



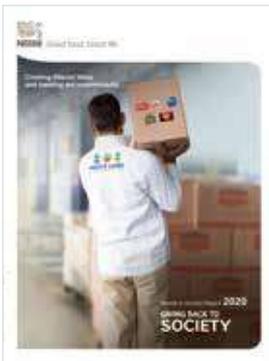
Nestlé Good food, Good life

Creating Shared Value
and meeting our commitments



Nestlé in Society Report **2020**

**GIVING BACK TO
SOCIETY**



About the Cover

Nestlé Pakistan donated 4 million servings of fortified products to meet the nutritional needs of both vulnerable communities and frontline workers during the COVID-19 pandemic, from Quetta to Gilgit, in close collaboration with Government and NGOs.

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CEO'S MESSAGE



The year 2020 witnessed the COVID-19 pandemic which had a profound impact across the globe as well as in Pakistan. It was a year in which we had to adapt to a new way of working and living by showing outstanding resilience. We believe that we will be successful in the long term by creating value for both our shareholders and for society. This approach, called Creating Shared Value (CSV), remains the fundamental guiding principle for how we do business.

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



For Individuals & Families

At Nestlé, we constantly explore and push the boundaries of what is possible with foods, beverages, and nutritional health solutions to enhance quality of life and contribute to a healthier future. We are committed to creating nutritional awareness among our consumers. This year, to help reduce micronutrient deficiencies, approximately 3 billion fortified servings were served across the country.

To date, our global initiative, Nestlé for Healthier Kids, has raised nutritional awareness among more than 250,000 children and has trained over 1,300 teachers in 310 schools across Pakistan, to achieve our commitment to UN SDG 3 (Good Health & Well Being).



For Our Communities

As these challenging times adversely impacted the livelihood of millions, Nestlé Pakistan stepped up its commitment to vulnerable communities by donating 4 million servings of fortified products to meet the nutritional needs of both affectees and frontline workers from Quetta to Gilgit in close collaboration with Government and both local and internal Government and NGOs.

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

Nestlé BISP Rural Women Sales Program, as part of the Ehsaas Program, is providing livelihood opportunities to beneficiaries of the Benazir Income Support Program (BISP). To date, more than 1,500 BISP beneficiaries have become Rural Sales Agents. We also provided a grant to Akhuwat, the world's largest interest free microfinance organization, to help BISP beneficiaries expand their business through microloans. Approximately 147 women have benefitted from this grant by scaling up and setting up their own microenterprises as a result of this intervention. This is in line with our commitment to achieve UN SDG 5 (Gender Equality) and UN SDG 8 (Decent Work and Economic Growth).



Nestlé Pakistan is in line with our Global Sustainability Roadmap which includes: 5 major themes: building resilience; improving livelihoods; reducing waste; building trust; and creating impact, and it focuses on 4 pillars: Climate Change; Sustainable Packaging; Caring for Water; and Responsible Sourcing. We are working hard to achieve a waste-free future by ensuring that 100% of our packaging is recyclable or reusable by 2025. We remain committed to tackling climate change by reducing our greenhouse gas emissions by 2030 (by half) and achieving net zero by 2050.

Nestlé Pakistan initiated the "Clean Hunza Project" in partnership with Gilgit-Baltistan Waste Management Company (GBWMC) and Karakoram Area Development Organization (KADO). Clean Hunza Project focuses on waste segregation and recycling system for Hunza by encouraging waste management of 200,000 kgs of plastics in 2021, eventually leading up to 1,000 tons by 2025 to make Hunza waste-free and promote sustainable tourism in the region.

To help realize our vision for a waste-free future, we are accelerating our actions to tackle packaging waste. We have partnered with the World Bank Group and Khyber Pakhtunkhwa Government to launch "Travel Responsibly for Experiencing Ecotourism in Khyber Pakhtunkhwa (TREK)" for promotion of

Responsible Tourism. The initiative includes awareness campaigns for tourists, and training of local communities and businesses on waste minimization, collection and recycling.

We have initiated the roll out of paper straws for our Ready-To-Drink portfolio, which will avoid 400 million plastic straws in 2021 in Pakistan alone. With the launch of this new packaging, Nestlé Pakistan is the first food and beverage company in Pakistan to introduce paper straws for packaged drinks. Our vision is that none of our packaging ends up in landfills nor in oceans, lakes and rivers.

