



Good Food, Good Life

Management Report **2016**

# EXCELLENCE THROUGH PRODUCTIVITY



# EXCELLENCE THROUGH PRODUCTIVITY

Upholding nutrition and health as the hallmarks of Nestlé Pakistan, our prime focus has been on creating delicious, nutritious and healthy products for our consumers. In our continuing quest to provide the absolute best quality, we have developed with them an unbreakable bond of trust.

This year, our report illuminates the quality standards at Nestlé Pakistan's core. Successfully achieving outstanding leadership, sustainable financial growth, and heartfelt community values, Nestlé Pakistan always endeavors to provide the greatest value to its consumers and stakeholders across the board.

# CONTENTS

## BUSINESS REVIEW

02

Vision, Mission  
and Ambition

05

Directors' Report to the  
Shareholders

13

Annexure to Directors'  
Report on Corporate  
Governance

14

Company Performance  
2016

16

Statement of Wealth  
Creation and its  
Distribution

17

Key Financial Data  
(Six Years at a Glance)

18

Pattern of Shareholding

21

Statement of Compliance  
with the Code of  
Corporate Governance

23

Review Report to the  
Members

24

Notice of Annual General  
Meeting

## COMPANY REVIEW

28

About Nestlé

30

Board of Directors

31

Company Directory

32

Management  
Committee

34

Human Resource

37

Milk Collection and  
Dairy Development

38

Supply Chain

40

Technical

44

Quality Control

46

Nestlé Continuous  
Excellence

49

Finance & Control  
and Globe

51

Sales

52

Consumer  
Communication

55

Nutrition, Health and  
Wellness

56

Ambient Dairy

59

Chilled Dairy

60

Nestlé Juices,  
Nectars and Drinks

61

Beverages

62

Nestlé Waters

63

Nestlé Coffee

64

Breakfast Cereals

65

Culinary

66

Infant Nutrition

68

Nestlé Professional



# OUR VISION

Nestlé's vision is to be the globally recognised leading Nutrition, Health and Wellness (NHW) Company. Nestlé Pakistan subscribes fully to this vision and the values that come with it.

In particular, we envision:

- Leading a dynamic, passionate and professional workforce, proud of our heritage and positive about the future
- Meeting the nutritional needs of consumers of all ages – from infancy to old age, from nutrition to pleasure, through an innovative portfolio of branded food and beverage products of the highest quality
- Delivering shareholder value through profitable long-term growth, while continuing to play a significant and responsible role in the social, economic, and environmental sectors of Pakistan

# OUR MISSION

A better and healthier future for all Pakistanis.

# OUR AMBITION

To be the leading Nutrition, Health and Wellness Company in Pakistan.











# 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, 2016.

## FINANCIAL PERFORMANCE:

The Pakistan economy is showing signs of improvement in the year 2016 on the back of a stable currency, better law & order situations, easing energy crisis and improved political situation coupled with continued low inflation. However, we are still operating in an uncertain environment which can result in disruptions of business.

In view of above, the Company achieved the top line growth of 9.1% through effective product mix, numeric distribution expansion and investment behind brands. The Company also improved its gross margins by 226 bps on the back of favorable input costs and optimization of value chain through Nestlé Continuous Excellence (NCE) initiatives.

Nestlé Pakistan is committed to enhance its product base through innovation & 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 2016 included: MAGGI CHOTOO, NESTLÉ YOGURT (Mango), NESCAFÉ 3 in 1, NESTLÉ ACTICOL, NESTLÉ NESVITA YOGURT, FITNESS CEREALS, NESTLÉ DOCELLO DESSERT MAGIC, NESTLÉ FRUITA VITALS (White Grape Lychee), and NESTLÉ EVERYDAY Double Creamy.

## KEY FINANCIAL INDICATORS:

- Sales grew by PKR 9.4 billion, a growth of 9.1%.
- Gross Profit (GP) margin improved by 2.3% resultant of favorable input prices and effective control on total delivered cost through the NCE mindset.

## SUMMARY OF FINANCIAL PERFORMANCE:

PKR Million	2016	2015	Change
Sales	112,393	102,986	+9.1%
Gross Profit margin	35.4%	33.1%	+2.3%
Operating Profit margin	17.0%	15.8%	+1.2%
Net Profit after tax (%)	10.5%	8.5%	+2.0%
Net Profit after tax	11,847	8,761	+35.2%
Earnings per share	261.23	193.18	+35.2%

- Net Profit margin increased by 2% through continuous focus on operational costs.

## DIVIDENDS:

Keeping in view the good financial performance of the Company, the Board of Directors has recommended to pay final cash dividend of Rs. 170 per share, in addition to the interim cash dividend of Rs. 255 per share, which brings the total dividend for the year to Rs. 425 per share for 2016 compared to Rs.190 per share in 2015.

## INVESTMENT PROJECTS:

With a market driven approach and commitment to satisfy the needs of our consumers, in 2016 Nestlé Pakistan has made investments of PKR 4.1 billion including expansion & development projects, with the most significant projects listed below:

Project Description	PKR Million
Sheikhupura - Extension and Operational reliability	1,511
Kabirwala - Extension and Operational reliability	1,554
Water Factories - Extension and Operational reliability	284
Milk collection infrastructure development	241
Extension of Distribution and Sales facilities	272

Investments, of approximately PKR 6.6 billion, are planned in 2017, primarily in respect of automation, operational reliability and capacity increase in order to meet consumer demands.

## CORPORATE GOVERNANCE:

Nestlé Pakistan is committed to maintain 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 SECP and formed as part of stock exchange listing regulations. 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.



- c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d) International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed and explained.
- e) The system of internal control is sound in design and has been effectively implemented and monitored.
- f) There are no significant doubts upon the Company's ability to continue as a going concern.
- g) There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- h) The value of investments of employees funds are as follows (PKR millions):

	Audited 2016	Audited 2015
Provident Fund	3,267	2,851
Gratuity Fund	1,606	1,344
Pension Fund	2,524	2,023

- i) Statements regarding the following are annexed or disclosed in the notes to the accounts
- (i) Key financial data for the last six years
- (ii) Pattern of shareholdings
- (iii) Trading in shares of the Company by its Directors, CEO, CFO and Company Secretary
- (iv) 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 2016 and retire at the conclusion of the 39th 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 & EMPLOYEES RELATIONS:

In 2016, we continued to strengthen our people processes to sustain an edge over competition. Key focus areas included leadership development, capability enhancement and employee relations management for building high performance teams to achieve organisational goals while diversity and commitment to compliance continued to remain at the heart of our agenda.

At factories, Employee Relations and Community Engagement remained top priority in addition to Non-Management Staff (NMS) development leading to an overall NMS Training hours of 19,834. To enhance leadership skills, People Manager Toolkit & Nestlé Leadership Development Experience were continued during 2016 as major learning initiatives leading up to total Management Training hours of 28,700. Special focus was given to career coaching and in this context, 60 line managers were trained as career coaches across the Company. Moreover, 186 Three-Party PDG sessions were conducted for fruitful development discussions.

Gauging the pulse of the organisation, Employee Engagement Survey – Nestlé & I was conducted with an unprecedented 99% participation rate.

