



Nestlé Good food, Good life

Nestlé in Society Report **2022**

Journey Towards
REGENERATION

Our promise in action!



About the Cover

At the heart of good food is the quality of ingredients, the people who produce them, and the soils and ecosystems where they grow.

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A man with short dark hair and glasses, wearing a dark blue suit, a light blue shirt, and a red tie, stands in a modern building hallway. He is looking directly at the camera with a slight smile. His hands are clasped in front of him, and he is wearing a watch on his left wrist. The background shows a blurred hallway with glass railings and a green exit sign.

CEO'S MESSAGE

Our global focus areas are firmly embedded in our purpose of unlocking the power of food to enhance the quality of life for everyone, today and for generations to come.

Nestlé's purpose of unlocking the power of food to enhance quality of life for everyone, today and for generations to come is not just restricted to its business principles. We are committed to be a force for good throughout our value chain by Creating Shared Value (CSV) for communities and delivering on our sustainability agenda. This past year, we delivered value and contributed to the United Nations Sustainable Development Goals (SDGs) through all our focus areas – helping to protect, renew, and restore natural resources, contributing to nutritious and sustainable diets and strengthening communities.

From reducing our carbon footprint to taking another step closer to a waste-free future by creating awareness, enlightening the younger generations about nutrition, enabling rural women to become financially empowered and aiding communities ravaged by floods, our efforts on ground have made a positive impact in many ways.

Nestlé is cognizant of the impact of its business operations on the communities where it operates. It is our ambition to achieve net zero by 2050. In efforts to meet this goal, we reduced our carbon footprint this year by helping many of our dairy farmers shift to high-yield cows and switching to renewable energy resources such as solar energy and biogas, where possible. We also planted Moringa trees for carbon sequestration, and enabled farmers to embrace innovative technological solutions to overcome water mismanagement across hundreds of acres by installing drip irrigation and smart soil moisture sensors.

In line with our global vision for a waste-free future, Nestlé Pakistan partnered with the Gilgit-Baltistan Waste Management Company (GBWMC) under Clean Gilgit-Baltistan Project (CGBP). The project facilitates waste segregation and recycling systems for Gilgit-Baltistan leading to responsible management of over 700 tons of plastic packaging in the region.

Our collaborative initiative, Travel Responsibly for Experiencing Eco-tourism in Khyber Pakhtunkhwa (TREK), with the World Bank Group (WBG) and Khyber Pakhtunkhwa (KP) tourism department helps us take collective action towards a waste-free future encouraging behavior change. Till date, we have trained nearly 400 hospitality professionals through capacity building sessions at tourist hotspots and aired a public awareness campaign.

We also aim to ensure that 100% of our packaging is designed for recycling, with commitment to reach 95% by 2025. We continue to be the only company in Pakistan to offer paper straws across our ready to drink range in our efforts to reduce the use of virgin plastics.

While our impact on the planet is important to us, our contributions to nutritious and sustainable diets is equally important. Through Nestlé for Healthier Kids (N4HK), we worked closely with our partner schools to increase nutritional awareness in children. In 2022, we successfully trained over 250 teachers and educated an additional 35,000 children, bringing the total to 1,750 teachers and 320,000 children. This past year also gave us an opportunity to extend our outreach to Gilgit-Baltistan. The program also partnered with WWF-Pakistan to help teach the younger generation how to manage waste responsibly through sustainability training sessions.

We served 2.49 billion fortified servings of our value-added nutritious products to help address micronutrient deficiencies in Pakistan.

In 2022, our partnership with Benazir Income Support Program (BISP) completed five years. Through the Nestlé BISP Rural Women Sales Program, in collaboration with Akhuwat Foundation, we are supporting rural women to achieve financial empowerment. This year, the program increased the number of enrolled BISP beneficiaries as sales agents to nearly 2,500 with an ambition to reach 5,000 by 2025.

Improving women's representation in the workforce is reflective at our workplace too, where we believe that diversity is an asset that impacts how we think and work together. As a company, we celebrate diversity and inclusion at every step.

