacy

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

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



## The Meaning of *Good Food, Good Life*

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

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

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

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

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

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





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

Message from

## Nandu Nandkishore

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

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

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

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

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

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



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

Message from

## Alois Hofbauer

*Region Head,  
Nestlé Malaysia / Singapore*

In line with our philosophy of Creating Shared Value, we strive to build sustainable winning relationships with the people, stakeholders and communities whom we touch through our business. Nestlé is a pioneer of this business approach, which epitomises our desire to create prosperity and help improve the quality of life for people in an inclusive manner. We believe that it is only possible to create long-term value for our shareholders if our behaviour, strategies and operations are also providing mutual benefits for our business partners and of course, for our consumers.

For us at Nestlé Malaysia, Creating Shared Value has become an integral part of our everyday business operations. Nourishing Malaysians since 1912, Nestlé has earned the trust of our consumers not only for our quality brands and products, but also for our commitment to improve the lives of the local community. We strive to empower communities to be able to generate their income sustainably and independently. By providing communities with the means

to build their own livelihoods, we make it possible for them to not only enhance the quality of their lives, but also those of the future generations to come. This is clearly reflected in our key Creating Shared Value initiatives, which we have highlighted throughout this booklet.

Thanks to this long and deep engagement with the nation, we have created very close relationships between our brands and consumers, as well as an in-depth understanding of our consumers, as consumers are at the heart of everything we do at Nestlé. Over time, the Company has become a part of society by nourishing Malaysian families and through our commitment to Creating Shared Value. More than anything, we are pleased to have proven over the years that it is possible to do well, by doing good. We are committed to continue nourishing Malaysians for generations to come, contributing to the success of the nation and delivering on our promise of ‘*Good Food, Good Life*’. ♦

“Nourishing Malaysians since 1912, Nestlé has earned the trust of our consumers not only for our quality brands and products, but also for our commitment to improve the lives of the local community.”

# RESEARCH & DEVELOPMENT



**Nestlé Research™**

## Our Vision

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

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



## Our Dynamic Global Network

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

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

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


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



## Nestlé R&D Singapore

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

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

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



## Nestlé in Malaysia

Commercial operations in Malaysia since 1912

Head office in Mutiara Damansara, Selangor

Operates 7 factories and a national distribution centre

Public listed since 1989

RM4.6 billion turnover in 2012

Employs over 6,200 people

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

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



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

What started small as the Anglo-Swiss Condensed Milk Company in Penang has prospered over the years, thanks to Malaysia's strategic location and economic environment. As it grew, so did our investments to ensure the sustainability of our business. A clear testament of Nestlé's foothold in the country is the success of the Company, achieving a sales turnover of RM4.6 billion in 2012 alone.

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

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



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

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



# Driving Economic Prosperity in Malaysia

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

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

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

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



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

## Investing in Malaysia's future:

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

- One of the biggest exporters of food products, exporting to more than 50 countries around the world, bringing foreign currency into Malaysia
- Senior Malaysian management talents of all disciplines are exported all over the world – from Europe to The Americas to some of the fast emerging BRIC economies. In return, the knowledge and experience gained from these assignments will be beneficial when they return to Malaysia
- Under the SME Mentoring Programme, a joint collaborative effort with Halal Industry Development Corporation (HDC) and SMECorp, we have helped train more than 150 SMEs in Malaysia since 2010

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

Total savings of 124,000 m<sup>3</sup>/year, enough to sustain 2,200 people annually