As part of our plans to reduce greenhouse gas emissions, we accelerated the adoption of renewable energy and promoted our approach within our farmers' network. We planted 50,000 trees in partnership with the Clean Green Pakistan movement during the Nestlé Cares Tree plantation campaign in 2020.

In the past year, we have made immense progress on our Caring For Water initiative. With the certification of all our four sites, we are officially the first company in Pakistan to have all its manufacturing sites certified by the Alliance for Water Stewardship (AWS). As part of this journey to steward this precious resource, collectively with our partners, we have installed drip irrigation systems on 152 acres with an annual estimated water saving of 428 million liters. Alongside these activities, we continue to provide clean drinking water to 60,000 of our community members daily at six clean drinking water facilities in our operational areas.

We are proud to be one of the founding members of the Collect and Recycle (CoRe) Alliance. It is the first ever packaging alliance in Pakistan formed with the mission to eliminate packaging waste by enabling formal collection and recycling. CoRe is an alliance joined by the country's leading industry players, recyclers and NGOs.

As we enter 2021, we continue to strive for zero environmental impact in our global operations by 2030, thus helping not only the company to prosper, but the society at large. This approach will help us continue to drive our behaviors, policies and actions in the way we do business with the aim of becoming more sustainable in everything we do, and to ensure we always remain a force for good.

Samer Chedid

Chief Executive Officer

CREATING SHARED VALUE

The health of our Company is intrinsically linked to the health and resilience of the society we operate in; this is why Nestlé's purpose is to unlock the power of food to enhance quality of life for everyone, today and for generations to come.

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

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, we are committed to the stakeholders and the communities for mutual growth and sustainability. We at Nestlé touch billions of lives worldwide, 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 underprivileged communities to working with farmers; from enhancing sustainability and environmental friendliness of our operations to embedding ethical and transparent business practices, CSV is entrenched in the entire value chain of Nestlé.

Our global focus areas are firmly embedded in our purpose. Individuals and families, our communities and the planet are interconnected, and our efforts in each of these areas are supported through our **42 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)**.

INDIVIDUALS & FAMILIES



FOR OUR COMMUNITIES



FOR THE PLANET



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

We are taking steps and introducing various initiatives in our manufacturing units and beyond, to exhibit this Respect for the Future. Nestlé Pakistan is striving towards zero environmental impact of our operations, locally and globally.





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 has a role to play in helping manage and treat diseases and we have teams of researchers focused on how to achieve this.

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







Nestlé for Healthier Kids

Pakistan has been reported to have one of the highest levels of prevalence of child malnutrition compared to other developing countries. A focus on 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 works to improve knowledge about nutrition and promote healthy lifestyles among children in primary schools through healthy eating, encouraging physical activity and other key health measures such as hygiene and hydration. To date, the program has educated more than 250,000 children in rural, sub-urban and urban areas, and has trained over 1,300 teachers on nutrition in 310 schools.

N4HK is making a collective effort with its partners to help address and overcome the nutrition challenge to give the children a happier and healthier future. The program has partnerships nationwide and covers schools across Punjab, Islamabad Capital Territory, Sindh, Khyber Pakhtunkhwa and aspires to reach more areas. The program works in collaboration with 10 educational partners from the development, private and public sector, including Care Foundation, Punjab Workers Welfare Board, Trust For Education & Development Of Deserving Students (TEDDS), Zindagi Trust and The Federal Directorate of Education to name a few. N4HK is a curriculum-based program, comprising of a book designed by Oxford University Press (in both English and Urdu), which provides the basic knowledge on nutrition and encourage physical activity and the intake of a balanced diet.



Testimonials

“Well-nourished children are much more equipped to grow and learn, act as like productive members of the society! Poor nutrition impacts health, education and wellbeing through generations. The teacher trainings and lessons delivered to children during the program are beyond the limits of the classroom as they also influence peers and families and contribute to building a better and healthier society. The program makes a significant contribution in shaping healthy habits of growing generation.”

Ms. Fauzia Nazir

Principal, Punjab Workers Welfare Board Higher Secondary Girls School, Multan

“Balanced nutrition is a critical aspect of a healthy lifestyle, so it’s important to encourage children from an early age to eat a nutritious and balanced diet as it will help them grow and develop optimally and make healthier choices as they become adults. It’s important to educate children about importance of healthy habits and active lifestyle and raise awareness of those who are around children.”

