



Nestlé

Good food, Good life

Nestlé in Society Report **2021**

GENERATION REGENERATION

Go beyond sustainability by helping
protect, renew and restore



About the Cover

We're striving to co-create a resilient future for our planet and its people. That's why we are making a promise to advance regenerative food systems at scale.

CONTENTS

02

CEO's Message

04

Creating
Shared Value

06

For Individuals
& Families



12

For our
Communities



20

For the
Planet



“

While the world continued to change in 2021, our belief in our purpose – unlocking the power of food to enhance quality of life for everyone, today and for generations to come – did not.



CEO'S MESSAGE

Our purpose doesn't just inspire our product offerings but also serves as the guiding star for our vision of sustainability. It recognizes that we can generate economic value as a company only if we play our part in addressing society's biggest challenges. That is why Creating Shared Value drives everything we do: we become a force for good and enhance quality of life for everyone.

We were able to deliver value for our shareholders and the communities in which we operate through our focus areas – individuals and families, our communities and the planet. Continuation of our numerous projects allowed us to keep contributing to the Sustainable Development Goals (SDGs).

Through Nestlé for Healthier Kids, we were able to raise nutritional awareness among around 35,000 children this year, bringing the total number of children to 285,000 that have been trained along with 1,500 teachers in 340 schools across Pakistan. We also served approximately 2.54 billion fortified servings across the country to help address the Big Four micronutrient deficiencies: Iron, Zinc, Iodine, and Vitamin A. This is in line with our strategic direction of Nutrition, Health and Wellness as well as the government's agenda on nutrition and human development.

To date, more than 1,900 beneficiaries of the Benazir Income Support Program (BISP) – as part of the Ehsaas Program – have been trained as Rural Sales Agents through the Nestlé BISP Rural Women Sales Program. In addition to providing livelihood opportunities, we also helped BISP beneficiaries expand their business through microloans through a grant to Akhuwat, the world's largest interest-free microfinance organization.

In addition to retaining the portfolio of existing projects, I am extremely proud of my team at Nestlé Pakistan for finalizing our 2025 Sustainability Roadmap, which will help us meet the commitments we have made around climate action, sustainable packaging and water regeneration.

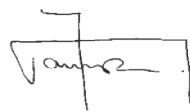
Our most ambitious commitment is to become a net zero company by 2050. We will achieve that by reducing our carbon emissions by 20% by 2025 and halving them by 2030 before we hit net zero in 2050. It is a daunting target that we have set but it is what is needed – both for the planet and the business. This year we laid our foundation: from calculating the 2018 baseline to identifying where our carbon emissions come from throughout the value chain. This is going to help us determine which areas we need to focus our efforts on to deliver impact and scale.

Our teams were able to help eliminate 224 tons of plastic by switching to paper straws for our entire ready-to-drink range. A few other projects also brought us closer to our 2025 commitments: to make all our packaging recyclable or reusable and to reduce virgin plastic usage by one-third. Through our Clean Gilgit and Hunza Project, we facilitated the collection and recycling of more than 200 tons of plastic. By doing so, we ensured that waste did not end up in a landfill or in the environment in line with our vision of a waste-free future. Nestlé is also proud to have continued to drive engagement with relevant stakeholders from the platform of CoRe – an alliance formed with the vision to eliminate packaging waste.

We continued our efforts to reduce wastage of water, a resource whose stewardship we have been working on for years. We maintained Alliance for Water Stewardship certification for all four of our manufacturing sites. Our partnership with the government continued to encourage farmers to adopt drip irrigation and reduce water volume used for irrigation in agriculture. Our biggest achievement was the scaling up of smart soil sensors that our teams had developed in-house with the help of our research partners. From a handful of sensors in 2020, we have been able to install 107 sensors. This collective action is expected to help farmers save an estimated 380,000 m³ of water.

The approach that we have taken with regards to scaling up the sensors represents our belief that “there is no ‘us’ or ‘them’” – as our global CEO says – when it comes to addressing collective challenges, “as the environment doesn't care who heals it”. Anyone can come up with a solution and it is up to all of us to play our part – from consumers who expect and demand environmentally sustainable products to companies like us who must work hard to meet those expectations and demands.

This means that the greatest societal changes are everyone's responsibility: me, you, and our children. All of us equate a good life with sustainability. All of us are part of a generation that wants to do right by nature; we are all part of the Generation: Regeneration.