Total savings of 71,000 GJ/tonne, enough fuel to sustain 1,700 cars/year

4.5% savings of energy usage per tonne product produced in 2012

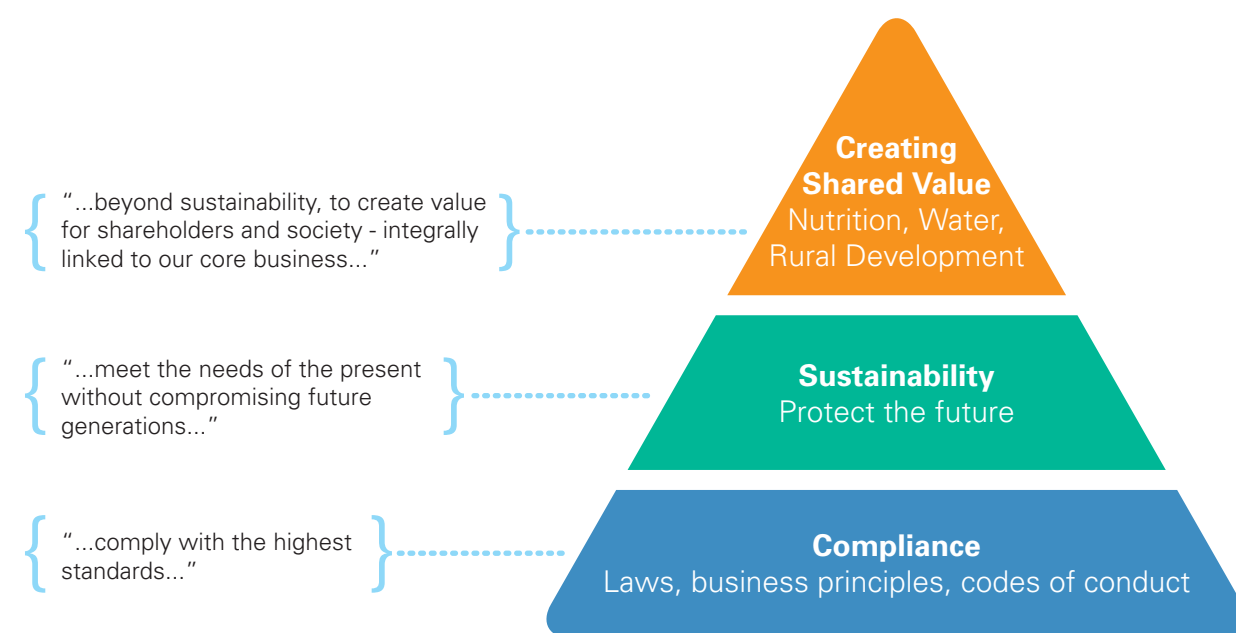


# Nestlé in Society: Creating Shared Value and Meeting Our Commitments

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

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

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



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

# Creating Shared Value: The Three Areas of Focus







Nutrition

## KEY INITIATIVES:

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

### The Nestlé Healthy Kids Programme:

Aimed at improving knowledge of nutrition and promoting healthy lifestyles among school-going children.

### Healthy Lifestyle Programme:

A three-year intervention programme targeted at secondary school students, teachers, wardens and food operators from 100 day-boarding schools nationwide, aimed at enhancing the knowledge and practice of healthy and active lifestyles.

### Empowering Consumers to Make Healthy Choices:

Nestlé is committed to providing our consumers with transparent nutrition information based on sound science and in a format that best helps them make informed, healthier choices. With this, we provide on-pack tools called Front-of-Pack Labelling and the NESTLÉ NUTRITIONAL COMPASS to improve the food literacy of consumers.

### Our Halal Commitment:

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

### Grassroots Sports Development:

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



## Nestlé Healthy Kids Programme



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



The Malaysian chapter was launched in August 2010 in collaboration with the Nutrition Society of Malaysia, with the main objective of improving knowledge of nutrition and promoting a healthy lifestyle among school-going children in Malaysia.

The programme is timely in view of the significant prevalence of nutrition-related problems, such as nutrient deficiencies and obesity among Malaysian schoolchildren. The programme entails the implementation of a two-prong

approach, namely an awareness component that reaches out to the masses and the research component, which is the longitudinal intervention programme to develop, implement and evaluate effectiveness of an educational module, which began in early 2011.

Other activities include a Parent-Child Workshop, which allows parents and children to discuss and learn about child nutrition and healthy lifestyles with experts, a nutrition knowledge sharing session between teachers and experts through a Teachers' Seminar, as well as the development of the Nestlé Healthy Kids Programme website ([www.healthykids.org.my](http://www.healthykids.org.my)). ♦



A facilitator going through a module with the children involved in the Nestlé Healthy Kids intervention programme

### BUSINESS BENEFIT:

- Enhances corporate image and demonstrates a commitment to address the nation's health issues in line with our commitment towards Nutrition, Health and Wellness

### SOCIETAL BENEFIT:

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





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



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



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

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



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

interactive Food Pyramid game await our young audience when they visit the website.

Nestlé and the Nutrition Society of Malaysia believe that the Nestlé Healthy Kids Programme will empower Malaysian parents and children to understand the value of healthy eating and living that will benefit them now and for many years to come. ♦



# Healthy Lifestyle Programme



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

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

for preparing and serving their meals on a daily basis.