Ms. Shereen Fiza

Public Health, Nutrition and Wellness Trainer

“The worksheets on nutrition awareness and the essay contest campaign were both engaging and impactful educational activities which inspired students to understand and educate themselves on the pertinent issues. The essay contest nurtured a healthy competition amongst the children and during this entire activity they understood the importance of good nutrition and how it contributes towards a healthier immune system by fortifying ones’ protection against any virus.”

Ms. Uzma Adnan

Headmistress, Senior Girls Campus ATH, The Trust School

In Commitment with







Nutrition Support Program

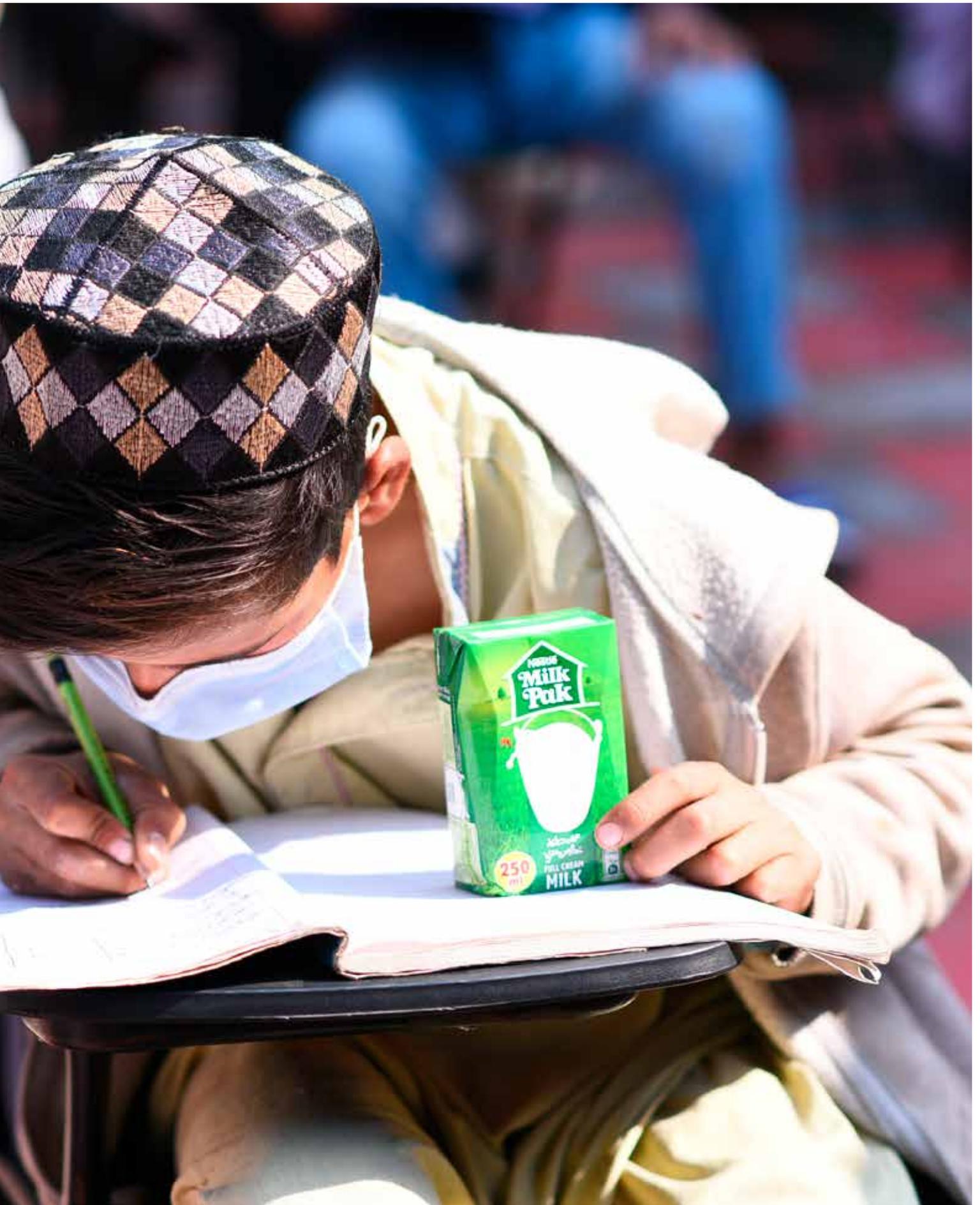
Under the Nutrition Support Program, Nestlé Pakistan regularly provides milk to approximately 20,000 children and underprivileged people who suffer from key micronutrient deficiencies in urban, semi-urban and rural areas. The initiative is geared to support school going children whose parents are unable to provide them with a serving of milk to fulfill their nutritional needs. These schools are selected after giving due consideration of the profile to ensure that the benefits of this program reach those who need it most, the outreach capacity of the company and availability of resources. The 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 playing its role in helping to reduce micronutrient deficiencies globally, by fortifying products with essential micronutrients that combat the impact of such deficiencies on Pakistan's population. In 2020, approximately 3 billion fortified servings were served across the country.