For the first time this year:

- NiM (Nestlé in Market) Connect and Coffee Corner sessions were conducted across the organisation to engage and energise our employees
- LEAN IN Lahore Chapter (Sheryl Sandberg's concept) was introduced by Nestlé Pakistan whereby females from across the industry gathered to discuss common challenges and ways to manage them
- Employee Relations Lahore Chapter conducted two sessions with cross-industry experts to exchange views on

common issues and share best practices

- 15 Nestlé Managers were trained for certification as master coaches through International Coaching Federation who will now help to strengthen the coaching culture
- To promote e-learning, 100 Skill Soft Licenses were distributed in addition to the launch of diversified development through functional competencies training pyramids as part of our OD training booklet
- To improve operational efficiency in employee services, Request Management System (RMS) and KRONOS time management system were introduced across the market along with a complete revamp of HR's internal website

Few other highlights 2016 include:

- 15 universities were targeted for Campus Drives and Job Fairs
- 565 internships were offered
- 31 apprentices were taken onboard
- 26 apprentices were inducted under our program Kero Aitemaad - Women Empowerment Platform
- 21 Management Trainees were inducted
- CV clinics were conducted nationwide for one-on-one career counselling sessions

## CREATING SHARED VALUE (CSV) AND COMMUNITY WORK:

For a company to be successful over time and create value for its shareholders, it must also create value for society. At Nestlé, this is called "Creating Shared Value" (CSV). Given the nature of our activities and our ambition to be the world's leading Nutrition, Health and Wellness Company, Nestlé has identified the following focus areas where it can optimise the creation of shared value:

- Nutrition
- Water
- Environmental Sustainability
- Rural Development
- Our People

In line with this global vision and for "Enhancing the Quality of Life of the People of Pakistan"

Nestlé Pakistan continues to positively engage with farmers as well as rural and underprivileged communities in its area of operations.

Our inspiration is governed by the Nestlé Corporate Business Principals and also as a signatory to the UN Global Compact for Ethical Business, the Company is committed to the stakeholders and the communities for mutual growth and sustainability.

This year, Nestlé Pakistan was awarded with the first prize for "Living the Global Compact Business Excellence 2014-15", in the Multinational category, Engaging Private Sector in implementing the Decent Work Agenda & United Nation Sustainable Development Goals. Nestlé Pakistan has won this award due to its key positioning in its Creating Shared Value focus areas of Nutrition, Water, Environmental Sustainability, Rural Development, and Our People.

From offering quality products to the 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 2016, the company started the "Seeing is Believing" initiative to showcase our Dairy Value chain from Grass to Glass thus 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 2016 are:

- Nutrition awareness extended another to 30,000 school children in the rural, suburban and urban areas under Nestlé Healthy Kids Program extending the overall outreach to more than 100,000 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
- Implementation of Alliance for Water Stewardship standard, in collaboration with WWF, at our Sheikhpura Factory
- 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 the Dairy and Rural Development Foundation training program involving 45,000 dairy farmers, 6,000 rural women livestock workers & trained 2,500 artificial inseminates related to dairy & livestock sector. Farmer training was done on 118 upgraded dairy farms in the villages.
- Continuation of the Chaunsa Project for implementation of Best Farm Practices in the Chaunsa Mango 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.
- Support for Driver Training Facility at the National Highways & Motorway Police Training Institute Karachi

## FUTURE OUTLOOK:

We are hopeful to see Pakistan entering into the "hot zone" of high economic activity and we believe it will continue to offer huge investment potential driven by its growing population, increasing per capita income, massive infrastructure development under China-Pakistan Economic Corridor (CPEC) and other favorable indicators. Nestlé Pakistan is optimistic about

power shortages coming to an end as well as reduction in the cost of energy, which will eventually cut business cost pledging long term commitment of the Company. 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 strong brands, I&R capabilities and operational excellence with NCE mindset.

## 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. The Company is also immensely proud of and thankful to employees for their committed and passionate efforts, loyalty and dedication. We greatly value the support and cooperation received from our esteemed suppliers, trading partners, bankers and all stakeholders who are helping and contributing towards the continued growth of our Company and contributing to positively enhancing the quality of life of the people of Pakistan.

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

Lahore: February 22, 2017

سال 2017، میں آٹومیشن، آپریشنل انحصار اور صارفین کی ضروریات کو پورا کرنے کے لئے پیداواری صلاحیت میں اضافہ کیلئے تقریباً 6.6 بلین کی سرمایہ کاری کرنے کا منصوبہ بنایا ہے۔

### کارپوریٹ گورننس

نیسل پاکستان بغیر کسی استثنیٰ کے کارپوریٹ گورننس کے بہترین معیار کا عزم کئے ہوئے ہے۔ ڈائریکٹرز کیلئے 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 کے اسٹینڈ کے قواعد و ضوابط پر عمل پیرا ہے۔ کوڈ آف کارپوریٹ گورننس کی کمپلائنس کی اسٹیٹمنٹ درج ذیل ہے:

### کارپوریٹ گورننس کوڈ کی کمپلائنس اسٹیٹمنٹ

ڈائریکٹرز نے تصدیق کی ہے کہ:

- (الف) کمپنی مینجمنٹ کی جانب سے پیش کی جانے والی فنانشل اسٹیٹمنٹ میں واضح طور پر معاملات کی حالت، آپریشنز کے نتائج، کیش فلو اور ایکویٹی 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 فنانشل اسٹیٹمنٹ کی تیاری پر لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینے کی بنیاد معقول دانشمندانہ فیصلے پر مبنی ہیں۔
- (د) فنانشل اسٹیٹمنٹ کی تیاری میں انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز جو پاکستان میں لاگو ہوتے ہیں کی پیروی کی گئی ہے اور اس سے انحراف کو مناسب انداز میں ظاہر اور بیان کیا گیا ہے۔
- (ح) اندرونی کنٹرول کا نظام مضبوط ہے اور اسکی عملداری اور نگرانی کو موثر انداز میں ترتیب دیا گیا ہے۔
- (ف) کمپنی کے جاری رہنے پر کوئی واضح شکوک نہیں ہیں۔
- (ک) کمپنی کی کارپوریٹ گورننس کی پریکٹسز سے انحراف نہیں کیا گیا، جیسا کہ لسٹنگ ریگولیشن میں درج کیا گیا ہے۔
- (ل) ایپلائمنٹس فنڈز کے لئے سرمایہ کاری کی ویلیو درج ذیل ہے (پی کے آر ملین)

	2016 (آڈیٹڈ)	2015 (آڈیٹڈ)
پروویڈنٹ فنڈ	3,267	2,851
گرمینٹ پیمنٹ فنڈ	1,606	1,344
پینشن فنڈ	2,524	2,023

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

- (i) پچھلے 6 سال کے اہم مالیاتی اعداد و شمار
- (ii) شیئرز ہولڈنگز کا پیرن
- (iii) ڈائریکٹرز، سی ای او، سی ایف او اور کمپنی سیکرٹری کی جانب سے کمپنی کے شیئرز میں ٹریڈنگ
- (iv) سال میں ہونے والی بورڈ میٹنگز کی تعداد اور ہر ڈائریکٹر کی حاضری

### بیرونی آڈیٹرز

میسرز کے پی ایچ جی تاخیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس نے 2016 کے اپنے اسائنمنٹ کو مکمل کیا ہے اور انٹالیسویس سالانہ جنرل میٹنگ کے اختتام پر ریٹائر ہونے پر، اہل ہونے کی بناء پر، انہوں نے دوبارہ تقرری کیلئے درخواست دی ہے۔

### ہولڈنگ کمپنی

نیسل ایس۔ اے (ہولڈنگ کمپنی) سویٹزر لینڈ میں رجسٹرڈ ہے۔ جس کے پاس 26,778,229 عوامی شیئرز ہیں جو کمپنی میں 59 فیصد ایکویٹی انٹرسٹ کی عکاسی ہے۔