While there were multiple achievements to keep us motivated, the devastating floods destroyed homes and displaced vulnerable communities in Pakistan. Nestlé, under its global initiative of Nestlé Cares, redirected its efforts through cash and in-kind support of 325,000 liters of water and 10,000 liters of milk to National Disaster Management Authority (NDMA) for distribution among the flood affectees. We also donated more than 700,000 servings of NESTLÉ BUNYAD, a specialized nutrition formula designed to meet children's daily iron requirement. Our employees made cash donations worth PKR 3 million, which were matched 1:1 by the company. A total of PKR 6 million was donated to Akhuwat Foundation for flood rehabilitation efforts. We also donated cash to Prime Minister's Flood Relief Fund 2022 to support the rehabilitation process led by the government.

The impact we made last year was possible because of the efforts of our employees, partners, and stakeholders across our value chain. I want to take this opportunity to express my gratitude to them for their contribution, hard work and resilience. Despite many challenges, they continued our unwavering journey and remained dedicated to creating shared value. It is their dedication that ensured we progressed in our commitments to making a positive impact for families, communities, and the planet.

Together with our Nestlé Pakistan team, stakeholders, distributors, and value chain partners, I am certain that in the coming year, we will continue to be a force for good and use our scale, resources, and expertise to contribute to a healthier future for people and the planet. As a company, we are also conscious of the fact that this responsibility is a shared one and these goals can't be achieved alone. We are dedicated to taking collective action with our stakeholders to accelerate our efforts to protect, renew, and restore the planet and ensure that food systems continue to nourish people for generations to come.



Jason Avanceña

Chief Executive Officer & Managing Director

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 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.

At Nestlé, social responsibility is not restricted to a few philanthropic activities. Instead, CSV is embedded in our business model, where direct engagement and support is extended to communities across the value chain. This adds value to the business and supports socioeconomic development for the communities. Our inspiration is governed by 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 suppliers to ensuring responsible sourcing models in 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.

The company regularly conducts the “Seeing is Believing” initiative to showcase our value chain from ‘grass to glass’ to turn stakeholders into advocates and make them aware of our quality and safety standards.

Our global focus areas are firmly embedded in our purpose. Contributing to nutritious and sustainable diets, strengthening communities and helping to protect, renew and restore natural resources, are interconnected and our efforts in each of these areas are supported through our specific commitments. These commitments will, in turn, enable us to meet our ambitions for 2030 in line with the Sustainable Development Goals (SDGs). Additionally, ethical business practices, transparency and consumer trust – based on high quality products with a focus on Nutrition, Health & Wellness – remain the hallmark of our core business.



Contributing to Nutritious and Sustainable Diets



Strengthening Communities



Helping to Protect, Renew and Restore Natural Resources

As we move into a new year, 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.

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 environment we thrive in. Their challenges are our challenges. Their success is success that we all share.

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



Muhammad Irfan, dairy agripreneur in Renala Khurd, Okara supplies milk to Nestlé regularly. Nestlé supports farmers by providing them technical assistance on good farm practices



CONTRIBUTING TO NUTRITIOUS AND SUSTAINABLE DIETS

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 and aim to help shape a better and healthier world. This was how we started over 150 years ago when our founder Henri Nestlé created an infant cereal that saved a child's life.

Nestlé is building, sharing and applying its nutritional knowledge, and contributing to a healthier future. We firmly believe that nutrition and hydration play a role in helping manage and treat diseases. We have a research team focused on how to achieve this.







Nestlé for Healthier Kids

Pakistan is reported to have one of the highest levels 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.

Nestlé for Healthier Kids (N4HK) 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.

N4HK's curriculum is developed in collaboration with Oxford University Press.

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

To date, the N4HK program in Pakistan has educated more than 320,000 children in rural, sub-urban and urban areas, and has trained over 1750 teachers on nutrition in 380 schools.

N4HK is making a collective effort 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, Khyber Pakhtunkhwa and Gilgit-Baltistan. The program works in collaboration with 10 educational partners from the development, private and public sector, including Care Foundation, Punjab Workers Welfare Fund (PWWF), Trust for Education and Development of Deserving Students (TEDDS) and Zindagi Trust to name a few. Most recently, the program has expanded to Gilgit-Baltistan with the launch of a program in Skardu.

N4HK also launched Sustainability Training for Kids in partnership with WWF-Pakistan to help teach the younger generation about a more sustainable approach to packaging and managing waste. The trainings are launched in a bid to instill responsible behavior and enable children to become better stewards of our planet.

