



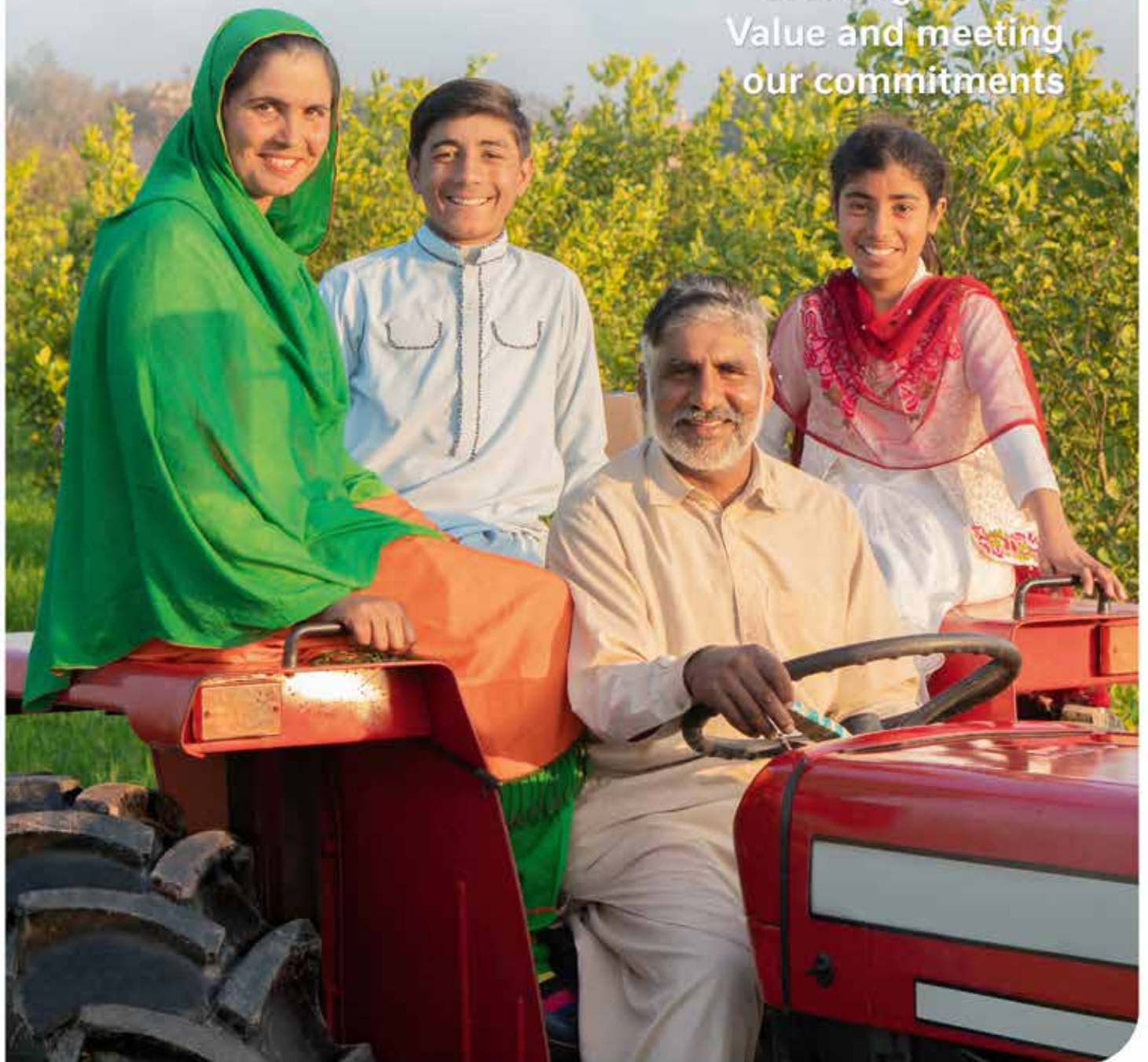
Nestlé

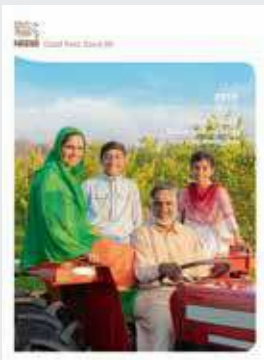
Good food, Good life

2019

Nestlé in Society Report

Creating Shared
Value and meeting
our commitments





ABOUT THE COVER

Like Iqbal, our Dairy Farmer from Renala Khurd, Nestlé Pakistan has been transforming traditional dairy farmers into professionals. We have been playing a pivotal role in contributing to the agricultural economy through dairy development. We are committed to continue Creating Shared Value by empowering our local farmers and meeting our commitments, in line with the United Nations Sustainable Development Goals (UN SDGs).

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CEO'S MESSAGE

We believe that our company will be successful in the long term by creating value for both our shareholders and for society. This approach, called Creating Shared Value (CSV), remains the fundamental guiding principle for how we do business. It enables us to bring our purpose to life: enhancing quality of life and contributing to a healthier future.

Our global focus areas are firmly embedded in our purpose. Individuals and families, our communities and the planet as a whole are interconnected, and our efforts in each of these areas are supported through our 42 public commitments. These commitments will, in turn, enable us to meet our global ambitions for 2030 in line with the timescale of the Sustainable Development Goals (SDGs) through key partnerships and initiatives.

Nestlé Pakistan won the First Prize for 'Living the Global Compact Best Practices Sustainability Award 2019', in the category of multinational companies and declared a Sustainable Development Goal (SDG) Champion by the UN Global Compact Network Pakistan. This award is an acknowledgment to our continuous commitment towards contributing to a healthier future in line with SDGs and the ten principles of the UN Global Compact embedded in the way it conducts business.