In Commitment with







OUR COMMUNITIES

Helping develop thriving, resilient communities

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

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

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









Nestlé BISP Rural Women Sales Program: 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 6000 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 1500 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 to these women.



This program has shown that economic uplift may 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. We are also empowering these women by improving nutrition knowledge and practices through Nestlé Pakistan’s Healthy Women Program targeting rural women. By successfully running nutrition seminars for these beneficiaries, the program has successfully taught these women the basics of nutrition in an easy-to-understand manner. With the help of visual aids, Nestlé Healthy Women Program has reached out to more than 1700 BISP beneficiaries during these nutrition sessions.



Launched in 23 districts of Pakistan



Over 1500 BISP beneficiaries enrolled as Sales Agents



Total Sales (to-date): PKR 97 Mio



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



Average earning of each Sales Agent as part of this program is PKR 5,000 – 10,000 each month



In Commitment with





Chaunsa Project

Pakistan accounts for 4% of the world’s mango production, and the fruit is the second most cultivated in the country, making it an important contributor to the country’s revenues. Most mango orchards are owned by small growers who lack adequate knowledge and facilities to use modern techniques for cutting, pruning, sanitation, insecticides and fertilizer application and management practices.

Nestlé Chaunsa Project, in partnership with Mango Research Institute (MRI), aims to improve the livelihood of farmers within the Chaunsa Mango sector by strategic CSV intervention through implementation and replication of best farm practices.

Chaunsa Project is a sincere venture where we are training and building the capacity of Chaunsa mango farmers, with the support of our partners. Small mango farmers are equipped with the skills required so they can take advantage of new opportunities in the mango farming sector, including canning and pulping. These best farm practices can help increase the yield and improve the quality of Chaunsa mangoes.

The ultimate objective of the Chaunsa Project is to make these mango growers an integral part of Nestlé’s value chain. 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 due to the implementation of best farm practices.



Juices constitute one of the growth areas of our company, and intervention within its highest volume variant allows for Creating Shared Value. NESTLÉ FRUITA VITALS is the flagship brand within the Nestlé beverages range, made from the highest quality fruits sourced from around the world. We use the best variant of Chaunsa mango pulp as raw material for our premium quality Nestlé Chaunsa juices. As a pilot project, we procured a limited quantity of Chaunsa Mangoes in 2018, and increased the volume in 2019 and 2020, from our project farms thus making these farmers a part of our Value Chain. The success of our Chaunsa Project is a source of encouragement for many other farmers to become a part of the program.

Together with Mango Research Institute, Nestlé Pakistan has also established a demonstration plot of high density and ultra high-density Mango orchard in Multan. The orchard is equipped with a drip irrigation system which helps in water saving and reducing the use of fertilizer to make it environment friendly and economically sustainable. Mango Research Institute has also developed a tunnel for raising Mango saplings which will help researchers develop new plantlets for Mango growers at subsidized rates. The initiative will help in capacity building of Mango growers for a sustainable mango farming business.

In Commitment with





Agriculture Services

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

As part of Nestlé’s continuous effort to enhance farms profitability and quality of raw milk, fruits and cereals, Nestlé Agriculture Services has come out with various initiatives in 2020. It includes continuation of assistance by providing technical guidance in dairy farm mechanization and plantation of high-density fruit orchards. These high-density orchards significantly improved fruit yield while reducing the cost of production.

With a drive to transform traditional dairy farmers into professionals, Nestlé has developed a comprehensive dairy farming extension program to implement advanced farming practices at suppliers’ dairy farms. Nestlé Pakistan conducted “on farm” and virtual trainings by local experts as well as international trainers. Induction of new farms and upgradation of existing farms continued as a result of technical assistance from Nestlé Agriculture Services team.

