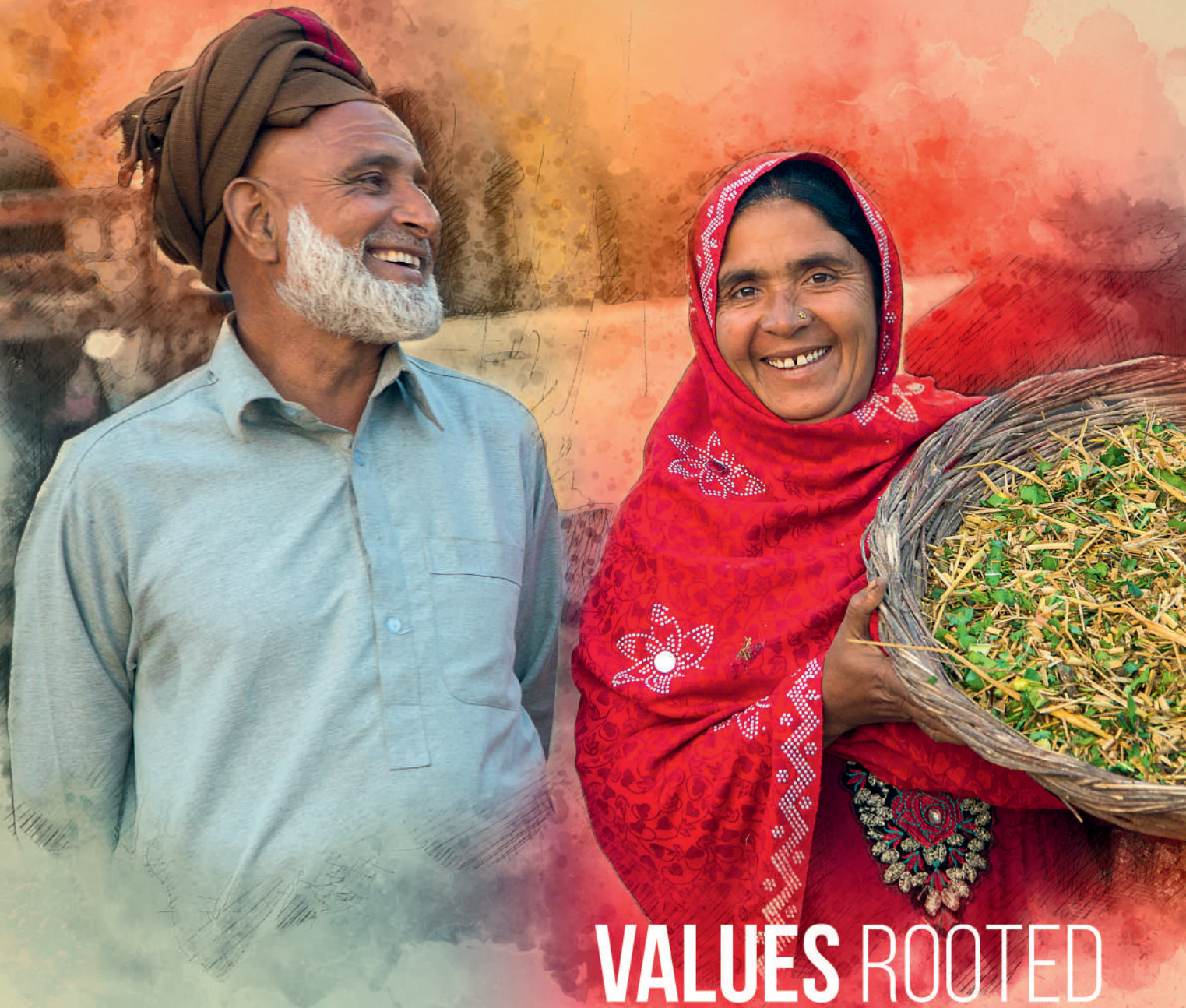




Nestlé

Good Food, Good Life



# VALUES ROOTED IN RESPECT

MANAGEMENT REPORT **2017**



# VALUES ROOTED IN RESPECT

Each of our initiatives has been made successful through strong values, rooted in respect that drives it along, and is the driving force behind our operations. Nestlé Pakistan has always placed its values at the forefront of all our activities, making sure that whatever we do enhances the quality of life for individuals, families, communities and the planet.

This year's report affirms our commitment to paying respect to those values, and motivates us to continue placing our stalwart ideals as the central focus of all our management activities. We envision to continue providing the outstanding quality that Nestlé Pakistan is renowned for, to those that we respect immensely.



## ABOUT THE COVER

Nuzhat and her husband have been supplying milk to Nestlé Pakistan for the past four years, and have steadily grown and improved upon their farm through the best farming practices that they have learned from Nestlé Pakistan's development programs.





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# OUR PURPOSE

Nestlé's purpose is enhancing quality of life and contributing to a healthier future. We want to help shape a better and healthier world. We also want to inspire people to live healthier lives. This is how we contribute to society while ensuring the long-term success of our company.

# OUR AMBITION

Through enhancing quality of life and contributing to a healthier future, we aim to deliver sustainable, industry-leading financial performance and earn trust.

Globally, we have defined three overarching ambitions for 2030 which guide our work and support the achievement of the United Nations Sustainable Development Goals:



Help 50 million children live healthier lives



Help to improve 30 million livelihoods in communities directly connected to our business activities



Strive for zero environmental impact in our operations







# DIRECTORS' REPORT

## TO THE SHAREHOLDERS

The Directors of the Company are pleased to present the Annual Report along with the audited financial statements for the year ended December 31, 2017.

## FINANCIAL PERFORMANCE

During the year 2017, Pakistan's economy continued showing positive signs of improvement on the back of stable currency, better law & order situation and an ease energy crisis. However, the political situation remained fragile throughout the year which resulted in regular disruption of business operations.

Despite the above challenges, the Company reported a top line growth of 8.7% through effective innovation and renovation of our product mix, numeric distribution expansion and investment behind our brands. Furthermore, the optimization of our value chain through Nestlé Continuous Excellence (NCE) initiative and processes helped.

Nestlé Pakistan continues to be committed to enhancing its product base through innovation and renovation which remains an integral part of the Company's vision to positively enhance the quality of life of our consumers. The major new product launches during 2017 included: NESTLÉ MILO Concentrate, NESTLÉ DOCELLO Crème Brulee, NESTLÉ DOCELLO Panna Cotta, NESTLÉ NESVITA MOVE+, NESTLÉ BUNYAD CHOCO, NESTLÉ FRUITA VITALS Exotic Mixes, NESTLÉ PURE LIFE 330ml, NESCAFÉ Classic Sachet, NESTLÉ CERELAC (more nutrition in every spoonful), NESTLÉ LACTOGEN & NESTLÉ LACTOGROW 3 (with DHA), NESTLÉ NAN AR, NESTLÉ NESVITA YOGURT, NESCAFÉ GOLD LATTE and NESTLÉ SJORA.

## SUMMARY OF FINANCIAL PERFORMANCE

PKR Million	2017	2016	Change
Sales	122,215	112,393	+8.7%
Gross Profit margin	36.6%	35.4%	+1.2%
Operating Profit margin	19.3%	17.0%	+2.3%
Net Profit after tax (%)	12.0%	10.5%	+1.5%
Net Profit after tax	14,642	11,847	+23.6%
Earnings per share	322.86	261.23	+23.6%

## KEY FINANCIAL INDICATORS

We are pleased with our value creation progress of 2017. This includes solid operational improvements as well as portfolio management choices.

- Sales grew by PKR 9.8 billion, a growth of 8.7% largely driven by volume.
- We delivered a Gross Margin of 36.6% (+122 bps) on the back of improvement in our product mix and optimization of the value chain through Nestlé Continuous Excellence (NCE).
- Net Profit margin increased by 144 bps on the base of lower operational costs and improved Gross Profit Margin.

## DIVIDENDS

Keeping in view the good financial performance of the Company, the Board of Directors has recommended to pay a final cash dividend of Rs. 80 per share, in addition to the interim cash dividend of Rs.240 per share, which brings the total dividend for the year to Rs. 320 per share for 2017 compared to 425 per share in 2016.

## INVESTMENT PROJECTS

With a market driven approach and commitment to satisfy the needs of our consumers, in 2017 Nestlé Pakistan has made investments of PKR 5.4 billion including expansion & development projects. Highlights are as under:

Project Description	PKR Million
Sheikhupura - Extension and Operational reliability	3,398
Kabirwala - Extension and Operational reliability	864
Water Factories - Extension and Operational reliability	394
Extension of Distribution and Sales facilities	385
Milk collection infrastructure development	64
Others	353

Investments, of approximately PKR 4.7 billion, are planned in 2018, primarily in respect of operational reliability and capacity increase in order to meet consumer demands.





## CORPORATE GOVERNANCE

Nestlé Pakistan is committed to maintaining high standards of good corporate governance without any exception. The Directors are pleased to state that the Company is compliant with the provisions of the Code of Corporate Governance as required by Securities & Exchange Commission of Pakistan (SECP) and formed as part of stock exchange listing regulations. The Statement of Compliance with Code of Corporate Governance is as under.

## STATEMENT OF COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

The Directors confirm that:

- The financial statements prepared by the management of the Company present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- Proper books of accounts of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure therefrom has been adequately disclosed and explained.
- The system of internal control is sound in design and has been effectively implemented and monitored.

- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- The value of investments of employees funds are as follows (PKR millions):

	Audited 2017	Audited 2016
Provident Fund	3,542	3,267
Gratuity Fund	1,709	1,606
Pension Fund	2,729	2,524

- Statements regarding the following are annexed or disclosed in the notes to the accounts:
  - Key financial data for the last six years
  - Pattern of shareholdings
  - Trading in shares of the Company by its Directors, CEO, CFO and Company Secretary
  - Number of Board meetings held during the year and attendance by each director

## EXTERNAL AUDITORS

Messrs. KPMG Taseer Hadi & Company, Chartered Accountants have completed their assignment for the year 2017 and retire at the conclusion of the 40th Annual General Meeting. Being eligible, they have offered themselves for re-appointment.

## HOLDING COMPANY

Nestlé S.A., a Company incorporated in Switzerland (the holding company), holds 26,778,229 ordinary shares representing 59% equity interest in the Company.

## HUMAN RESOURCES MANAGEMENT & EMPLOYEE RELATIONS

In 2017, we continued to spread positive energy across the organization by strengthening our people processes to sustain an edge over competition. Key focus areas included leadership development, capability building, utilization of E-learning platforms and employee relations management for building high performance teams to achieve organizational goals while diversity and commitment to compliance continued to remain at the heart of our agenda.

Few other highlights are:

- 20 universities were targeted for Campus Drives and Job Fairs
- 600 internships were offered
- 21 apprentices were taken on-board
- 27 apprentices were inducted under our program Kero Aitemaad - Women Empowerment Platform
- 97 Female resources were hired
- 9 Management Trainees were inducted
- CV clinics were conducted nationwide for one-on-one career counseling sessions.

Based on the above achievements Nestlé Pakistan has won the award for "Most Preferred Graduates Employer" at the Best Place to Work Award Gala held by Pakistan Society for Human Resources Management (PSHRM).

We focused on Employee Relations through continuous and consistent Employee Engagement sessions, with the purpose of strengthening our relationship with the employees. These activities included Sports



Galas, Connect Sessions, and an Employee Recognition Program. These cross functional and cross sites interaction of employees led to a highly motivated, energized and committed workforce. Moreover, to support the journey of diversity, special drives are underway for differently-abled people where we have on-boarded 10 differently-abled people. Three career fairs were held, and in line with this our sites have been evaluated to modify our facilities to encompass the differently-abled workforce.

Special attention was given to employee careers whereby career coaching clinics were conducted for employees, helping them foresee their future within the company. In this context

- 320 three party People Development and Performance (PDP) sessions were conducted across the organization
- 55 line managers were also trained as career coaches across the market
- 5 Career Clinics were arranged across sites where 100 employees were coached on career growth
- 15 Human Resource Business Partners (HRBPs) were trained on Everyday Coaching utilizing Nestlé Global Coaching Guidelines

These coaches will now conduct their sessions across the company to strengthen coaching culture at Nestlé Pakistan. The key highlights were:

- Business Acumen Development sessions were launched under the Organization Development program.
- People Manager Toolkit & Nestlé Leadership Development Experience were continued during 2017 as major learning initiatives for leadership

development. These programs are designed for capability building of first line managers by deploying tools and concepts in various situations enabling a positive impact on business leading up to total Management Training hours of 50,341.

- LEAN IN Lahore Chapter platform 5 Circle Meetings were conducted where females from across the industry gathered to share stories, experiences, thoughts and ideas on common challenges and ways to manage them.
- 50 Management Connect sessions and 19 Coffee Corners were organized across the organization in order to engage and energize our employees.
- New Performance Management system PDP, was launched with focus on simplicity, coaching & conversations. PDP mobile app was also launched to enable employees to have Check-In conversations on the go. All the learnings from this year will be utilized to further strengthen the performance management system for 2018.

Nestlé Pakistan ensured 100% payroll accuracy and timely disbursement of employees' salaries monthly. To strengthen it further, Nestlé Pakistan implemented swift bank online payment for the first time in Pakistan.

## CREATING SHARED VALUE (CSV) AND COMMUNITY WORK

Nestlé Pakistan, as part of its global and local obligations, believes in Creating Shared Value (CSV) for the communities in which it works and lives. The health of our company is intrinsically linked to the health and resilience

of the society we operate in; this is why Nestlé's purpose is to enhance quality of life and contribute to a healthier future.

Our global focus areas are firmly embedded in our purpose. Individuals and families, our communities and the planet as a whole are interconnected, and our efforts in each of these areas are supported through our 42 specific commitments, the vast majority of which have been reframed and feature objectives to 2020. These commitments will, in turn, enable us to meet our ambitions for 2030 in line with the timescale of the Sustainable Development Goals (SDGs).

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

In 2017, the company continued the "Seeing is Believing" initiative to showcase our Dairy Value chain from Grass to Glass to create advocates among our stakeholders and to make them aware of the quality and safety standards that we adhere to.

The Key CSV initiatives completed during 2017 are:

- Nutrition awareness extended to another 40,000 school children in the rural, suburban and urban areas under Nestlé Healthy Kids Program extending the overall outreach to more than 140,000 kids across the country

- Nestlé Healthy Women, a nutrition awareness programme to motivate young women of age 19-24 years to adopt a healthy lifestyle by educating them about their nutritional needs and its future impact
- Continued product support through Nutrition Support Program for the underprivileged institutions and to the areas affected by natural calamities
- Clean Drinking Water facilities in our operational areas providing clean drinking water to more than 60,000 people on a daily basis
- Alliance for Water Stewardship Certification of Sheikhpura Factory in collaboration with WWF
- Pilot of Water Resource Management Project in partnership with Agriculture Department Punjab
- Endeavoring to achieve the least possible environmental impact throughout its operational stages by complying with environmental laws and regulations
- Continued support, training and advisory services to dairy farmers under our Farmer Support Program
- Continued support for programs involving dairy farmers and rural women for skill enhancement related to dairy and livestock sector
- Entrepreneurship Development Program at Lahore University of Management Sciences (LUMS) and Institute of Business Administration, Karachi (IBA), with a focus on Agri Business Management.

- Continuation of Chaunsa Project in partnership with Agriculture Department Punjab for implementation of best farm practices in the Chaunsa mango sector
- Development of Driver Training Facility at the National Highways & Motorway Police Training Institute, Karachi

## FUTURE OUTLOOK

We will continue to have a positive outlook on growth and earnings, however we do foresee certain external development namely currency risk, volatile political environment, global commodities' cost increases and fiscal pressure which could impact future results. We believe materializing of the China-Pakistan Economic Corridor (CPEC) will open a new and favorable outlook for the Pakistan Economy. Furthermore Nestlé is committed to positively enhance the quality of life of Pakistani people by bringing Nutrition, Health & Wellness products and will continue to drive sustainable, profitable growth on the back of our strong brands, I&R capabilities and operational excellence with the NCE mindset.

Nestlé has a strong foundation, a clear path forward and a bright future! Our journey will be demanding but worthwhile.