For Individuals & Families

Nestlé prides itself on being the leading Nutrition, Health and Wellness (NHW) Company; we are committed to creating nutritional awareness among our consumers. In 2019, approx. 2.5 bio fortified servings were served across the country.

Our global initiative, Nestlé for Healthier Kids, has raised nutritional awareness among more than 220,000 children and have trained over 1100 teachers in 280 schools across Pakistan, to achieve our commitment to UN SDG 3, Good Health.

With the goal to empower young women with basic nutrition knowledge so they make healthier nutrition choices and adopt a healthy lifestyle, Nestlé Healthy Women Program has reached out to more than 6,500 young women across 12 universities nationwide.

For Our Communities

We believe in improving livelihoods and develop thriving communities. Nestlé Pakistan has been playing a pivotal role in contributing to the agricultural economy through dairy development and agriculture services. To enhance farms' productivity linked with quality of fresh milk, fruits and cereals, Nestlé Pakistan has started various initiatives in 2019, including facilitating import of highly efficient cows and introduction of high-density fruit orchards.

Nestlé BISP Rural Women Sales Program, in partnership with the Ehsaas Kifalat Program is providing livelihood opportunities to Benazir Income Support Program (BISP) beneficiaries. To-date, more than 900 BISP beneficiaries have become Rural Sales Agents. We also provided a grant to Akhuwat, world's largest interest free microfinance organization, to help BISP beneficiaries expand their business through microloans. Nutritional knowledge was also imparted to more than 1,700 BISP beneficiaries through the Healthy Women Rural Program. This is in line with our commitment to achieve UN SDG 5 (Gender Equality) and UN SDG 8 (Decent Work and Economic Growth).

For the Planet

Nestlé Pakistan is introducing sustainability initiatives in its manufacturing units and beyond, to exhibit Respect for Future. Our Caring for Water (C4W) initiative undertakes collective approach to help protect shared knowledge and reduce water consumption inside and outside our fence. The initiative has three pillars; Factories, Communities and Agriculture.

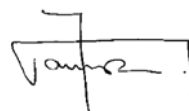
Three of our factories have been awarded Alliance for Water Stewardship Certification with the partnership of WWF Pakistan. We aim to have our site in Port Qasim certified by the end of 2020. We also partnered with the Agriculture Department, Government of Punjab, and have installed drip irrigation systems on 139 acres with water savings of at least 391 million liters annually.

We launched Nestlé Cares, our Global Employee Volunteer Program, aimed at enhancing volunteer activities and providing employees the opportunity to make an impact by engaging and assisting local communities. Being a signatory of the Prime Minister of Pakistan's "Clean Green Pakistan" initiative, we planted more than 50,000 trees across our operational sites with the help of our partners. We also organized cleaning activities in Lahore and Karachi with more than 500 employees participating in these volunteer activities.

Nestlé has a global commitment towards introducing 100% recyclable or reusable plastic by 2025. In our efforts, we partnered with District Council Hunza, Gilgit Baltistan Waste Management Company (GBWMC) and Karakoram Area Development Organization (KADO) to launch the Clean Hunza Project. Our partnership in the initiative will encourage waste management of 150,000 kgs of plastics annually, collect 50,000 kgs paper packaging (used beverage cartons) and distribute 10,000 reusable bags in the community during 2020.

Nestlé Pakistan has also achieved 704 tons of material reduction in packaging and have eliminated usage of single use plastics across its sites. Up till now, 265 tons of plastic waste from Sheikhpura Factory has been converted into 600 plastic pallets, which are being used across the market, for transportation and storage of finished goods.

As we enter 2020, we will continue to evolve and strengthen our approach to Creating Shared Value and meeting our commitments by developing sustainable partnerships. This approach will help us continue to drive all our behaviors, policies and actions in the way we do business.



Samer Chedid

Chief Executive Officer

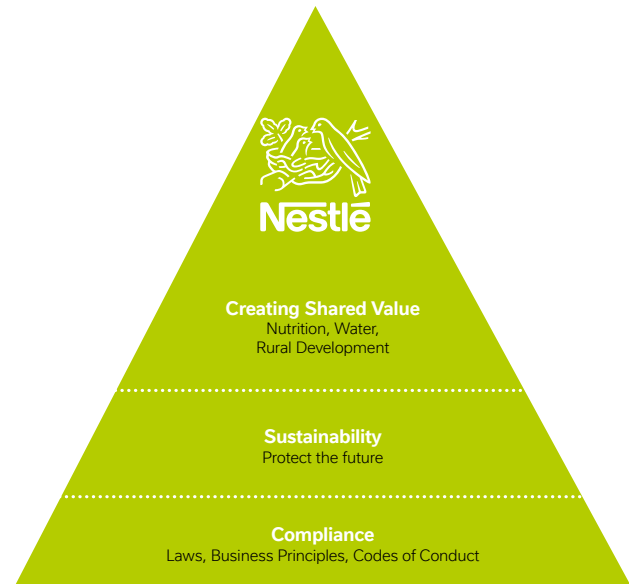
CREATING SHARED VALUE

At Nestlé, we believe in the philosophy of Creating Shared Value (CSV). It is our belief that for a company to be able to create value for its shareholders, it must also create value for society. Nestlé Pakistan, as part of its global and local obligations, believes in Creating Shared Value for the communities it works with. The health of our company is intrinsically linked to the health and resilience of the society we operate in; this is why Nestlé's purpose is to enhance quality of life and contribute to a healthier future.

At Nestlé, social responsibility does not end with a few philanthropic activities. Instead, CSV is embedded in our business model; where direct engagement and support to communities is extended across the value chain. This adds value to the business and supports socioeconomic development for the communities. Pakistan is a developing economy where more than 60% of the population lives in the rural areas. There is a huge potential for rural development, particularly in the livestock sector where companies such as Nestlé are adding real value for improving the quality of life for rural communities.