Nestlé Pakistan has been playing a pivotal role in contributing to agricultural economy through dairy development. Taking the same ambition to the next level, Nestlé Pakistan is contributing to agriculture economy by developing dairy and agriculture input suppliers. These suppliers are linked with farmers to fulfill their farming needs.

Nestlé together with its partners has developed a low-cost soil moisture sensor which helps the farmers to decide when to irrigate their crops. Our initial field studies have shown considerable water saving in irrigation with yield improvement and now in a phase to scale up this initiative.

We are proud to support our farmers with uninterrupted milk collection operation during these challenging times. Our staff, suppliers and milk tanker drivers’ safety was ensured by taking all precautionary measures during milk sourcing activities. Social distancing, provision of masks and hand washing were ensured at each workstation on field. We also continued all types of technical assistance required to farmers during these tough times. By accepting new ways of working, we continued our training programs for the farmer and staff through online training courses.

Knowing the contribution of rural women in the well-being of the family and communities, Nestlé Pakistan has been extending support to women associated with the rural dairy sector in Pakistan including access to financial resources, knowledge and training. Nestlé Pakistan is committed to social and economic equity for the dairy farming community, with a focus on empowering women in rural areas as we believe in diversity in our business and throughout our supply chain.

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

In Commitment with





Community Engagement Program

Nestlé Pakistan believes in maintaining a close relationship with the communities it works and lives with. As a part of our Community Engagement Program and to have a better understanding of the challenges faced by the communities living around our factories, we arrange meetings with key community elders and representatives on a regular basis. The initiative thus offers opportunities for the communities to contribute to and influence outcomes which directly affect their lives. Some of the key projects carried out under the Community Engagement Program include:



Providing Safe & Clean Drinking Water to more than 60,000 people daily



Refurbishment and Construction of Schools



Vocational Training Centre for Women



Support for Public Sector Projects

In Commitment with





Drivers Safety Training Program

The lack of proper knowledge and the absence of safe driving practices and procedures are among the major causes of accidents on highways. Nestlé Pakistan in collaboration with the National Highways and Motorway Police (NH&MP) established the first drivers' training institute near Sheikhpura with the objective of ensuring the safety and well-being of the communities it operates in. The Nestlé-NH&MP Drivers Training Institute is a fully equipped facility that has been providing training under the supervision of experts, not just to the drivers of Nestlé Pakistan and NH&MP, but is also catering for the drivers' training needs of other public and corporate organizations of the country. The entire facility features a driving safety training track, two blocks comprising classrooms and also a high-tech driving simulator. To date, the Drivers Safety Program has trained more than 28,400 drivers including over 6,500 drivers from Nestlé and its 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. We have also expanded the existing initiatives in Karachi with NH&MP's collaboration with the development of another Drivers Training Facility which is catering to the training needs of drivers in the South.



28,400
6,500

Drivers including over

Drivers of Nestlé and its service providers

In Commitment with



GIVING BACK TO
SOCIETY

NESTLÉ IN SOCIETY REPORT 2020

Nestlé Pakistan stepped up its commitment to vulnerable communities by donating

4 million

servings of fortified products to meet the nutritional needs of both affectees and frontline workers from Quetta to Gilgit, in close collaboration with Government and NGOs.

Humanitarian Assistance

At Nestlé, we care deeply for people and for the communities in which we operate, and we believe we have an essential role to play during these challenging times.

Nestlé Pakistan extended support to Pakistan Red Crescent Society (PRCS) for promoting well-being for all age groups during the pandemic particularly, amongst the vulnerable communities in Balochistan and Khyber Pakhtunkhwa (KP). This support helped PRCS to encourage hand-washing practices along with improving access and utilization of essential and quality hygiene aids to vulnerable communities.

Nestlé Pakistan also partnered with National and Provincial Disaster Management Authorities and leading non-governmental organizations Akhuwat Foundation, Saylani Welfare International Trust, Shahid Afridi Foundation, Salman Sufi Foundation, RIZQ etc. to support them in their relief activities.