Testimonial

"The launch of Nestlé for Healthier Kids Program in Gilgit-Baltistan is a great initiative by Nestlé Pakistan. 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. We are confident that the awareness imparted on nutrition will play a very important role in promoting healthy habits and a better nourished future generation."

Mohyuddin Ahmad Wani

Chief Secretary Gilgit-Baltistan



Reached out to
320,000 students



Trained over 1750 teachers



Covered 380 school
branches



Worked with 10
partners



Developed a special curriculum

SCHOOL SKARDU



Staff Room



Teacher training session on nutrition awareness in Skardu

In Commitment with



NUTRITION SUPPORT PROGRAM

Under the Nutrition Support Program, Nestlé Pakistan regularly provides milk to children and vulnerable communities who suffer from key micronutrient deficiencies in urban, semi-urban and rural areas. Children attending educational institutes supported by Nestlé hail from underprivileged backgrounds and face nutritional challenges. These schools are selected after careful consideration to ensure that the benefits of this program reach those who need it most. The program also supports organizations working with destitute women and differently-abled children.

FORTIFIED PRODUCTS

Nestlé is committed to play its role to help 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 2022, approximately 2.49 billion fortified servings were served across the country.





Children drinking milk at the Mashal Model School in Islamabad

In Commitment with





STRENGTHENING COMMUNITIES

Helping develop thriving and 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 informs everything we do. We are part of the local communities where we operate from. Being part of a community brings great responsibility towards it too, the greatest being respecting the rights of those who work for us and with us.

We believe in improving livelihoods and developing thriving communities. We do this by supporting women to be economically and socially active, enabling them to be independent. We work particularly in rural areas, to support farmers by training them, enabling both men and women to contribute to the workforce and build a brighter future for themselves and their families.





Samina bibi has been learning professional stitching at Nestlé's Vocational Training Center in Kabirwala and hopes to gain financial independence through this skill

Nestlé BISP Rural Women Sales Program

Nestlé Pakistan with Benazir Income Support Program (BISP) 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 to its beneficiaries.

The main premise of the Nestlé BISP Rural Women Sales Program was to uplift 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 nearly 2,500 BISP beneficiaries as Sales Agents. Nestlé Pakistan has also partnered with Akhuwat Pakistan (the largest interest-free microfinance program) to, improve access to finance, disbursing micro loans to women looking to scale their businesses.

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.

	Launched in 26 districts of Pakistan
	Nearly 2,500 BISP beneficiaries enrolled as Sales Agents
	Total Sales to date of PKR 153 Mio
	Micro loans of average PKR 10,000 – 20,000 disbursed
	Average sales of PKR 5,000 – 10,000 each month





Riaz Bibi, a rural sales agent, at her shop in Renala Khurd

In Commitment with





Nestlé Chaunsa Project

Mango has its own specific nutrition, value and taste among all fruits available in summer season in Pakistan. That's why it is not only the national fruit of Pakistan but also the king of fruits. There is a growing demand for mango pulp, not just locally but worldwide for drinks and juices, especially Pakistan's Chaunsa variety.

In Pakistan, most mango orchards are owned by small growers who do not possess adequate knowledge of modern techniques for cutting, pruning, insecticides and fertilizer application, and management practices.

The Nestlé Chaunsa Project improves the livelihood of farmers within the Chaunsa mango sector through strategic Creating Shared Value interventions.

Through our Chaunsa Project, we train and build the capacity of Chaunsa mango farmers, with support of our partners. The identified training areas include pre- and post-harvest horticulture, plant propagation and varietal assessment. Small and medium mango farmers are equipped with skills required so they can take advantage of new opportunities in the mango farming sector, including pulping, canning and exporting. These best farm practices help increase the yield and improve the quality of Chaunsa mangoes.

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

Juices constitute one of the growth areas of our company, and intervention within its highest volume variant would allow for Creating Shared Value. NESTLÉ FRUITA VITALS is the flagship brand within the Nestlé beverages range, made from highest quality fruits sourced from around the world. Our mission is to provide our consumers with delicious and healthy refreshment. We use the best variant of Chaunsa mango as pulp raw material for our premium quality Nestlé Chaunsa juices.