## ACKNOWLEDGMENTS

We take this opportunity to thank our valued customers and consumers who have trust in our products and continued to provide sustained support in ensuring the progress of the Company. Nestlé is a fantastic company with a very strong culture. Our people are our greatest strength. We are driven by a

compelling purpose – enhancing quality of life and contributing to a healthier future. We are guided by strong values rooted in respect. Our purpose and our values are the reasons why we all work for Nestlé's success. They are fundamental to everything we do, particularly in times of significant change inside and outside our company,

Nestlé Pakistan, whilst bringing international expertise and standards into its products, processes and manufacturing sites, remains a "Har Dam Pakistani" company, very proud of its achievements in Pakistan.

## FOR AND ON BEHALF OF THE BOARD OF DIRECTORS



**BRUNO OLIERHOEK**

Chief Executive Officer  
Lahore: February 21, 2018



# ڈائریکٹر رپورٹ برائے شیئر ہولڈرز

## مالیاتی کارکردگی کا جائزہ:

PKR Million	2017	2016	تبدیلی
سیلز	122,215	112,393	+8.7%
مجموعی منافع کاراجن	36.6%	35.4%	+1.2%
آپریٹنگ منافع کاراجن	19.3%	17.0%	+2.3%
خالص منافع ٹیکس کے بعد	12.0%	10.5%	+1.5%
خالص منافع ٹیکس کے بعد	14,642	11,847	+23.6%
آمدنی فی شیئر	322.86	261.23	+23.6%

## ڈیویڈنڈ:

الف۔ کمپنی منجھٹ کی جانب سے پیش کی جانے والی فنانسل اسٹیٹمنٹ میں واضح طور پر معاملات کی حالت، آپریٹنگ نتائج، کیش فلو اور لیکویٹی میں تبدیلی کے بارے میں بتایا گیا ہے۔

ب۔ کمپنی کے اکاؤنٹس بکس کی تفصیلات کو درست انداز میں برقرار رکھا گیا ہے۔

ج۔ اکاؤنٹنگ پالیسیز کو متواتر انداز میں فنانسل اسٹیٹمنٹ کی تیاری پر لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینے کی بنیاد معقول اور دانشمندانہ فیصلہ پر مبنی ہے۔

د۔ فنانسل اسٹیٹمنٹ کی تیاری میں انٹرنیشنل فنانسل رپورٹنگ اسٹینڈرڈز جو پاکستان میں لاگو ہوتے ہیں کی پیروی کی گئی ہے اور اس کے انحراف کو مناسب انداز میں ظاہر اور بیان کیا گیا ہے۔

ح۔ اندرونی کنٹرول کا نظام مضبوط ہے اور اس کی عملداری اور نگرانی کو موثر انداز میں ترتیب دیا گیا ہے۔

ف۔ کمپنی کے جاری رہنے پر کوئی واضح شکوک نہیں ہیں۔

ک۔ کمپنی کا کارپوریٹ گورننس کی پریکٹسز سے انحراف نہیں کیا گیا جیسا کہ لسٹنگ ریگولیشن میں درج کیا گیا ہے۔

ل۔ ایسپانز فنڈز کے لئے سرمایہ کاری کی ویلیو درج ذیل ہے (پی کے آر ملین)

Audited 2016	Audited 2017
3,267	3,542
1,606	1,709
2,524	2,729

م۔ ذیل سے متعلق اسٹیٹمنٹ اکاؤنٹس کے نوٹس سے منسلک ہیں۔

- بچھلے چھ سال کے اہم مالیاتی اعداد و شمار
- شیئر ہولڈنگ کا پیرٹن
- ڈائریکٹرز، ای امی ایف اور کمپنی سیکریٹری کی جانب سے کمپنی کے شیئرز میں ڈیٹنگ
- سال میں ہونے والی بورڈ میٹنگ کی تعداد اور ہر ڈائریکٹر کی حاضری

کمپنی کے ڈائریکٹرانس کے لئے یہ بات باعث خوشی ہے کہ وہ 31 دسمبر 2017 کو ختم ہونے والے سال کی سالانہ رپورٹ بشمول آڈٹ فنانسل اسٹیٹمنٹ پیش کر رہے ہیں۔

## مالیاتی کارکردگی:

سال 2017 میں اپنی مستحکم کرنسی، بہتر امن وامان، توانائی کی بہتر صورتحال، مستحکم سیاسی نظام اور مسلسل کم ہوتی ہوئی افراط زر کی بنا پر پاکستانی معیشت میں خاصی بہتری آئی ہے۔ تاہم ہم ابھی تک ایک غیر یقینی ماحول میں کام کر رہے ہیں جس میں کاروبار میں کبھی بھی خلل واقع ہو سکتا ہے۔

مندرجہ بالا مشکلات کے باوجود، کمپنی نے موثر جدت، پروڈکٹس میں تجدید، نویمک ڈسٹری بیوٹن ایکسٹنشن اور برینڈز میں سرمایہ کاری کے ذریعے 8.7% کا سیلز میں اضافہ کیا۔ اس کے علاوہ، Nestlé Continuous Excellence (NCE) کے اقدامات اور طریقوں سے ویلیو چین میں بہتری لائی گئی۔

سال 2017 میں جوئی پراڈکٹس متعارف کرائی گئیں ان میں نیسلے مائیکلو کنسنٹرٹ، نیسلے ڈبیلو کریمے برولی، نیسلے ڈبیلو پائنا کوٹا، نیسلے نیسو مائو ٹلس، نیسلے بنیاد چوک، نیسلے فروٹا، اگلز ایکٹو، نیسلے پیورلائف 330ml نیسلے کا سبک سائے، نیسلے سیریلیک (مور نیوٹریشن ان اوری اسپون فل) (ہرچج میں بھر پور غذا انیت)، نیسلے لیکو جن، اینڈ نیسلے لیکو گروٹھری (DHA کے ساتھ)، نیسلے نان اے آر، نیسلے نیسو مائو یوگورٹ، نیسلے گولڈ لائٹ اور نیسلے جورا شامل ہیں۔

## اہم مالیاتی اشارے:

- ہمیں خوشی ہے کہ اپنی تخلیقی قابلیت سے 2017 میں ہم نے ترقی کی، یہ سب شخص حکمت عملی اور اعلیٰ نظام کے انتخاب کی وجہ سے ممکن ہوا۔
- سیلز میں 9.8 بلین روپے کا اضافہ ہوا جبکہ 8.7 فیصد شرح نمو میں اضافہ بنیادی طور پر حجم کی وجہ سے ممکن ہوا۔
- ہم نے 36.6 فیصد (+122bps) مجموعی مارجن حاصل کیا، جو کہ مصنوعات کے مجموعے اور بہترین کارکردگی Nestlé Continuous Excellence (NCE) کے ذریعے ویلیو چین کی بھرپور صلاحیت سے ممکن ہوا۔
- خالص منافع کی شرح میں (144bps) کا اضافہ آپریٹنگ لاگت میں کمی اور مجموعی منافع کے مارجن میں بہتری کی وجہ سے ہوا۔

## کارپوریٹ گورننس:

نیسلے پاکستان بغیر کسی استثنیٰ کے کارپوریٹ گورننس کے بہترین معیار کا عزم کئے ہوئے ہے۔ ڈائریکٹرز کے لئے یہ بات باعث خوشی ہے کہ کمپنی نے ایس ای سی پی کے قواعد کو مد نظر رکھتے ہوئے کوڈ آف کارپوریٹ گورننس کی دفعات اور اسٹاک ایکسچینج کی لسٹنگ کے قواعد و ضوابط پر عمل پیرا ہے۔ کوڈ آف کارپوریٹ گورننس کی کمپنی کی اسٹیٹمنٹ درج ذیل ہے۔

## کارپوریٹ گورننس کوڈ کی کمپلائنس اسٹیٹمنٹ:

ڈائریکٹرز نے تصدیق کی ہے کہ:

## اہم CSV اقدامات جو 2017 کے دوران مکمل ہوئے درج ذیل ہیں:

- Nestlé Healthy Kid پروگرام کے تحت دیہی، قصبوں اور شہری علاقوں میں غذائی شعور مزید چالیس ہزار (40,000) اسکول کے بچوں کو منتقل کیا گیا جبکہ پورے ملک میں کل ایک لاکھ تیس ہزار (130,000) بچوں کو اس شعور سے متعارف کروایا گیا۔
- Nestlé Healthy Women جو کہ انیس سے چوبیس سال کی خواتین کے لئے غذائیت کے شعور کو اجاگر کرنے کا پروگرام ہے تاکہ انہیں صحت مند طرز زندگی سے روشناس کرایا جاسکے۔
- یوٹریشن سپورٹ پروگرام جو کہ کم ترقی یافتہ اور قدرتی آفات سے متاثر علاقوں کی بہتری کا پروگرام ہے، کے ذریعے پروڈکٹ سپورٹ کو جاری رکھا۔
- شیخوپورہ فیکٹری میں (ڈبلیو۔ ڈبلیو۔ ایف) کے تعاون سے الائنس فار واٹر اسٹیورڈ شپ اسٹینڈرڈ کا اطلاق کیا گیا۔
- ہمارے آپریشنل ایریا میں رواں ہمارے ساتھ ہزار افراد کو پینے کا صاف پانی دینے کو یقینی بنایا گیا۔
- ماحولیاتی قوانین اور ضابطوں پر عمل پیرا ہوتے ہوئے اپنے آپریشنز کے ہر قدم پر پریکوشن کی گئی کے ماحول پر اس کے کم سے کم اثرات مرتب ہوں۔
- فارمر سپورٹ پروگرام کے تحت ڈیری فارمرز کو تعاون تربیت و معاشرتی سہولیات کی فراہمی جاری رکھی۔
- ڈیری اور مویشی منڈیوں میں لگاتار ایسے پروگرامز منعقد کئے جاتے ہیں جن سے ڈیری کسان اور دیہی خواتین کے ہنر کو مزید اجاگر کیا جائے

- چونہ آسم کے منصوبے کے تسلسل کو آگے بڑھاتے ہوئے، چونہ آسم کے شعبہ میں زرعی اداری پنجاب کے ساتھ شراکت داری میں بہترین کا شکاری کے نظام کو لاگو کر دانا۔
- IBA اور LUMS میں ایگری بزنس منیجمنٹ کے حوالے سے انٹر پرائیوٹ ڈیولپمنٹ پروگرام کا انعقاد۔
- نیشنل ہائی وے اور موٹر پولیس ٹریننگ انسٹیٹیوٹ کراچی میں ڈرائیوروں کی ترقی اور تربیت کی سہولیات فراہم کرنا۔

## مستقبل کا نظریہ:

ہم اس مثبت نظریے کے ساتھ اپنی ترقی اور پیداوار کو جاری رکھیں گے، البتہ ہم کچھ یقینی بیرونی تبدیلیاں دیکھ سکتے ہیں جیسے کرنی رسک، غیر مستحکم سیاسی ماحول، عالمی منڈی میں اشیاء کی قیمتوں میں اضافہ اور مالی دباؤ جو کہ آنے والے وقت کے نتائج پر اثر انداز ہو سکتا ہے۔

ہمیں یقین ہے کہ (سی پیک) CHINA-PAKISTAN ECONOMIC CORRIDOR منصوبہ پاکستانی معیشت اور مستقبل کے لئے بہت فائدہ مند ثابت ہوگا۔ مزید برآں نیپلے پاکستان عوام کے معیار زندگی کو بہتر غذائیت، صحت اور تندرستی سے بہتر کرنے کے لئے بہتر پروڈکٹس فراہم کرنے کے لئے پرعزم ہے اور اپنے اس مشن کو مضبوط اور منافع بخش پائیدار برانڈ I&R کی صلاحیت اور آپریشنل مہارت کی بنا پر این سی ای (NCE) کی طرز پر ترقی کے ساتھ جاری رکھے گا۔

نیپلے کی بنیادیں مضبوط، واضح راستہ اور روشن مستقبل ہے۔ ہمارا سفر مشکل لیکن قابل قدر ہے۔

## اظہار تشکر:

ہم اپنے معزز کسٹمرز اور صارفین کا شکریہ ادا کرتے ہیں جنہوں نے ہماری پروڈکٹس پر اعتماد کیا اور کمپنی کی ترقی میں مسلسل ہماری مدد کی۔ نیپلے مضبوط تہذیب اور ثقافت کی وجہ سے ایک بہترین ادارہ ہے، ہمارے لوگ ہماری زبردست طاقت ہیں۔

ہم ایک خاص مقصد پر عمل پیرا ہیں، زندگی کے معیار کو بڑھانے سے لے کر صحت مند مستقبل میں شامل حال ہیں۔

ہمیں اپنے مضبوط اقدار کے احترام سے ہی رہنمائی ملتی ہے، ہمارا مقصد اور ہماری اقدار اس بات کی دلیل ہیں کہ ہم نیپلے کی کامیابی کے لئے کام کرتے ہیں، اور یہی ہمارے کام کا بنیادی جز ہے کہ ہم ہر اندرونی و بیرونی مشکل حالات کا سامنا بخوبی کر لیتے ہیں۔

نیپلے پاکستان بین الاقوامی مہارت اور مہار کو اپنی پروڈکٹس، طریقہ کار اور مینو فیکچرنگ سائنس میں شامل کرتے ہوئے "ہر دم پاکستانی" کمپنی رہا ہے اور پاکستان میں اپنی کامیابیوں پر فخر محسوس کرتا ہے۔

منجانب: بورڈ آف ڈائریکٹرز



بروٹو اولیئر ہونگ  
لاہور: 21 فروری 2018



## بیرونی آؤٹریز:

میسرز کی پی ایم جی تا شیر ہادی اینڈ کمپنی چارٹرڈ اکاؤنٹنٹ نے 2017 کے اپنے اسائنمنٹ کو مکمل کیا ہے اور چالیس سالانہ جنرل مینٹنگ کے اختتام پر ریٹائر ہونے پر اہل ہونے کی بنا پر انہوں نے دوبارہ تقرری کے لئے درخواست دی ہے۔

## ہولڈنگ کمپنی:

ٹیسٹل۔ ایس۔ اے (ہولڈنگ کمپنی) سوئٹزرلینڈ میں رجسٹرڈ ہے۔ جس کے پاس 26,778,229 عموئی شیئرز ہیں جو کمپنی میں 59 فیصد کوئی انٹرسٹ کی عکاسی ہے۔

## ہیومن ریسورس مینجمنٹ اینڈ ایمپلائمنٹ:

ہم نے 2017 میں لوگوں کو تربیت فراہم کرنے کے عمل کو جاری رکھا تاکہ مقامی کمپنیوں پر سبقت باقی رکھی جاسکے۔ جن شعبوں پر ہم نے زیادہ توجہ دی ان میں ایڈز شپ ڈیولپمنٹ، استعداد کاری میں اضافہ، ایمپلائز کے تعلقات میں بہتری کے لئے انتظامی مقاصد کے حصول کے لئے اعلیٰ کارکردگی کی حامل ٹیم کی تشکیل دی تاکہ تنوع اور عملداری پر سے وابستگی ہمارے بنیادی ایجنڈا میں شامل ہے تاکہ تنظیمی مقاصد حاصل کئے جاسکیں۔

چند مندرجہ جھلکیاں 2017 کی درج ذیل ہیں:

- 15 یونیورسٹیوں کو کمپس ڈرائیو اور جاب فیئر کے لئے منتخب کیا گیا۔
- 600 کوارنٹین کی پیشکش کی گئی۔
- 21 طلباء کو یونیورسٹی میں شمولیت دی گئی۔
- 27 افراد کو یونیورسٹی پر وگرام "کروا تھو دمن ایمپلائمنٹ پلیٹ فارم" کے تحت ملازمت دی گئی۔
- 9 مینجمنٹ ٹریننگ بھرتی کئے گئے۔
- 97 خواتین کو ملازمت دی گئی۔