From offering quality products to consumers and providing a fair and diverse work environment for our employees; from capacity building and knowledge transfer to our partners and raw material providers, to implementing responsible sourcing models into our relationships; from supporting under privileged communities to working with small farmers; from enhancing sustainability and environmental friendliness of our operations to embedding ethical and transparent business practices, CSV is entrenched in the entire value chain of Nestlé.

Our global focus areas are firmly embedded in our purpose. Individuals and families, our communities and the planet as a whole are interconnected, and our efforts in each of these areas are supported through our 42 specific commitments.



Our goal is to provide products that are not only tastier and healthier, but also better for the environment. This gives our consumers yet another reason to trust Nestlé.

These commitments will, in turn, enable us to meet our ambitions for 2030 in line with the United Nations Sustainable Development Goals (SDGs). Additionally, ethical business practices, transparency and consumer trust – based on high quality products with a focus on Nutrition, Health and Wellness remains the hallmark of our core business. The company is committed to the stakeholders and the communities for mutual growth and sustainability. Based on the strong foundations of compliance and sustainable business practices, this is the Nestlé way of doing business.

We will continue to evolve and strengthen our approach to Creating Shared Value for individuals and families, for our communities and for the planet.



NESTLÉ PAKISTAN

declared 'SDG Champion 2019'
and
wins 1st Prize in Living The UN Global Compact
Business
(UNGC) Sustainability Awards 2019

This is the fourth consecutive time that Nestlé Pakistan has been recognized for its continuous commitment towards contributing to healthier future in line with SDGs and the ten principles of the UN Global Compact embedded in the way it conducts business.





INDIVIDUALS AND FAMILIES

Enabling healthier and happier lives

2030 Global Ambition: Help 50 million children lead healthier lives

Food is not just a source of nutrition, it also brings us together as families or friends. The United Nations believes the food industry has a vital role to play in helping enable healthier lives. At Nestlé, we believe this with the aim to help shape a better and healthier world. This was how we started more than 150 years ago when our founder Henri Nestlé created an infant cereal that saved the life of a child.

Nestlé is building, sharing and applying our nutritional knowledge, and contributing to a healthier future. We firmly believe that nutrition and hydration has a role to play in helping manage and treat diseases and we have teams of researchers focused on how to achieve this.

Nestlé prides itself on being the leading Nutrition, Health and Wellness (NHW) Company; we are committed to creating nutritional awareness among our consumers. Our products and brands are the flag bearers of NHW and we build our nutrition credentials with continuous research and development.

NESTLÉ for HEALTHIER KIDS

Pakistan has been reported to have one of the highest levels of prevalence of child malnutrition compared to other developing countries. A focus on quality of diet and nutrition awareness is extremely essential to prevent stunting, wasting and other forms of malnutrition.

This was the impetus behind the launch of Nestlé for Healthier Kids (N4HK) program in Pakistan in 2010. Nestlé for Healthier Kids is a global initiative which empowers parents, caregivers and educators to foster healthier eating, drinking and lifestyle habits among school-age children.

The program supports public health objectives and works to improve knowledge about nutrition and promote healthy lifestyles among school going children through healthy eating, encouraging physical activity and other key health measures such as hygiene and hydration. To date, the program has educated more than 220,000 children in rural, sub-urban and urban areas, and has trained over 1100 teachers on nutrition in 280 schools.

N4HK is making collective efforts with its partners to help address and overcome the nutrition challenge to give children a happier and healthier future. The program has partnerships nationwide and covers schools across Punjab, The Federal Capital, Sindh and Khyber Pakhtunkhwa and aspires to reach more areas. The program works in collaboration with 10 educational partners from the development, private and public sector, including Care Foundation, Trust for Education and Development of Deserving Students (TEDDS), Zindagi Trust and The Federal Directorate of Education just to name a few. Nestlé for Healthier Kids is a curriculum-based program, comprising of two books (in both English and Urdu) which provide the basic knowledge on nutrition, physical activity and the consumption of a balanced diet.

Testimonials

"Through our 10 years of continuous partnership with Nestlé for Healthier Kids Program, we have achieved significant improvement in nutritional knowledge, attitude and practice of healthy lifestyle amongst children at our school with the help of interesting and interactive learning activities."