The programme which consists of two phases was officially launched in December 2012. A total of 332 food operators were trained to prepare tastier and healthier dishes by



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



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

the Ministry of Education and Universiti Putra Malaysia, Nestlé Malaysia is working on an intervention programme called the 'Healthy Lifestyle Programme' (Program Cara Hidup Sihat), targeted at secondary school students from 100 day-boarding schools nationwide.

It is also part of the Nestlé Healthy Kids Programme.

Aimed at enhancing the knowledge and practice of healthy and active lifestyles, the three-year programme (2012 – 2014) is targeted at lower secondary school students, their teachers and wardens, as well as the food operators who are responsible

using ingredients that are lower in salt and fat. In addition, 203 teachers and wardens received training to conduct the first educational module called HEBAT (Healthy Eating and Be Active among Teens). By March 2013, all 100 schools had completed 4 topics of the first HEBAT module.

Nutritional status and Knowledge, Attitude and Practice of healthy lifestyles before and after the intervention programme is measured. It is hoped that the HEBAT module will eventually be applied to all schools in Malaysia and its approach and findings shared across the nation. ♦

Benefits 100 selected day-boarding schools nationwide

332 food operators were trained to create healthier and tastier servings while reducing salt and fat in their cooking

203 teachers and wardens were trained to use the educational module

4,954 student interventions during the roll-out of the HEBAT module

## BUSINESS BENEFIT:

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

## SOCIETAL BENEFIT:

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



# Empowering Consumers to Make Healthy Choices



As the world's leading Nutrition, Health and Wellness Company, Nestlé has never wavered from efforts to help address nutrition-related issues such as obesity and non-communicable diseases as well as micronutrient deficiencies.

Using the Nestlé Nutritional Profiling System (NNPS), a rigorous means of benchmarking products against values recommended by the World Health Organization and other independent authorities, we can clearly assess a product's nutritional contribution. In 2012, eight years after adopting NNPS, 78% of the total sales of our Nestlé products have achieved the Nutritional Foundation status.

As an example, product development since 2010 has seen the sodium content in the MAGGI Noodles range reduced by 6%. Across the board, we have been improving levels of essential nutrients while lowering saturated fat, sugar and salt content. Of course, taste must also be considered; products go through a 60/40+ test; they must deliver a relevant nutritional advantage while being preferred in blind taste tests.

**1 out of 2 Malaysian adults are either overweight or obese due to unhealthy diets and sedentary lifestyles**

(National Health & Monitoring Survey, Ministry of Health, 2011)



The NESTLÉ NUTRITIONAL COMPASS empowers consumers to make informed choices for healthier food and beverage

## Food Label Awareness

Food label awareness can help arrest the growth of lifestyle-related chronic diseases such as diabetes, high blood pressure and high cholesterol. The new Front-of-Pack Labelling and the NESTLÉ NUTRITIONAL COMPASS are great tools for the job. These were coupled with the "How Am I" initiative that sought to instill the idea that health begins with introspection; when consumers realise the need to take charge, their efforts will follow.

## Front-of-Pack Labelling

Provides transparent nutrition information in a simple format, helping consumers make informed decisions on their daily intake and make planning a healthy, balanced diet simpler.



One serving (30g) contains

Energy 116 kcal

6%

Based on 2000 kcal

This shows you the total calories in one serving.

This is the percentage of your recommended daily energy intake.

An adult's recommended daily intake of energy.

## NESTLÉ NUTRITIONAL COMPASS

We are also making food and beverage labels easier to navigate. Beyond basic facts, this helps consumers navigate through the content information, health tips and key nutritional points.

On the back of every Nestlé pack, it's a quick guide to nutrition.

Sections titled 'good to know, good to remember and good questions' highlight the most important nutritional facts.