"ون آن ون" کیریئر کا ڈسٹنکٹ کے لئے ملک بھر میں CV کلینکس منعقد کروائے گئے۔

مندرجہ بالا کامیابیوں کی وجہ سے ہی ٹیسٹل پاکستان کو "موسٹ پرفیورنگ ریجنیوٹس ایمپلائز" کے ایوارڈ سے نوازا گیا جو کہ پاکستان سوسائٹی آف ہیومن ریسورس مینجمنٹ (پی۔ ایس۔ ایچ۔ آر۔ ایم) نے برنس اکیڈمی ڈیولپمنٹ کو آرگنائزیشنل ڈیولپمنٹ پروگرام کے زیر اثر متعارف کرایا گیا۔

ایمپلائز کی گنجشٹ سیشنز کے ذریعے ہماری توجہ ہمدردی آپس کے تعلقات پر ہوتی ہے، اسی لئے ملازمین کو مشغول رکھنے کے لئے متواتر اور لگاؤ تارابی تقریبات کا انعقاد کیا جاتا ہے جن سے ملازمین اور ہمارے درمیان روابط کو فروغ ملے، جیسے اسپورٹس گالا، کلینک سیشنز اور ایمپلائز ریلیکیشن پروگرام، ان مختلف سرگرمیوں اور علاقوں سے ملازمین کا کافی زیادہ پرجوش اور کام کرنے کے جذبے سے سرشار ہوجا ہے۔ اس کے علاوہ کمپنی کے اس جدا گانہ سفر میں معذور افراد کے لئے خصوصی منصوبہ بھی متعارف کیا گیا جس کے تحت دس معذور افراد کو ملازمت دی گئی۔

ہماری توجہ ملازمین کے آپس کے میل جول پر ہوتی ہے اسی لئے ملازمین کو مشغول رکھنے کے لئے متواتر اور لگاؤ تارابی تقریبات کا انعقاد کیا جاتا ہے جن سے ملازمین کے درمیان باہمی رشتے، ناتے اور روابط کو فروغ ملے۔

تین کریمز میلوں کے انعقاد کی روشنی میں ہماری جگہوں کا تعین کر کے معزور/ مجزوب افراد کی قوت کے لئے تیار کیا جائے۔

ملازمین کے مستقبل کو خاص توجہ دی گئی ہے جس کے نتیجے میں ایمپلائز کی کریمز کلینک منعقد کئے گئے ہیں، ان کی مدد کرنا کہ وہ اپنے بہتر مستقبل کا خود اندازہ لگا سکیں۔ اسی تناظر میں:

چند مندرجہ جھلکیاں 2017 کی درج ذیل ہیں:

- 320 تھری پارٹی (پی۔ ڈی۔ پی) لوگوں کی ترقی اور کارکردگی کے کمپنی بھر میں نشستوں کا اہتمام کیا گیا۔
- 55 لائن منیجرز کو راکٹ کے لئے تربیت دی گئی تاکہ مستقبل کی رہنمائی کر سکیں
- 5 کریمز کلینکس مختلف مقامات پر انعقاد کیا گیا تاکہ سو سے زائد ملازمین کے بہتر مستقبل کی رہنمائی کی جاسکے۔
- 15 انسانی وسائل کے کاروباری حصہ داروں (ہیومن ریسورس برنس پارٹنرز) کو بھی ٹیسٹل کو چنگ گائیڈ لائنس کے تحت روزمرہ کی تربیت دی گئی۔

اس تربیتی عملے نے کمپنی میں تربیتی سیشنز کا اہتمام کیا جس سے ٹیسٹل پاکستان میں تربیتی ماحول کو فروغ ملا۔

## قابل توجہ نکات:

- برنس اکیڈمی ڈیولپمنٹ کو آرگنائزیشنل ڈیولپمنٹ پروگرام کے زیر اثر متعارف کرایا گیا۔
- بیٹیل فیکٹری لوکٹ اور ٹیسٹل لیڈر شپ ڈیولپمنٹ اکیڈمیز کو 2017 میں بھی جاری رکھا گیا تاکہ لیڈر شپ ڈیولپمنٹ کے لئے زیادہ سے زیادہ سیکھا جاسکے۔ یہ مذکورہ پروگرام اسی لئے ترتیب دئے گئے تاکہ فرسٹ لائن منیجرز کی صلاحیتوں کو مزید بہتر کیا جاسکے، اور انہیں ان ٹولز اور کانٹینٹس کی مدد سے مختلف صورتحال سے گزارا جائے جس سے کاروبار پر مثبت اثرات مرتب ہوئے جس کی وجہ سے مینجمنٹ ٹریننگ آرڈر 50,341 تک پہنچے۔

لین ان "لاہور چیپٹر کے پلیٹ فارم سے پانچ مکمل منیجرز کی مینٹنگز کو منعقد کیا گیا، جس میں پوری صنعت سے وابستہ خواتین کو اکٹھا کیا گیا، جہاں انہوں نے اپنے تجربات اور خیالات کا اظہار کیا اور درپیش عام چیلنجز سے نمونہ آواز مانے کے لئے تلاش کئے۔

پچاس مینجمنٹ کلینک سیشنز اور پوری کمپنی میں ایف ایس کافی کارنر بھی منعقد کئے گئے، تاکہ ایمپلائز کو ان کا تازہ کاریا جائے اور جریگری کی جاسکے۔

- نئی کارکردگی اور کھٹ عملی کے نظام (پی۔ ڈی۔ پی) کو متعارف کرایا گیا جس میں وضاحت، تربیت اور بات چیت کو مرکز بنایا گیا۔
- پی۔ ڈی۔ پی موبائل ایپ کو بھی اسی لئے متعارف کرایا گیا تاکہ ملازمین چیک ان کر کے

ایک دوسرے سے بات کر سکیں، اس سال تک کئے گئے ہنر کو 2018 میں مزید بہتری کے لئے استعمال کیا جائے گا۔

ٹیسٹل پاکستان اس بات کی سرفیصلہ یقین دہانی کرتا ہے کہ ملازمین کی ماہانہ تنخواہیں درست اور بروقت ادا کی جائیں اس بات کو مزید تقویت دینے کے لئے پاکستان میں پہلی بار ٹیسٹل پاکستان نے سوئیٹف بینک آن لائن بینکس کا نظام متعارف کروایا ہے۔

## کرپٹنگ شیئر ڈیولپمنٹ CSV اور کیو بی ورک:

ٹیسٹل پاکستان عالمی اور مقامی فیصلہ سمجھتے ہوئے اس بات پر یقین رکھتی ہے کہ معاشرے میں کرپٹنگ شیئر ڈیولپمنٹ (سی ایس ڈی) خاص طور سے جہاں وہ رہتے ہیں اور کام کرتے ہیں۔ ہماری کمپنی کی اندرونی ساخت کا تعلق معاشرتی تندرستی اور صحت سے وابستہ ہے، اسی لئے ٹیسٹل کا مقصد ہے زندگی کے معیار کو بہتر بنانے اور صحت مند مستقبل مہیا کرے۔

وہ علاقے جو عالمی توجہ کا مرکز ہیں ہمارے منصوبوں کا خاص حصہ ہیں اور جسے افراد اور خاندان بھی۔ ہمارا معاشرہ، لوگ اور ہماری پوری کائنات آپس میں جڑے ہوئے ہیں، ان علاقوں میں ہماری کوشش کو تقویت ملتی ہے، جس کے ذریعے یہ پالیسی مخصوص عزائم ہیں، ہماری اکثریت کو سن 2020 تک خصوصی مقاصد کے تحت بنایا جائے گا۔ یہ عزائم بے لگن دو ہزار تیس کے لیے وقت کے ساتھ ساتھ ہماری رہنمائی کریں گے جو کہ Sustainable Development Goals (SDGs) ہیں۔

اپنے صارفین کو معیاری پروڈکٹس کی فراہمی سے لے کر اپنے ملازمین کے لئے کام کا بہترین اور مصفاہ ماحول فراہم کرنے تک اپنے پارٹنرز اور خام مال فراہم کرنے والوں سے لے کر Responsible Sourcing Model کو لاگو کرنے کے لئے کوششیں بلڈنگ اور مکمل معلومات کی فراہمی تک محروم بلڈنگ امداد سے لے کر چھوٹے کسان کے ساتھ شراکت تک اپنے آپریشنز کی ماحول دوستی اور پائیداری سے لے کر شفاف اور اخلاقی کاروباری ضابطہ تک سی ایس ڈی پوری ویلویو چین کو اپنے اندر سمیٹے ہوئے ہے۔

2017 میں کمپنی نے "Seeing is believing" جیسے اقدام کا آغاز کیا تاکہ (Grass to glass) ڈیری ویلویو چین کو منظر عام پر لایا جاسکے تاکہ ہمارے اسٹیک ہولڈرز اس بات سے آگاہ رہیں کہ ہم ان کے لئے معیار اور تحفظ کا کتنا خیال رکھتے ہیں اور وہ ہمارے ترجمان ہیں۔

# ANNEXURE TO DIRECTORS' REPORT

## ON CORPORATE GOVERNANCE

### BOARD OF DIRECTORS' MEETINGS

During the year under review, the Board of Directors had the following meetings:

Number of Board Meetings held for the financial year = 4

Date of Meeting	Time	Place
22-Feb-17	11:00 AM	308-Upper Mall, Lahore.
18-Apr-17	10:00 AM	308-Upper Mall, Lahore.
22-Aug-17	11:00 AM	308-Upper Mall, Lahore.
24-Oct-17	10:30 A.M	308-Upper Mall, Lahore.

Detail of attendance of Directors at Board meetings is summarised below:

Name of Directors	Date of Appointment	No. of Meetings Attended
Syed Yawar Ali	15.07.2016	4
Bruno Boris Olierhoek	15.07.2016	4
Syed Babar Ali	15.07.2016	4
Syed Hyder Ali	15.07.2016	3
Osman Khalid Waheed	15.07.2016	3
John Martin Miller	15.07.2016	3
Juan Aranols	15.07.2016	4
John Davis	15.07.2016	4
Naveed A. Khan (resigned w.e.f. September 01, 2017)	15.07.2016	3
Amr Rehan	01.09.2017	0

### ROLE AND RESPONSIBILITIES OF THE CHAIRMAN AND THE CHIEF EXECUTIVE

The role of the Chairman and the Chief Executive are segregated and they have distinct responsibilities. The Chairman of the Board has responsibilities and powers vested in him by law and the Articles of Association of the Company, as well as duties assigned to him by the Board. In particular, the Chairman coordinates the activities of the Board and

presides over the meetings of the Board of Directors and Shareholders.

The Managing Director is the Chief Executive Officer of the Company and is responsible for the day-to-day operations and conduct of its business in accordance with the powers vested in him by law, the Articles of Association of the Company and authority delegated to him through the Board of Directors' resolutions from time to time. The Managing Director recommends policy and strategic direction and annual business plans for the Board of Directors' approval and is responsible for exercising the overall control, discretion, administration and supervision for

sound and efficient management and conduct of the business of the Company.

### AUDIT COMMITTEE

The Audit Committee comprises three members including the Chairman of the Committee, who is an Independent Director. Two members are Non-Executive Directors. The terms of reference of the Committee, which is in line with the Code of Corporate Governance, has been presented and approved by the Board of Directors.

The Audit Committee held four meetings in 2017. The Chief Financial Officer, Internal Auditors as well as External Auditors were invited to the meetings.

### HUMAN RESOURCE AND REMUNERATION COMMITTEE

The Company has established this Committee in accordance with requirements of the Code of Corporate Governance. All issues of remuneration are fully disclosed, deliberated and decided at the meetings of the Directors.

### STRATEGIC PLANNING

The Company's strategic direction was reviewed at the meeting of the Directors. A process has been put in place whereby long term Market Business Strategies and Annual Operational Plans established by the Management are regularly reviewed by the Directors in line with the Company's overall business objectives. Part of the process involves the setting of measurable Key Performance Indicators (KPIs).



# REVIEW REPORT BY THE CHAIRMAN

It gives me immense pleasure to present this report to the shareholders of Nestlé Pakistan Limited pertaining to the overall performance of the Board and the effectiveness of its role in attaining the Company's aims and objectives.

Company has implemented a strong governance framework supportive of an effective and prudent management of business matters which is regarded as instrumental in achieving long-term success of the company.

During the year, the Board Committees continued to work with a great measure of proficiency. The Board as a whole has reviewed the Annual Report and Financial Statements, and is pleased to confirm that in its view the report and financial statements, taken as a whole, are fair, balanced, and understandable.

The Board carries out a review of its effectiveness and performance each year, on a self-assessment basis. The Board Performance assessment for the year was based on an evaluation of the integral components i.e. Strategic Planning, Board Composition, Board Committees, Board Procedures, Board Interactions, Board and CEO's Compensation, Board Information and Board & CEO's Effectiveness.



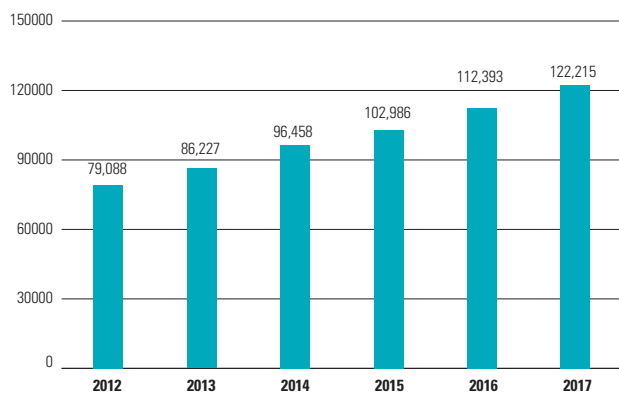
**SYED YAWAR ALI**

Chairman

# COMPANY PERFORMANCE 2017

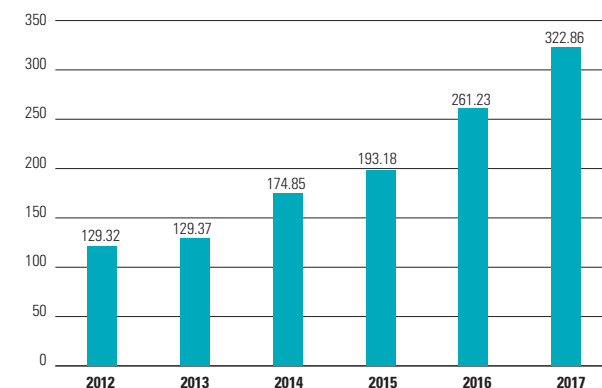
## SALES

Rs. in million



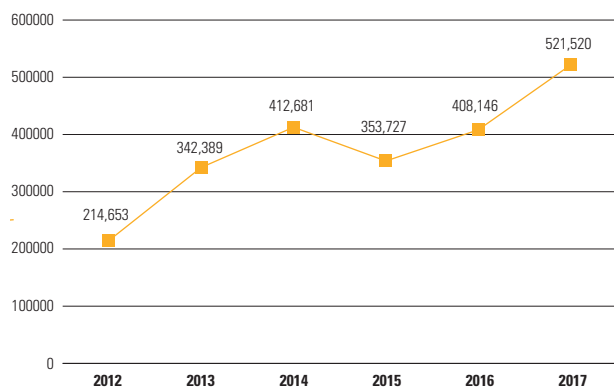
## EARNINGS PER SHARE

Rupees



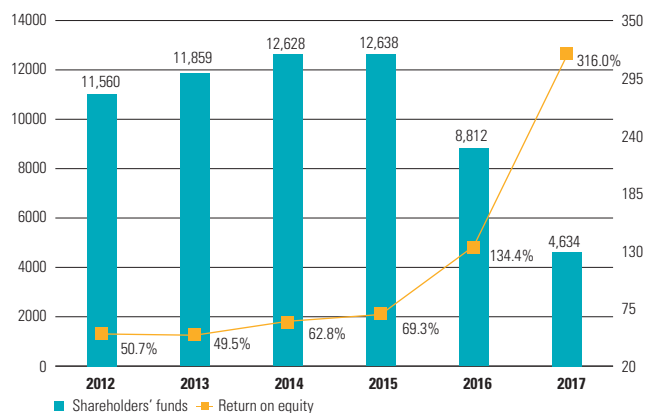
## MARKET CAPITALISATION

Rs. in million



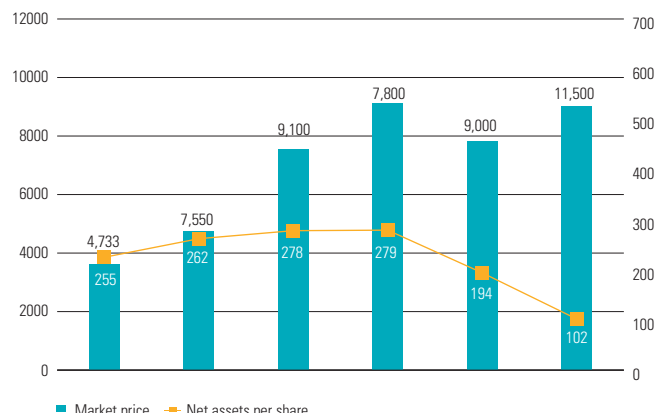
## RETURN ON EQUITY

Rs. in million



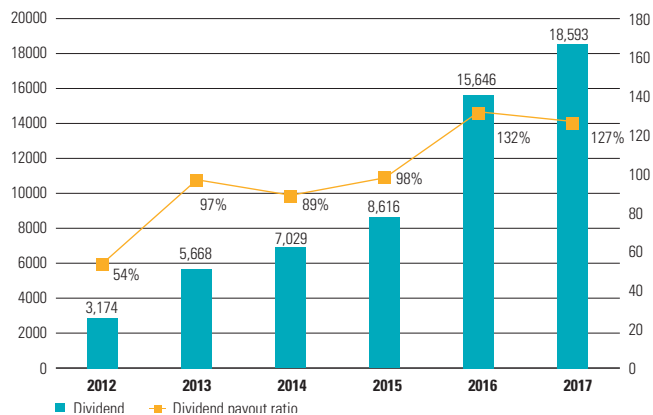
## MARKET PRICE PER SHARE VS. NET ASSETS PER SHARE