Seema Aziz

Managing Trustee of the Care Foundation

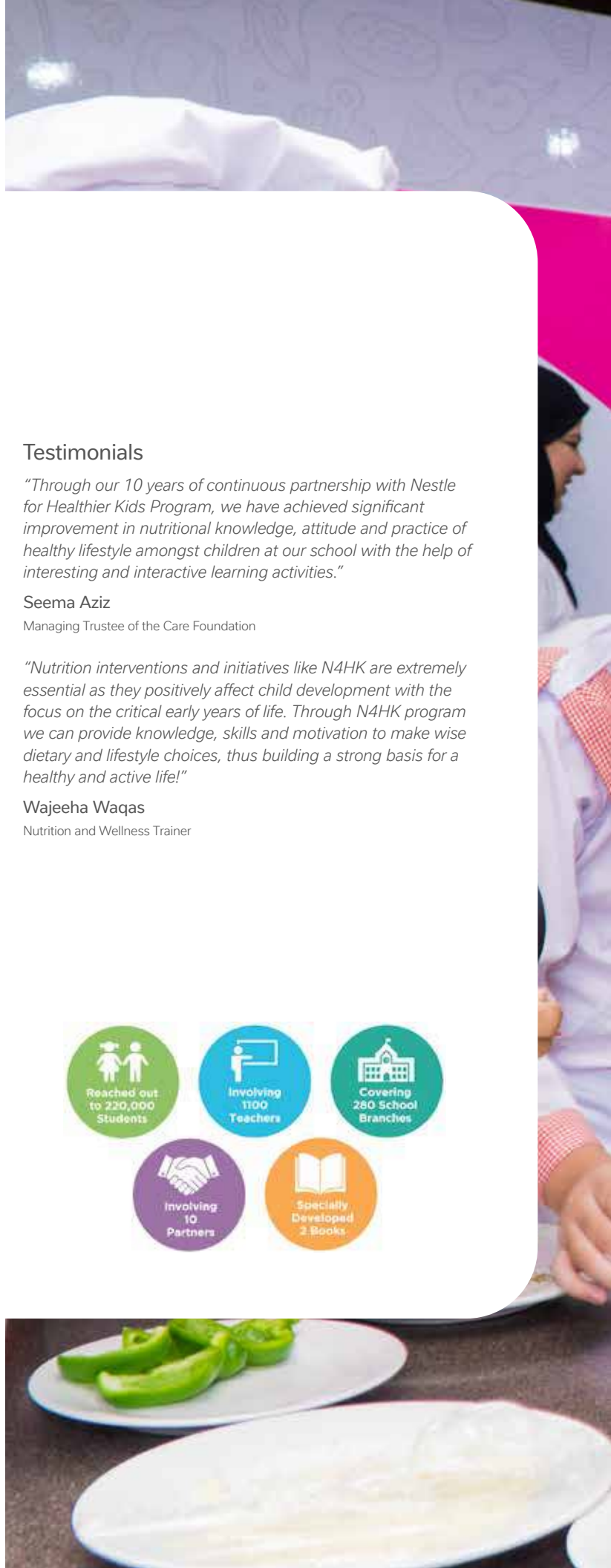
"Nutrition interventions and initiatives like N4HK are extremely essential as they positively affect child development with the focus on the critical early years of life. Through N4HK program we can provide knowledge, skills and motivation to make wise dietary and lifestyle choices, thus building a strong basis for a healthy and active life!"

Wajeaha Waqas

Nutrition and Wellness Trainer



In Commitment with







Nestlé Healthy Women Program is a comprehensive nutrition program which was launched in 2014 with the belief that women play an integral role in ensuring the health and wellbeing of the entire family. Our goal is to empower young women with basic nutrition knowledge so they make smart nutrition choices and adopt a healthy lifestyle for themselves and their future generations.

Nestlé Healthy Women Program was introduced at universities in 2014 and in rural areas in 2018 in order to raise awareness on how nutrition impacts young women and their next generation. With this program, Nestlé aspires not just to disseminate nutritional information but also positively impact lifestyles.

In universities, Nestlé Healthy Women has set a campaign with multiple stages each with a reward for those who make it to the next stage. These stages include nutritional awareness sessions,

conventional quizzes, digital engagement, hands-on healthy cooking classes and poster presentations. In addition, successful participants are being offered internship opportunities at Nestlé, that encompass extensive exposure to the organization, and possible future prospects. To date, the program has reached out to more than 6500 young women across 12 universities nationwide.

Nestlé has scaled up the Healthy Women Program to rural areas in partnership with Benazir Income Support Program (BISP), for the health and wellbeing of rural communities. The program is designed to support and empower rural women through nutrition counselling sessions, which engage and inform them about the need for proper nutrition for them and their families. Till date, we have reached out to more than 1700 BISP beneficiaries in rural areas of Punjab and Sindh. These programs are customized to address the needs of the women living in rural areas.

Through continuous engagement we are making progress on improved nutrition outcomes. By 2021, Nestlé Healthy Women aims to reach out to more than 15,000 women through nutritional awareness sessions in urban and rural areas of Pakistan.

In Commitment with



6500

Urban areas;
young women



1700

Rural areas;
women and adolescent girls



12

Partner institutions



50

Student internships



Nutrition Support Program

Under the Nutrition Support Program, Nestlé Pakistan regularly provides milk to approximately 20,000 children and underprivileged people who suffer from key micronutrient deficiencies in urban, semi-urban and rural areas. The schools are selected after giving due consideration of the profile to ensure that the benefits of this program reach those who need it most, the outreach capacity of the company and availability of resources. The initiative is geared to support school going children whose parents are unable to provide them with a serving of milk to fulfill their nutritional needs. The program also supports organizations working with destitute women as well as social welfare organizations for sports, culture, special children and the differentially abled.

Fortified Products

Nestlé is committed to play its role in helping reduce micronutrient deficiencies on a global scale, by fortifying products with essential micronutrients that combat the impact of such deficiencies on Pakistan's population. In 2019, approximately 2.5 billion fortified servings were served across the country.

In Commitment with







OUR COMMUNITIES

Helping develop thriving, resilient communities

2030 Global Ambition: Help to improve 30 million livelihoods in communities directly connected to our business activities.

Nestlé began as a family business in a small town over 150 years ago. This local approach still informs everything we do. We are part of the local communities where our factories and offices are based. But being part of a community brings responsibility too. It means respecting the rights of those who work for us and with us wherever we operate.

We believe in improving livelihoods and develop thriving communities. We do that by supporting women and girls to be economically and socially active, so they can be successful and independent. So we work particularly in rural areas, to support farmers and their families. We provide training for farmers, both men and women to help them build a brighter future.



Nestlé BISP Rural Women Sales Program

Nestlé Pakistan in partnership with Benazir Income Support Program (BISP), launched the Nestlé BISP Rural Women Sales Program, to provide livelihood opportunities to BISP beneficiaries. The program has actively engaged over 900 women as Nestlé BISP Rural Women Sales Agents. It focuses on empowering and providing livelihood opportunities to the marginalized rural women of Pakistan. Also, as part of this program, we have partnered with Akhuwat, world's largest interest-free microfinance organization, improving access to finance we have disbursed micro-loans worth PKR 2 million to these women.