MAKLUMAT PEMAKANAN / NUTRITIONAL INFORMATION			
Jumlah Hidangan / Serving Per Package: 48			
Saiz Hidangan / Serving Size: 30g			
Petikan Komposisi / Average Composition	Per 100g	Per 30g (Serving Size)	Per 100g
Tenaga / Energy	116 kcal	116 kcal	116 kcal
Lemak / Fat	1.5g	1.5g	1.5g
Yang terdapat dalam / Contains			
Aid Lemak Monosaturasi / Monounsaturated Fatty Acid	0.5g	0.5g	0.5g
Aid Lemak Polihidrat / Polyunsaturated Fatty Acid	0.5g	0.5g	0.5g
Aid Lemak Tepu / Saturated Fatty Acid	0.5g	0.5g	0.5g
Aid Teras Lemak / Trans Fatty Acid	0.5g	0.5g	0.5g
Protein	1.5g	1.5g	1.5g
Karbohidrat / Carbohydrate	1.5g	1.5g	1.5g
Jumlah Gula / Total Sugar			
termasuk / including	0.5g	0.5g	0.5g
- Gula / Sugar	0.5g	0.5g	0.5g
- Salina / Sodium	0.5g	0.5g	0.5g
- Protein / Protein	0.5g	0.5g	0.5g
- Laktosa / Lactose	0.5g	0.5g	0.5g
Mineral / Mineral	0.5g	0.5g	0.5g
Kalsium / Calcium	0.5g	0.5g	0.5g
Magnesium	0.5g	0.5g	0.5g
Vitamin A	0.5g	0.5g	0.5g
Vitamin C	0.5g	0.5g	0.5g
Vitamin B1	0.5g	0.5g	0.5g
Vitamin B2	0.5g	0.5g	0.5g
Vitamin B6	0.5g	0.5g	0.5g
Vitamin B12	0.5g	0.5g	0.5g
Bahan / Ingredients	0.5g	0.5g	0.5g
Zat Besi / Iron	0.5g	0.5g	0.5g
Zink / Zinc	0.5g	0.5g	0.5g



**Ruang Bertanyaan**  
Bagaimanakah saya memastikan anak saya boleh mencapai ketinggian yang ideal?

**Tahukah Anda**  
Apabila tulang-tulang membesar, kanak-kanak akan menjadi lebih tinggi dan mempunyai bentuk badan yang lebih matang. Zat kalsium dan magnesium adalah penting untuk membina dan mengekalkan tulang yang kuat. Dua gelas susu EVERYDAY® membekalkan 57% daripada keperluan kalsium anak anda.

**Petua Berguna**  
NESTLÉ® menggalakan pemakanan seimbang berdasarkan piramid Makanan. Pastikan anak anda mengambil setiap kumpulan makanan yang disarankan seperti bijirin (nasi, roti, mi), sayur dan buah, makanan berprotein (ikan, telur, kekacang) dan susu dalam setiap sajian.

**100% Nestlé di sini.**  
Hubungi Kami  
1 800 88 3437

Highlighted sections show you the kind of nutrition you are choosing.

### BUSINESS BENEFIT:

- Demonstrates core values of Nutrition, Health and Wellness by constantly enhancing the quality & nutritional value of products
- Creates innovation to meet growing consumer needs for a product that rises above good taste

### SOCIETAL BENEFIT:

- Front-of-Pack Labelling and the NESTLÉ NUTRITIONAL COMPASS; tools that help consumers make healthier food and beverage choices





# Our Halal Commitment



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

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

## Nestlé Malaysia Halal Facts

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

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

The export of our Halal products to more than 50 countries globally contributes almost 25 percent of the Company's local business.

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

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

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

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

### BUSINESS BENEFIT:

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

### SOCIETAL BENEFIT:

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



# Grassroots Sports Development



## MILO Go Further Camps

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

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

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

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

### BUSINESS BENEFIT:

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

### SOCIETAL BENEFIT:

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

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





## KEY INITIATIVES:

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.

### Project RiLeaf:

A 3-year riverside reforestation and oil palm sustainability initiative that has seen more than 100,000 trees planted along the lower Kinabatangan River in Sabah.

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

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

### Wastewater Treatment Plants:

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

## Project RiLeaf

More than  
**100,000**  
trees planted in 2012

**123,851**  
trees were purchased  
from local communities

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



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



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

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

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



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

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

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





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



To collectively work on creating a landscape where people, nature and agriculture are united by their common source of vitality – water, and to show that harmonious co-existence is possible to give all-round wins for all stakeholders.

Nestlé

Sime Darby Foundation

Universiti Malaysia Sabah

Oil Palm Smallholders & Plantations

Sabah State Government

KAPOK & HABITAT  
(local communities)



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

#### BUSINESS BENEFIT:

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

#### SOCIETAL BENEFIT:

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



## Women, Guardians of Setiu Wetlands

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

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

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

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



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



#### BUSINESS BENEFIT:

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

#### SOCIETAL BENEFIT:

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





# Wastewater Treatment Plants



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

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

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

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

#### BUSINESS BENEFIT:

- Reduction of water usage translates to savings
- Eliminate waste and encourage re-use of water