Rupees



## DIVIDEND PAYOUT RATIO

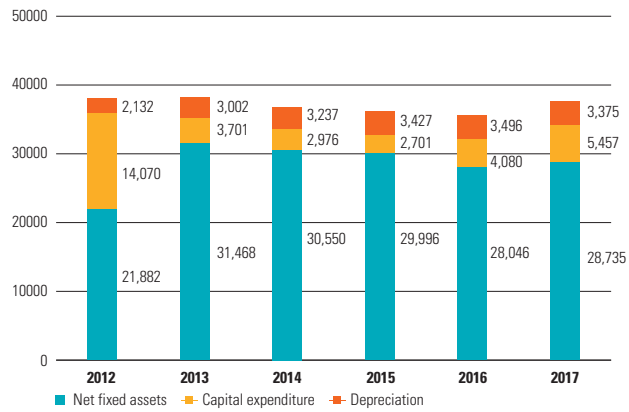
Rs. in million





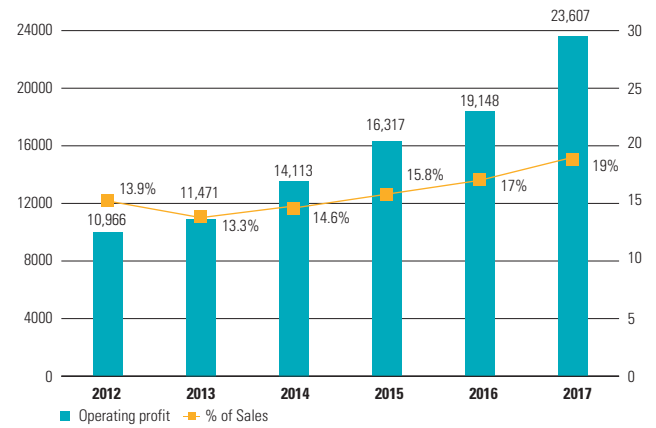
## NET FIXED ASSETS, FIXED CAPITAL EXPENDITURE AND DEPRECIATION

Rs. in million



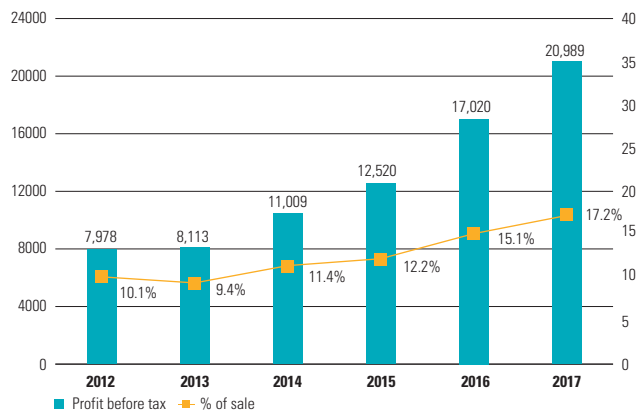
## OPERATING PROFIT

Rs. in million



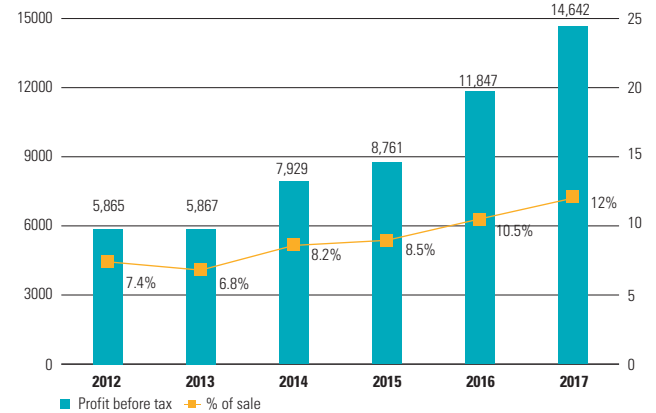
## PROFIT BEFORE TAX

Rs. in million



## PROFIT AFTER TAX

Rs. in million



# STATEMENT OF WEALTH CREATION AND ITS DISTRIBUTION

(Rupees in 000)	2017		2016	
<b>WEALTH GENERATED / VALUE ADDED:</b>				
Net turnover including sales tax	136,192,915		124,605,458	
Less: Purchased materials and services	(80,439,070)		(77,949,348)	
Value Added	55,753,845		46,656,110	
Other Income	345,140		394,753	
Wealth Created	56,098,985	100%	47,050,863	100%
<b>WEALTH DISTRIBUTION:</b>				
<b>TO EMPLOYEES:</b>				
Salaries, benefits and other costs	10,898,099	19.4%	9,948,560	21.1%
<b>TO GOVERNMENT:</b>				
Income tax, sales tax, excise & custom duty, WWF, WPPF	21,914,086	39.1%	16,716,657	35.5%
<b>TO SOCIETY AND DEVELOPMENT INITIATIVES:</b>				
Donations and CSR Projects	16,210	0.0%	49,717	0.1%
*Dairy Development (Non-business returns)	199,013	0.4%	227,417	0.5%
<b>TO PROVIDERS OF CAPITAL:</b>				
Dividend to Shareholders	18,593,329	33.1%	15,645,608	33.3%
Mark-up/ interest expenses on borrowed funds	1,095,630	2.0%	959,005	2.0%
<b>TO COMPANY:</b>				
Depreciation and amortisation	3,382,618	6.0%	3,503,899	7.4%
	56,098,985	100.0%	47,050,863	100%

\* This represents contribution of the Company towards development of the society and dairy sector in Pakistan.



# KEY FINANCIAL DATA

SIX YEARS AT A GLANCE

(Rupees in million)	2017	2016	2015	2014	2013	2012
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## Operating performance

- Sales	122,215	112,393	102,986	96,458	86,227	79,088
- Gross profit	44,756	39,783	34,127	27,324	24,161	21,523
- Operating profit	23,607	19,148	16,317	14,113	11,471	10,966
- Profit before tax	20,989	17,020	12,520	11,009	8,113	7,978
- Profit after tax	14,642	11,847	8,761	7,929	5,867	5,865

## Balance Sheet

- Net assets	4,634	8,812	12,638	12,628	11,859	11,560
- Reserves	4,181	8,359	12,184	12,174	11,406	11,107
- Operating fixed assets	28,735	28,046	29,996	30,550	31,468	21,882
- Net working capital	15,026	13,460	6,066	6,288	4,767	3,120
- Long term liabilities*	13,562	8,942	11,487	11,326	22,429	19,351

## Investor information for six years

- Gross profit ratio	37%	35%	33%	28%	28%	27%
- Operating profit ratio	19%	17%	16%	15%	13%	14%
- Profit before tax ratio	17%	15%	12%	11%	9%	10%
- Profit after tax ratio	12%	11%	9%	8%	7%	7%
- Inventory turnover ratio	5.8 : 1	7.0 : 1	7.2 : 1	7.8 : 1	7.8 : 1	7.7 : 1
- Total assets turnover ratio	2.2 : 1	2.2 : 1	2 : 1	1.9 : 1	1.7 : 1	1.8 : 1
- Price earning ratio	35.6	34.5	40.4	52.1	58.4	36.6
- Return on capital employed	153%	122%	61%	55%	27%	31%
- Market value per share	11,500	9,000	7,800	9,100	7,550	4,733
- Debt equity ratio	82 : 18	58 : 42	53 : 47	61 : 39	68 : 32	69 : 31
- Current ratio	0.6 : 1	0.6 : 1	0.7 : 1	0.7 : 1	1 : 1	0.8 : 1
- Interest cover ratio	20.2 : 1	18.7 : 1	9.5 : 1	6.5 : 1	4.9 : 1	5.4 : 1

\* Long term liabilities include current portion classified under current liabilities

# PATTERN OF SHAREHOLDING

AS AT DECEMBER 31, 2017

No. of Shareholders	From	Shareholding	To	Total Shares Held
410	1	to	100	12,804
175	101	to	500	45,985
79	501	to	1,000	59,359
87	1,001	to	5,000	187,207
20	5,001	to	10,000	156,137
4	10,001	to	15,000	47,909
2	15,001	to	20,000	36,978
4	20,001	to	25,000	93,541
3	35,001	to	40,000	113,406
1	40,001	to	45,000	40,023
1	45,001	to	50,000	45,372
1	50,001	to	55,000	54,910
1	55,001	to	60,000	56,807
2	75,001	to	80,000	153,180
2	80,001	to	85,000	163,504
1	100,001	to	105,000	100,556
2	120,001	to	125,000	242,022
1	210,001	to	215,000	210,865
1	220,001	to	225,000	224,720
1	365,001	to	370,000	370,000
1	370,001	to	375,000	375,000
1	385,001	to	390,000	387,334
1	425,001	to	430,000	42,802
1	430,001	to	435,000	430,551
1	535,001	to	540,000	538,235
1	830,001	to	835,000	830,467
1	1,155,001	to	1,160,000	1,157,944
1	1,195,001	to	1,200,000	1,200,000
1	1,290,001	to	1,295,000	1,294,334
2	1,330,001	to	1,366,000	2,700,239
1	2,445,001	to	2,450,000	2,449,248
1	4,360,001	to	4,365,000	4,364,666
1	26,775,001	to	26,780,000	26,778,229
812				45,349,584

# CLASSIFICATION OF SHARES BY CATEGORIES

AS AT DECEMBER 31, 2017

CATEGORIES OF SHAREHOLDERS	NUMBERS	SHARES HELD	PERCENTAGE
Directors and their spouse(s) and minor children	6	2,028,213	4.47
Executives	10	790	0.00
Associated Companies, undertakings and related parties	7	35,577,642	78.45
NIT	1	1,480	0.00
ICP	0	-	0.00
Financial Institution	1	38,214	0.08
Insurance Companies	4	7,305	0.02
Modraba Companies	0	-	0.00
Funds	2	101,245	0.22
Investment Companies	0	-	0.00
Joint Stock Companies	15	5,619	0.01
Charitable Trust	6	17,405	0.04
Foreign Investors	13	1,322,386	2.92
General Public (Individual)			
a. Local	710	5,780,298	12.75
b. Foreign	0	-	0.00
Public Sectors Companies & Corporations	3	441,167	0.97
Others	34	27,820	0.06
Totals	812	45,349,584	100.00

## Shareholders holding 5% or more

Nestlé S. A.	26,778,229	59.05
IGI Insurance Limited	4,364,666	9.62
Packages Limited	3,649,248	8.05



# KEY SHAREHOLDING AND SHARES TRADED

AS AT DECEMBER 31, 2017

NAME OF SHAREHOLDER	NUMBER OF SHARES	PER %	
ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES			
NESTLÉ S. A.	26,778,229	59.05	
IGI INSURANCE LIMITED	4,364,666	9.62	
PACKAGES LIMITED	3,649,248	8.05	
GURMANI FOUNDATION	538,235	1.19	
ZARAI TARAQIATI BANK LIMITED	430,551	0.95	
NATIONAL MANAGEMENT FOUNDATION	224,720	0.50	
INDUSTRIAL TECHNICAL & EDUCATIONAL INSTITUTE	21,666	0.05	
TRUSTEES NESTLÉ PAKISTAN LTD EMPLOYEES PROVIDENT FUND	878	0.00	
	8	36,008,193	79.40
MUTUAL FUND			
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	100,556	0.22	
CDC - TRUSTEE AKD INDEX TRACKER FUND	689	0.00	
	2	101,245	0.22
DIRECTORS AND THEIR SPOUSE(S) AND MINOR CHILDREN			
SYED BABAR ALI	1,365,956	3.01	
SYED HYDER ALI	428,052	0.94	
SYED YAWAR ALI	23,220	0.05	
OSMAN KHALID WAHEED	60	0.00	
PERWIN BABAR ALI (WIFE OF SYED BABAR ALI)	210,865	0.46	
SYEDA NIGHAT ALI (WIFE OF SYED YAWAR ALI)	60	0.00	
	6	2,028,213	4.47
EXECUTIVE			
EMPLOYEES OF THE COMPANY	10	790	0.00
PUBLIC SECTOR COMPANIES			
EMPLOYEES OLD AGE BENEFITS INSTITUTION	10,560	0.02	
NATIONAL BANK OF PAKISTAN	56	0.00	
	2	10,616	0.02
BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON-BANKING FINANCE COMPANIES, INSURANCE COMPANIES, TAKAFUL, MODARABAS AND PENSION FUNDS			
	39	73,339	0.162
SHAREHOLDERS HOLDING 5% OR MORE			
NESTLÉ S. A.	26,778,229	59.05	
IGI INSURANCE LIMITED	4,364,666	9.62	
PACKAGES LIMITED	3,649,248	8.05	
DETAIL OF PURCHASE / SALE OF SHARES BY DIRECTORS / COMPANY SECRETARY EXECUTIVES AND THEIR SPOUSES / MINOR CHILDREN DURING THE YEAR 2017:NIL			

# STATEMENT OF COMPLIANCE

WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED DECEMBER 31, 2017

This Statement is being presented to comply with the Code of Corporate Governance (CCG) as contained in Regulation No. 5.19.24 of listing regulations of Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the CCG in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. The Board includes the following members as of December 31, 2017:

#### **Independent Director**

1. Mr. Osman Khalid Waheed

#### **Executive Directors**

1. Mr. Bruno Boris Olierhoek
2. Mr. John Micheal Davis
3. Mr. Amr Rehan

#### **Non-Executive Directors**

1. Mr. Syed Yawar Ali
2. Mr. Syed Babar Ali
3. Mr. Syed Hyder Ali
4. Mr. John Martin Miller
5. Mr. Juan Jose Aranols Campillo

The Independent Director meets the criteria of independence under clause 5.19.1. (b) of the CCG.

2. The Directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).

3. All the resident Directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a broker of a Stock Exchange, has been declared as a defaulter by that Stock Exchange.
4. A casual vacancy occurring on the Board on September 01, 2017 was filled up by the Directors on the same day.
5. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
6. The Board has developed a Vision/ Mission Statement, overall Corporate Strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions including appointment and determination of remuneration and terms and conditions of employment of

the CEO, other Executive and Non-Executive Directors, have been taken by the Board/ Shareholders.