There is no 'magic bullet' to women empowerment, however this program has shown that economic empowerment may lead to wider social and political empowerment. Traditionally, women of rural Pakistan have been unable to participate in any structured economic activity. This intervention has helped these "poorest of the poor" women (who are BISP beneficiaries) get into the business of retail hence paving the way for economic empowerment. Furthermore, this project is allowing for greater "financial inclusion", by improving financial access for these "poorest of the poor" women. Furthermore, we are empowering rural women through improving nutrition knowledge and practices. This is part of Nestlé Pakistan's Healthy Women Program targeting rural women. By successfully running nutrition seminars to these beneficiaries, the program has successfully taught these women the basics of nutrition in an easy-to-understand manner. With the help of visual aids, this program has reached out to more than 1700 BISP beneficiaries during these nutrition sessions.

In Commitment with







Chaunsa Project

Nestlé Chaunsa Project, in partnership with the Agriculture Department Punjab, aims to improve the livelihood of farmers within the chaunsa mango sector by strategic CSV intervention through implementation and replication of best farm practices, resulting in right quality pulp and improved harvest (pre and post). The ultimate objective of the Chaunsa Project is to link these mango growers with our pulp suppliers thus making them an integral part of Nestlé's value chain. The results of our endeavours have been quite fruitful, as the partner farms have shown considerable improvement both in quality and quantity of chaunsa mangoes due to the implementation of best farm practices.

We have started procuring good quality chaunsa mango for pulp to be used for our premium juices from these farmers. It is our commitment to continue the project in the coming years to enhance the quality of the chaunsa mango in Pakistan, resulting in the socio-economic uplift of the small and medium mango farmers in the country.



In Commitment with





Agriculture Services

Agriculture Services is one of the integral pillars of Nestlé Pakistan which is contributing towards improvement in socio-economic conditions and livelihood of the farmers. Nestlé provides innovative solutions on dairy and agriculture to farmers through its trained team of professionals, specialised in agriculture and dairy farming.

As part of Nestlé's continuous effort to enhance farms profitability and quality of raw milk, fruits and cereals, Nestlé Agriculture Services has come out with various initiatives in 2019, including import of highly efficient cows and introduction of high-density fruit orchards. These initiatives paid off through the induction of more than 3500 cows with superior genetic potential contributing to significant growth in direct farm milk with marked improvement in milk quality. In fruits, high density orchard significantly improved fruit yield while reducing cost of production.

With a drive of transforming traditional dairy farmers into professionals, Nestlé has developed a comprehensive dairy farming extension program to implement advanced farming

practices at supplier's dairy farms. Nestlé Pakistan conducts "on farm" trainings by local experts as well as international trainers. Induction of new farms and upgradation of existing farms continued as a result of technical assistance from Nestlé Agriculture Services team.

Since its existence, Nestlé Agriculture Services has played a key role in mechanization and adaptation of emerging trends in the industry. To enhance farm efficiency and improve comfort for cows, Nestlé continues to promote technologies such as digital cow heat detection and health management system, thermal imaging cameras and air velocity meters at dairy farms.

In order to provide farmers with the correct farm inputs, Nestlé has strengthened its partnerships by joining hands with businesses focusing on cow import, machinery, medicines and feed ingredients across the country.

This helps farmers by providing them with quality inputs. Nestlé Pakistan has been playing a pivotal role in contributing to the agricultural economy through dairy development. Taking the same ambition to the next level, Nestlé Pakistan would further contribute to agriculture economy through developing professional suppliers for other agricultural raw materials such as fruits and cereals.

Nestlé has scaled up its initiative to procure fruits and cereals directly from farmers during 2019. To promote farm productivity, Nestlé has planted two demonstration orchards of mango chaunsa with high density and ultra-high density in collaboration with Mango Research Institute, Multan. These lighthouses will help farmers to adopt new planting geometry, which is expected to increase Mango yield while decreasing production cost. Nestlé has expanded its foot prints to Hunza, Gilgit Baltistan and Sindh to procure high quality fruits and cereals respectively.

Improving water conservation was our key focus during 2019. We have supported farmers in collaboration with Punjab Agriculture Department to promote adoption of High Efficiency Irrigation System (HEIS). These drip farms are serving as a light house for the farming community. Nestlé, together with its partners has developed a low-cost soil moisture sensor which helps the farmers to decide when or when not to irrigate their crops. Our initial field studies have shown considerable water saving in irrigation with yield improvement.

We are proud of our farmers and partners who are striving to promote dairy and agriculture farming at a professional level. This would help to supply high quality products to our valued consumers. Nestlé Pakistan is committed to continue their efforts to uplift the rural economy with higher productivity and better income of local farmers.

In Commitment with







Drivers Safety Training Program

The lack of proper knowledge and the absence of safe driving practices and procedures are among the major causes of accidents on highways. Nestlé Pakistan in collaboration with the National Highways and Motorway Police (NH&MP) established the first drivers' training institute near Sheikhupura with the objective of ensuring the safety and well-being of the communities it operates in. We developed the second driver training facility for drivers in Karachi. The Nestlé - NH&MP Drivers Training Institutes are fully equipped facilities that have been providing trainings, under the supervision of experts, not just to the drivers of Nestlé Pakistan and National Highway and Motorway Police (NH&MP), but also catering for the drivers' training needs of other public and corporate organisations in the country. The facilities feature driving safety trainings

track, blocks comprising of classrooms and also high-tech driving simulators. With state of the art driver training facilities in Sheikhupura and Karachi, the Drivers Safety Program has trained more than 25,783 drivers including over 6,010 Nestlé drivers. Apart from the professional and economic impact, the program has also created a positive social impact not only on the drivers themselves, but also on their families and the communities that they live in.