### ہیومن ریسورس مینجمنٹ اینڈ ایمپلائز ریلیشن

2016 میں ہم نے اپنے لوگوں کو تربیت فراہم کرنے کے عمل کو جاری رکھا تا کہ مقابلاتی کمپنیوں پر ہیئت برقرار رکھی جاسکے۔ جن شعبوں پر ہم نے زیادہ توجہ دی ان میں لیڈرشپ ڈیولپمنٹ، استعداد کاری میں اضافہ، ایمپلائز کے تعلقات میں بہتری کیلئے انتظامی مقاصد کے حصول کیلئے اعلیٰ کارکردگی کی حامل ٹیم کی تشکیل دی تا کہ تنوع اور عملداری پر سے وابستگی ہمارے بنیادی ایجنڈا میں شامل ہے تاکہ تنظیمی مقاصد حاصل کیے جاسکیں۔

فیکٹریز پر ایمپلائز کے تعلقات اور معاشرتی شمولیت اولین ترجیح ہوتے ہیں



# ڈائریکٹرز رپورٹ برائے شیئر ہولڈرز

کمپنی کے ڈائریکٹران کے لئے یہ بات باعث خوشی ہے کہ وہ 31 دسمبر، 2016 کو ختم ہونے والے سال کی سالانہ رپورٹ بشمول آڈٹ فنانسل اسٹیٹمنٹ پیش کر رہے ہیں۔

## مالیاتی کارکردگی

سال 2016 میں اپنی مستحکم کرنسی، بہتر امن وامان، توانائی کی بہتر صورتحال، مستحکم سیاسی نظام اور مسلسل کم ہوتی ہوئی افراط زر کی بناء 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 کے پیش نظر کمپنی نے اپنی موثر پراڈکٹ کس، عددی تقسیم میں اضافے اور برانڈ پر سرمایہ کاری کے باعث 9.1 فیصد کی بہترین شرح نمو حاصل کی ہے۔ کمپنی نے سازگار پیداواری لاگت اور نیسلے کنٹینیوس ایکسیلینس Nestlé Continuous Excellence (این سی ای) اقدامات کی بدولت ویلیو چین کی اصلاح کی اور اپنے مجموعی مارجن میں 226 بی پی ایس کی بہتری لائی۔

نیسلے پاکستان پر عزم ہے کہ وہ اپنی پراڈکٹ میں جدت اور تجدید کے اصولوں کو اپناتے ہوئے بہتری لارہا ہے، جو کمپنی کے صارفین کو مثبت طریقے سے بہتر معیار زندگی فراہم کرنے کے مقاصد کا حصہ ہیں۔ سال 2016 میں جونہی پراڈکٹ متعارف کرائی گئیں ان میں میگی چھوٹو، نیسلے یوگرت (میگو)، نیسلے تھری ان ون، نیسلے ایکٹی کول، نیسلے نیسو یوگرت، فٹنس سیربلز، نیسلے ڈوجیلو ڈزرت میچک، نیسلے فروٹاواٹھلوز (وائٹ گریپ لیچی) اور نیسلے ایوری ڈے ڈبل کریمی شامل ہیں۔

## مالیاتی کارکردگی کا جائزہ

پی کے آر ملین	2016	2015	تبدیلی
سیلز	112,393	102,986	+9.1%
مجموعی منافع کا مارجن	35.4%	33.1%	+2.3%
آپریٹنگ منافع کا مارجن	17.0%	15.8%	+1.2%
خالص منافع ٹیکس کے بعد	10.5%	8.5%	+2.0%
خالص منافع ٹیکس کے بعد	11,847	8,761	+35.2%
آمدنی فی شیئر	261.23	193.18	+35.2%

## اہم مالیاتی اشارے

- سیلز میں 9.4 ملین روپوں کا اضافہ 9.1 فیصد کی شرح نمو
- سازگار پیداواری لاگت اور این سی ای مائنڈ سیٹ کے تحت دی گئی ڈیلیوریڈ کاسٹ کے موثر کنٹرول کے باعث مجموعی منافع (جی پی) مارجن میں 2.3 فیصد کی بہتری
- خالص منافع کے مارجن میں آپریشنل کاسٹ پر مسلسل توجہ کے باعث 2 فیصد کا اضافہ۔

## ڈیویڈنڈز:

کمپنی کی بہترین مالیاتی کارکردگی کے باعث، بورڈ آف ڈائریکٹرز کی جانب سے فائنل کیش ڈیویڈنڈ کے لئے فی شیئر 170 روپے کی تجویز کی ہے، اس کے علاوہ عبوری کیش ڈیویڈنڈ کے لئے 225 روپے فی شیئر، جس کے بعد سال 2016 کا ٹوٹل ڈیویڈنڈ 425 روپے فی شیئر ہے جس کے مقابلے میں سال 2015 کا فی شیئر 190 روپے ہے۔

## سرمایہ کاری کے منصوبے

مارکیٹ پر مبنی نقطہ نظر اور صارفین کی ضروریات کو پورا کرنے کا عزم لئے، نیسلے پاکستان نے سال 2016 میں 4.1 ملین روپوں کی سرمایہ کاری کی جن میں مختلف منصوبوں کی توسیع اور ترقی شامل ہے۔ ان میں سے اہم منصوبے درج ذیل ہیں:

پراجیکٹ کی تفصیلات	PKR Million
شیٹھ پورہ، توسیع اور آپریشنل انحصار	1,511
کبیر والا، توسیع اور آپریشنل انحصار	1,554
واٹر فیکٹریز، توسیع اور آپریشنل انحصار	284
دودھ اکٹھا کرنے کے انفراسٹرکچر کی بہتری	241
سیلز اور ڈسٹری بیوشن سہولیات کی توسیع	272

گر دھڑ اور پائیداری کی فراہمی کیلئے کوشاں ہے۔

اس سال نیٹیل پاکستان کو "Living the global compact business excellence 2014-2015" کیلئے ملٹی نیشنل کیٹیگری میں پرائیویٹ سیکٹر کوڈ بیسٹ ورک ایجنڈ اور اقوام متحدہ کے پائیدار ڈیولپمنٹ مشن میں شامل کرنے پر پہلے انعام سے نوازا گیا۔ نیٹیل پاکستان کو یہ ایوارڈ نیوٹریشن، پانی، ماحولیاتی پائیداری، دیہی ترقی اور اپنے لوگوں کو مشترکہ ویلیو کی فراہمی جیسے میدان میں اپنی اہم پوزیشننگ کے باعث دیا گیا۔

اپنے صارفین کو معیاری پراڈکٹس کی فراہمی سے لے کر اپنے ملازمین کیلئے کام کا بہترین اور منصفانہ ماحول فراہم کرنے تک، اپنے پارٹنرز اور خام مال فراہم کرنے والوں سے لے کر Responsible Sourcing Model کو لاگو کرنے کیلئے Capacity بلڈنگ اور مکمل معلومات کی فراہمی تک، محروم طبقے کی امداد سے لے کر چھوٹے کسان کے ساتھ شراکت تک، اپنے آپریشنز کی ماحول دوستی اور پائیداری سے لے کر شفاف اور اخلاقی کاروباری ضابطے تک CSV پوری ویلیو چین کو اپنے اندر سمیٹے ہوئے ہے۔

2016 میں کمپنی نے "Seeing is believing" جیسے اقدام کا آغاز کیا تاکہ گھاس سے گلاس تک ڈیری ویلیو چین کو منظر عام پر لایا جاسکے تاکہ ہمارے سٹیک ہولڈرز اس بات سے آگاہ رہیں کہ ہم ان کیلئے معیار اور تحفظ کا کتنا خیال رکھتے ہیں اور وہ ہمارے ترجمان ہیں۔

اہم CSV اقدامات جو 2016 کے دوران مکمل کئے گئے، درج ذیل ہیں:

- نیٹیل Healthy Kid پروگرام کے تحت دیہی، قصباتی اور شہری علاقوں میں غذائی شعور مزید 30,000 سکول کے بچوں کو منتقل کیا گیا جبکہ پورے ملک میں کل 1 لاکھ بچوں کو اس شعور سے متعارف کروایا گیا۔
- Nestlé Healthy Women جو کہ 19 سے 24 سال کی خواتین کیلئے غذائیت کے شعور کو اجاگر کرنے کا پروگرام ہے تاکہ انہیں صحت مند طرز زندگی سے روشناس کروا کے مستقبل میں ان کے فوائد کے بارے میں آگاہ کیا جاسکے۔
- نیوٹریشن سپورٹ پروگرام جو کہ کم ترقی یافتہ اور قدرتی آفات سے متاثرہ علاقوں کی بہتری کا پروگرام ہے، کے ذریعے پراڈکٹ سپورٹ کو جاری رکھا۔
- ہمارے آپریشنل ایریا میں روزانہ 60,000 افراد کو پینے کے صاف پانی کی فراہمی کو یقینی بنایا گیا۔
- شیخوپورہ فیکٹری میں WWF کے تعاون سے لائسنس فار وائرسٹورڈ شپ سٹینڈرڈ کا اطلاق کیا۔
- ماحولیاتی قوانین اور ضابطوں پر عمل پیرا ہوتے ہوئے اپنے آپریشنز کے ہر قدم پر یہ کوشش کی گئی کہ ماحول پر اس کے کم سے کم اثرات مرتب ہوں۔
- فارم سپورٹ پروگرام کے تحت ڈیری فارمرز کو تعاون، تربیت اور مشاورتی سہولیات کی فراہمی جاری رکھی۔
- ڈیری اینڈ رورل ڈیولپمنٹ فاؤنڈیشن ٹریڈنگ پروگرام جاری رکھا گیا جس میں 45,000 ڈیری فارمرز، 6,000 دیہی خواتین، لائیو سٹاک ورکرز اور 2,500 لائیو سٹاک اینڈ ڈیری کے مصنوعی افزائش نسل کرنے والے افراد کو تربیت فراہم کی گئی، فارمر ٹریڈنگ مختلف دیہات میں 118 اپ گریڈ کئے گئے ڈیری فارمرز میں دی گئی۔
- چونسائیگو سیکٹر میں چونسائیگو پراجیکٹ کے ذریعے بیٹ فارم پریکٹسز کے اطلاقی پروگرام کو جاری رکھا۔
- LUMS لاہور اور IBA کراچی میں ایگری بزنس منیجمنٹ کے حوالے سے انٹر پرائیوٹ شپ ڈیولپمنٹ پروگرام کا انعقاد۔
- نیشنل ہائی وے اور موٹروے پولیس ٹریڈنگ انسٹیٹیوٹ کراچی میں ڈرائیور ٹریڈنگ کیلئے تعاون کی فراہمی۔

## مستقبل کا منظر نامہ

ہم پرامید ہیں کہ پاکستان کو تقریباً معاشی ترقی کے روشن دور میں داخل ہوتا دیکھیں گے اور ہمیں یقین ہے کہ پاکستان اپنی بڑھتی ہوئی آبادی، بڑھتی ہوئی فیکٹری کیس آمدنی اور چائینڈ پاکستان اکنامک کوریڈور (CPEC) کے نتیجے میں بننے والے عظیم الشان انفراسٹرکچر سے بڑی سرمایہ کاری کو فروغ دے گا۔ نیٹیل پاکستان پرامید ہے کہ بجلی کی کمی پر قابو پایا جائے گا۔ اس کے ساتھ ساتھ توانائی کی لاگت مین کی ہوگی جس سے آخر کار کمپنی کی لاگت ٹرم قیمت خرید میں کمی آئے گی۔ مزید برآں نیٹیل پاکستانی عوام کے معیار زندگی کو بہتر غذائیت، صحت اور تندرستی سے بہتر کرنے کیلئے بہتر پراڈکٹس فراہم کرنے کیلئے پرعزم ہے اور اپنے اس مشن کو مضبوط اور منافع بخش پائیدار برانڈز، I&R کی صلاحیت اور آپریشنل مہارت کی بناء NCE کی طرز پر ترقی کے ساتھ جاری رکھے گا۔

## اظہار تشکر

ہم اپنے معزز کسٹمرز اور صارفین کا شکریہ ادا کرتے ہیں جنہوں نے ہماری پراڈکٹس پر اعتماد کیا اور کمپنی کی ترقی میں مسلسل ہماری مدد کی۔ کمپنی اپنے ملازمین کی انتھک کوششوں، ایمانداری اور لگن پر بھی فخر محسوس کرتی ہے اور ان کی بے حد شکر گزار ہے۔ ہم اپنے معزز سپلائرز، ٹریڈنگ پارٹنرز، بینکرز اور تمام سٹیک ہولڈرز کی مدد اور معاونت کو قدر کی نگاہ سے دیکھتے ہیں جنہوں نے ہماری کمپنی کی ترقی میں اہم کردار ادا کیا اور پاکستان کے لوگوں کے معیار زندگی کو بہتر بنانے میں اپنا مثبت کردار ادا کیا۔

نیٹیل پاکستان بین الاقوامی مہارت اور معیار کو اپنی پراڈکٹس، طریقہ کار اور مینیجنگ پریکٹس میں شامل کرتے ہوئے "ہر دم پاکستانی" کمپنی رہا ہے اور پاکستان میں اپنی کامیابیوں پر فخر محسوس کرتا ہے۔

فیکٹریز میں ملازمین کے تعلقات اور معاشرتی شمولیت کا اولین ترجیح دیتے ہوئے غیر انتظامی عمل کی ڈیولپمنٹ کیلئے مجموعی طور پر (این ایم ایس) ٹریننگ کے 19,834 گھنٹے صرف کئے گئے۔ لیڈر شپ سکول کو بڑھانے کیلئے، پیپلز مینجمنٹ سول کٹ اور نیسلے لیڈر شپ ڈیولپمنٹ ایکسپریس 2016 میں مینجمنٹ ٹریننگ 28,700 گھنٹوں کے ساتھ لرننگ کے حوالے سے ایک اہم اقدام رہا۔ کیریئر کوچنگ پر سب سے زیادہ توجہ دی گئی جس کے تحت پوری کمپنی میں 60 لائن مینجمنٹ زکو بطور کیریئر کوچر تربیت دی گئی۔

مزید برآں نتیجہ خیز پرفیکٹو کیلئے 186 تھری پارٹی پی ڈی جی سیشن منعقد کرائے گئے۔

ادارے کے بارے میں جاننے کے لئے Employee Engagement Survey - Nestlé & I منعقد کرایا گیا جس میں 99 فیصد لوگوں نے حصہ لیا جو کہ بے مثال ہے۔

## سال میں پہلی بار:

- Connect NiM (Nestlé in Market) اور کافی کارز سیشن ادارے کے ملازمین کو مشغول کرنے اور ان میں نئی جان ڈالنے کیلئے کرائے۔
- نیسلے پاکستان نے LEAN IN Lahore Chapter (Sheryl Sandberg's concept) متعارف کرایا جس میں انڈسٹری میں موجود خواتین نے عموماً پیش آنے والے چیلنجز اور ان سے نمٹنے کے حوالے سے بحث کی۔
- Employee Relation Lahore Chapter نے کراس انڈسٹری کے ماہرین کے ساتھ دو سیشن منعقد کئے جس میں مشترکہ مسائل اور بہترین پریکٹسز پر بات کی گئی۔ 15 نیسلے مینجمنٹ زکو انٹرنیشنل کو چنگ فیڈریشن کے تحت ماسٹر کوچز میں سرٹیفیکیشن کروائی گئی جس سے کو چنگ کلچر میں بہتری آئے گی۔
- ای۔ لرننگ کے فروغ کے لئے 100 سکل سافٹ لائنس، علاوہ ازیں Diversified development through functional competences training جو کہ ہماری OD training booklet کا حصہ ہے۔
- ایپلائیڈ سروسز میں آپریشنل کارکردگی بڑھانے کیلئے مارکیٹ میں Request Management System (RMS) اور KRONOS ٹائم مینجمنٹ سسٹم متعارف کرایا گیا اور ہیومن ریسورس ویب سائٹ میں بھی بہتری لائی گئی۔