8. The Meetings of the Board were presided over by the Chairman and, in his absence, by a Director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The Minutes of the Meetings were appropriately recorded and circulated.
9. The Board of the Company is already in compliance with the requirements of the Directors' Training Program as stated in clause 5.19.7 of the listing regulations; accordingly, no training was arranged during the year.
10. There was no new appointment of Chief Financial Officer/ Company Secretary/ Head of Internal Audit made during the year.
11. The Directors' Report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

12. The Financial Statements of the Company were duly endorsed by the CEO and CFO before approval of the Board.
13. The Directors, CEO and Executives do not hold any interest in the shares of the Company other than that disclosed in the Pattern of Shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has formed an Audit Committee. It comprises of three Non-Executive Directors. The Chairman of the Committee is an Independent Director.
16. The Meetings of the Audit Committee were held at least once in every quarter prior to approval of Interim and Final Results of the Company and as required by the CCG. The Terms of Reference of the Committee have been formed and advised to the Committee for compliance.
17. The Board has formed a Human Resource and Remuneration Committee. It comprises of three members, of whom two are Non-Executive Directors and the Chairman of the Committee is a Non-Executive Director.
18. The Board has set up an effective Internal Audit function which is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company.
19. The Statutory Auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by the ICAP.
20. The Statutory Auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the Auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'Closed Period', prior to the announcement of Interim/ Final Results, and business decisions, which may materially affect the market price of the Company's securities, was determined and intimated to the Directors, Employees and Stock Exchange.
22. Material / price sensitive information has been disseminated among all market participants at once through the Stock Exchange.
23. The Company has complied with the requirement relating to maintenance of register of persons having access to inside information by the designated senior management officer in a timely manner and maintained proper record including the basis for inclusion and exclusion of names of persons from the said list.
24. We confirm that all other material principles enshrined in the CCG have been complied with.



**BRUNO BORIS OLIERHOEK**

Chief Executive Officer

Lahore: February 21, 2018



# REVIEW REPORT TO THE MEMBERS

## ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Nestlé Pakistan Limited ("the Company") for the year ended 31 December 2017 to comply with the requirements of Listing Regulation no. 5.19 of the Rule Book of Pakistan Stock Exchange Limited where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not, and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As a part of our audit of financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval of its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price, and recording proper justification for using such alternate pricing mechanisms. We are only required and have ensured compliance of the requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended 31 December 2017.



**KPMG Taseer Hadi & Co.**

Chartered Accountants

(Bilal Ali)

Lahore

February 21, 2018

# BOARD OF DIRECTORS

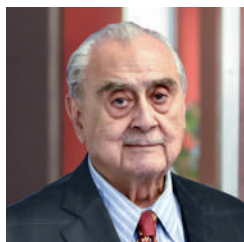
AS ON DECEMBER 31, 2017



**Syed Yawar Ali**  
*Chairman – Non-Executive Director*  
Nationality: Pakistani  
Term Expires: 15-Jul-19



**Bruno Boris Olierhoek**  
*Managing Director – Executive Director*  
(Nominee of Nestlé S.A.)  
Nationality: Dutch  
Term Expires: 15-Jul-19



**Syed Babar Ali**  
*Non-Executive Director*  
Nationality: Pakistani  
Term Expires: 15-Jul-19



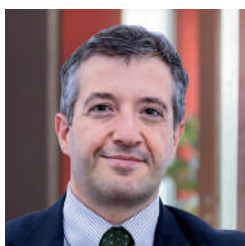
**Syed Hyder Ali**  
*Non-Executive Director*  
Nationality: Pakistani  
Term Expires: 15-Jul-19



**Osman Khalid Waheed**  
*Independent Director*  
Nationality: Pakistani  
Term Expires: 15-Jul-19



**John Martin Miller**  
*Non-Executive Director*  
(Nominee of Nestlé S.A.)  
Nationality: British  
Term Expires: 15-Jul-19



**Juan Aranols**  
*Non-Executive Director*  
(Nominee of Nestlé S.A.)  
Nationality: Spanish  
Term Expires: 15-Jul-19



**John Davis**  
*Executive Director*  
(Nominee of Nestlé S.A.)  
Nationality: New Zealander  
Term Expires: 15-Jul-19



**Amr Rehan**  
*Executive Director*  
(Nominee of Nestlé S.A.)  
Nationality: Egyptian  
Term Expires: 15-Jul-19

## OFFICERS

**Bruno Boris Olierhoek**  
Chief Executive Officer

**John Davis**  
Chief Financial Officer

**Ali Sadozai**  
Company Secretary

**Jehanzeb Ahmed**  
Head of Internal Audit

## AUDIT COMMITTEE

**Osman Khalid Waheed**  
Chairman / Independent Director

**Syed Hyder Ali**  
Member / Non-Executive Director

**Syed Babar Ali**  
Member / Non-Executive Director

**Jehanzeb Ahmed**  
Secretary / Head of Internal Audit

## HUMAN RESOURCE AND REMUNERATION COMMITTEE

**Syed Babar Ali**  
Chairman / Non-Executive Director

**Syed Hyder Ali**  
Member / Non-Executive Director

**Bruno Boris Olierhoek**  
Member / Executive Director

**Akmal Saeed**  
Secretary / Head of Human Resources

# COMPANY DIRECTORY

## REGISTERED AND CORPORATE OFFICE

Nestlé Pakistan Limited  
308 – Upper Mall,  
Lahore - 54000, Pakistan.  
PABX: (042) 111 637 853  
Fax: (042) 35789303-4

Corporate Office Annex

- 304 – Upper Mall,  
Lahore, Pakistan.
- 309 – Upper Mall,  
Lahore, Pakistan

## RESIDENT CORPORATE OFFICE

Tenancy # 2, 4th Floor,  
Corporate Office Block  
Dolmen City,  
Plot no HC-3 Block 4 Clifton  
Karachi, Pakistan  
Phone: (021)-35291571-5

## AUDITORS

K.P.M.G. Taseer Hadi & Co.  
Chartered Accountants

## SHARE REGISTRAR / TRANSFER AGENT

Central Depository Company of Pakistan Limited  
Share Registrar Department  
CDC House, 99-B, Block 'B'  
S.M.C.H.S. Main Shahra-e-Faisal  
Karachi - 74400  
Phone: 0800-25275  
PABX: (021) 111-111-500  
Fax: (021) 34326053  
Email: info@cdcpak.com  
Website: www.cdcpakistan.com

## LEGAL ADVISORS

Chima & Ibrahim.  
Advocates  
Corporate Counsel

## BANKERS

Citibank N.A.  
Deutsche Bank A.G.  
Habib Bank Limited  
MCB Bank Limited  
Standard Chartered Bank (Pakistan) Limited  
United Bank Limited  
National Bank of Pakistan Limited  
Allied Bank Limited  
Meezan Bank Limited

## FACTORIES

### SHEIKHUPURA

29-km Lahore - Sheikhupura Road,  
Sheikhupura, Pakistan.  
Phone: (056) 3406615-29  
Fax: (056) 3406639

### KABIRWALA

10-km, Khanewal Road, Kabirwala,  
District Khanewal, Pakistan.  
Phone: (065) 111 637 853  
Fax: (065) 2411432

### ISLAMABAD

Plot No. 32, Street No. 3, Sector I-10/3,  
Industrial Area Islamabad, Pakistan.  
Phone: (051) 4445991-3

### KARACHI

Plot No. A23, North Western  
Industrial Area, Port Qasim Karachi, Pakistan.  
Phone: (021) 34720152-4

## REGIONAL SALES OFFICES

### SOUTH ZONE

#### QUETTA

63-B-D, Chaman Housing Scheme, Opp. Askari  
Park, Quetta, Pakistan.  
Phone: (081)-2834887, (081)-2821543,  
(081)-2823946

#### HYDERABAD

House No. 178, Block 'C' Unit 2  
Latifabad, Hyderabad, Pakistan.  
Phone: (022)-3860403

## CENTRE ZONE

### LAHORE

3 K, Commercial Plaza, Model Town  
Extension, Lahore, Pakistan  
Phone: (042)-35916650 -2

### GUJRANWALA

3rd Floor, State Life Building  
G.T Road  
Gujranwala, Pakistan  
Phone: (0553)-251801-2

### FAISALABAD

6/C, Al Fahad Plaza, Koh-e-Noor City,  
Jaranwala Road, Faisalabad, Pakistan  
Phone: (041)-8719131 -2

### MULTAN

Plot 5- D, 1st Floor, Phase I, Industrial Estate,  
Multan, Pakistan  
Phone: (061) -653 6501 -5

## NORTH ZONE

### ISLAMABAD

Plot 102, Chambeli Road, Industrial Area, I-10/3,  
Islamabad, Pakistan  
Phone: (051)-4104400

### JHELUM

House No. 5/155 Sabir Road,  
Jhelum Cantt, Jhelum, Pakistan.  
Phone: (0544)-720004

### PESHAWAR

2nd Floor, JB Towers, University Road, Peshawar  
Pakistan.  
Phone: (091)-5703014, 5703017, 5703018



# NOTICE OF MEETING

Notice is hereby given that the 40th Annual General Meeting of Nestlé Pakistan Ltd. will be held at 09:00 am on April 16, 2018 at 304 – Upper Mall, Lahore, to transact the following business:

## ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Accounts of the Company for the year ended December 31, 2017 together with the Directors' and Auditors' reports thereon.
2. To appoint Auditors for the term ending at the conclusion of the next Annual General Meeting and to fix their remuneration. The retiring Auditors M/s. KPMG Tasser Hadi & Co. Chartered Accountants being eligible have offered themselves for re-appointment.
3. To approve payment of Final Cash Dividend of Rs. 80/- per share, i.e. 800% to those who are Shareholders as at the close of business on April 06, 2018, in addition to the 2400% Interim Cash Dividend (i.e. Rs. 240 per share) already paid during the year 2017, as recommended by the Directors.

## ANY OTHER BUSINESS

4. To transact any other business with the permission of the Chair.

### BY ORDER OF THE BOARD



**Ali Sadozai**  
Company Secretary  
March 16, 2018

## NOTES

1. Share Transfer Books of Nestlé Pakistan Limited ("Company") shall remain closed from April 09, 2018 to April 16, 2018 (both days inclusive) and no transfer will be registered during that time. Share transfer deeds received in order with the Share Registrar of the Company, i.e. Central Depository Company of Pakistan

Limited, Share Registrar Department, CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahra-e-Faisal, Karachi-74400 at the close of business on April 06, 2018 will be treated in time for entitlement of payment of Final Cash Dividend.

2. A member entitled to attend and vote at the Annual General Meeting ("Meeting") is entitled to appoint another member as a proxy to attend and vote on his/ her behalf. In case of a corporate entity, being a member, may appoint as its proxy any of its official or any other person, whether a member of the Company or not, through Board Resolution/ Power of Attorney.
3. The instrument appointing a proxy must be duly stamped/ signed and witnessed, and must be received at the Registered Office of the Company at 308-Upper Mall, Lahore, not later than forty eight (48) hours before the Meeting.
4. Shareholders whose shares are registered in their account/sub-account with Central Depository System (CDS) are requested to bring their original CNIC along with their account number in the CDS and the participant's ID number for verification. In case of appointment of proxy by such account holders, it must be accompanied with the participant's ID number and Account/Sub-account number along with attested photocopies of the CNIC or the Passport of the beneficial owner. Representatives of Corporate Members should bring the usual documents required for such purposes.
5. Members should quote their Folio / CDS Account number in all correspondence with the Company and at the time of attending the Annual General Meeting.
6. Shareholders are requested to notify the change of address, Zakat Declaration and Tax Exemption Status with its valid certificate, if any, immediately to our Share Registrar.

7. In case of joint holders, only one member whose name will appear as the main title shareholder in our list of shareholders, will be allowed to attend the General Meeting.

### Special Notes to the Shareholders:

#### 8. Withholding of Payment of Dividend - Submission of Copies of CNIC (Urgent & Mandatory)

The Securities & Exchange Commission of Pakistan (SECP) vide its SRO 779 (I)/2011 dated August 18, 2011, SRO 831(I)/2012 dated July 5, 2012 and SRO 19 (I)/2014 dated January 10, 2014 has made it mandatory that the dividend warrants should bear the Computerized National Identity Card (CNIC), National Identity Card for Overseas Pakistanis (NICOP) of the registered member or Authorized person, except in the case of minor(s) and corporate members. Therefore, SECP vide its letter no. EMD/233/574/02-417 Dated October 18, 2016 has allowed Nestlé Pakistan Limited to withhold all future dividends of those shareholders who have not yet provided their valid attested copies of CNICs.

The Shareholders are once again requested to provide a valid copy of their CNIC to the Company or Share Registrar and Transfer Agent enabling the Company to comply with the directions issued by SECP Vide above referred SROs.

#### 9. DEDUCTION OF INCOME TAX FROM DIVIDEND UNDER SECTION 150 OF INCOME TAX ORDINANCE 2001

The Government of Pakistan through the Finance Act, 2017 has made an amendment in Section 150 of the Income Tax Ordinance, 2001 ("Ordinance"), whereby, different rates are prescribed for deduction of withholding tax on the amount of the dividend paid by the Companies.

The current withholding tax rates are as under:

- (a) For Filers of Income Tax Returns: 15.00%
- (b) For Non-Filers of Income Tax Returns: 20.00%

To enable the Company to make tax deduction on the amount of Cash Dividend @ 15.00% instead of 20.0%, all the shareholders whose names are not entered into the Active Tax-payers List (ATL) provided on the website of the Federal Board of Revenue ("FBR"), despite the fact that they are Filers, are advised to make sure that their names are entered into the ATL before the date of issuance of Dividend Warrants, otherwise tax on their Cash Dividend will be deducted @ 20.0%.

The Corporate Shareholders having a CDC account are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificates to the Company or Company's Share Registrar and Share Transfer Agent, M/s. Central Depository Company of Pakistan Limited.

The shareholders while sending NTN or NTN certificates, as the case may be, must quote the Company name and their respective Folio Numbers. As per FBR's clarification, the valid Exemption Certificate under Section 159 of the Ordinance is mandatory to claim exemption of withholding tax under Clause 47B of Part-IV of the Second Schedule to the Ordinance. Those who fall in the category mentioned in the above Clause must provide a valid Tax Exemption Certificate to our Shares Registrar; otherwise tax will be deducted on the dividend amount as per rates prescribed in Section 150 of the Ordinance.

For shareholders holding their shares jointly as per the clarification issued by the FBR, withholding tax will be determined separately on "Filer/ Non-Filer" status of the Principal Shareholder as well as Joint-holder(s) based on their shareholding proportions. Therefore, all shareholders who hold shares jointly are required to provide shareholding proportions of the Principal Shareholder and Joint-holder(s) in respect of shares held by them to the Company's Share Registrar and Share Transfer Agent in writing as follows:

FOLIO / CDC ACCOUNT NO.	TOTAL SHARES	PRINCIPAL SHAREHOLDER		JOINT SHAREHOLDER(S)	
		NAME AND CNIC NO.	SHAREHOLDING PROPORTION (NO. OF SHARES)	NAME AND CNIC NO.	SHAREHOLDING PROPORTION (NO. OF SHARES)

#### 10. PAYMENT OF CASH DIVIDEND THROUGH ELECTRONIC MODE (MANDATORY)

Under the provisions of Section 242 of the Companies Act, 2017, it is mandatory for a Listed Company to pay cash dividend to its shareholders ONLY through electronic mode directly into the bank account designated by the entitled shareholders. In order to receive dividends directly into their bank account, shareholders are requested to fill in the **ELECTRONIC CREDIT MANDATE FORM** available on the Company's website and send it duly signed along with a copy of their CNIC to the Share Registrar of the Company (CDC) in case of physical shares.

In case shares are held in the CDC, the **ELECTRONIC CREDIT MANDATE FORM** must be submitted directly to the shareholder's broker/participant/ CDC account services.