OVER 4 MILLION SERVINGS OF FORTIFIED PRODUCTS



**EMPLOYEE DONATION
CONTRIBUTION
(1:1 MATCHING BY NESTLÉ)**



PRODUCT SUPPORT TO GOVERNMENT AUTHORITIES AND NGOS





FOR THE PLANET

Stewarding resources for the future generations

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

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

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

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

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





SUSTAINABILITY

Nestlé Pakistan aims to be resilient and to thrive, as that is how we grow. We do not see sustainability as a set of actions or tasks to be done, but rather as an approach we take to running our business that strengthens it. We unlock the power of food to enhance quality of life for everyone, today and for generations to come which is why we are working to accelerate the sustainability agenda.

Our overall sustainability strategy includes 5 major themes: building resilience; improving livelihoods; reducing waste; building trust; and creating impact, and it focuses on 4 pillars:



**CLIMATE
CHANGE**



**SUSTAINABLE
PACKAGING**



**CARING FOR
WATER**



**RESPONSIBLE
SOURCING**

Accelerating adoption of renewable energy

Use of renewable energy sources, for example, solar energy and biogas, in dairy farming, can rationally and economically be cost-effective and provide pragmatic steps toward reducing greenhouse gas (GHG) emissions and achieving several Sustainable Development Goals. It not only reduces the production cost of the dairy farm but also improves livelihood of communities in the country.

Nestlé Agriculture Services encourages and motivates dairy farmers for the use of renewable energy sources. Several solar and biogas units have been installed at various dairy farms with our guidance. Khurshid Khan, one of the farmers, who installed both units of renewable energy, comments, "There is a

significant reduction of fuel and electricity cost at my farm and I recommend other dairy farmers to switch over to renewable energy sources to increase their profitability". Nestlé is accelerating actions to tackle climate change and commits to zero net emissions by 2050. Hence, we are planning to scale up these initiatives in the coming years to absorb more carbon.

Tree Plantation

In partnership with "Clean Green Pakistan" initiative, Nestlé Pakistan has planted more than 50,000 trees during the Nestlé Cares Tree plantation campaign in 2020.

In Commitment with





Clean Hunza Project

One of the five districts in Gilgit-Baltistan, Hunza is located on Karakoram Highway at an altitude of 2500 meters with a population of more than 52,000 people. In recent years, it has become a popular attraction for local and foreign tourists with almost 1.2 million tourists visiting the region in 2018. This influx of tourists has created income generation for the local community but on the other hand, has become a reason for increasing plastic waste in the district. Presently, the waste segregation and management system in the area is managed by Gilgit-Baltistan Waste Management Company (GBWMC) and District Council Hunza. An estimate indicates that more than 200,000 kgs of plastic and paper packaging waste are collected on a yearly basis, which increases in the tourist season. Among other factors of increase, tourists also bring a lot of packaged goods and eventually leave this waste in Hunza after consumption.

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

Clean Hunza Project focuses on waste segregation and recycling system for Hunza by encouraging 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.

We are donating 10,000 reusable bags to the District Council Hunza for further distribution among the communities during 2021. KADO will extend support for awareness initiatives for communities and different stakeholders in the area. The project, which is first of its kind at such a high-altitude residential location, will make a positive environmental impact at both local and national level.

We are accelerating our actions to reduce the environmental impact of various kinds of packaging waste. Our vision is that none of our packaging, including plastics, ends up in landfill nor in oceans, lakes and rivers.

Tackling packaging waste requires a collective approach and we are committed to finding improved solutions to reduce, reuse and recycle. To achieve this, we have set ourselves the commitment of ensuring 100% of our packaging is reusable or recyclable by 2025 and this initiative is a step in that direction.

This project marks Nestlé Pakistan's efforts to reduce the environmental impact of packaging waste by improving its management and recycling.



Donate **10,000** reusable bags



Collect **1000** tons of packaging waste for recycling by 2025



Make **100%** of our packaging recyclable and reusable by 2025

In Commitment with







Khyber Pakhtunkhwa Government, World Bank Group and Nestlé Pakistan join hands for responsible tourism in the province



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

TREK is an initiative under the Khyber Pakhtunkhwa Integrated Tourism Development (KITE) project being implemented in partnership with the World Bank Group. 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 & KP Government is a step in that direction. Nestlé will be driving new behavior and understanding through community engagement, cleanup activities, trainings and connecting waste recycling companies with the local administration.

Prime Minister Imran Khan said, "I would like to give heartfelt congratulations to, Mehmood Khan, Chief Minister Khyber Pakhtunkhwa for his partnership with World Bank and Nestlé Pakistan for a project that I believe was necessary for a really long time."