2016 کی چند مزید بھولکیاں درج ذیل ہیں:

- 15 یونیورسٹیوں کو کیسپس ڈرائیوز اور جاب فیر کیلئے منتخب کیا گیا۔
- 565 انٹرن شپس کی پیشگی گئی۔
- 31 طلباء کو بطور اپرنٹس کمپنی میں شمولیت فراہم کی گئی۔
- 26 افراد کو بطور اپرنٹس پروگرام "کرو اعتماد" - ویمن امپاورمنٹ پلیٹ فارم کے تحت ملازمت دی گئی۔
- 21 مینجمنٹ ٹرینی بھرتی کئے گئے۔
- ون آن کن کیریئر کاؤنسلنگ کیلئے ملک بھر میں سی وی کیلنکس منعقد کرائے گئے۔

## مشترکہ ویلیو کی فراہمی (CSV) اور کمیونٹی ورک

کسی کمیونٹی کی کامیابی کیلئے اور اپنے شیمز ہولڈرز کیلئے منافع کی پیداوار کیلئے اس کا معاشرے کیلئے بھی فائدہ مند ہونا ضروری ہے۔ نیسلے میں اسے "Creating Shared Value" (CSV) کہا جاتا ہے۔ اپنے کاروبار اور دنیا کی بہترین غذائیت، صحت اور توانائی فراہم کرنے والی کمپنی بننے کے اپنے مقصد کو مد نظر رکھتے ہوئے نیسلے نے مندرجہ ذیل مرکزی میدانوں کا انتخاب کیا ہے جہاں یہ مشترکہ قدروں کی تخلیق کی اصلاح کر سکتے ہیں۔ جہاں مشترکہ ویلیو کی تخلیق کو بڑھایا جاسکتا ہے۔

- غذائیت

- پانی

- ماحولیاتی استحکام

- دیہی ترقی

- ہمارے لوگ

اس عالمی نقطہ نظر کے تحت اور پاکستان کے لوگوں کے معیار زندگی کو بہتر بنانے کیلئے، نیسلے پاکستان اپنے زیر اثر علاقوں میں دیہی اور غریب برادری کے ساتھ ساتھ کسانوں کو بھی مثبت طور پر شریک کار رکھتا ہے۔ ہمارا مقصد نیسلے کارپوریشن کے اصولوں سے تاثر، ساتھ ہی ساتھ اقوام متحدہ گلوبل Compact for ethical business کا ہونے کے سبب انہیں اصولوں کی روشنی میں اپنے اسٹیک ہولڈرز اور کمیونٹی کو مشترکہ





# 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 = 5

Date of Meeting	Time	Place
February 16, 2016	10:30 am	308-Upper Mall, Lahore
April 25, 2016	10:30 am	308-Upper Mall, Lahore
May 28, 2016	09:00 am	308-Upper Mall, Lahore
August 19, 2016	10:00 am	308-Upper Mall, Lahore
October 20, 2016	10:00 am	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	5
Bruno Boris Olierhoek	15.07.2016	5
Syed Babar Ali	15.07.2016	5
Syed Hyder Ali	15.07.2016	5
John Martin Miller	15.07.2016	5
Naveed A. Khan	15.07.2016	4
Osman Khalid Waheed	15.07.2016	3
Juan Aranols	15.07.2016	3
John Davis	15.07.2016	5
Pierre Schaufelberger (resigned w.e.f. April 25, 2016)	01.07.2013	2

## 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 2015. 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.

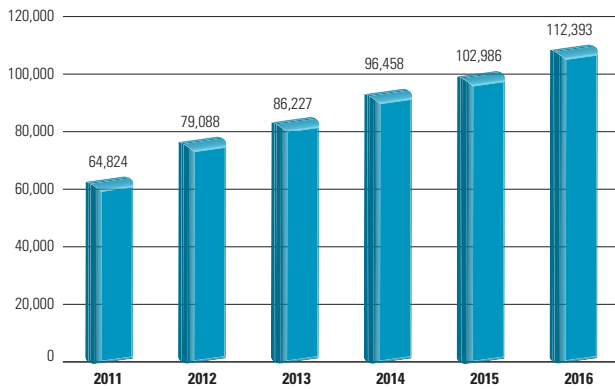
## STRATEGIC PLANNING

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).

# COMPANY PERFORMANCE 2016

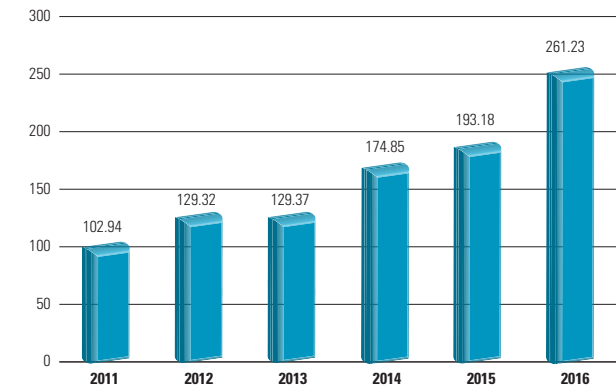
## SALES

Rs. in million



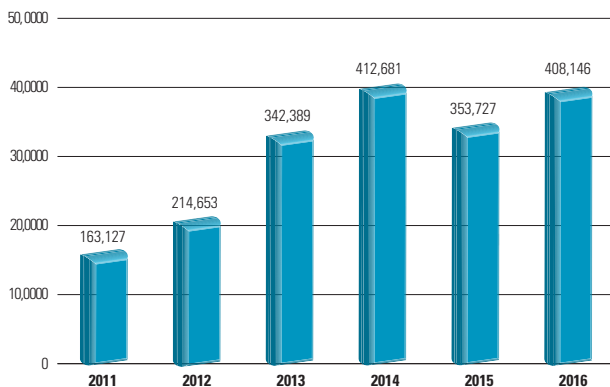
## EARNINGS PER SHARE

Rupees



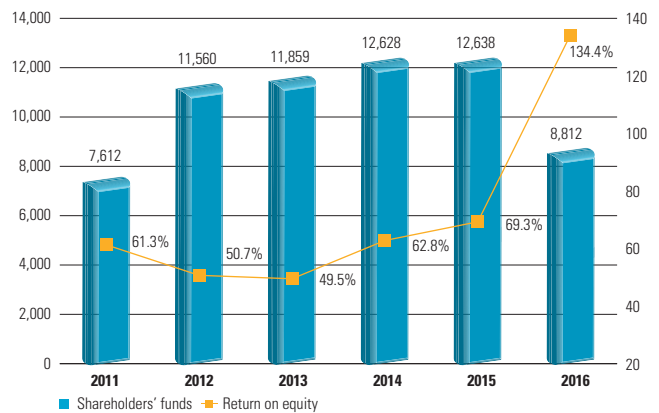
## MARKET CAPITALISATION

Rs. in million



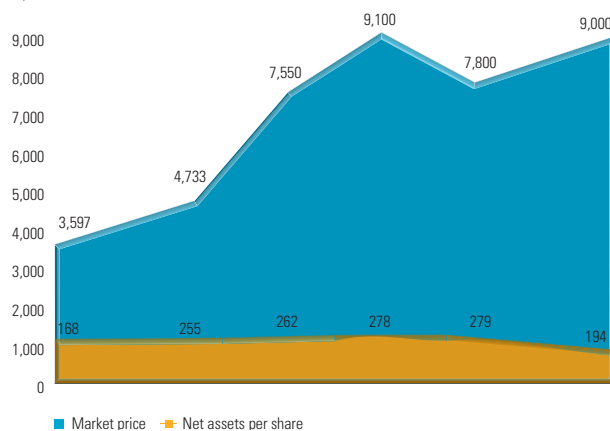
## SHAREHOLDERS' FUND & RETURN ON EQUITY