#### Electronic Mandate Form for Physical Shareholders

Folio Number	
Name of Shareholder	
Title of Bank Account	
International Bank Account Number (IBAN)	
Name of Bank	
Name of Bank Branch and address	
Cellular and Landline Number of Shareholder	
CNIC/NTN number (Attach copy)	
Signature of Shareholder	

**In case of non-submission of an IBAN, the Company will withhold the payment of dividends under Companies (Distribution of Dividends) Regulations, 2017.**

#### 11. UNCLAIMED DIVIDENDS AND SHARES (IMPORTANT & MANDATORY)

Shareholders of the Company are hereby informed that as per the record, there are some unclaimed/ uncollected /unpaid dividends and shares. Shareholders who could not collect their dividends/shares are advised to contact the Nestlé Share

Registrar (CDC) to collect/enquire about their unclaimed dividend or shares, if any. In compliance with Section 244 of the Companies Act, 2017, after having completed the stipulated procedure, of three (3) years or more from the date due and payable, shall be deposited to the credit of Federal Government in case of unclaimed dividend and in case of shares, shall be delivered to the Securities & Exchange Commission of Pakistan (SECP).

#### 12. E-VOTING

Pursuant to SECP S.R.O. No. 43(I)/2016 dated January 22, 2016, members can also exercise their right to vote through e-voting by giving their consent in writing at least 10 days before the date of meeting to the Company on the appointment by the Intermediary as a Proxy.

#### 13. CONSENT FOR VIDEO CONFERENCE FACILITY

As allowed by SECP vide Circular No. 10 of 2014 dated May 21, 2014 and Companies Act 2017, members can avail the video conference facility for this Annual General Meeting, at Lahore and Karachi provided the Company receives consent from the members holding in aggregate 10% or more shareholding, residing at above mentioned locations, at least 7 days prior to the date of the meeting. Subject to the fulfillment of the above conditions, members shall be informed of the venue 5 days before the date of the General Meeting, along with complete information necessary to access the facility. In this regard, please send a duly signed request as per the following format at the registered address of the Company 10 days before the holding of the General Meeting.

I / We, \_\_\_\_\_ of \_\_\_\_\_ being a member Nestlé Pakistan Limited holder of \_\_\_\_\_ Ordinary Share(s) as per Registered Folio No. \_\_\_\_\_ hereby opt for the video conference facility at \_\_\_\_\_.

\_\_\_\_\_  
Name of Shareholder

\_\_\_\_\_  
Registered Signature

Share Registrar  
Central Depository Company of Pakistan Limited, Share Registrar Department, CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shakra-e-Faisal, Karachi-74400



# ABOUT NESTLÉ

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

At Nestlé Pakistan, the global ideology of Nutrition, Health and Wellness is inspired by the scientific breakthrough of our founder, Henri Nestlé, and it runs in our DNA ever since. Guided by our values and with nutrition at our core, we enhance quality of life and contribute to a healthier future. We are the leading Food & Beverages Company in Pakistan, reaching out to the remotest areas, offering products and services for all stages of life, every moment of the day.





Nestlé Pakistan is headquartered in Lahore, with four production facilities across the country. Factories in Sheikhupura and Kabirwala are multi-product, whereas the ones in Islamabad and Karachi are water factories.

Nestlé Pakistan Ltd. is a subsidiary of Nestlé S.A., a company based in Vevey, Switzerland. Today, millions of consumers across Pakistan mirror our emphasis on nutrition, realizing that food choices impact their health and quality of life. Our food processing company has been operating in Pakistan since 1988 under a joint venture with Milk Pak Ltd, whose management we took over in 1992. For the last several years, Nestlé Pakistan has been consistently placed among the top companies of the Pakistan Stock Exchange.







# MANAGEMENT COMMITTEE

## SITTING — FROM LEFT TO RIGHT

Akmal Saeed  
Head of Human Resources

Khurram Zia  
Business Executive Officer - Waters

Bruno Olierhoek  
Chief Executive Officer

Syed Saiful Islam  
Head of Finance & Control

Humaira Asher  
Market Innovation Lead

Jason Avancena  
Business Executive Officer - Nestlé Infant Nutrition

Amr Rehan  
Head of Technical

## STANDING — FROM LEFT TO RIGHT

Ali Akbar  
Head of Supply Chain

Arsalan Khan  
Head of Sales

Ali Sadozai  
Head of Legal Affairs





**Haseeb Aslam**  
Business Executive Officer - Family Dairy

**Nausheen Jaffery**  
Market Business Excellence Manager

**Samra Maqbool**  
Head of Communications & Marketing Services

**Abdullah Jawaid**  
Business Executive Officer - Nestlé Professional

**Sheikh Waqar Ahmad**  
Head of Corporate Affairs

**Babar Khan**  
Business Executive Officer - Juices

**Fuad Ghazanfar**  
Business Executive Officer - Food, Coffee & CPW, Business Unit Food.



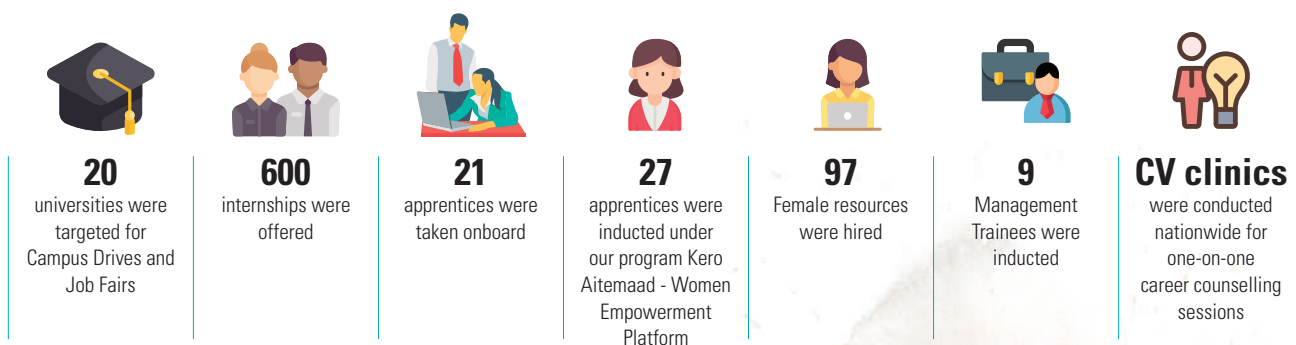
**Dr. Usman Iqbal Bhatti**  
Business Executive Officer Dairy Solutions



# HUMAN RESOURCE

In 2017, we continued to spread positive energy across the organization by strengthening our people processes to sustain an edge over competition. Key focus areas included leadership development, capability building, utilization of E-learning platforms and employee relations management for building high performance teams to achieve organizational goals. Diversity and commitment to compliance continued to remain at the heart of our agenda.

## Few of the highlights are:



Based on the above achievements Nestlé Pakistan has won the award for “Most Preferred Graduates Employer” at the Best Place to Work Award Gala held by the Pakistan Society for Human Resources Management (PSHRM).

With the purpose of strengthening our relationship with the employees, our focus has been on Employee Relations through continuous and consistent Employee Engagement sessions. These activities included Sports Galas, Connect Sessions, and an Employee Recognition Program. These cross functional and cross sites interaction of employees led to a highly motivated, energized and committed workforce. Along with this active employee engagement, we also continued to ensure strong relationship with the surrounding communities across factories. In addition, our Performance Appraisal and Development process has been effectively sustained for non-management staff.

During this year, a special focus was kept on further enhancing line manager capabilities. To support the diversity journey of the organization special drives are underway where we have on boarded 10 differently abled people. Three career fairs were held, and in line with this our sites have been evaluated to modify our facilities to encompass the differently abled workforce.

Special focus was given to employee careers whereby career coaching clinics were conducted for employees. In this context:

- 320 third party People Development & Performance (PDP) sessions were conducted across the organization
- 55 line managers were trained as career coaches across the market
- 5 Career Clinics were arranged across sites where 100 employees were coached on career growth
- 15 Human Resource Business Partners (HRBPs) were trained on Everyday Coaching utilizing Nestlé Global Coaching Guidelines





These coaches will now conduct their sessions across the company to strengthen the coaching culture at Nestlé Pakistan.

To maximize the impact of our people by giving them a holistic preview of critical processes of our Value Chain, we launched the Business Acumen Development sessions. This initiative brings to life the concept of one team where people understand not just their own contribution, but the entire value chain. People Manager Toolkit & Nestlé Leadership Development Experience were continued during 2017 as a major learning initiatives for leadership development. These programs are designed for capability building of first line managers by deploying tools and concepts in various situations enabling a positive impact on business, leading up to total management training hours of 50,341. The drive on fostering the e-learning culture helped us

close the year with 20,848 e-learning done on various topics in iLearn. In addition to iLearn, 100 skill soft licenses were also distributed. For diversified development, functional competences training pyramids were continued and functional trainings based on these pyramids were carried out.

Under the LEAN IN Lahore Chapter platform, 5 Circle meetings were conducted where females from across the industry gathered to share stories, thoughts and ideas on common challenges and ways to manage them.

50 NiM (Management) Connect sessions and 19 Coffee Corners were organized across the organization in order to engage and energize our employees. The new performance management system PDP was launched with a focus on simplicity, coaching & conversations. The PDP mobile app was also

launched to enable employees to have Check-In conversations on the go. All the learnings from this year will be utilized to further strengthen the performance management system for 2018.

Nestlé Pakistan ensured 100% payroll accuracy and timely disbursement of employees' monthly salary. To strengthen it further, Nestlé Pakistan implemented swift bank online payment for the first time in Pakistan.

People KPI Dashboard for the year of 2017:

KPI Name	Achievement
% Female Managers	21.4%
% Key Talent Nomination Rate	82.3%
% New Hire 1st Year Attrition	5.4%
% Key Talent Turnover	2.3%
% High Performer Turnover	2.1%





# MILK COLLECTION AND DAIRY DEVELOPMENT

Milk Collection and Dairy Development is one of the integral pillars of Nestlé Pakistan, having extensive experience and knowledge in the dairy farming industry.

We have specialized groups of Veterinarians, Agrarians and Farm Economists who are experienced in every aspect of modern dairy farming. They assist our dairy farmers in monitoring their farm operations and financial performance to ensure sustainability of our dairy farming business.

We believe Pakistan's dairy industry has enormous untapped potential. Our strategy is to continue investing and adding value by training farmers, replacing low milk producing animals with high yielding cows and working on farmer efficiencies resulting in higher returns. In 2017, we supported farmers in establishing high performing dairy farms and assisted them in importing 3,300 high yielding cows from Australia.

We have successfully established 10 pilot farms in collaboration with our dairy input suppliers to get outstanding results in higher

milk production per cow, improved milk quality and increase in returns. These Pilot Farms are serving as light houses for farmers who want to be professional dairy farmers with a sustainable business.

At Nestlé, we are leveraging digitization to benefit our dairy value chain by facilitating our dairy farmer base with collateral-free, digital micro-financing lending. This form of lending has paved the way for easy and affordable access to finance for dairy farmers in rural areas with limited outreach of financial services, and has also supported farmers in improving their financial sustainability. Through this arrangement, Nestlé Pakistan has digitally disbursed PKR 14.5 million micro loans to more than 75 farmers nationwide.

In 2017, NAATA – Vet online was initiated to address the complaints and queries of dairy

farmers. Over 1,200 farmer queries were helped through this initiative. In addition, NAATA – Vet online has proven to be a very easy tool for new farmers and investors to approach Nestlé to get advice on the dairy farming business.

Kisan Club SMS services is another digital advisory service for farmers where they can gain knowledge to advance their farming skills and techniques that help them improve productivity, reduce costs, and increase income while also getting maximum benefits from mobile phone usage.

We are very proud of our dairy farmers who supply us with their high quality milk and we want to continue developing long term partnerships with them, aligning our businesses for mutual benefit and success.









# SUPPLY CHAIN

The Supply Chain function continued to be a steady source of fuel for business growth by optimizing operations and enhancing capital efficiency. Robust sourcing strategies and strong cross-functional collaboration have strengthened our value chain; increasing the reliability of supplies at an optimum cost.

The deployment of the Statistical Analysis System (SAS) forecasting tool has played a critical role in ensuring optimized planning and, in a very challenging year, it has been critical in achieving the highest planning accuracy in Zone Asia, Oceania, America (AOA) with the leanest finished goods inventory. Continuing with the strong focus on optimizing availability of the freshest product across the value chain, the scope of replenishment based ordering was scaled up to cover more traditional trade customers nationally. Leveraging the strong planning along with the expansion in the scope of replenishment based ordering, we were not only able to better rationalize inventory across the value chain, but the overall availability of our products also improved significantly.

As in previous years, Procurement continued to play a leading role in ensuring that raw and packaging materials are sourced at the most optimal price. In doing so, Procurement was able to deliver a significant increase in savings of PKR 3.8 Billion in 2017 that not only contributed to the bottom line, but also enabled investment behind our brands.

Another major achievement in 2017 was further enhancing the capital efficiency of the company. Taking advantage of lower interest rates and leveraging Nestlé's financial standing, the company was successful in further expanding supplier financing to our major business partners, thereby considerably improving payables. These efforts have helped the company improve on the average Days Payable Outstanding (DPO), greatly supporting the free cash flow objective of the company.

Safety remains a priority and we reinforce this in our activities every day. We also increased the number of drivers trained from National Highway & Motorway Police (NH&MP) and closed 2017 without any fatalities in finished goods transport operations. We look forward to continuing this journey in 2018 with the same spirit and enthusiasm, in addition to embedding safety in everything we do.

Nestlé is committed to providing responsibly sourced and produced products to its consumers. Through collaboration with third-party auditors and our business partners, 75% of the total procurement spent in 2017 was procured from responsible sourcing compliant suppliers, which makes Nestlé Pakistan one of the best performing markets globally in this regard.



# TECHNICAL

Technical and Production has played a vital role to drive growth in the market. Our commitment to manufacturing excellence enabled us to sustain and further improve in all areas of safety, quality, cost, availability and sustainability. Our ambition of 'Going for Zero' empowered us to achieve the second highest asset intensity across the Zone Asia, Oceania, America (AOA) in 2017 while improving on the safety of our employees and quality of our products.

Total Production Maintenance (TPM) Journey was expanded across Sheikhpura, Kabirwala & Islamabad factories covering 65% of the total lines. We further enhanced the quality of our products by reducing consumer complaints through a number of defect reduction projects. Special focus was maintained to further improve the quality of fresh milk by building the capability of farmers in the field.

## SHEIKHPURA FACTORY (SKP)

Nestlé Pakistan's Sheikhpura Factory became the first factory to be awarded Certification for meeting the Alliance for Water Stewardship (AWS) Standard. AWS is an international standard which aims to

promote better water management inside the factory and the vicinity. This Standard equips us to help address shared water concerns, related to quality, quantity and governance.

Sheikhpura Factory's initiative of TPM achieved its maturity level after a successful kick off in Nestlé Nutrition & Chilled Dairy businesses.

## KABIRWALA FACTORY (KBF)

Kabirwala Factory kicked off 2017 by conducting an anonymous "Nestlé & I" survey. The results of this survey were outstanding and reflect the level of engagement and trust factory workers have with Nestlé and its leadership team.

The Kabirwala factory passed the Nestlé Global Audit (NGA), all external third party audit by Bureau Veritas, SGS and KPMG for multiple operational areas in Safety, Quality, Environment, supplier's audit, CARE audit, and annual stock counts. Additionally, the factory passed Phase Zero for both TPM and Lean Value Stream successfully.

There has been a special focus on female empowerment, gender diversity and inclusivity. The factory continued its efforts to make Kabirwala Factory a preferred choice for female professionals. Overall number of working women and differently-abled people has been more than doubled in two years.









## PORT QASIM FACTORY (PQF)

The Port Qasim Factory started the year by the reinforcement of Nestlé Safety standards in electrical installations and the Ammonia Refrigeration System which were audited thoroughly by external auditors and declared absolutely safe.

Production volumes were up by 11% compared to 2016, and increased consumer demand during peak seasons was met by operating round the clock, 7 days a week, and by enhancing the Asset Intensity to 80%. With an increase in volume demand, an equal amount of attention was given to reduce consumer complaints. As a result of this, the factory successfully reduced critical complaints by 30% compared to 2016. The factory kicked off two new SKUs in 330ml

Nestlé Pure Life; regular and Hero bottles. The project team delivered this project on time and ensured a vertical startup at more than 90% efficiency level which speaks to the competency and commitment of the Port Qasim team.

