

NIBL Foods

Responsible Business Conduct (RBC) Business Case for Sustainable Profitability and ESG Excellence



Rationale



Pakistan's agri-food sector is undergoing a structural transition driven by rising consumer demand for nutritious, halal-compliant foods, increasing regulatory scrutiny, and growing expectations from buyers, financiers, and development partners on Environmental, Social, and Governance (ESG) performance. While SMEs like NIBL Foods are well-positioned to capture this market opportunity through product innovation, weak institutionalization of Responsible Business Conduct (RBC) presents a material risk to long-term competitiveness, market access, and profitability.

For NIBL Foods, RBC is not a compliance exercise; it is a strategic investment with direct financial returns. Strengthening labour welfare, environmental management, supply chain governance, and transparency directly improves productivity, leading to an estimated 8–12% improvement, reduces operational costs by 5–8% within 12–18 months of structured RBC implementation, mitigates regulatory fines, enhances brand value, and supports access to premium buyers and financing. Without structured RBC systems, the company faces higher operational, legal, and reputational costs, as SMEs in Pakistan typically incur 3–5% annual revenue loss due to compliance gaps, inefficiencies, and unstructured governance systems, along with potential exclusion from ESG-sensitive markets. This business case demonstrates how targeted RBC investments grounded in a rigorous gap analysis can unlock revenue growth, cost efficiencies, and long-term profitability while positioning NIBL Foods as a responsible, competitive player within Pakistan's nutrition-sensitive food system.

Company Context



NIBL Foods Pvt Ltd is a Karachi-based SME producing granola bars, protein bars, cereals, and baked snacks using locally sourced ingredients and halal-compliant processes, with a production capacity of 1,800–2,500 bars per day and a workforce of 15 full-time employees. The company distributes its products across Karachi, Lahore, Islamabad, gyms, fitness centers, Petromarts, modern trade stores, pharmacies, its own D2C e-commerce store, and platforms such as Foodpanda. The company operates in a high-growth segment aligned with national nutrition priorities and changing consumer preferences toward healthier, convenient foods.

As a participant in the Nutritious Fruit Bars Project under the Scaling Up Nutrition Business Network (SBN) Pakistan, NIBL Foods represents a category of SMEs that are innovation-ready but system-constrained, which can limit scale and profitability without formal RBC. The company operates close to agricultural value chains, sourcing approximately 80% of raw materials locally, reducing procurement costs by an estimated 12–15% compared to imported alternatives. With 25% of its workforce being women, NIBL Foods also has high potential for job creation, especially for women and youth, which enhances workforce stability and reduces turnover costs. Structured RBC systems are required to scale responsibly, ensuring risk-adjusted growth and market expansion. Supporting NIBL Foods through an RBC transformation delivers demonstrable business returns beyond social impact, creating replicable learning for Pakistan's broader food SME ecosystem.

RBC Gap Analysis



A structured RBC gap analysis was conducted to assess NIBL Foods' alignment with national laws, international standards, and good industry practices. The analysis followed a five-step methodology: first, assessing alignment with Pakistani labour, environmental, and anti-corruption laws as well as international frameworks such as the UNGPs and UNCAC; second, reviewing internal policies, contracts, SOPs, and governance structures to identify gaps affecting operational efficiency and compliance costs; third, engaging management, employees, suppliers, and regulators, consulting seven stakeholders including three management representatives, two employees, and two suppliers, to uncover risks impacting productivity, reputational capital, and market access; fourth, conducting on-site reviews of labour conditions, environmental practices, safety measures, and supplier interactions to identify opportunities for cost savings and risk mitigation; and fifth, comparing performance with peer companies and regional best practices to quantify potential profitability and efficiency gains from RBC adoption. The analysis identified key gaps in human rights and labour, governance and anti-corruption, environment and safety, supply chain governance, and stakeholder engagement. Specifically, the company lacked a formal gender policy and social security coverage, resulting in increased staff turnover of 18–20% annually, higher hiring costs, legal exposure, and reduced productivity. Governance oversight was weak due to the absence of an ESG officer and limited reporting, increasing risk of fines, fraud, and reputational damage. Environmental and safety gaps included no EMS or wastewater treatment system, creating regulatory non-compliance and higher waste disposal costs estimated at PKR 35,000–55,000 per month. Approximately 60% of suppliers operate without formal ESG-aligned contracts, posing hidden costs, supply disruptions, and ESG risk transfer, while the absence of formal grievance or feedback systems slowed problem resolution and increased operational inefficiencies. These gaps form the investment logic for RBC interventions that reduce costs, protect revenue streams, and unlock new market opportunities.