Samer Chedid

Chief Executive Officer

CREATING SHARED VALUE



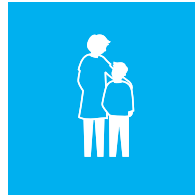
Nestlé Pakistan, as part of its global and local obligations, believes in Creating Shared Value (CSV) for the communities in which it works and operates. It is our belief that for a company to be able to create value for its shareholders, it must also create value for society.

We are contributing positively to society by improving lives and livelihoods and ensuring sustainable business practices that are based on respect for our planet's natural resources. Through our CSV initiatives, we are delivering on shareholder expectations while helping to address global societal challenges, including sustainability.

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.

Our inspiration is governed by the Nestlé Corporate Business Principles. A signatory to the UN Global Compact for Ethical Business, the company is committed to the stakeholders and the communities for mutual growth and sustainability. From offering quality products to consumers and providing a fair and diverse work environment for our employees; from 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 where we unlock the power of food to enhance the quality of life for everyone, today and for generations to come. 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 36



**For Individuals
& Families**



**For our
Communities**



**For the
Planet**

specific commitments. These commitments will, in turn, enable us to meet our ambitions for 2030 in line with the timescale of the 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 - remain 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. As we move into a new period in our company's history, we will continue to evolve and strengthen our approach to Creating Shared Value as the way we do business, ensuring that this approach continues to inform all our behaviors, policies, and actions.

Nestlé Pakistan is among the largest food and beverage companies in Pakistan. We believe in continuing to enhance the quality of people's lives throughout our value chain.

We at Nestlé touch billions of lives worldwide; from the farmers we work with, to the individuals and families who enjoy our products, the communities where we live and work, and the natural environment upon which we all depend. Their challenges are our challenges. Their success is success which we all share.

We are taking steps and introducing various initiatives in our manufacturing units and beyond, to exhibit Respect for the Future. Nestlé is striving towards zero environmental impact of our operations. This is both a local and global commitment.



Sarhad, our apple farmer in Hunza, supplies high quality apples to Nestlé Pakistan.



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





Nestlé for Healthier Kids

Pakistan has been reported to have one of the highest prevalences of child malnutrition compared to other developing countries. A focus on the 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 equips children with nutrition education to enable them to make better nutrition decisions from an early age to promote a healthier future.

The program supports public health objectives and empowers schools to improve nutrition knowledge and promote healthy habits among children through teaching the importance of balancing good nutrition and healthy hydration with an active lifestyle.

To date, the program in Pakistan has educated more than 285,000 children in rural, suburban and urban areas, and has trained over 1,500 teachers on nutrition in 340 schools.

The program has partnerships nationwide and covers schools across Punjab, Islamabad Capital Territory, 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 sectors, including Care Foundation, Punjab Workers Welfare Board, Trust for Education and Development of Deserving Students (TEDDS), and Zindagi Trust to name a few. Nestlé for Healthier Kids is a curriculum-based program, comprising of a book designed by Oxford University Press (in both English and Urdu), which provides basic knowledge on nutrition and encourages physical activity and the intake of a balanced diet.

Testimonial

"Education is a powerful tool for ensuring that children understand the value of nutrition and physical activity and continue leading healthy lives as they grow older. It's important to educate children about the importance of healthy habits and an active lifestyle and raise awareness among those who are around children."

Dr. Suhail Mumtaz
(TEDDS Health Officer)