Environment Preservation



Waste Collection & Management



Promoting Sustainable Tourism



In Commitment with



#ResponsibleTourism



Recyclable 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 and new refill/reuse systems.

Paper Straws

We are introducing 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 will eliminate over 400 million plastic straws in 2021 alone, marking a breakthrough in our sustainable packaging transformation journey. This is in line with the company's global pledge to make its packaging 100% recyclable or reusable by 2025.

Plastic Pallets Project

We are working on an initiative where plastic waste from our site in Sheikhpura is being recycled and turned into plastic pallets. As a first step, the waste is sorted and segregated at the Factory. It is then passed onto the recycler, who sorts and washes it. The waste is then turned into plastic pallets and sent back to our facility. Approximately 12,500 recycled pallets have been inducted in 2020.



In Commitment with





Collect and Recycle Alliance

Nestlé Pakistan has played a leading role in establishing an Alliance called Collect and Recycle, or “CoRe”. It is the first ever packaging alliance in Pakistan formed with the mission to eliminate packaging waste by enabling formal collection and recycling. Joined by the country’s leading industry players, packaging companies, retailers, NGOs and think tanks, CoRe Alliance envisions to work towards a circular economy by reducing packaging footprint through sustainable and innovative practices. It aims to achieve its mission through improving post-consumer usage of packaging waste, creating mass level awareness in this regard and engaging with policymakers and civil society to advocate policies that support a waste free future.

In Commitment with





caring
for
water

Nestlé and its partners

1. Alliance for Water Stewardship

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 with the partnership of WWF 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.

2. Drip Irrigation Project

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) on a 6-acre crop site. This site showcases the best farm practices. In a similar partnership with University of Veterinary and Animal Sciences, Lahore, Nestlé Pakistan has established a site that demonstrates best practices which enhances crop production with

minimum use of water. It has the potential to help save about 20 million liters of water annually.

So far, collectively with our partners, we have installed drip system on 152 acres with an annual estimated water saving of 428 million liters.

3. Water Sense Project

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.

4. Water Education

Through our Water Education Program, we have reached out to 30,000 children and 200 teachers in 30 schools in 2020.

5. Safe & Clean Drinking Water Facilities

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

In Commitment with





“Nestlé Cares” is our Global Employee Volunteer Program that provides 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’s decision. Each volunteer can spend one working day annually on volunteer activities. In partnership with “Clean Green Pakistan” initiative, we planted more than 50,000 trees during the Nestlé Cares Tree plantation campaign during 2020 amid controlled and limited participation.

50,000

Trees planted in 2020



In Commitment with





ENVIRONMENT SUSTAINABILITY IN 2020



Energy Consumption

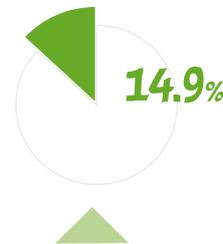
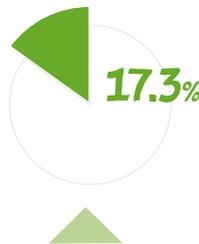


GHG Emissions



Water Consumption

Reduction from 2010



Positive Impact

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

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

Energy, Water Savings and Reduction in Greenhouse Gas Emission Across Our Factory Operations

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

Energy Conserving Proficiency

Energy optimization across operations resulted in reduction of 17.3% GJ per ton from 2010 by optimizing the usage of energy across our sites.

Greenhouse Gas Emissions (GHG)

In 2020, we have invested our time and efforts in identifying opportunities for greenhouse gases optimized usage across the organization. We have successfully executed the most impactful projects and reduced 14.9 % greenhouse gas emissions from 2010 despite different challenges like production volumes and product mix ratio.

Water Operational Efficiency

Water withdrawal per ton of product is reduced by 22.51% as compared to 2010 across our manufacturing units. This water saving is based on the initiatives are taken under the governance of Alliance for Water Stewardship and optimized usage of water.

Environmental Initiatives in Agriculture Services

Nestlé Pakistan has partnered with the Agriculture Department, Government of Punjab, to encourage local farmers to take up drip irrigation. We cover 40% of the farmer's cost of setting up the equipment for drip irrigation while the Punjab government covers the remaining 60% of the expense. We have installed drip on 152 acres with an estimated water saving of 428 million liters annually together with water management department, Government of Punjab. These farms are located in various parts of Punjab.