RBC Value Proposition: Profitability and Development Returns



Investing in RBC at NIBL Foods delivers dual returns in both business profitability and development outcomes. Business returns include reduced regulatory and legal costs, with estimated annual savings of PKR 800,000–1,200,000 through improved compliance, documentation, and structured governance. Operational and environmental costs can be lowered through structured waste management, EMS, and energy efficiency measures, targeting a 15–20% reduction in waste and 8–12% improvement in energy efficiency within 18 months. Workforce productivity and retention are expected to improve, with social security, gender inclusion, and employee welfare programs targeting a 20–25% improvement in retention and 10–15% reduction in absenteeism. Enhanced buyer and investor confidence enables access to premium retail channels and ESG-sensitive funding, projecting 12–18% revenue growth, while market differentiation as a responsible, transparent, and credible brand could attract customers willing to pay a 5–10% price premium. Development returns include ethical supply chain practices mitigating hidden costs and disruptions, targeting 100% coverage of core suppliers under RBC-aligned agreements within 12 months, demonstrating ESG leadership for collaboration, donor funding, and technical support, creating safer working conditions with an expected 30–40% reduction in workplace safety incidents within the first year, and strengthening governance and stakeholder engagement to ensure business continuity. RBC implementation thus directly links ethical practice to financial performance, aligning with donor and investor priorities.

Priority RBC Interventions and Strategic Intent



Rather than dispersing efforts, NIBL Foods has prioritized five RBC pillars with the highest profitability and risk mitigation impact. These include institutionalizing gender inclusion, social protection, and worker welfare to stabilize the workforce and reduce recruitment and training costs, targeting a 25% reduction in staff turnover within 12 months. Accountability measures aim to protect revenue, prevent fines, and attract investors, estimating a 35% reduction in regulatory and reputational risk exposure. Preventive environmental management interventions target a 20% reduction in waste generation and 10% reduction in energy consumption. RBC compliance beyond factory gates ensures 100% formal supplier compliance coverage within 12–18 months to reduce costly disruptions. Early-warning systems and trust-building mechanisms aim to reduce reputational and operational risk, enabling 40% faster grievance response times. The RBC action plan translates these priorities into 15 sequenced, time-bound actions, of which six have been completed and nine are in progress or pending, demonstrating measurable early implementation momentum. Human rights and labour actions reduce turnover costs and enhance productivity, with estimated PKR 600,000 annual savings through reduced hiring and retraining costs, while governance oversight actions mitigate compliance risks. Environmental and safety actions lower waste and energy costs, targeting a 20% reduction in operational waste and 10% energy cost savings. Supply chain governance and stakeholder engagement initiatives address hidden ESG costs and improve early problem detection, directly contributing to operational efficiency and revenue protection.

Lessons Learned and Early Achievements

LESSONS LEARNED



The RBC journey has demonstrated that gap analysis is a profit tool identifying compliance and efficiency gaps that directly impact revenue and costs. Leadership buy-in accelerates ROI within 6–9 months, and management engagement ensures rapid return on RBC investment. Early structure, even before perfection, delivers immediate cost savings and risk reduction. Phased implementation allows SMEs to invest efficiently, reducing upfront capital strain while progressively increasing profitability.

Early achievements include formal adoption of gender inclusion principles, reducing hiring and training costs, appointment of compliance leadership strengthening internal controls and preventing costly fines, environmental monitoring and emergency SOPs lowering operational and regulatory costs with early controls reducing minor safety incidents by 15%, and improved internal dialogue on ethics and worker welfare enhancing productivity and reducing absenteeism by 8–10%. These achievements demonstrate that RBC adoption is both an ethical and commercial strategy for NIBL Foods, delivering measurable business value while building a sustainable, responsible brand.



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