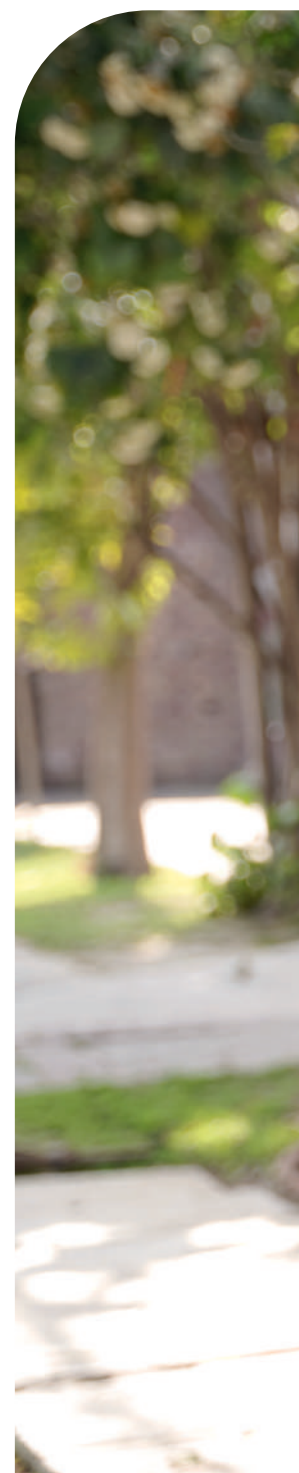
Reached out to
285,000 students



Trained over 1500 teachers



Covered 340 school
branches





Worked with 10
partners



Developed a special curriculum

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 children that attend the educational institutes we support are poor and their parents cannot afford to fulfill their nutritional needs. The schools are selected after giving due consideration to the profile of the managing organization to ensure that the benefits of this program reach those who need it most. 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, and differently-abled children.

Fortified Products

Nestlé is committed to play its role to help reduce micronutrient deficiencies on a global scale. In Pakistan, we are fortifying products with essential micronutrients that combat the impact of micronutrient deficiencies on Pakistan's population. In 2021, approximately 2.54 billion fortified servings were served across the country.







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 developing 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.



Khushi Muhammad, our dairy agripreneur in Renala Khurd, supplies milk to Nestlé. We are supporting farmers by providing them technical assistance and awareness of good farm practices.



Nestlé BISP Rural Women Sales Program: Empowering the rural women of Pakistan

Nestlé Pakistan in partnership with Benazir Income Support Program (BISP), as part of the Ehsaas Program, launched the Nestlé BISP Rural Women Sales Program in 2017 to provide livelihood opportunities to BISP beneficiaries. Launched in 2008, BISP is Pakistan's unconditional cash transfer program which provides a quarterly stipend of approximately PKR 6,000 to its beneficiaries.

The main premise of Nestlé BISP Rural Women Sales Program was to work for the upliftment of the rural women of Pakistan and put them on the path to prosperity. There is no 'magic bullet' to women empowerment and central to this tenet, is the acknowledgment that long-term prosperity is only possible when women are provided a level playing field to achieve their potential. To date, this program has enrolled over 1900 BISP beneficiaries as Sales Agents. Nestlé Pakistan has also partnered with Akhuwat Pakistan (the largest interest-free microfinance program) whereby, improving access to finance, micro-loans worth PKR 2 million have been disbursed as part of this program to many women looking to scale their business.

This program has shown that economic upliftment can lead to wider social empowerment. Traditionally, women of rural Pakistan have been unable to participate in any structured economic activity. This intervention has helped these women 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.



Launched in 24 districts of Pakistan



Over 1900 BISP beneficiaries enrolled as Sales Agents



Total Sales to date of PKR 122 Mio

In Commitment with



Micro loans of average
PKR 10,000 – 20,000 disbursed



Average sales of PKR 5,000 – 10,000
each month



Chaunsa Project

Nestlé Chaunsa Project aims to improve the livelihood of farmers within the Chaunsa mango sector by a strategic CSV intervention through implementation and replication of best farm practices, resulting in the right quality pulp and improved harvest. The project addresses limited access and opportunities for mango farmers to best farm practices and integrates them into our business value chain.

The results of our endeavors have been quite fruitful, as the partner farms have shown considerable improvement both in the quality and quantity of Chaunsa mangoes.

We have been procuring good quality pulp of Chaunsa mango from these farmers for past three years that is used for our premium juices. 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 socioeconomic upliftment of the small and medium mango farmers in the country.



Agriculture Services

Pakistan is among the countries which are most vulnerable to the effects of climate change. Nestlé Pakistan is cognizant of this challenge and is proud to have finalized its 2025 Sustainability Roadmap. This will help us reduce our carbon emissions by 20% by 2025, in line with our commitment to become a net zero company by 2050.

As part of the roadmap, Nestlé Pakistan supported farmers in replacing low-yield cows with high yield varieties, which helped us reduce carbon emissions in our milk value chain. During 2021, Nestlé contributed to the installation of solar energy systems at 10 dairy farms to encourage farmers to switch to renewable energy. We also helped with the installation of 10 biogas digesters, which will reduce greenhouse gas emissions resulting from cow dung. Carbon sequestration is an important element of our net zero journey, for which we donated 60,000 moringa plants to farmers. These will serve as 'carbon sink' and will also be a source of high quality nutrition for cows. To further strengthen our actions, Nestlé Pakistan has signed an understanding with the University of Agriculture, Faisalabad to conduct various studies on regenerative agriculture practices.