#### SOCIETAL BENEFIT:

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



Total savings of  
**124,000** m<sup>3</sup>/year,  
enough to sustain  
**2,200**  
people annually  
(150 litres/person/day)

Total savings of  
**71,000** GJ/tonne,  
enough fuel to sustain  
**1,700** cars/year

**4.5%** savings  
of energy usage  
per tonne product  
produced in 2012



## KEY INITIATIVES:

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

#### Nestlé Paddy Club:

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

#### Chilli Contract Farming:

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

#### Nestlé Community Kindergartens:

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





# Nestlé Paddy Club

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

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

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



More than  
**10%** higher average  
yield than previous harvest

*A farmer preparing the land for the next planting season*



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

*Mr Sabri Nayan,  
Chairman,  
Nestlé Paddy Club, Kerpan*



Improved earnings of  
**333** farmers

**860** Hectares of  
cultivated area, with average yield  
currently well above 5 metric tonnes  
per hectare



**People:** Providing environmentally-friendly means to increase yields, minimising exposure to hazardous chemicals, safe handling of inputs, pride in work and networking.

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

**Profits:** Farmers gain from better real income potential and Nestlé has access to a reliable, traceable and controllable source of rice for infant cereals manufacturing.



*A harvesting process taking place at a paddy field in Kerpan, Kedah*

## BUSINESS BENEFIT:

- Locally-sourced raw material at specified quality and foreseeable price
- Maintain stability of supply
- Traceability & freshness

## SOCIETAL BENEFIT:

- New income opportunities and sustainable source of income for farmers in the local community
- Transfer of technology and Good Agricultural Practices help farmers improve yields and crop quality to meet global standards
- Reduces reliance on imports





# Chilli Contract Farming



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

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

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

## BUSINESS BENEFIT:

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

## SOCIETAL BENEFIT:

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



Fresh chillies are used in the production of MAGGI Chilli Sauce



# 70%

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

112 farmers produced a yield of 224 metric tonnes of fresh chillies over 112 hectares of land for the production of MAGGI Chilli Sauce as of 2012 - holding the record for producing the highest yield of all Nestlé Malaysia contract farming schemes

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



# Nestlé Community Kindergartens



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

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

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

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

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



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

Together, Nestlé and Raleigh have successfully built 11 kindergartens:

- |                                 |                                    |
|---------------------------------|------------------------------------|
| Kg. Liu, Pitas, 2005            | Kg. Saguon, Tongod, 2006           |
| Kg. Paus, Pitas, 2007           | Kg. Keranaan, Ranau, 2008          |
| Kg. Mapan-Mapan, Pitas, 2009    | Kg. Maliau Layung, Pitas, 2010     |
| Kg. Lingka Bagan 2, Pitas, 2011 | Kg. Sonsogon Magandai, Pitas, 2011 |
| Kg. Terian, Sugud, 2012         | Kg. Bonor, Soak, 2013              |
| Kg. Togudon, Dongongan, 2013    |                                    |

## BUSINESS BENEFIT:

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

## SOCIETAL BENEFIT:

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



# Creating Shared Value: Employees

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

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

## Wellness at Work

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

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

## Flexible Benefits

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

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

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

## Training & Development

Lifelong learning is our culture. Every employee is responsible for his or her own development, and is encouraged to continuously build and acquire greater competencies. We continuously invest and empower our employees with in-house and external training programmes covering functional, leadership and soft skills.

## Everyday Coaching (EDC)

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

## Safety, Health and Environment (SHE)

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

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



# ROCKS Employee Volunteer Programme

Nestlé's Reaching Out to Community and Kids (ROCKS) Employee Volunteer Programme is the first of its kind launched nationally. 6,200 employees at all work locations nationwide have an avenue to be involved in the various activities that fulfill their societal and community obligations.



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




Nestlé ROCKS provides an avenue for our employees, including members of the top management to fulfill their social obligations

Nestlé Malaysia employees are allocated 16 working hours a year for volunteer work. Through the Nestlé ROCKS Programme, they may choose to volunteer in any one of the 45 charities adopted by Nestlé Malaysia. These range from serving the underprivileged, orphaned, single mothers and the physically disabled.

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

There are also Annual ROCKin' Bazaars; these help raise donations in cash and kind which are then channelled to the various homes throughout the year. Nestlé ROCKS also supports Nestlé environmental conservation projects such as tree replanting at FRIM to offset our carbon footprint and also mangrove replanting at Setiu, Terengganu for wetlands rejuvenation.

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



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

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

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

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

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