We began procuring Chaunsa mangoes from our partners in 2018, making them a significant part of our value chain. Through responsible sourcing of mango pulp and formation of linkages with Nestlé's value chain, small farmers now have better access to markets where they can sell their mangoes at competitive prices.



Together with Mango Research Institute (MRI), Nestlé Pakistan has also established a demonstration plot of high density and ultra high-density mango orchard in Multan. The orchard is equipped with drip irrigation system that, helps in conserving water and reducing use of fertilizer to ensure environmental and economical sustainability. MRI has also developed a tunnel to raise mango saplings, helping researchers to develop new plantlets for mango growers at subsidized rates. This initiative will help in capacity building of mango growers for sustainable farming business.

It is our commitment to continue the project in the coming years to enhance the quality of the Chaunsa pulp, used in our juices, resulting in socio-economic uplifting of small and medium mango farmers in Pakistan.



Agriculture Services

Nestlé Pakistan keeps exploring opportunities to increase socio-economic benefits for farmers and to minimize the impact of climate change. We have been promoting alternate energy sources, particularly amongst dairy farmers. During 2021-2022, Nestlé contributed to installation of solar systems at selected dairy farms to introduce renewable energy to reduce Greenhouse Gas (GHG) emissions and energy costs.

If not handled properly, cow dung can increase GHG emissions. However, proper treatment of cow dung through bio-digester not only provides alternate energy as biogas but also provides a good source of organic matter for the agricultural land, reducing use of synthetic fertilizers. In 2021-2022, we supported multiple biogas digester installations at various suppliers' farms. With cost and environmental benefits, farms with solar and biogas installations are also serving as a lighthouse in their respective areas.

Pakistan is amongst the countries, which have started facing adversities of climate change. Nestlé Pakistan is taking this challenge seriously. Nestlé, together with its partners, developed a low-cost soil moisture sensor that helps farmers decide when to irrigate their crops. Our initial field estimates have shown considerable water saving in irrigation with crop yield improvement.

We have facilitated the installation of soil moisture sensors on 548 acres in our agriculture value chain. These are not only helping farmers in saving the number of irrigations but also serving as lighthouses of an efficient irrigation system. Nestlé Pakistan has been supporting farmers to reduce

water mismanagement with the installation of drip irrigation in Punjab at 139 acres of land. During 2022, the initiative was scaled to an additional 75 acres land in Sindh, for which water savings will come in 2023.

While reducing the impact of greenhouse gases, we also explored better ways for carbon sequestration. This is an important element to aim for net zero in the food value chain. We are conducting different studies on regenerative agriculture practices, which can help farmers in getting better yield with lesser GHG emissions.

Our Agri Services team is helping farmers get better yield and improve productivity. One of our major initiatives is supporting the import of high efficiency cows. During 2021 - 2022, Nestlé Pakistan helped farmers import more than 7000 cows, which helped in reducing GHG, increasing productivity and improving incomes of local farmers.

Nestlé is committed towards a zero carbon journey. For an effective action plan, we need to gain experience of various interventions implemented to reduce greenhouse gases under local conditions. For this purpose, we are developing a dairy farm, with maximum possible interventions, aiming to make it carbon neutral in the next few years.

Although we source fruit and rice from Punjab, our teams are now working with farmers in the majestic valleys of Gilgit-Baltistan as well to source fruit. During 2022, Nestlé Pakistan sourced high quality apples from Hunza, Nagar, Ghizer and Skardu regions. This initiative reduces fruit wastage, and converts waste to value for farmers.



Community Engagement Program

Nestlé Pakistan has an active and effective Community Engagement Program for the communities where we operate, helping the company prioritize and plan services efficiently to meet community needs and aspirations. It also enables the company and the community to work together. This initiative gives communities an opportunity to contribute to and influence outcomes that directly impact their lives. Some of the key projects carried out under the Community Engagement Program 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 Sheikhupura aiming to ensure the safety and well-being of the communities it operates in. The company developed the second driver training facility 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 Nestlé Pakistan's service provider's drivers and NH&MP, but also catering for the drivers' training needs of other public and

corporate organizations of the country. The facilities feature driving safety training track, classrooms and high tech driving simulators. With state of art driver training facilities in Sheikhupura and Karachi, the Drivers Safety Program has trained more than 31,000 drivers including over 7,000 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 communities.