Sustainability is an agenda close to our heart and water regeneration is something that we have been working on for years. Nestlé, together with its partners, has developed a low-cost soil moisture sensor that helps farmers to decide when or when not to irrigate their crops. Our initial field estimates showed considerable water saving in irrigation with yield improvement. We are now in the phase of scaling up this initiative. During 2021, we were able to install 107 soil moisture sensors at various locations, which are helping farmers save water at the farm level.

Nestlé Pakistan also continued its support to farmers in drip irrigation. During 2021, Nestlé Pakistan helped install drip irrigation at a 42-acre farm located in north Punjab, which is co-owned by three sisters. This women-led initiative is expected to serve as a light-house farm for women empowerment.

Our team is also working with farmers in the heavenly valleys of Gilgit Baltistan for fruit sourcing. During 2021, Nestlé Pakistan sourced high quality apples from Hunza, Nagar, and Ghizer valleys, areas where fruit trees are nourished with water from glaciers. The initiative is helping farmers in reducing fruit waste, hence converting waste to value for farmers.



Community Engagement Program

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



Clean & Safe drinking water facilities



Refurbishment and construction of schools



Vocational Training Centre for women



Support for public sector projects



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 Sheikhpura with the objective of ensuring the safety and well-being of the communities it operates in. The company developed the second driver training facility for the 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 NH&MP, but also drivers' from other public and corporate organizations of the country. The facilities feature driving safety training track, blocks comprising of classrooms and also high-tech driving simulators. With state of art driver training facilities in Sheikhpura and Karachi, the Drivers Safety Program has trained more than 29,800 drivers including over 6,900 drivers from Nestlé service providers. 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.



29,800 drivers including over
6,900 drivers from Nestlé service providers



FOR THE PLANET

Stewarding resources for the future generations

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

We rely on raw materials to make our products. To continue doing so, we must use raw materials responsibly, safeguarding these shared resources for the future. Our 2030 ambition is to strive for zero environmental impact in our operations, with a special focus on reducing water withdrawals, increasing renewable energy use, achieving zero waste to landfill, and innovating sustainable packaging solutions.

Alongside our 2030 operational ambition, in December 2020 we launched our Net Zero Roadmap, announcing our intention to halve absolute emissions by 2030 and bring them to net zero by 2050. Achieving this will require addressing emissions throughout our value chain, implementing regenerative agriculture and nature-based solutions such as agroforestry and land restoration. The roadmap will transform the way we operate, helping us to inspire change and deliver impact.



Aliabad, Hunza District of Gilgit-Baltistan, Pakistan

SUSTAINABILITY

In Commitment with



Our work is guided by our three global ambitions, among which is the ambition to strive for zero environmental impact in our operations by 2030. In order to do so, we will especially focus on reducing water withdrawals, increasing renewable energy use, achieving zero waste to landfill, and innovating sustainable packaging solutions.

Alongside our 2030 operational ambition, in December 2020 Nestlé announced its intention to halve absolute emissions by 2030 and bring them to net zero by 2050. To achieve this, we will need to address emissions throughout our value chain and implement regenerative agriculture and nature-based solutions such as agroforestry and land restoration. We want to use our scale and size to inspire change and create an impact.

To ensure that we have a clear roadmap to achieve the goal we have set ourselves, all Nestlé markets, including Nestlé Pakistan, have finalized a 2025 Roadmap that will help us transform the way we operate, helping us to inspire change and deliver impact.

2025 Roadmap

Our 2025 Roadmap has four pillars:



**CLIMATE
ACTION**



**SUSTAINABLE
PACKAGING**



**CARING FOR
WATER**



**RESPONSIBLE
SOURCING**

In 2021, we either introduced or expanded projects related to Climate Action, Sustainable Packaging, and Water. We worked on building our capability in the Responsible Sourcing pillar but will start actual work in the coming years.





Climate Action

Climate Action is one of society's greatest challenges and presents one of the greatest risks to the future of not just our business but also our planet.

All of us need to act with great urgency if we want to mitigate the effects of climate change. Nestlé may be only one player, but we have the size, scale and reach to influence many more and to inspire collective action.

By 2025, we will expand the work we have already undertaken to achieve a 20% reduction in emissions. Between 2025 and 2030, we will achieve a 50% reduction in emissions by transforming our operations. In the last leg of our net zero journey, from 2030 to 2050, we will balance our emissions by offsetting any remaining emissions through high-quality carbon removal projects or innovation.