In Commitment with





Community Engagement Program

Nestlé Pakistan has a comprehensive Community Engagement plan for the communities living around our operational sites, which helps the company prioritise and plan services efficiently to meet community needs and aspirations. It also enables the company and the community to work together to make balanced decisions. The initiative thus offers opportunities for the communities to contribute to, and influence outcomes which directly affect their lives. Some of the key projects carried out under the Community Engagement Plan include:

- Safe & Clean Drinking Water Facilities
- Refurbishment and Construction of Schools
- Vocational Training Centre for Women
- Support for Public Sector Projects

In Commitment with





FOR THE PLANET

Stewarding resources for the future generations

2030 Global Ambition: Strive for zero environmental impact in our operations

The UN estimates that by 2050, the world's population will grow to almost 9 billion people. In the next 15 years, almost half of the world's population will be living in areas that are running out of water. An estimated 60 percent more food will be needed to feed the world, and growing that food will put more stress on already fragile water supplies. Water, and the lack of it, is the biggest challenge the world faces going forward.

The UN believes that one of the keys to adapting to climate change is better water management. We believe this too! Businesses have a huge role to play in reducing water use. As the world's largest food and beverages company, all areas of our business use water. Farmers need it to grow the crops that we use to make the foods we produce. We also use water in our factories. Here we can take the lead by reducing our water use every year, and finding new ways of reusing it to ensure nothing is wasted by us or those we work with. We must do all we can to protect this precious resource.

Promoting good water management means working with all parts of the communities around our factories and in our supply chain to help people understand how to take care of the water that is available. We are at the forefront of water stewardship, working with many stakeholders on sustainable water management of river basins around our operations worldwide.

If we are to continue to grow sustainably, we must ensure we use the planet's resources wisely. We are working towards the day when, through efficiencies and new technologies, we can reduce our environmental impact to zero.



caring
for
water

Nestlé and its partners

Water is an integral part of our value chain; it is essential for growing the ingredients we source and for operating our factories.

While water security is a global problem, the impact is local. Since Pakistan has the world's fourth highest rate of water use and is also one of the countries with the highest water intensity rate in 2017. We launched our global Caring for Water (C4W) initiative in Pakistan.

The initiative lays out a clear and common water stewardship approach at the local level and focuses on a collaborative approach since we believe that collaboration is the key to protecting shared resources for the future. Under C4W - Pakistan, we work with a wide range of partners to protect water resources at a watershed level, support our suppliers, improve access to clean water and sanitation and use technological solutions that can help us save water in addition to improving water efficiency in our operations.

C4W - Pakistan is inspired by the Alliance for Water Stewardship (AWS) Standard and helps guide our efforts in our bid to contribute to United Nations Sustainable Development Goal 6 (SDG 6) on water resource management and sanitation.

Partners



WWF - Pakistan

WWF-Pakistan is the implementing partner of the Alliance for Water Stewardship (AWS) Standard.



Punjab Agriculture Department

We are working with the Department to promote drip irrigation in order to encourage farmers to take up high-efficiency irrigation techniques.



LUMS | Centre for Water Informatics and Technology

Lahore University of Management Sciences

The scope of our partnership with Center for Water Informatics and Technology (WIT), LUMS is to work on scaling up technologies that can help save water in agriculture.



SDPI
Sustainable Development Policy Institute

Sustainable Development Policy Institute (SDPI)

We have partnered with the (SDPI) to engage parliamentarians, government officials, civil society and the academia to generate awareness around water issues.



Pakistan Agriculture Research Council

We have partnered with Pakistan Agriculture Research Council (PARC) to install a High Efficiency Irrigation System (HEIS) on a 6-acre crop site.



University of Veterinary and Animal Sciences Lahore

Our partnership with University of Veterinary and Animal Sciences (UVAS) also aims at promoting the use of drip irrigation among farmers by setting up a HEIS on a 7 acre site.



Mango Research Institute (MRI)

Nestlé Pakistan has partnered with MRI to establish the first ultra-high density mango orchard with drip irrigation.





Spheres of Influence

Factories

1. In-house Efficiencies

Our program to improve efficiencies, recycle and reuse water have enabled us to reduce water consumption per ton of product by 24% between 2013 and 2019. Nestlé Pakistan's Sheikhpura Factory is working on an innovative technology that enables us to extract water from fresh milk instead of drawing on an outside supply. By doing so, we have saved about 47 mio liter of water in 2019. Nestlé Pakistan also treats the wastewater resulting from our industrial processes and only discharges the treated water that meet the standards set by the environment authorities.

2. Alliance for Water Stewardship Certification

The Alliance for Water Stewardship (AWS) Standard is an international standard, which guides companies and organizations on how to improve their water efficiency, not just inside our factory gates, but also outside the fence. Nestlé Pakistan's Sheikhpura Factory became the first Pakistani site with the partnership of WWF Pakistan and the first Nestlé site worldwide to be awarded the AWS Certification in 2017. Our Islamabad Factory was certified in 2018 and the Kabirwala Factory in 2019. We aim to have our site in Karachi certified by the end of 2020.

3. WASH Pledge

Nestlé Pakistan has committed to undertaking the WASH (Water, Sanitation and Hygiene) Pledge as part of which companies commit to implementing access to safe water, sanitation and hygiene at the workplace at an appropriate level of standard for all employees in all premises under their control. All our four factories and other sites meet the WASH Pledge requirements, covering more than 4,000 employees.

Communities

1. Safe and Clean Drinking Water Facilities

We have established 6 Clean and Safe Drinking Water Facilities providing access to clean and safe water to more than 60,000 people every day. Nestlé has also taken the responsibility of maintaining these plants with strict quality controls and checks and balances in place.

2. Water Education

Through our Water Education Program about 40,000 children and 280 teachers have been outreached in 2019.



Agriculture

1. Drip Irrigation

Nestlé Pakistan has partnered with the Agriculture Department, Government of Punjab to encourage local farmers to take up drip irrigation. We cover 40% of the farmer's cost of putting up the equipment for drip irrigation while the Punjab government covers the remaining 60% of the expense through a World Bank program. We have installed drip on 139 acres with an estimated water saving of 391 million liters annually; these farms are located in various parts of Punjab.