On the environmental front, the factory reduced its water consumption ratio by 11% through a number of sustainable initiatives and by minimizing its losses. Waste for landfill was reduced by 90% and an aggressive goal was set for achieving “zero waste for landfill” in 2018.

## ISLAMABAD FACTORY (ISB)

The Islamabad Factory became the first factory in Pakistan to successfully achieve “NCE-TPM Phase 0” milestone. As a result

of this, line capacity increased by 15%, asset intensity increased by 7%, and the cost of goods sold per ton reduced by 8.5%.

Product quality has always been a high priority, and this year the factory obtained satisfactory audit results in regards to Good Laboratory Practices (GLP) performed by international auditors.

The Islamabad Factory was keenly involved in “Creating Shared Value” (CSV) activities during the year and implemented the Alliance for Water Stewardship (AWS) Standard. As a result of this, the factory saw a water reduction ratio from 1.67m<sup>3</sup> per ton to 1.59m<sup>3</sup> per ton.

Last, but not the least, the Islamabad factory was focused on capacity building of teams and excelled at it by developing 23 Trainers and coaches at site.











# QUALITY ASSURANCE

Quality and Food Safety is one of Nestlé's key Corporate Business Principles. We take Quality and Food Safety as a license to operate and win consumers' hearts. This has been the key of our existence as a Food and Beverage Company for more than 150 years across the world.

We are striving to ensure the quality of our raw materials by actively engaging farmers and rural development organizations, as well as public and private entrepreneurs. We are training and developing farmers on crop cultivation and livestock management best practices. We are proactively sharing our experience and knowledge regarding potential food safety issues which may arise due to improper agricultural and storage practices. We are revolutionizing cattle feeding protocols across our whole milk shed, which has not only improved the quality of fresh milk, but also improved animal health. These revolutions are also contributing value by increasing crop and milk yields which help to improve the quality of rural life by increasing their earnings.

In 2017, our factories were re-certified for FSSC 22000 and certified for ISO 9001:2015. Milk collection centers were also certified for ISO 22000.

Packaging Supplier training on packaging safety was organized with the objective of best practices knowledge sharing with our Suppliers and meeting with Nestlé Global packaging experts and learning from their experiences.

# NESTLÉ CONTINUOUS EXCELLENCE

## FUEL FOR GROWTH

The focus for 2017 has been to respond to the quickly changing environment with a sense of urgency. In order to be more competitive in this rapidly changing environment, Nestlé Business Excellence (NBE) combines GLOBE (Technology), Nestlé Global Business Services (NGBS) and Nestlé Continuous Excellence (NCE) to leverage specific skills of each with the following approach:



**what can be  
simplified**



**what can be  
standardized**



**what can be  
shared**

NBE will provide Fuel for Growth by leveraging Nestlé's size and capabilities, and will help us review the way we do business, identify opportunities for the simplification, standardization, automation and finally aggregation of activities at the appropriate level. This approach will be governed by dissecting all operations in End-to-End (E2E) Flows.

There are six industry standard E2E Flows which capture much of how we do business at Nestlé:

- |                       |   |
|-----------------------|---|
| 1. "Source to Pay"    | (how we buy things)                             |
| 2. "Order to Cash"    | (how we take orders, deliver & collect payment) |
| 3. "Hire to Retire"   | (how we take care of our employees)             |
| 4. "Record to Report" | (capturing & reporting figures & facts)         |
| 5. "Plan to Execute"  | (how we plan and then produce)                  |
| 6. "Idea to Launch"   | (how we innovate)                               |





In order to optimize the E2E Flows and identify opportunities for sharing, the concept of “simplify, standardize and share” will be applied using the methodologies and concepts of Nestlé Continuous Excellence (NCE). NCE as part of NBE helps to understand what the consumer values and eliminates waste across the value chain accordingly.

The E2E flow optimization project will be completed in 3 stages (Transparency, Engagement & Transformation) for all Nestlé markets by 2020, helping the Nestlé Group work smarter!



# FINANCE & CONTROL AND GLOBE

In 2017, Nestlé's Finance and Control focus has been to:

- Foster a culture of compliance with robust governance and risk management
- Develop passionate, skilled professionals and leaders who always act with integrity, are agents of change and drive excellence in execution
- Drive sound decision making through accurate financial information and insightful analytics

## DELIVERING IMPROVED FINANCIAL PERFORMANCE

Finance & Control has played a vital role in enhancement of business planning process, leveraged technology driven financial solutions, constructively challenged the "Lean Mean Machine" to fuel investment behind our brands and maximize the return of investment to optimize growth. We ensured the delivery of a healthy free cash flow on the back of improved margins and effective working capital management through Supplier Financing Programs.

## GOVERNANCE AND RISK MANAGEMENT

Driving stewardship in Internal Controls was again our priority area to protect Nestlé values. We also continued to improve our risk management process, both of which strengthened business governance at all levels.

On the digital front, we successfully implemented "Digital Lending", which has paved the way for easy and affordable access to finance for dairy farmers in rural areas. This has also enabled creation of shared value by improving financial sustainability, and contributed directly to the uplifting of rural dairy farmers.

## DEVELOPING TEAM CAPABILITY

Enhancing people development and capability building was another area of key focus in 2017. In line with the Finance & Control functional competency matrix, a competency assessment was conducted to identify areas of improvement, followed by planning and execution of development actions.







# SALES

Sales function delivered sustainable growth and formidable results in 2017 as it continued the focus on winning with shoppers. With a sharpened focus around continually strengthening execution capability combined with unrelenting positive energy, the team provided delightful shopping experiences across the nation.

## WINNING WITH SHOPPERS – CHANNEL AND CATEGORY DEVELOPMENT

Channel Category Sales Development (CCSD) drives the commercial function in achieving business objectives by playing a leading role in translating channel, category and shopper insights into a customized trade picture of success plans to enhance shopper experience and, in turn, drive sales.

With the objective of Accelerating Growth in 2017, CCSD took multiple initiatives to enhance the visibility and availability of Nestlé brands in the marketplace.

Sustained acceleration of best in class merchandising practices continued, resulting in the exponential expansion of outlets where Nestlé's defined Picture of Success was executed. CCSD's automated tool played a leading role in helping track, monitor and improve execution levels in trade.

In order to drive our Popularly Positioned Products (PPP) portfolio, the project-based deployment of custom made corporate "Choose Quality, Choose Nestlé" themed hangers (with the call to execution customized in Urdu) continued in the marketplace. This helped in improving stock depth and visibility through smart utilization of airspace, and in turn ensuring Picture of Success execution at more small stores.

To develop rural outstations, CCSD conducted Town Storming activities to enhance Nestlé brand equity and amplify Picture of Success in sub-distributor towns, by engaging and connecting with retailers and shoppers.

CCSD continued leading the capability development efforts focused on In-Call-Execution (ICE) – the Nestlé way to do sales – to equip and enhance the sales team with knowledge and skills to excel at Point of Purchase, and develop a win in every store mindset.

Moreover, CCSD simplified and revitalized the Integrated Commercial Planning (ICP) process

to facilitate businesses in creating strong plans for 2018. Through its monthly business planning (MBP) process, and together with robust tracking and monitoring of ICP plans, CCSD continued to improve forecasting accuracy to ensure greater alignment between functions, ultimately enabling the organization to serve our customers, retailers and shoppers better.

## DELIGHTING SHOPPERS THROUGH EXECUTION EXCELLENCE – KEY ACCOUNTS TEAM

The expansion of international and local modern trade continued apace in 2017 with both segments expanding their reach to new geographies, consumers, and introducing new store formats. 2017 also saw a new International modern trade player – SPAR Pakistan marked its entry with its first store in Karachi. This provided the Nestlé Key Accounts Team with an excellent opportunity to showcase the extensive range of Nestlé's





product portfolio and live the vision of winning with consumers and delighting them with an array of consumer-centric activities.

In this regard, the Key Accounts Team executed a series of activities in 2017 including Delighting the Nation, Ramadan promotions, Juices, Nutrition and NESCAFÉ events. The best in class execution and the resultant awareness raised regarding Nestlé brands and how they help consumers lead a healthy and active lifestyle was appreciated

by both internal and external stakeholders. The year was particularly important, given the range of initiatives taken by the team – **Suneetri Aghaaz**: Improving the gender balance priority of the market and retention of category captains and **Project Vision** – Automating the shopper's responses and feedback to name a few.

The relationship with modern trade partners and improving collaboration with them has been a consistent theme throughout 2017.

Engaging modern trade partners with a focus on increasing their confidence in Nestlé, securing win-win situations and executing exciting consumer promotions that drive mutual business has been the bedrock of success in 2017.

In addition, NESTRADE also played a pivotal role in driving premiumization by executing exciting consumer promotions and aggressively driving shelf and category share in top end modern trade.



# CONSUMER COMMUNICATION

The Communications function at Nestlé is committed to supporting our marketing teams to build strong brands, whilst strengthening our corporate Nutrition, Health and Wellness (NHW) image.

The function contributed to bolster corporate equity through various initiatives across the year, while helping to deepen the consumer base through proactive consumer engagement & understanding. Some of the key areas are elaborated below:

## BE THE VOICE OF THE CONSUMER – CMI

In 2017, the Consumer & Marketplace Insight (CMI) team helped build brand and communication strategies by tapping into the right emotional chords of our consumers, whilst helping the marketing teams optimize spends across various touch points.

Piloting with NESTLÉ MILKPAK, a major project was undertaken with the help of the Supply Chain team to optimize marketing spends by enhancing the usage of our in house demand projection tool (SAS) & evaluating touchpoint effectiveness, and in 2018, it will be rolled out across other brands.

Better understanding of rural & PPP consumers was another focus area. In line with this, a comprehensive consumer connect drive was undertaken to expose brand managers to the rural consumer, culminating in a workshop where we used Design Thinking methodologies to transform insights into product and service ideas.

The CMI team is driven to push forward the Nestlé Creative Excellence Imperative, i.e. challenging our creatives, avoiding playing it safe, moving away from mediocrity and continuously striving for ultimate creative excellence while ensuring consumer-centricity in everything we do.

## DIGITAL AND MOBILE

Mobile technology and the ever evolving social media's creating new avenues and opportunities for brands and consumers to interact.

With growing digital platforms such as Facebook, Twitter, Instagram, YouTube and Snapchat, it is vital to have a strong presence in the digital space. We are leveraging these and various other channels, aiming for constant innovation to drive higher engagement with augmented brand equity.

Delving into new channels in 2017 highlighted exciting results. Nestlé Pakistan's venture into E-Commerce opened doors to another exciting medium. Besides partnering with some of the top e-retailers, we also participated in events like The Great Online Shopping Festival.

Live training sessions and webinars with Facebook global team has lead brand teams to participate in different awards

like Facebook Cannes and Facebook Mobile Master Series, and helped equip brands with vital digital knowledge to succeed in the digital sphere.

We aim to continue exploring new digital platforms and be the leading voice in the Digital arena.

## CONSUMER ENGAGEMENT SERVICES

The Consumer Care team remains pivotal in building trust in Nestlé and its products through our 24/7 toll-free Nestlé NAATA hotline.

The main thrust this year has been to integrate social media into our operation. This entailed providing call center agent and supervisor trainings on the new social media technologies, integrating them fully into the contact center software platform, and adopting a new set of rules for constant monitoring for each communication channel, ensuring near-real time response. So today, Facebook, Twitter and Instagram are all part of our NAATA operations.

In the spirit of building a two way relationship with our customers, now no contact can be missed, no matter which medium a consumer may choose.





# NUTRITION, HEALTH AND WELLNESS

Nestlé is all about enhancing the quality of people's lives by offering tastier and healthier food and beverage choices and encouraging an active lifestyle.

Providing transparent and meaningful information to our consumers for making informed dietary and lifestyle choices is a key priority for us, along with a strong commitment to address micronutrient deficiencies with relevant product fortifications.

The Nutritional Compass on all our packs guides consumers on their way to NHW. Moreover, as a responsible organization,

Nestlé has also voluntarily implemented the Guideline Daily Amount (GDA) on our products to provide information on the percentage of daily calories and other important nutrients that they will ingest, when they consume our products.

The highlight for this year has been an extensive nutritional profiling of our entire portfolio. This was undertaken to ensure none of our products have any nutritional


weakness, on a per serve basis, for the consumers they are intended for, and also to get a deeper nutritional perspective beyond the obviously understood benefit areas.

Pertinent to mention, we have a portfolio that not only offers specific nutritional advantages to our consumers, but also addresses key concern areas like saturated fats, sugars and sodium.

Good Food, Good Life®

Nutrition Information	Average Per 100ml	Average Per 250ml (Serving)	% GDA* Per Portion
Energy (kcal)	64	160	8%
Fat (g)	3.6	9	13%
of which saturates (g)	2.3	5.8	29%
Carbohydrates (g)	5.2	13	5%
of which sugars (g)	5.2	13	14%
Fiber (g)	Traces	Traces	<1%
Protein (g)	2.7	6.8	14%
Sodium (g)	0.09	0.23	12%
NRV**			
Calcium (mg)	100	250	25%
Vitamin A (IU)	177.6	444	17%
Vitamin D (IU)	13.6	34	17%


\*Guideline Daily Amounts of an average adult (8400kJ/2000kcal). Pack contains 4 portions. Portion should be adjusted for children of different ages.  
 \*\*NRV: Nutrient Reference Values, Codex Alimentarius



**Good to know:**  
 NESTLÉ MILKPAK is fortified with Vitamins A & D  
 Vitamin A contributes to normal healthy vision.  
 Vitamin D contributes to normal healthy bones & teeth.  
 Both Vitamin A & D are essential for normal healthy immune system!

**Good to remember:**  
 Daily consumption of nutritious milk is great for maintaining a healthy, active lifestyle!

**Good to talk:**  
 Nestlé NAATA  
 0800-62282  
 NAATA@pk.nestle.com  
 www.nestle.pk



<http://qr.Nestle.pk/milkpak1>

**NUTRITIONAL COMPASS®**  
 ® Reg. Trademark of Société des Produits Nestlé S.A.  
 Vevey, Switzerland.

# INNOVATION

The Innovation function at Nestlé is committed to building the capability of the Market to accelerate consumer-centric innovation & renovation (I&R), whilst improving business margins. I&R remains a key enabler for the Market to realize its 2020 vision.

The function worked closely with Business Units to define and strengthen their strategic I&R roadmaps. Moreover, the Innovation Awards Program has been strengthened to foster experimentation across the organization. In 2017, functions across the organization got engaged in the Program, generating nearly 1,000 ideas and 65 pilots.





# LEGAL

The Legal Department remained committed to deliver its fiduciary duties – to think and act in the best interests of the organization, predominantly by

- taking precautionary measures to safeguard it from potential risks, non-compliance, liabilities, legal notices and litigation;
- educating the masses within the organization.

The Department has been conducting training sessions for many years. During 2017, the focus revolved around areas such as Compliance, Anti-Bribery, Intellectual Property, Digital Media, Competition and Corporate Laws.

In addition, engagement sessions were conducted with subject matter experts on Intellectual Property and Competition Law. The audience comprised all key stakeholders such as Brands Management, MCDD, Supply Chain, Procurement, Sales, Regulatory Affairs, Technical and Consumer Communication.





# CORPORATE AFFAIRS

The Corporate Affairs Department continued enhancing Nestlé Pakistan's reputation as the leading Nutrition, Health and Wellness Company by:

- Engaging stakeholders to work towards a favourable policy framework and external environment for the business and operations
- Establishing and communicating strong Creating Shared Value credentials for the Company
- Mitigating reputational risks proactively by working with various functions and businesses

In 2017, the Company continued the "Seeing is Believing" initiative to showcase our Dairy Value chain from Grass to Glass to create advocates among our stakeholders and to make them aware of the quality and safety standards that we adhere to.





# SEEING IS BELIEVING

The purpose of 'Seeing is Believing' is to create advocates among Key Opinion Leaders (KOLs) and stakeholders.

The main objective is to showcase our quality and safety standards that we adhere to across entire value chain. In 2017, more than 200 KOLs visited the Nestlé's milk value chain, Sheikhpura factory, Kabirwala factory and Port Qasim Water factory.