Because of the nature of our business, we are taking action across agriculture, our operations, and products. These include:

- Protecting trees and landscapes that help absorb carbon
- Working with farmers to shift to regenerative ways of growing ingredients for food, including for the products we produce
- Ending deforestation in our primary supply chains by 2022
- Completing the transition to 100% renewable electricity

Nestlé Pakistan is among the markets within Nestlé where a major chunk of our brands (around 70%) are milk/dairy-based. When Nestlé Pakistan started working on our 2025 Roadmap, we realized that most of our emissions come from our extensive milk value chain.

Import of High-yield Cows

In Pakistan, a lot of the farmers get their milk supply from local cows, which are not efficient; the amount of resources and money that goes into feeding and maintaining them is disproportionately high when we compare it to the output the farmers get from them. That is why we decided to help the farmers replace inefficient cows with efficient ones.

Our Agriculture Services team provides required training and technical assistance to manage the herds of these exotic cows. Nestlé Pakistan has also developed farm input suppliers for high-quality feed/fodder, milking machines, cow importers, farm sheds, etc and has connected them with farmers to fulfill farm requirements.

This is helping us to develop successful business models and attracting young farmers to adopt dairy farming as a sustainable business.

Plantation of Moringa Trees

Moringa tree is considered a climate-friendly plant due to its high carbon sequestration potential. Moringa plantation will also help us introduce unique fodder which help farmers in several ways, as a source of nutrition, rumen modifier and improving conception rate in cows. This plant has one of the highest biomass with its enhanced capacity to sequester carbon. While studies are available on its benefits in several markets, we are also going to conduct a local study with the help of a partner university.

We will be planting 60,000 moringa trees every year till 2025 to reduce our carbon emissions.

Biogas and Solar Units

Nestlé Pakistan contributed to the installation of solar energy systems at 10 dairy farms to encourage farmers to switch to renewable energy. We also helped with the installation of 10 biogas digesters, which will reduce greenhouse gas emissions resulting from cow dung.



Sustainable Packaging

Plastic waste continues to accumulate in landfills and in our oceans, endangering wildlife. As a food and beverage company, tackling plastic waste is an urgent priority for us and a responsibility we take seriously.

That is why in 2018, we announced our commitment to make 100% of our packaging recyclable or reusable by 2025. In January 2019, we set out our broader vision for a waste-free future and announced a series of specific actions to meet our commitment.

Our vision is that none of our packaging, including plastics, ends up in landfills or as litter, including in oceans, lakes, or rivers.



Packaging Transformation

While we are pursuing recycling options where feasible, we know that 100% recyclability might not be enough to tackle the plastics waste problem. Building on our commitment to making 100% of our packaging recyclable or reusable by 2025, we aim to reduce our use of virgin plastics by one-third in the same timeframe. We will do so by transforming our packaging and by accelerating the development of innovative packaging solutions.

Our packaging innovations and renovations will help us improve the design for recycling and our overall environmental performance.

As we deploy new solutions, we will never compromise the health of our consumers. Plastic packaging plays an important role in safely delivering food and drinks to consumers and reducing food loss and waste, so we need to carefully consider



alternatives before making changes. The safety and quality of our foods and beverages are non-negotiable.

We will transform our packaging by phasing out packaging that is non-recyclable, shifting to paper, and fit for purpose (reducing the weight and size of packaging materials) projects.

Designed for Recycling Packaging

We are eliminating unnecessary packaging and phasing out materials that are not recyclable or are hard to recycle. We are investing more in the development of mono-material packaging, as well as alternative materials.

As of 2021, 88% of Nestlé Pakistan's packaging is designed for recycling.

Shifting to Paper

In order to improve the environmental performance of our packaging, we introduced paper straws across our entire ready-to-drink product range. This makes Nestlé Pakistan the first food and beverage company in Pakistan to do so. The initiative has eliminated over 400 million plastic straws in 2021 alone, marking a breakthrough in our sustainable packaging transformation journey.

Waste-Free Future

Working towards our vision of a waste-free future, we have partnered with external organizations for projects that increase the volume of packaging waste that is collected and recycled. Another important aspect of our projects is to drive new behavior by creating awareness amongst society about everyone's role in helping tackle plastic waste – from industry to the consumers, from packaging manufacturers to the government.