Rs. in million



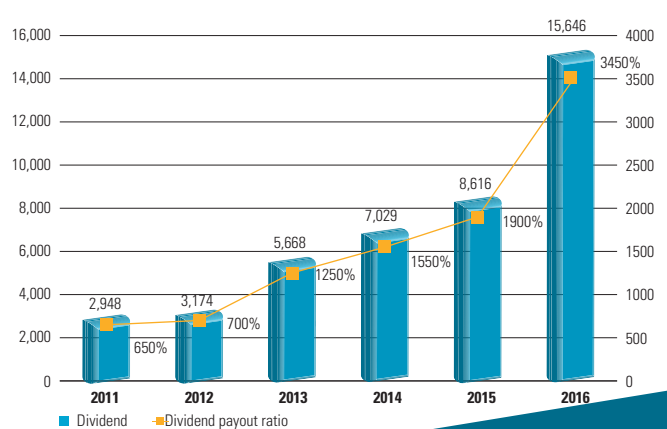
## MARKET PRICE PER SHARE VS. NET ASSETS PER SHARE

Rupees



## DIVIDEND PAYOUT RATIO

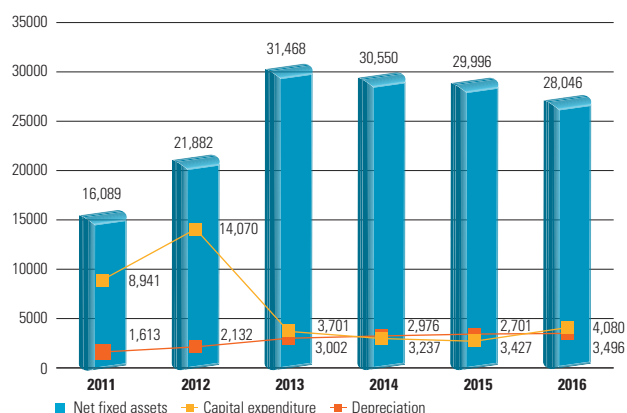
Rs. in million





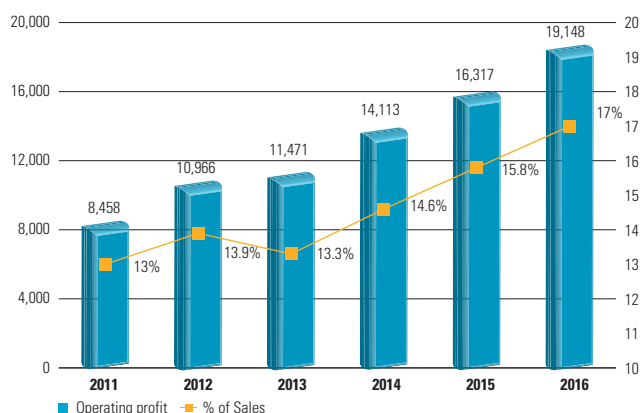
## NET FIXED ASSETS, FIXED CAPITAL EXPENDITURE AND DEPRECIATION

Rs. in million



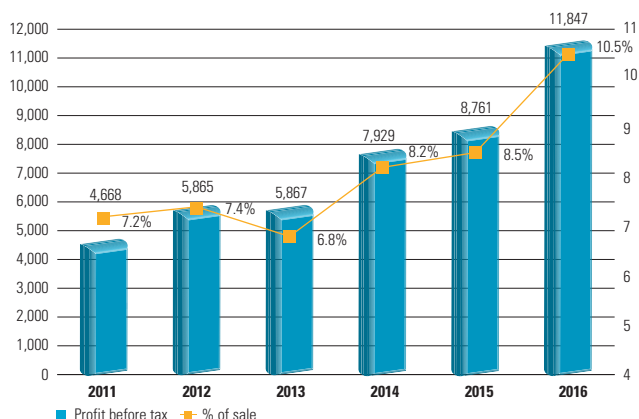
## OPERATING PROFIT & % OF SALES

Rs. in million



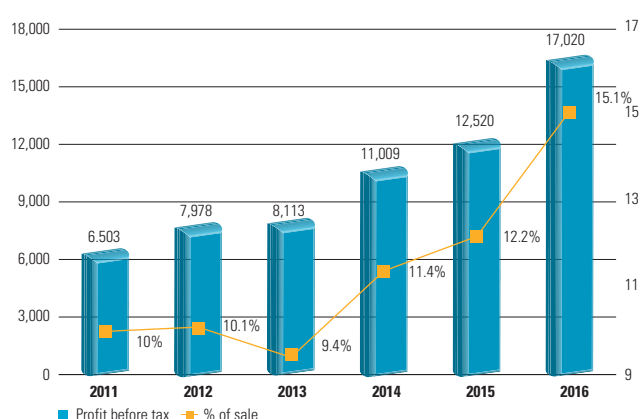
## PROFIT AFTER TAX & % OF SALES

Rs. in million



## PROFIT BEFORE TAX & % OF SALES

Rs. in million



# STATEMENT OF WEALTH CREATION AND ITS DISTRIBUTION

(Rupees in 000)	2016		2015	
WEALTH GENERATED / VALUE ADDED:				
Net turnover including sales tax	118,089,764		107,842,411	
Less: Purchased materials and services	(71,433,654)		(73,136,425)	
Value Added	46,656,110		34,705,986	
Other Income	394,753		137,742	
Wealth Created	47,050,863	100%	34,843,728	100%
WEALTH DISTRIBUTION:				
TO EMPLOYEES:				
Salaries, benefits and other costs	9,948,560	21.1%	8,335,189	23.9%
TO GOVERNMENT:				
Income tax, sales tax, excise & custom duty, WWF, WPPF	16,716,657	35.5%	12,716,654	36.5%
TO SOCIETY AND DEVELOPMENT INITIATIVES:				
Donations and CSR Projects	49,717	0.1%	52,241	0.1%
*Dairy Development (Non-business returns)	227,417	0.5%	224,731	0.6%
TO PROVIDERS OF CAPITAL:				
Dividend to Shareholders	15,645,608	33.3%	8,616,421	24.7%
Mark-up/ interest expenses on borrowed funds	959,005	2.0%	1,477,480	4.2%
TO COMPANY:				
Depreciation, amortisation and retained profit	3,503,899	7.4%	3,421,012	9.8%
	47,050,863	100%	34,843,728	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)	2016	2015	2014	2013	2012	2011
---------------------	------	------	------	------	------	------

## TRADING RESULTS

- Sales	112,393	102,986	96,458	86,227	79,088	64,824
- Gross Profit	39,783	34,127	27,324	24,161	21,523	16,725
- Operating Profit	19,148	16,317	14,113	11,471	10,966	8,458
- Profit Before Tax	17,020	12,520	11,009	8,113	7,978	6,503
- Profit After Tax	11,847	8,761	7,929	5,867	5,865	4,668

## BALANCE SHEET

- Shareholders' Funds	8,812	12,638	12,628	11,859	11,560	7,612
- Reserves	8,359	12,184	12,174	11,406	11,107	7,159
- Operating Fixed Assets	28,046	29,996	30,550	31,468	21,882	16,089
- Net Current Assets/Liabilities	(13,460)	(6,066)	(6,288)	4,767	(3,120)	(3,352)
- Long Term Liabilities*	8,942	11,487	11,326	22,429	19,351	10,821