31,000 drivers including over
7,000 drivers from Nestlé service providers



HELPING TO PROTECT, RENEW AND RESTORE

NATURAL RESOURCES

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.



SUSTAINABILITY



Nestlé, in line with its various global commitments on issues like climate, packaging and water, among others – has embarked on a journey towards regeneration, which can help us move beyond just minimizing our impact on resources and instead take a regenerative approach with the help of our partners. This evolved approach to sustainability will help us to protect, renew and restore the environment to contribute to nutritious and sustainable diets, to help strengthen communities and to operate responsibly.

The interconnected nature of the challenges and the work that lies ahead has inspired us to build our Net Zero Roadmap, highlight the importance of nature-based solutions like regenerative agriculture and renew our commitment to water regeneration with the Nestlé Waters Pledge.

In 2020, we launched our Science Based Targets initiative (SBTi)-aligned Net Zero Roadmap, a science-based plan that expands on our climate ambitions and will help us to achieve net zero greenhouse gases emissions by 2050, even as our business continues to grow. We realize that to achieve net zero emissions, we need to reduce emissions as much as possible. Switching to source our ingredients from regenerative agriculture by 2030 will help us do so, as will investing in sustainable packaging and manufacturing activities.

In order to have clear roadmaps for our commitments, we have identified four sustainability pillars: Climate Action, Sustainable Packaging, Caring for Water and Responsible Sourcing.

Climate Action



We will **reach net zero by 2050 at the latest**, even as our business continues to grow.

By 2025, we will reduce absolute emissions by 20% from 2018 levels.

By 2030, we will reduce absolute emissions by 50% from 2018 levels.

Sustainable Packaging



More than 95% of our packaging will be designed for recycling by 2025 with a commitment to achieve 100%.

We are on track to reduce the use of newly made plastic – or virgin plastic – by one third by 2025.

Water



Nestlé Waters will advance the regeneration of the water cycle to **help create a positive water impact everywhere our Waters Business operates** by 2025.

Responsible Sourcing



Source certain percentage of identified key ingredients through regenerative agriculture by 2030.



Climate Action

Climate change is increasingly impacting farmers and communities with whom we work. Degradation of forests, land soil and waterways adversely impact farmers' livelihoods and the availability and affordability of quality food. Building on our Net Zero Roadmap, we are taking action to help address these threats by advancing regenerative food systems at scale.

A huge chunk of our Net Zero Roadmap involves carbon removals. As a company with a large dairy and agriculture footprint, we aim at making a significant contribution to decarbonization through natural climate solutions projects in our value chain. These 'insetting' projects take place within our supply chain.

The following projects have been implemented at the market level:

Import of high-yield cows

Dairy farm profitability is dependent on cow yield and feeding efficiency in addition to a number of different factors. The average of daily milk production volume by local cows is quite low. There are other breeds in the world, whose daily milk yield is up to three times more than that of our local breeds. This results in lower cost for the farmers as well as a lower carbon footprint.

Nestlé Pakistan is incentivizing farmers by facilitating the import of high-yield cows. A team of Agriculture Services experts is working closely with farmers to develop efficient dairy farms to increase farmer income as well as to help them produce more milk. The 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 attract young farmers to adopt dairy farming as a sustainable business.

Regenerative Agriculture

Nestlé Pakistan is initiating implementation of regenerative agriculture practices that are proven to help increase crop yields with lower agriculture inputs and lower greenhouse gas emissions. Demonstration trials on zero tillage and use of natural crop residue as mulch, instead of burning them, has proven to reduce the use of chemical fertilizers giving better yields. Nestlé Pakistan has partnered with the University of Agriculture Faisalabad to evaluate the impact of these interventions in selected crops on farmers' lands.

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 to improve 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.

Switching to renewable energy sources

Increasing energy costs are damaging farmer revenues in addition to contaminating the environment. Nestlé Pakistan is subsidizing its farmers in solar installations. During 2021 and 2022, Nestlé supported installations of solar systems at 20 farms which reduced greenhouse gas emissions as well as the burden of high energy bills on farmers.