Clean Gilgit and Hunza Project

Gilgit and Hunza, located on Karakoram Highway, are two famous tourist destinations in Gilgit-Baltistan region. With a combined population of approximately 400,000 plus, Gilgit and Hunza have become a popular attractions for local and foreign tourists with more than 1 million tourists visiting the area annually. This influx of tourists has generated income for the local community but on the other hand, it has become a reason for increased plastic waste in the region. The waste segregation and management system in the region is managed by Gilgit-Baltistan Waste Management company (GBWMC) with the support of the respective District Councils. An estimate indicates that more than 200,000 kgs of plastic and paper packaging waste is collected on a yearly basis in the region, which increases in the tourist season. Among other factors of increase, the tourists also bring a lot of packaged goods and eventually leave this waste after consumption.

In line with our global vision of a waste-free future, Nestlé Pakistan partnered with the respective District Councils, Gilgit Baltistan Waste Management company (GBWMC), and Karakoram Area Development Organization (KADO) to launch the Clean Gilgit and Hunza Project. The initiative is being supported by our leading brands; NESTLÉ FRUITA VITALS and NESTLÉ PURE LIFE.

Clean Gilgit and Hunza Project focuses on waste segregation and recycling systems for Gilgit and Hunza. We have installed two baling machines, one in Hunza and the other in Gilgit, that have encouraged waste management of around 200,000 kgs of plastic and paper packaging waste in 2021, eventually leading up to 1000 tons by 2025 to make the region waste-free and promote sustainable tourism in the region. Under this project, we will install 24 benches and waste bins at popular tourist locations in Gilgit and Hunza.

We are in process of donating 15,000 reusable bags to both the District Councils for further distribution among the communities. KADO has extended support for different community awareness initiatives for communities and different stakeholders in the area. The project, which is the first of its kind at such high altitude tourist locations, shall make a positive environmental impact at both local and national level.



Donation of 15,000 bags in process



Collected 200 tons of packaging waste in 2021

In Commitment with





Travel Responsibly for Experiencing Eco-Tourism in Khyber Pakhtunkhwa

In December 2020, Prime Minister Imran Khan unveiled the logo of 'Travel Responsibly for Experiencing Eco-Tourism in Khyber Pakhtunkhwa' (TREK) – a collaboration between the Government of Khyber Pakhtunkhwa (KP), World Bank Group (WBG), and Nestlé Pakistan at a ceremony held in Islamabad.

TREK is an initiative under the Khyber Pakhtunkhwa Integrated Tourism Development (KITE) project being implemented in partnership with the WBG and the KP Tourism Department. Its activities emphasize heritage preservation, tourism infrastructure development, and destination management while adhering to the fundamentals of responsible tourism.

The partners will work together for the protection of ecosystem through solid waste management and plastics recycling at tourism sites across Khyber Pakhtunkhwa.

TREK activities include awareness campaigns for tourists and training of local communities and businesses on waste minimization and collection.

The partnership will assist the role of tourism in job creation and Khyber Pakhtunkhwa's efforts for facilitating tourists by improving accessibility through roads, rescue services, and planning of tourism zones.

As part of Nestlé's vision for a waste-free future, our partnership with WBG and KP Government is a step in that direction. Nestlé will be driving new behavior and enhancing the public's understanding through community engagement, cleanup activities, conducting trainings, and connecting waste recycling companies with the local administration.



CoRe Alliance

In line with our commitments on Sustainable Packaging, Nestlé Pakistan played a leading role in establishing an alliance called CoRe (Collect and Recycle). We have joined hands with other like-minded organizations that share our vision of a waste-free future, which will be driven by the reduction in plastics, innovation of new materials, exploration of new and more sustainable business models as well as helping move towards a circular economy.

The alliance is committed to make 100% of its packaging recyclable or reusable by 2025 and is working to improve its performance on a yearly basis.

CoRe comprises of Pakistan's leading consumer goods and packaging companies, recyclers and non-governmental organizations. It is an alliance created with the mission to eliminate packaging waste by enabling formal collection and recycling. It envisions the creation of a circular economy by reducing the packaging footprint and encouraging sustainable and innovative practices.

In February 2021, the alliance held its first National Stakeholder Convening on Collective Action to deal with Plastic Packaging Waste in collaboration with Ministry of Climate Change to encourage dialogue regarding shared challenges of packaging waste and collection mechanisms in the country.