# FAMILY DAIRY



## HOUSE OF NESTLÉ MILKPAK — NOURISHING HAPPY HEALTHY HOMES



### NESTLÉ MILKPAK MILK

Nature's gift of dairy has a fascinating taste, and with over three and a half decades of dairy expertise in Pakistan, NESTLÉ MILKPAK has perfected the processes that allow it to capture this smooth, rich and creamy experience, the way nature meant it to be.

NESTLÉ HOUSE OF MILKPAK brings the Taste of DAIRY Goodness by offering daily nutrition through UHT MILK, enhances dessert experience through NESTLÉ MILKPAK Cream and makes cooking tasty & economical through NESTLÉ MILKPAK YOGURT. Our value

chain delivers only the best, highest quality dairy nutrition in every pour. Strict protocols are followed from farm to pack, with 26 food safety, quality and freshness checks at every step to ensure that each drop of NESTLÉ MILKPAK delivers consistent nutrition and taste.

NESTLÉ MILKPAK UHT is the only milk fortified with Vitamins A & D so that Pakistan's households get the pure, wholesome milk experience with the true 'Taste of DAIRY Goodness.'

### NESTLÉ MILKPAK CREAM

As Pakistan's favorite cream brand, NESTLÉ MILKPAK Cream encapsulates the beautiful dichotomy of the strong heritage as well as the contemporary usage of this rich dairy product. NESTLÉ MILKPAK Cream believes in inspiring its consumers to weave their culinary magic and create delicious meals and desserts by igniting the spark of creativity through delicious easy to make recipes.



## CHILLED DAIRY

NESTLÉ CHILLED DAIRY diverse portfolio offerings provide indulgence as well as wholesomeness to consumers looking for both taste & economy. Therefore, whether it's quenching the hunger pangs or cooking a delicious meal, NESTLÉ Yogurt & NESTLÉ MILKPAK Yogurt is packed with the perfect taste to make it more scrumptious.

### NESTLÉ THE ORIGINAL SWEET 'N' TASTY YOGURT

NESTLÉ Yogurt, daily delight; making your everyday experiences more exciting through its irresistible, rich & creamy taste. Packed by Nestlé, the dairy expert, it guarantees consistent delicious taste, nutritional goodness & guaranteed hygiene. So whether you are looking for quick hunger relief or making your breakfast more scrumptious & healthy by adding cereals & nuts, NESTLÉ THE ORIGINAL SWEET 'n' TASTY YOGURT is your partner.

### NESTLÉ MILKPAK YOGURT

Whether you are cooking delicious Korma, making mouthwatering lassi or just satisfying a traditional dessert craving, HOUSE OF NESTLÉ MILKPAK brings the perfect yogurt partner for making your meals delicious. Packed with the dairy goodness strengthened by the HOUSE OF MILKPAK credentials, we bring you the unsweetened taste of traditional yogurt that you are accustomed to; it provides your family with the yogurt they need for all purposes. So enjoy the experience of tradition and superior taste with NESTLÉ MILKPAK YOGURT!

### NESTLÉ PODINA & NESTLÉ ZEERA RAITA

Sometimes you need to spice up your food experience; whether it's your dining table

or outdoor grill, ordinary raita just doesn't do the job. NESTLÉ RAITAs with Zeera and Podina have unique mouth-watering flavors, guaranteed hygiene and simple convenience, promising to indulge your taste buds and transform your meal into a culinary delight. This hassle-free and ready-to-eat NESTLÉ ZEERA & NESTLÉ PODINA RAITA packed full of delicious taste enhances the experience of your food.

### NESTLÉ NESVITA YOGURT

Leveraging the parent brand equity of NESTLÉ NESVITA MILK; NESTLÉ NESVITA Yogurt delivers on the promise of "strong Bones", and helps consumes to live a healthy & active life.





## NESTLÉ EVERYDAY

Pakistan being a tea loving nation where every year 90 billion cups of tea are consumed and Nestlé being the global leader in specialized coffee and tea enhancement have come together to make the tea experience of Pakistanis 'Khaas'.

NESTLÉ EVERYDAY, with its heritage of 25 years, has established itself as the best partner of tea delivering superior cup consistently every time and hence stands as a market leader in the tea creaming category. NESTLÉ EVERYDAY is especially formulated to create the perfect sensorial balance in every cup every time: golden brown color, enticing & comforting aroma, layered blend of rich milk-tea notes, velvety mouth-feel and delicious taste (taste preference vs. regular milk) that is perfect for every tea moment.

With a wide portfolio ranging from powder in sachets and large pouches to liquid variants, it does not matter if the tea being prepared is mixed or separate: NESTLÉ EVERYDAY guarantees a perfect cup of tea every time.

# DAIRY SOLUTIONS



## NESTLÉ NESVITA

Women today are leading an increasingly demanding lifestyle. They are in charge of their families at home and adding significant value at the work place, both of which requires them to remain physically strong. This is where NESTLÉ NESVITA comes to support with its formulation that helps bones stay strong. The brand strives to inspire and empower females by mentoring them to pursue the goals of their choice, while taking care of their bones. Not just high in calcium, it also has the proprietary formulation Calci-lock® which helps lock calcium in the bones, thus avoiding bone decay. And with less than 1% fat, NESTLÉ NESVITA supports consumers to live an active and healthy life. Bones Strong Tau Mein Strong.

## NESTLÉ NIDO FORTIGROW

When it comes to your child, there are no second chances. A mother goes the extra mile to ensure her child's growth and development for a happy and successful life. Backed by Nestlé's global experience of 150 years in child nutrition, Nestlé has developed NESTLÉ NIDO FortiGrow to meet the very specific needs of school-going children between 5-12 years of age in the important areas of Learning, Immunity & Growth. This special combination of macro and micro nutrients aims to support the physical and mental growth of young children, and that's why we and our consumers simply call it the "Best for Kids".

## NESTLÉ BUNYAD

According to the National Nutrition Survey done in 2011, some 44% of children in Pakistan under the age of 5 suffer from iron deficiency, which can hold them back in their important formative years. NESTLÉ BUNYAD, which is an affordable iron-fortified nutritional solution for school going children, has embarked on a long-term mission to help eradicate iron deficiency from every level of Pakistan's society.





# BEVERAGES

## NESTLÉ MILO

NESTLÉ MILO aims to nourish the ambitions of our Pakistani kids. What makes NESTLÉ MILO unique is its signature cocoa-malt taste and the healthy energy that comes from PROTOMALT, a special malt extract made from malted barley (Jau). It also promotes the importance and lessons of sports which are important for a rich and successful life. It stands for the everyday victories that lead to lifelong success.



# NESTLÉ JUICES, NECTARS AND DRINKS

## NESTLÉ FRUITA VITALS

NESTLÉ FRUITA VITALS is a brand that stands for positivity and tasty revitalizing refreshment for our young millennial consumers.

Being the pioneers of the premium nectars and fruit drinks category, we launched two new flavors – Mint Margarita and Pina Colada – in 2017. This was followed by our #PehlaPyar campaign for NESTLÉ FRUITA VITALS Chaunsa, celebrating Pakistan's love affair with Mangoes. The brand made significant progress across all fronts in 2017, especially on digital where we collaborated with various platforms, including, Mangobaaz, Patari and Vagon, that achieved great results for the brand on digital and increased brand recall amongst the consumers.

## NESTLÉ NESFRUTA

NESTLÉ NESFRUTA is the brand of choice for the young teenage school- and college-going crowd, or the "Newsters" as we call them, trying to break away from everyday boredom and routine. In 2017 we launched college activations across Pakistan, as well as the NESTLÉ NESFRUTA 'FUNKAAAR', a platform that gave our consumers the opportunity to showcase their talent, which was our first-ever talent hunt with a broad participation category of Singing, Dancing, Mimicry and Acting that gave an opportunity to young people, especially in rural areas, to dream big and showcase their skills.

Funkaar was not just any other college activation, but a 360 campaign executed across all platforms; OOH, Digital, Radio and third-party integrations. Along with a star-studded grand finale including celebrity performances, unmatched excitement and prizes for the winner!

The success of the campaign is not only an achievement for the brand, but motivates us to take it to new heights in 2018!



# NESTLÉ WATERS



## NUMBER ONE BOTTLED WATER BRAND

Pakistan is the proud birth place of NESTLÉ PURE LIFE, the number one bottled water brand in the world. This global healthy hydration brand was launched in 1998, and continues to be the favorite healthy beverage option for Pakistani consumers.

## DAILY HYDRATION

Hydration is one of the primary needs for human beings, and as such, is a core component of human health. Apart from being the major constituent of our body and of all vital organs, water is indispensable for many key functions such as cell life, chemical and metabolic reactions, nutrients transportation, body temperature regulation and shock absorption.

## DRINKING WATER FOR A HEALTHY LIFESTYLE

At Nestlé Waters, we believe that what you drink is as important as what you eat. Let's not forget that the first step towards good health is a healthy lifestyle. As water is the essential element for life, we believe that it deserves extra special attention.

# NESTLÉ COFFEE



## NESCAFÉ 3IN1

NESCAFÉ 3in1 offers a delicious balance of coffee and sugar, enhanced by the smoothness of NESTLÉ EVERYDAY creamer.

The soothing aroma and full-flavor taste turns our mild roast signature blend into a sweet white coffee instantly.



## NESCAFÉ LATTE MACCHIATO

NESCAFÉ Latte Macchiato offers a coffee version of latte that is convenient and frothy. It consists of authentic NESCAFÉ coffee mixed with just the right amount of frothy milk giving a smooth and creamy blend. The deliciously rich, milky coffee taste leaves you invigorated to make the best of the connections that matter.



## NESCAFÉ CLASSIC

NESCAFÉ CLASSIC, pure soluble coffee in jars with its medium-dark roast, gives a full flavor and wonderfully invigorating taste.

It offers convenience, economy and versatility in preparation for the regular coffee user.



## NESCAFÉ DOLCE GUSTO

NESCAFÉ DOLCE GUSTO provides coffee lovers with a stimulating experience of café style coffee beverages at home. It prepares a variety of coffee drinks from layered lattes to frothy cappuccinos, bold espressos and tantalizing chocolate drinks.



# BREAKFAST CEREALS



NESTLÉ Breakfast Cereals provide you and your family with wholesome breakfast nutrition. They are a convenient, tasty and nutritious way to start the day!

## KIDS RANGE

NESTLÉ KOKO KRUNCH is a flagship brand in the kids' range. The crunchy petals are made with whole grain and are rich in vitamins and minerals, offering a great chocolate taste that kids love, and nutritious goodness that makes it a trusted choice for mums.

NESTLÉ MILO CEREAL is a nutritious & delicious breakfast cereal made with the goodness of wholegrain. It also includes essential vitamins and minerals to help kids lead an active and healthy lifestyle.

## ALL FAMILY RANGE

NESTLÉ CORN FLAKES is a nutritious cereal made with whole grain corn which contains essential vitamins and minerals for a healthy breakfast.



# CULINARY



## MAGGI

MAGGI, the pioneer in instant noodles in Pakistan, has been delighting the taste buds of consumers for more than 30 years. MAGGI takes pride in enabling families to choose healthy and tasty home-made meals made with ingredients they know and love.



# INFANT NUTRITION

## NESTLÉ CERELAC - NOURISHING GENERATIONS!

With its long history in Pakistan, NESTLÉ CERELAC is now with its second generation of users and is a household name, trusted by mothers and endorsed by doctors.

The NESTLÉ CERELAC recipe contains IRON+, and it helps in cognitive development of babies after 6 months, along with helping in healthy physical growth. Today we serve millions of affordable & fortified Iron Rich Bowls of this best-in-class weaning food every year and 30% of those are served to rural Households. Moreover, a majority of our raw materials are procured from local farmers, enhancing rural livelihood.

It's an exhilarating time to be part of the NESTLÉ CERELAC family. The brand has its eyes set on new heights and extraordinary achievements in the coming years!



## INFANT FORMULAE & GROWING UP FORMULAE — LACTOGROW STANDS FOR HAPPINESS (MOTHER'S MILK IS BEST FOR BABIES)

In 2017, NESTLÉ LACTOGEN continued its successful journey with a purpose of making every child's world a happy place, which starts with a happy tummy (in the absence of breastfeeding). It helps in combating iron deficiency in 0-3 year olds by giving nutritious glasses of milk that provide 88.5% (0.62mg of 0.7 mg) daily requirement (682 mg) of iron. Through this portfolio, the team tries to transfer new scientific knowledge to HCPs across Pakistan for preventing the damage caused by feeding unsuitable breast milk substitutes.

The plans for NESTLÉ LACTOGEN product portfolio (in the legitimate market) were executed very well in 2017, and we aim to continue on the same momentum going forward in 2018 as well. Let's make more and more tummies happier!



## NESTLÉ NANGROW — PURSUING NATURE'S PERFECTION TO NOURISH A GREAT START, FOR LIFE

NESTLÉ NAN & NANGROW products have been formulated with 'cutting edge technology' and best the optimal protein (in the absence of breast feeding) that helps build a strong foundation by positively targeting the metabolic system. It promotes and protects overall health while fostering brain and muscle development.

Nestlé NAN Infant Nutrition team provides Health Care Professionals (HCPs) across Pakistan with the latest knowledge, helping them serve the communities in a better way. We aim to continue on the same momentum going forward in 2018.





## GROWING UP FORMULAE — NIDO GUFS

NESTLÉ NIDO 1+ & 3+ are a growing-up formulae (not a breast milk substitute), which offer protection for children from 1-5 years of age combined. The product includes a symbiotic formulation with both, pro-biotic (*Lactobacillus Reuteri*) and pre-biotic (Fructo-oligosaccharides and Inulin) strains that help in the healthy development of your child's gut and immune systems, and NESTLÉ NIDO 3+ comes with the additional benefits of developing the cognitive, brain and bone health of children from 3-5 years of age.

NESTLÉ NIDO Growing up Formulae serve affordable and nutritious milk glasses for kids aged 1-5 years old, providing mothers with the confidence that their children grow with protection. We have a direct impact on the community as we procure 100% of our fresh milk locally, which benefits the lives of farmers and their families every year.

# Nestlé NutritionInstitute

Science for Better Nutrition

## NESTLÉ NUTRITION INSTITUTE

Nestlé Nutrition Institute is a not-for-profit organization in Switzerland that fosters "Science for Better Nutrition,". It encourages the exchange of knowledge by sharing updated scientific information through publications, symposia, online learning programs and workshops only for HCPs, with the aim to improve overall patient care in clinical settings.

PGPN (Post Graduate Program in Pediatric Nutrition) was introduced in association with

the Boston University School of Medicine and brought by MedInscribe. In year 2017, 494 HCPs were enrolled in this international certified program on important nutrition concepts to combat nutrition challenges in our country. Further, experts from foreign universities like Harvard, Augusta and other renowned speakers from USA and Gulf states were invited to exchange knowledge across borders.

Being the largest private publisher of nutrition – related information, publications like Annales, NNI workshop series, Nest and Nutrition books were distributed among the HCPs.





# NESTLÉ PROFESSIONAL



Nestlé Professional aspires to be the trusted partner of choice in the out-of-home industry by providing category expertise as well as innovative food and beverage solutions that help our customers win.

Nestlé Professional is segmented into the following categories:

- 1 Dessert Solutions
- 2 Hot and Cold Beverage Solutions
- 3 Tea Enhancement
- 4 Ready to drink beverages

#### **OUT OF HOME CHANNELS:**

The channels that Nestlé Professional serve are:

- Health, Education, Leisure, Travel (HELT)
- Hotels, Restaurants, Cafes, Caterers (HORECA)
- Business and Industry (B&I)

### Acronyms Used in Financial Statement

Sr.#	Abbreviation	Written Out Form
1	IAS	International Accounting Standards
2	IFRS	International Financial Reporting Standards
3	IFRIC	International Financial Reporting Interpretations Committee
4	LIBOR	London Inter-Bank Offer Rate
5	KIBOR	Karachi Inter-Bank Offer Rate
6	FIFO	First In First Out
7	OCI	Other Comprehensive Income

### INVESTORS' EDUCATION

In compliance with the Securities and Exchange Commission of Pakistan's SRO 924(1)/2015 dated September 9, 2015, Investors' attention is invited to the following information message:





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