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

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

Nestlé Pakistan has supported to develop smart soil moisture sensors that read the moisture level of the soil and send regular data updates to farmers to decide when and how much to irrigate the field. Moreover, a software has been developed with the help of Center for Water Informatics and Technology (WIT), LUMS and Waziup (an organization based in Italy) that enables the farmers and the

researchers to see the soil moisture level remotely on their computer screens. The smart sensors can help farmers to save up to 17% water and increase crop productivity by 15%.

Water Conservation Initiatives

After a successful pilot, the water sense project is going to be commercialized by LUMS, which would help farmers save up to 12-20% water savings and increase crop productivity up to 15%. Through introduction of Drip Irrigation System, water can be saved up to 60%. Until 2020, Drip Irrigation system is installed on 152 acres, where Nestlé supported farmers in collaboration with the Government of Punjab.

Reduction of Waste at Source

As a contribution to our global commitment to tackling plastic waste, we have taken initiatives focusing on most preferable techniques of waste management i.e. reduction and recycling of our plastic waste. We have eliminated usage of single use plastics and promoted waste segregation at source by implementation of centralized waste bins on floors. Approximately 12,500 recycled pallets have been inducted in 2020. Adding to the recycling initiatives, 95,000 sq. feet roof of finished product warehouses is covered with corrugated plastic tuff sheets in Sheikhpura Factory. We are extending these initiatives to our manufacturing units and other facilities as well. We also ensure that waste from our sites must be disposed-off properly with our focus on reduce, reuse & recycle and none of the waste ends up in landfill.

In 2020, Nestlé Pakistan has continued and trusted experimentation in packaging optimization. As a result, we have achieved 780 tons of material reduction in packaging which is 10% greater material avoidance than in 2019.

Material Saved	Material Saving (kg)
Flexible laminate	14,000
Corrugated cases	690,000

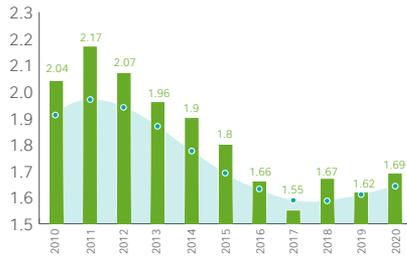
Our continued efforts to improve our environmental performance both in manufacturing and beyond helped us achieve:

In factories:

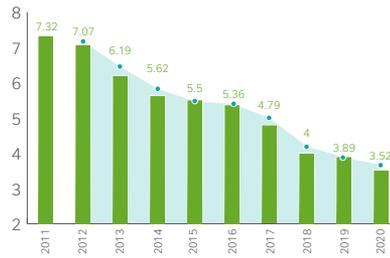
Environmental KPIs are showing positive trends and both GHG and water withdrawal are reduced.



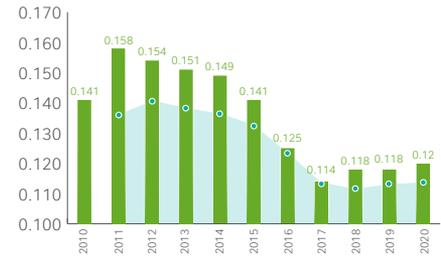
REDUCTION IN PACKAGING MATERIAL
(Tons)



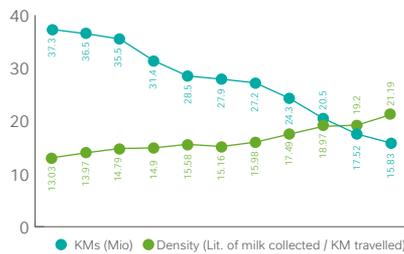
DIESEL CONSUMPTION
(Million Liters)



GREENHOUSE GAS EMISSIONS
(tons CO₂e/ton)



FRESH MILK TRANSPORTATION



CO₂ EQUIVALENT
(Million kg)



WATER CONSUMPTION
(m³/tons)



Plans for 2021

Focus areas for 2021 will be exploring opportunities for more renewable energy sources, responsible disposal of plastic and laminate waste, enhancing incineration with heat recovery to other sites, water and energy conservation as well as R&D for packaging optimization. Nestlé Pakistan is targeting 5% reduction in greenhouse gas emissions and 5% reduction in water consumption per ton of production.

OUR PARTNERS



INDIVIDUALS AND FAMILIES



OUR COMMUNITIES



FOR THE PLANET



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The mark of
responsible forestry