CoRe also partnered with Capital Development Authority to install 250 waste bins in Fatima Jinnah Park and Lake View Park in Islamabad with the aim to encourage citizens to dispose off waste responsibly.





caring
for
water

Nestlé and its partners



Water

As a food and beverage 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.

We recognize the role that businesses can play in improving water use efficiency. That is why we have committed to regenerating the water used by our waters business and have a net positive impact by 2025.

Since decades, water has been a key focus of our sustainability efforts, especially for the operations across our value chain. Preserving water resources is part of our legacy. While building on this heritage, we launched our new commitment called the Water Pledge in 2021 which is water business specific.

Even though our regeneration commitment is new, it builds on our existing water stewardship efforts under the umbrella of Caring for Water-Pakistan (C4W-Pakistan) initiative launched in 2017. C4W is a blueprint for gauging collective action and bringing different partners together to discuss and find solutions for the existing water challenges faced by the country. We have undertaken a number of activities under three overarching pillars of the C4W-Pakistan initiative; Factories, Communities, and Agriculture.

Factories

AWS Certification

The Alliance for Water Stewardship (AWS) Standard is an international standard for freshwater resources that guides organizations to manage water by taking site and catchment initiatives through stakeholder inclusive processes. Nestlé Pakistan's Sheikhpura Factory became the first site in



Pakistan and the first Nestlé site worldwide to be awarded the AWS Certification in 2017. Following suit, our factories in Islamabad, Kabirwala, and Karachi were certified in 2018, 2019, and 2020 respectively.

In-House Efficiencies

Our program to improve efficiencies, recycle and reuse water has enabled us to reduce water consumption per ton of product by 14.05 % from 2015 versus 2021. We also treat the wastewater resulting from our industrial processes, and only discharge treated water that meets the standards set by the environment authorities.

WASH Pledge

We have 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 for all employees in all premises under their control. All of our four factories and other sites meet the WASH Pledge requirements, covering more than 3,000 employees.



Communities

Clean and Safe 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.

Water Education

Through our Water Education Program, we have reached out to 35,000 children and 200 teachers in schools in 2021.

Agriculture

Drip Irrigation

Nestlé Pakistan has worked 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 are also working with Pakistan Agriculture and Research Council

(PARC) by showcasing High-efficiency Irrigation System (HEIS). This site showcases best farm practices. In a similar partnership with the University of Veterinary and Animal Sciences (UVAS) Lahore, Nestlé Pakistan has established another demonstration site.

In 2021, we helped farmers install drip irrigation on 198 acres with an estimated water saving of up to 207,465 m³.

Smart Soil Moisture Sensors

Our team has developed low-cost smart soil moisture sensors in partnership with Center for Water Informatics and Technology (WIT), LUMS, and Waziup (an organization based in Italy). These sensors read the moisture level of the soil and send regular data updates to a cloud from where the farmer receives information about which areas they should irrigate and how much. Moreover, a software has been developed that enables the farmers and researchers to see the soil moisture level remotely on their computer screens.

In 2021, we saved an estimated 161,033 m³ of water by installing sensors on 455 acres. Our water savings are in the process of being validated through a study.



Nestlé Cares

Respect for the rights of the people we employ, do business with or otherwise interact with is the fundamental way that Nestlé operates. This respect is at the core of Nestlé's Corporate Business Principles and is aligned with the UN Guiding Principles Reporting Framework. Nestlé Cares provides our employees the opportunity to engage and assist underprivileged communities through their direct and indirect participation. The activities primarily support and address the needs of local communities based on Nestlé Creating Shared Value pillars. Employee participation, while encouraged, is voluntary and remains an employee decision.

ENVIRONMENT SUSTAINABILITY IN 2021



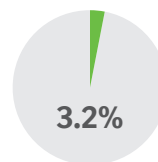
We believe Nestlé is well placed to help address the climate change challenge. We aim to ensure the continuity of our own business and those in our supply chain while protecting the wider environment. Nestlé Pakistan is taking steps and introducing various initiatives in its manufacturing units and beyond, to exhibit Respect for the Future.

Reduction from 2015

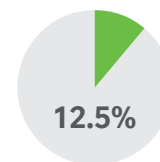
Positive Impact



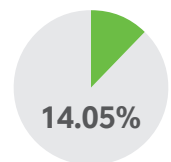
Energy
Consumption



GHG
Emissions



Water
Consumption



Environmental Indicators 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 on yearly basis.