## INVESTOR INFORMATION FOR SIX YEARS

- Gross Profit Ratio	35%	33%	28%	28%	27%	26%
- Operating Profit Ratio	17%	16%	15%	13%	14%	13%
- Profit Before Tax Ratio	15%	12%	11%	9%	10%	10%
- Profit After Tax Ratio	11%	9%	8%	7%	7%	7%
- Inventory Turnover Ratio	7 : 1	7.2 : 1	7.8 : 1	7.8 : 1	7.7 : 1	8.2 : 1
- Total Assets Turnover Ratio	2.2 : 1	2 : 1	1.9 : 1	1.7 : 1	1.8 : 1	2.2 : 1
- Price Earning Ratio	34.5	40.4	52.1	58.4	36.6	34.9
- Return on Capital Employed	122%	61%	55%	27%	31%	43.0%
- Market Value Per Share	9,000	7,800	9,100	7,550	4,733	3,597
- Debt Equity Ratio	58 : 42	53 : 47	61 : 39	68 : 32	69 : 31	69 : 31
- Current Ratio	0.6 : 1	0.7 : 1	0.7 : 1	1 : 1	0.8 : 1	0.9 : 1
- Interest Cover Ratio	18.7 : 1	9.5 : 1	6.5 : 1	4.9 : 1	5.4 : 1	7.8 : 1

\* Net current assets/liabilities do not include current portion of long term liabilities.

# PATTERN OF SHAREHOLDING

OF NESTLÉ PAKISTAN LIMITED AS AT DECEMBER 31, 2016

No. of Shareholders	From	Shareholding	To	Total Shares Held
475	1	to	100	13,864
163	101	to	500	43,055
71	501	to	1,000	54,254
90	1,001	to	5,000	190,944
18	5,001	to	10,000	138,910
6	10,001	to	15,000	74,203
2	15,001	to	20,000	38,898
4	20,001	to	25,000	93,541
2	35,001	to	40,000	75,529
2	40,001	to	45,000	83,755
2	50,001	to	55,000	105,802
1	55,001	to	60,000	56,807
1	65,001	to	70,000	66,289
1	80,001	to	85,000	82,717
1	100,001	to	105,000	100,556
2	115,001	to	120,000	239,024
1	155,001	to	160,000	155,216
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	428,052
1	430,001	to	435,000	430,551
1	535,001	to	540,000	538,235
1	835,001	to	840,000	840,000
1	1,361,000	to	1,366,000	1,365,956
1	1,150,001	to	1,155,000	1,153,364
1	1,285,001	to	1,290,000	1,290,000
1	1,325,001	to	1,330,000	1,330,000
1	3,645,000	to	3,650,000	3,649,248
1	4,360,001	to	4,365,000	4,364,666
1	26,775,001	to	26,780,000	26,778,229
858				45,349,584



# CLASSIFICATION OF SHARES BY CATEGORIES

AS AT DECEMBER 31, 2016

CATEGORIES OF SHAREHOLDERS	NUMBERS	SHARES HELD	PERCENTAGE
Directors and their spouse(s) and minor children	6	2,028,213	4.47
Executives	9	790	0.00
Associated Companies, undertakings and related parties	7	35,577,464	78.45
NIT	1	1,760	0.00
Financial Institution	2	45,080	0.10
Insurance Companies	3	5,565	0.01
Funds	4	107,625	0.24
Joint Stock Companies	13	4,916	0.01
Charitable Trust	6	17,445	0.04
Foreign Investors	11	1,312,851	2.89
General Public (Individual)			
a. Local	757	5,786,653	12.76
b. Foreign	-	-	-
Public Sectors Companies & Corporations	3	441,167	0.97
Others	36	20,055	0.04
Totals	858	45,349,584	100.00

Shareholders' Holding 5% or above

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, 2016

NAME OF SHAREHOLDER	NUMBER OF SHARES	PER %
<b>ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES *</b>		
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
NATIONAL MANAGEMENT FOUNDATION	224,720	0.50
INDUSTRIAL TECHNICAL & EDUCATIONAL INSTITUTE	21,666	0.05
TRUSTEES Nestlé PAKISTAN LTD EMPLOYEES PROVIDENT FUND	700	0.00
	35,577,464	78.45
<b>MUTUAL FUND</b>		
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	100,556	0.22
CDC - TRUSTEE ATLAS STOCK MARKET FUND	5,620	0.01
CDC - TRUSTEE AKD INDEX TRACKER FUND	989	0.00
CDC - TRUSTEE APF-EQUITY SUB FUND	460	0.00
	107,625	0.24
<b>DIRECTORS AND THEIR SPOUSE(S) AND MINOR CHILDREN</b>		
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 (W/o Syed Babar Ali)	210,865	0.46
SYEDA NIGHAT ALI (W/o Syed Yawar Ali)	60	0.00
	2,028,213	4.47
<b>EXECUTIVE</b>		
9	790	0.00
<b>PUBLIC SECTOR COMPANIES</b>		
ZARAI TARAQIATI BANK LIMITED	430,551	0.95
EMPLOYEES OLD AGE BENEFITS INSTITUTION	10,560	0.02
NATIONAL INVESTMENT TRUST LIMITED	1,760	0.00
NATIONAL BANK OF PAKISTAN	56	0.00
	442,927	0.98
<b>BANKS, DEVELOPMENT FINANCIAL INSTITUTIONS, NON-BANKING FINANCE COMPANIES, INSURANCE COMPANIES, TAKAFUL, MODARABAS AND PENSION FUNDS</b>		
17	64,071	0.14
<b>SHARE HOLDERS HOLDING 5% OR MORE</b>		
* Nestlé S. A.	26,778,229	59.05
* IGI INSURANCE LIMITED	4,364,666	9.62
* PACKAGES LIMITED	3,649,248	8.05
	34,792,143	76.72

Details of Purchase/Sale of shares by Directors/Company Secretary/Executives and their spouses/ minor children during the year 2016 : NIL

# STATEMENT OF COMPLIANCE

WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED DECEMBER 31, 2016

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. At present the Board includes:

#### **Independent Director**

1. Osman Khalid Waheed

#### **Executive Directors**

1. Bruno Boris Olierhoek
2. John Micheal Davis
3. Naveed A. Khan

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

1. Syed Yawar Ali
2. Syed Babar Ali
3. Syed Hyder Ali
4. John Martin Miller
5. 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 NBFI 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 April 25, 2016 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 alongwith 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 alongwith 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 requirements of 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 including the Chairman of the Committee who 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 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 Stock Exchange.

23. The Company has complied with the requirement relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including 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**

CEO

Lahore: February 22, 2017



# 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 2016 to comply with the requirements of Rule No. 5.19 of the Rule Book of Pakistan Stock Exchange 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's personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of the 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 mechanism. We are only required and have ensured compliance of this 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 of Corporate Governance as applicable to the Company for the year ended 31 December 2016.



**KPMG Taseer Hadi & Co.**

Chartered Accountants

(Bilal Ali)

Lahore

February 16, 2017

# NOTICE OF MEETING

Notice is hereby given that the 39th Annual General Meeting of Nestlé Pakistan Ltd; will be held at 12:00 noon on April 18, 2017 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, 2016 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 Taseer Hadi & Co., Chartered Accountants, being eligible, have offered themselves for re-appointment.
3. To approve payment of a Final Cash Dividend of Rs. 170/- per share i.e. 1700% to those who are Shareholders as at the close of business on April 10, 2017, in addition to the 2550% Interim Cash Dividend (i.e. Rs. 255 per share) already paid during the year 2016, as recommended by the Directors.