Sustainable Packaging

Packaging plays an important role in safely delivering high-quality food and drinks to consumers, and in reducing food loss and waste. However, we realize that these essential requirements should not come at the expense of the planet. That's why we are continually developing more sustainable packaging and are committed to reducing waste from packaging.

As the largest food and beverage company, our actions matter, and we are committed to putting our size and scale to work. Nestlé's vision for packaging is ambitious: a world in which none of our packaging, including plastics, ends up in landfill or as litter. We are working hard to deliver on it and help achieve a waste-free future.

In particular, we are doing our best to reduce our plastic waste by reducing our use of new plastic by shifting to paper or alternative materials, and helping create circular systems that make it easier to collect, recycle and reuse these products.

We remain committed to designing 100% of our plastic packaging for recycling. By 2025, we expect that more than 95% of it will be. We are also on track to reduce the use of newly made plastic - or virgin plastic - by one third by 2025.

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 initiating fit for purpose projects that reduce the weight and size of packaging materials.



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.

In 2022, we shifted from polystyrene cups for our yoghurts to PET cups and also changed the material of the sleeves of our HOD bottles to make them designed for recycling systems.

As of end of 2022, 89% of Nestlé Pakistan's packaging is designed for recycling in dedicated recycling facilities - but we know we have more work to do.

Waste-Free Future

Our vision of a waste-free future cannot be achieved alone. That is why we have partnered with external organizations to increase the volume of packaging waste that can be collected and recycled. Driving new behaviors by creating awareness amongst society – from industry to the consumers and packaging manufacturers to the government – is also an important pillar in our sustainable packaging journey.



Clean Gilgit-Baltistan Project

The issue of plastic waste in the environment is one of the most pressing challenges the world faces today. In recent years, Gilgit-Baltistan has become a popular attraction for local and foreign tourists, with millions visiting every year. This influx of tourists, on one hand, has created income generation for the local communities but on the other hand has become a reason for increasing plastic waste in the province.

The waste segregation and management system in the province is managed by Gilgit-Baltistan Waste Management Company (GBWMC). Among other factors of increase in PET waste, the tourists also bring a lot of plastic packaged food products from all over the country and eventually leave this waste after consumption.

Nestlé stepped up and launched 'Clean Gilgit-Baltistan Project' (CGBP) to facilitate waste segregation and its management in the Gilgit-Baltistan region. It's our vision to ensure that none of our packaging, including plastics, ends up in landfill or as litter.

The project has focus on infrastructure development for a formal waste management system to be managed by GBWMC. We have donated three compressing and baling machines, one each in Gilgit, Hunza and Skardu, resulting in waste management of around 700 tons of plastic and paper packaging waste in 2022. The PET and plastic packaging after compressing and baling process, is brought downstream for recycling through a third-party established recycler.

This project will eventually lead in management and recycling of up to 1000 tons plastic and paper packaging by 2025 to make the region waste-free and promote sustainable tourism in the region. Under this project, we have also installed benches and waste bins developed from recycled material at popular tourist locations in Gilgit and Hunza.

CGBP which is the first of its kind at such a high-altitude residential location, will make a positive environmental impact at both local and national level. This intervention marks a significant milestone in Nestlé Pakistan's journey towards a waste-free future, in line with UN SDGs.



Donation of 15,000 bags



Collected 700 tons of packaging waste in 2022



Waste segregation and management in Gilgit-Baltistan

In Commitment with



Travel Responsibly for Experiencing Eco-Tourism in Khyber Pakhtunkhwa

‘Travel Responsibly for Experiencing Eco-Tourism in Khyber Pakhtunkhwa’ (TREK) is an initiative under the Khyber Pakhtunkhwa Integrated Tourism Development (KITE) project being implemented in partnership with the World Bank Group (WBG), Nestlé Pakistan and the Khyber Pakhtunkhwa Tourism Department.

Apart from heritage preservation, tourism infrastructure development, TREK activities include awareness campaigns for tourists and training of local communities and hospitality businesses on waste management while adhering to the fundamentals of responsible tourism. Till date, nearly 400 participants have attended training workshops for hospitality professionals while our public service awareness campaigns have reached out to millions of people.

The partnership reflects 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 the Government of Khyber Pakhtunkhwa 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 to the local administration.