Energy Conserving Proficiency

Energy optimization across operations resulted in the reduction of 3.2% GJ per ton from 2015 by optimizing the usage of energy across our manufacturing sites.

Greenhouse Gas Emissions (GHG)

In 2021, we invested our time and efforts in identifying opportunities for greenhouse gases optimized usage across the organization. We successfully executed a number of

projects and reduced 12.5% greenhouse gases Per ton of Product from 2015 and 6.7% greenhouse gases Per Ton of Product reduction from 2018 at our manufacturing sites, despite challenges like production volumes and product mix ratio.

Water Operational Efficiency

Water withdrawal per ton of product was reduced by 14.05% as compared to 2015 across our manufacturing units. This water-saving is based on the initiatives that are taken under Alliance for Water Stewardship and optimized usage of water.

Total Tree Plantation in 2021

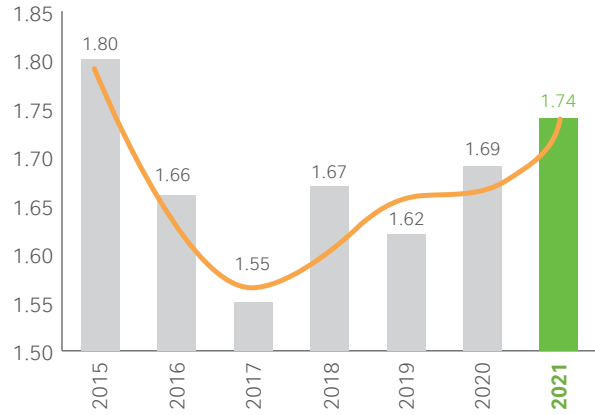
Nestlé Pakistan planted a total of 95,000 trees in 2021. These include 35,000 trees around our sites and 60,000 moringa trees with farmers in Agriculture Services.



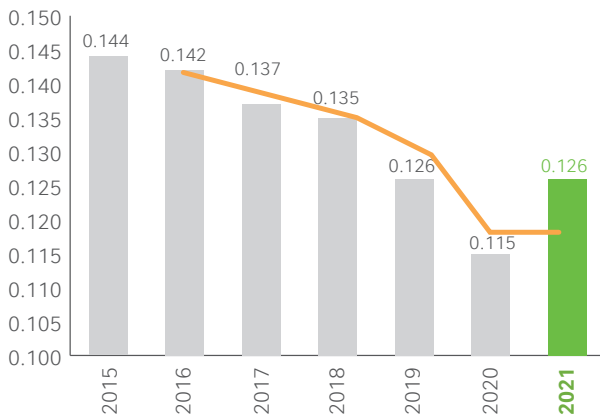
Plan 2022

Focus areas for 2022 will be exploring opportunities for more renewable energy sources and executing the projects of renewable energy. Nestlé Pakistan is targeting a 5% reduction in GJ ton of product and 60,000 m³ of water-saving projects at our manufacturing sites.

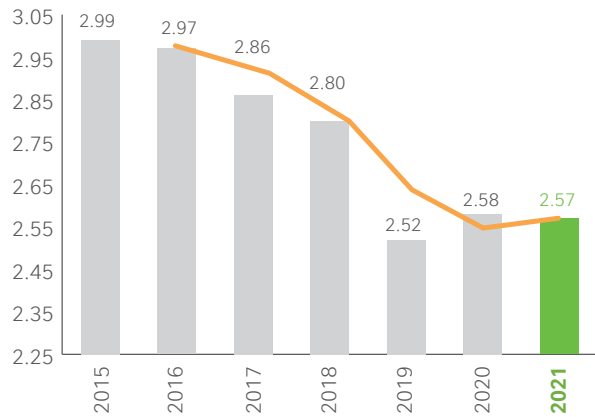
Total On-Site Energy Consumption (GJ/ton)



Green House Gas Emissions (tons CO₂e/ton)

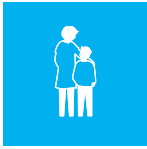


Water consumption (m³/ton)





OUR PARTNERS



Individuals and Families



Our Communities



For The Planet



Nestlé Pakistan Limited
308 Upper Mall,
Lahore Pakistan

Tel: (042) 111-Nestlé (637853)
Fax: (042) 35789303

 facebook.com/nestle

 [@nestlepakistan](https://twitter.com/nestlepakistan)

 [nestlepakistan](https://youtube.com/nestlepakistan)



www.nestle.pk