Nestlé Pakistan is also working with Pakistan Agriculture and Research Council (PARC) by showcasing High Efficiency Irrigation System (HEIS) on a 6-acre crop site. This site will show-case best farm practices. The site at PARC, established in 2017, has been used to demonstrate water saving technologies to students and farmers.

In a similar partnership with University of Veterinary and Animal Sciences, Lahore, Nestlé Pakistan has established a site that demonstrates best practices which enhances crop production with minimum use of water. The site will serve as a knowledge hub for students and farmers on scientifically proven irrigation management techniques, including drip systems and a delivery line network on a 6.91 acre crop site having citrus and guava crops of 3.51 and 3.40 acres respectively. It has the potential to help save about 20 million liters of water annually.

2. Water Sense Project

We have developed smart soil moisture sensors that read the moisture level of the soil and send regular data updates to a cloud from where the farmer receives information about which areas he should irrigate and how much. Moreover, a software has been developed with the help of Center for Water Informatics and Technology (WIT), LUMS and Waziup (an organization based in Italy) that enables the farmers and the researchers to see the soil moisture level remotely on their computer screen. The smart sensors can help farmers to save up to 10%-12% water and increase crop productivity by 15%.

3. Water Efficient Fodder

To help save more water, fodder is being grown with furrows followed by drip irrigation. We are promoting perennial fodders amongst dairy farmers which include Alfalfa and Rhodes Grass. Once grown, it can be harvested up to three years. It is estimated to save more than 2 mio cubic meters water in three years' time.

In Commitment with





Nestlé Cares, our Global Employee Volunteer Program, is aimed at enhancing volunteer activities and providing employees the opportunity to make an impact by engaging and assisting local communities. Nestlé Pakistan launched 'Nestlé Cares' with a beach cleaning drive in connection to the World Oceans Day at Sea View Beach, Karachi.

A Memorandum of Understanding (MoU) was signed between Nestlé Pakistan and Ministry of Climate Change whereby, Nestlé Pakistan is focusing on key pillars of Sanitation and

Hygiene, kicking-off tree plantation drive and providing access to clean drinking water for communities. In commitment with Prime Minister's Clean Green Pakistan initiative, we planted more than 50,000 trees across our sites.

Geared at fostering a culture of sustained cleanliness and environmental well-being, the drive sheds light on Nestlé's philosophy that revolves around striving towards zero environmental impact of their operations in a systematic and consistent manner.

In Commitment with





Tackling the Plastics Challenge

The issue of plastic waste in the environment is one of the most pressing global challenges the world faces today.

Nestlé is part of the group of companies that have made a commitment towards tackling plastics. Nestlé's commitment is to make 100% of our packaging reusable or recyclable by 2025, with a particular focus on avoiding plastics waste. Our vision is that none of our packaging, including plastics, ends up in landfill or as litter.

However, we know that ensuring 100% recyclability is not enough to tackle the complex crisis of plastic waste. That is why Nestlé is embracing multiple solutions to play our part in overcoming this challenge. As a company we want to build awareness, inspire action and champion innovation by leading the way.

We have identified three core areas that will create a sustainable and circular system: developing packaging for the future, shaping a waste-free future and driving behaviour change. Between 2020 and 2025, Nestlé will phase out all plastics that are not recyclable, or are hard to recycle. We will also be rolling out alternative packaging materials and establishing partnerships with cutting-edge packaging specialists. We have also started testing alternative sustainable materials, as well as innovative reusable models and delivery systems for our products.

We are well aware that we can't change the system on our own and that it would require collaboration and innovation on a global scale. We want to create lasting and impactful change by working with various partners, from scientists and packaging specialists to communities and NGOs, governments and other companies, for people and the planet.



Clean Hunza Project

Nestlé Pakistan, District Council Hunza, Gilgit Baltistan Waste Management Company (GBWMC) and Karakoram Area Development Organization (KADO) signed an MoU to launch "Clean Hunza Project". The project is supported by the company's NESTLÉ FRUITA VITALS and NESTLÉ PURE LIFE brands.

Nestlé Pakistan's partnership in the initiative will encourage waste management of 150,000 kgs of plastics, followed by collection of 50,000 kgs paper packaging (used beverage cartons) in the area with an increase of 10% annually.

The project's focus will be on the segregation of plastics and paper packaging at the waste site which, after the compressing and bailing process, will be brought down the country for recycling. Nestlé Pakistan will provide a compressing and bailing unit to the Hunza district government. The company will also be distributing 10,000 reusable bags in the community during 2020 as part of the project. KADO will extend support for different community awareness activities.

In Commitment with



Environmental Sustainability in 2019

Reduction from 2010

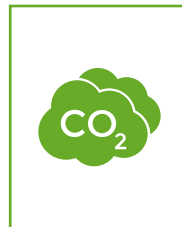
Reduction from 2014

Positive Impact



21%

15%



16%

21%



24%

21%



We believe Nestlé is well placed to help address the climate change challenge. Our aim is to ensure the continuity of our own business and those in our supply chain while protecting the wider environment.

Nestlé Pakistan is taking steps and introducing various initiatives in its manufacturing units and beyond, to exhibit this Respect for Future.

Energy, water savings and reduction in Greenhouse gas emission across our factory operations

Energy, water and Greenhouse gas emissions are the major environmental indicators for any manufacturing facility. Nestlé takes care of these indicators in its operations and keeps on improving its performance year by year.

Energy Conserving Proficiency

Energy optimizations across operations resulted in reduction of 3% GJ per ton from 2018 by optimizing the usage of energy across our sites.

Greenhouse Gas Emissions

This year, we have invested our time and efforts in identifying opportunities for Greenhouse gases optimized usage across the market. We have successfully executed the most impactful projects and sustained Greenhouse gas emissions, despite different challenges like production volumes and product mix ratio.