CoRe Alliance

In line with our commitments on Sustainable Packaging, Nestlé Pakistan played an instrumental role in establishing an alliance called CoRe (Collect & Recycle). We joined hands with other like-minded organizations that share our vision of a waste-free future.

CoRe comprises Pakistan's leading industry players, 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.

This vision will be driven by the reduction in plastics, innovation of new materials, exploration of new and more sustainable business models, policy advocacy, knowledge exchange and behavioral change.

CoRe, together with Nestlé Pakistan, led the successful advocacy with the Pakistan Standards and Quality Control Authority (PSQCA) for the approval of the Pakistan Standard on food contact material including plastic and food grade recycled plastic including rPET in 2022.

In the years since its formation, Nestlé Pakistan and other members have executed several projects that promote a circular economy and responsible behavior.



In Commitment with





caring
for
water

Nestlé and its partners

Caring for Water - Pakistan

For a food and beverage company, water is essential for all areas of business. It is used by farmers to grow crops that we use to make the foods we produce. We also use water for our factory operations.

Being a responsible company, we are cognizant of the part businesses can play in water use efficiency. Preserving water resources is now part of our legacy. For decades, water has been a major focus of our sustainability efforts, across our entire value chain.

Building on this heritage, we launched the Nestlé Waters Pledge in 2021 – our new Waters Business specific commitment. Under this, we have committed to regenerating the water used by our Waters Business and have a net positive impact by 2025.

The Nestlé Waters Pledge is a reinforcement of our existing water stewardship efforts under our flagship Caring for Water – Pakistan (C4W-Pakistan) initiative, launched in 2017. Through C4W-Pakistan, we encourage collective action and bring different partners together to discuss and find solutions for the existing water challenges faced by the country. We have undertaken several activities under the three over-arching pillars for C4W-Pakistan, which are 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 relevant 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 unwavering efforts to improve efficiencies by recycling and reusing water has allowed us to save more than 92,000 m³ of water in 2022 across our manufacturing units. In addition, the wastewater resulting from our industrial processes is treated, and only treated water that meets the standards set by the environment authorities, is discharged.

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 appropriate levels for 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 through our third party service provider with strict quality controls, checks and balances in place.

Water Education

Through our Water Education Program, we have reached out to 35,000 children and 250 teachers in schools in 2022.

Agriculture

Drip Irrigation

Nestlé Pakistan has worked with the Agriculture Department, Government of Punjab to encourage local farmers to take up drip irrigation. Under the initiative, we covered 40% of the farmer's cost of putting up the equipment for drip irrigation while the Punjab government covered the remaining 60% expense through a World Bank program. In addition, we are showcasing drip irrigation in collaboration with the Pakistan Agriculture and Research

Council (PARC). This site showcases best farm practices. We have also established another demonstration site in a similar partnership with the University of Veterinary and Animal Sciences (UVAS) Lahore.

In 2022, drip irrigation was operational across 139 acres in Punjab. We also expanded drip irrigation to Sindh, covering 75 acres, the water savings for which will come in 2023.

Smart Soil Moisture Sensors

Our team, in collaboration with Centre for Water Informatics & Technology (WIT), LUMS has developed low-cost smart soil moisture sensors. 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, allowing farmers and researchers to see the soil moisture level remotely on their computer screens.

In 2022, smart soil sensors were operational on 548 acres. According to our estimates, we achieved water savings of 482,556 m³ during 2022 as a result of drip irrigation and smart soil moisture sensors installation. Our water savings are in the process of being validated through a third-party 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. During 2022, the company planted more than 25,000 trees around our operational sites with the help of our partners. We also organized a beach cleaning activity in Karachi with a large number of employees participating in the activity.

Humanitarian Assistance During Natural Disasters

Nestlé Pakistan, under Nestlé Cares, has been active in supporting and providing humanitarian assistance to vulnerable communities affected by natural calamities where needed. Pakistan recently faced one of the most devastating floods in the nation's history. During the flood, Nestlé Pakistan immediately reached out to the National Disaster Management Authority (NDMA) and local NGOs to provide emergency relief.

Nestlé Pakistan donated 325,000 liters of clean drinking water and 10,000 liters of packaged milk for those affected by the floods. A company wide employee donation drive was launched, for donations to Akhuwat Foundation for flood rehabilitation efforts across Pakistan. These donations, which are matched in monetary value by the company and were used to give interest-free loans to the flood victims.