Water Operational Efficiency

Water withdrawal per ton of product is reduced by 10% as compared to 2018 across our manufacturing units. This water saving is based on the initiatives are taken under the governance of Alliance for Water Stewardship and optimized usage of water.

Environmental Initiatives in Agriculture Services

Agriculture is responsible for approximately 41% of all GHGs emissions in the country, mostly through livestock production. The CSA technologies and practices that Nestlé adopts to improve efficiency in livestock systems, through animal feed, feeding techniques, improved breeding, manure handling and management practices to reduce methane and nitrous oxide emissions.

Nestlé supported dairy farmers to import 3500 cows of high yield during 2019. With better yield, efficient use of feed and proper manure management practices have helped to reduce the GHGs emissions.

We have started working on high density guava and mango orchards which help farmers in increasing their yield, reduction in fertilisers and water savings. With lesser use of fertilisers, even up to 70% through drip irrigation resulting in 2-3 times increase in yield is expected to reduce GHG in the same proportion. Two High density Guava Orchards are already piloted at farmers' fields and one high density Mango Orchard was planted during 2019 in collaboration with Mango Research Institute Multan. These initiatives will serve as light houses to transform traditional farms to the most efficient environment friendly farms.

Tree Plantation is also carried out at Nestlé that helps to reduce the increasing pollution. Till 2019, we planted more than 55,000 trees across our Agriculture value chain.

Reduction of Waste at Source

As a contribution to our global commitment of tackling plastic waste, we have taken initiatives focusing on most preferable techniques of waste management, i.e. reduction and recycling of our plastic waste. We have eliminated usage of single use plastics and promoted waste segregation at source by implementation of centralized waste bins across sites. Up till now, 267 tons of plastic waste from Sheikhpura Factory has been converted into 6000 plastic pallets, which are being used in the factory. Adding to the recycling initiatives, 95,000 sq. feet roof of finished product warehouses is covered with corrugated plastic tuff sheets in Sheikhpura Factory. We are extending these initiatives to our manufacturing units and other facilities as well. We also ensure that waste from our sites must be disposed-off properly with our focus on reduce, reuse & recycle and none of the waste ends up in landfill.

In 2019, Nestlé Pakistan has continued and trusted experimentation in packaging optimization. As a result, we have achieved 704 tons of material reduction in packaging which is 58.5% greater.

Material Saved	Material Saving (kg)
Flexible Laminate	14000
Corrugated cases	690,000

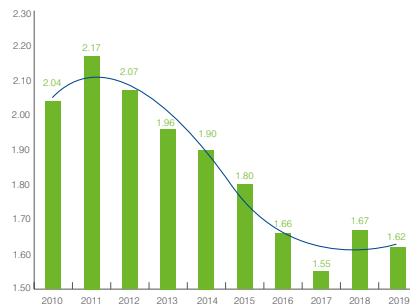
Our continued efforts to improve our environmental performance both in manufacturing and beyond helped us achieve,

In factories:

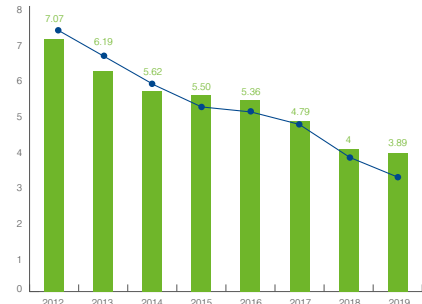
Environmental KPIs are showing positive trends and both GHG and Water Withdrawal are reduced.



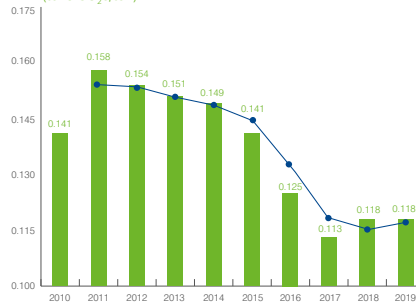
REDUCTION IN PACKAGING MATERIAL
(Tons)



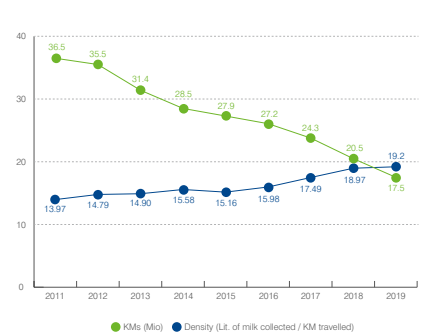
DIESEL CONSUMPTION
(Million Liters)



GREENHOUSE GAS EMISSIONS
(tons CO₂e/ton)



FRESH MILK TRANSPORTATION

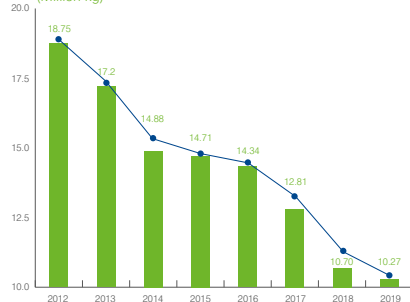


Future Plans 2020

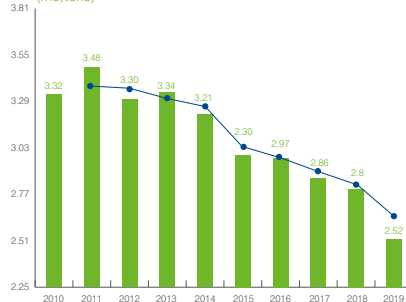
Focus areas for 2020 will be exploring opportunities for more renewable energy sources, waste reduction at source, recycling of Plastic waste, vendor development for incineration with heat recovery, water and energy conservation as well as R&D for packaging optimization. Nestlé Pakistan is targeting 5% reduction in greenhouse gas emissions per ton of product and 5% reduction in water consumption per ton of production.



CO₂ EQUIVALENT
(Million kg)



WATER CONSUMPTION
(m3/tons)



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