The Nestlé Group also channeled a donation for emergency relief, half of which was used to donate over 700,000 servings of NESTLÉ BUNYAD, a specialized nutrition formula designed to meet children's daily iron requirement in flood affected areas in Sindh, through the Provincial Disaster Management Authority (PDMA). The other half was donated to 'Prime Minister's Flood Relief Fund 2022' as cash support for the ongoing rehabilitation process led by the government.

Laddering up support to the local communities, Nestlé also engaged with its global partner, World Central Kitchen (WCK) to provide over 1,000 hot meals, as well as clean water everyday to impacted families in the northern Swat district.





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and

Employee donation ceremony held at Nestlé Pakistan Head Office

In Commitment with



ENVIRONMENT SUSTAINABILITY IN 2022

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.



Carbon Foot Print Initiatives to Address Climate Change

One of the key priorities of Nestlé Pakistan is to reduce the number of greenhouse gas emissions. By 2025, our ambition is to reduce 20% of greenhouse emissions as compared to 2018. Water conservation, energy optimization, controlling greenhouse gas emissions, reduction in waste at source, reduction in packaging material and proper disposal of waste are the key environmental indicators for any manufacturing facility. Nestlé takes care of these indicators in its operations and is committed to improving its performance on a yearly basis.

In 2022, we invested our time and efforts in identifying opportunities for energy optimization across operations (including Manufacturing Units, Packaging and Agri Services). Despite various challenges, we successfully

executed several projects and we saved above 50,000 tCO₂e greenhouse gas emissions in absolute numbers.

Water Operational Efficiency

Nestlé also saved more than 92,000 m³ of water across our manufacturing units. This water saving is based on initiatives taken under Alliance for Water Stewardship Standard.

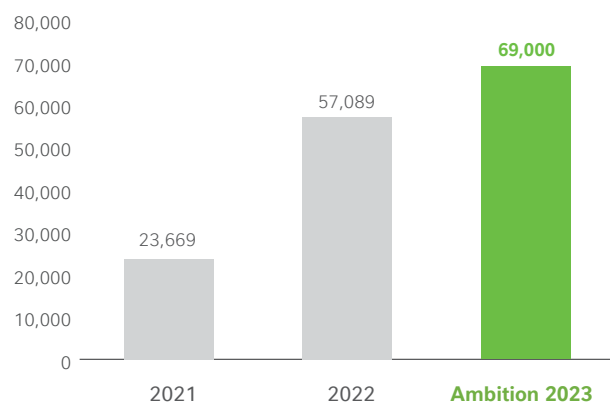
Total Tree Plantation in 2022

Nestlé Pakistan planted a total of 25,000 trees in 2022 around our sites and an additional 25,000 Moringa trees by Agriculture Services.



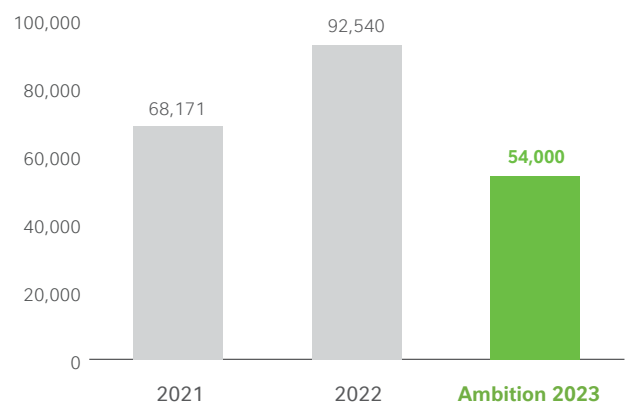
Greenhouse Gas Savings in Nestlé Pakistan

(tCO2e-ESG source)



Water Savings in Manufacturing Units

(m3)



OUR PARTNERS



Contributing to Nutritious and Sustainable Diets



Strengthening Communities



Helping to Protect, Renew and Restore Natural Resources



Nestlé Pakistan Limited
Packages Mall,
Shahrah-e-Roomi,
PO Amer Sidhu
Lahore – 54760, Pakistan.

Tel: (042) 111-NESTLÉ (637 853)
Fax: (042) 35789303-4

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