## ANY OTHER BUSINESS:

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

## BY ORDER OF THE BOARD



**Ali Sadozai**  
Company Secretary

March 24, 2017

## NOTES:

1. Share Transfer Books of the Nestlé Pakistan Limited ("Company") shall remain closed from April 11, 2017 to April 18, 2017 (both days inclusive) and no transfer will be registered during that time. Share transfer deeds received in order with the Shares 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 10, 2017 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 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 original CNIC along with their account number in CDS and participants ID number for verification. In case of appointment of proxy by such account holders, it must be accompanied with participants' ID number and Account/Sub-account number along with attested photocopies of 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 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 Shares Registrar.
7. In case of joint holders, only one member whose name will appear as 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 Computerised Identity Card Number (CNIC), National Identity Card for Overseas Pakistanis (NICOP) of the registered member or authorised 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 had not yet provided copies of 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. **Dividend Mandate (Optional):**

In order to make the process of payment of cash dividend more efficient, SECP vide its Circular No. 8(4) SM/CDC 2008 dated April 5, 2013 has issued instructions so that the shareholders can get their dividend credited in their respective bank accounts electronically without any delay. The shareholders may, therefore, authorise the Company to credit the dividend directly to their bank account for all future dividends declared by the Company. Accordingly, all non-CDC shareholders are requested to send their bank account details to the Company's Share Registrar at the address given above. Shareholders who hold shares with Participant/Central Depository Company of Pakistan Limited (CDC) are advised to provide the mandate to the concerned Stock Broker / Central Depository Company of Pakistan Limited.

10. **Deduction of Income Tax from dividend under Section 150 of Income Tax Ordinance 2001:**

The Government of Pakistan through Finance Act, 2016, has made 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 dividend paid by the companies. The current withholding tax rates are as under:

- a) For Filers of Income Tax Returns: 12.50%
- b) For Non-Filers of Income Tax Returns: 20.0%

To enable the Company to make tax deduction on the amount of Cash Dividend @ 12.50% 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 ATL before the date of issuance of Dividend Warrants, otherwise tax on their Cash Dividend will be deducted @ 20.0%.

The Corporate Shareholders having 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 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 Second Schedule to the Ordinance. Those who fall in the category mentioned in above Clause must provide valid Tax Exemption Certificate to our Shares Registrar; otherwise tax will be deducted on 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 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 Principal Shareholder and Joint-holder(s) in respect of shares held by them to the 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)



**11. Circulation of Annual Audited Financial Statements and Notice of AGM to the Members through E-mail:**

SECP through its Notification No. SRO. 787(1)/2014, dated September 08, 2014 has allowed companies to circulate Annual Audited Financial Statements ("Annual Financial Statements") along with Notice of Annual General Meeting ("Notice of AGM") to its members through e-mail. In order to avail this facility, the members who desire to opt to receive Annual Financial Statements and Notice of AGM through e-mail are requested to provide their written consent and e-mail addresses to the Share Registrar at the below mentioned address.

Please note that Annual Reports / Financial Statements are also available on the Company's website.

For any query/ difficulty/ information, the members may contact the Company's Share Registrar and share Transfer Agent, at the following address, phone/fax numbers:

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

Tel: Customer Support Services (Toll Free) 0800-CDCPL (23275)  
Fax: (92-21) 34326053  
Email: [info@cdcpak.com](mailto:info@cdcpak.com)  
Website: [www.cdcpakistan.com](http://www.cdcpakistan.com)



## ABOUT NESTLÉ

Nutrition has been in our DNA since 1867, when Henri Nestlé developed the first infant food. Today, millions of individuals and families across Pakistan mirror our emphasis on nutrition, realising that food choices impact their health and quality of life.





Nestlé Pakistan is the leading Nutrition, Health and Wellness company in the Country. Our key focus is to spread Nutrition, Health and Wellness to individuals and families across Pakistan. We believe in continuing to enhance the quality of people's lives throughout our value chain.

Nestlé Pakistan is headquartered in Lahore, with four production facilities across the country. Factories in Sheikhpura and Kabirwala are multi-product, whereas the ones in Islamabad and Karachi are water factories. Nestlé Pakistan takes great pride in its commitment to excellence in product quality and taste. We believe that in order

to be successful, we must also create long-term value for our society as well as for our shareholders; we make important contributions to society in order to enhance the livelihoods of millions of people.

Nestlé Pakistan Ltd. is a subsidiary of Nestlé S.A., a company based in Vevey, Switzerland. Registered on the Pakistan Stock Exchange (PSE), our 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 PSE. Our existing products grow through innovation

and renovation. We respect the cultures of the regions in which we operate, and recognise the need to improve the quality of life for the consumers in these areas. Our priority is always to bring people the best quality products, keeping in mind their location and age demographic, and in accordance with their needs. This is ensured through our effective marketing and widespread sales and distribution network.

Our company's strategy is guided by Nestlé's Corporate Business Principles, which are in line with internationally accepted norms and practices.





# BOARD OF DIRECTORS

AS ON DECEMBER 31, 2016



**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



**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: Newzealander  
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



**Naveed A. Khan**  
*Executive Director*  
(Nominee of Nestlé S.A.)  
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



**Osman Khalid Waheed**  
*Independent Director*  
Nationality: Pakistani  
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

Plot No. 33/7, Sector 15,  
Korangi Industrial Area, Karachi.  
Phone: (021) 35069807

## 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

Faysal Bank Limited  
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

### KARACHI

Plot BC/10, 8th Floor, Clifton Diamond,  
Block 4, Clifton Karachi, Pakistan.  
Phone: (021) 5833935-6  
Fax: (021) 35833937

### 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  
Fax: 042-35916752

### GUJRANWALA

Habib Bank Plaza,  
1st Floor Satellite Town, Gujranwala, Pakistan.  
Phone: 055-3733415, 3733243

### FAISALABAD

Ground Floor, Al-Haq Plaza 271-A,  
Small D Ground, Peoples  
Colony I, Faisalabad, Pakistan.  
Phone: 041-8716937, 8555607

### MULTAN

Street No. 7, Shalimar Colony,  
Bosan Road, Multan, Pakistan.  
Phone: 061-6212900-2

## NORTH ZONE

### ISLAMABAD

Plot No. 395-396,  
Sector I-9/3, Industrial Area, Islamabad, Pakistan.  
Phone: 051-4859301-2  
Fax: 051-4859303

### JHELUM

House No. 5/155 Sabir Road,  
Jhelum Cantt, Jhelum, Pakistan.  
Phone: 0544-720004  
Fax: 0544-625605

### PESHAWAR

Plot No. 1712, Near Kohat Road, Qamar Din Gare  
Bridge, Ring Road, Peshawar, Pakistan.  
Phone: 091-2323237



# MANAGEMENT COMMITTEE

## From Left to Right

Asim Rifat	(Business Executive Officer - Infant Nutrition)
Khurram Zia	(Business Executive Officer - Nestlé Waters)
Bruno Boris Olierhoek	(Managing Director)
Nausheen Jaffery	(Market Business Excellence Manager)
Humaira Ashar	(Market Innovation Lead)
John Michael Davis	(Head of Finance & Control)
Akmal Saeed	(Head of Human Resource)

## (Sitting)

## From Left to Right

Abdullah Jawaid Ahmad	(Business Executive Officer - Chilled Dairy)
Haseeb Aslam	(Business Executive Officer - Family Dairy)
Naveed Khan	(Head of Technical)
Waqar Ahmad	(Head of Corporate Affairs)
Nauman Khan	(Business Executive Officer - Nestlé Professional)
Faisal Rana	(Head of Communication and Market Services)
Arsalan Khan	(Head of Sales)
Babar Khan	(Business Executive Officer - Juices)
Usman Iqbal Bhatti	(Business Executive Officer - Dairy Nutrition Solutions)
Fuad Ghazanfar	(Business Executive Officer - Food)

## (Standing)





**Ali Sadozai**  
General Counsel and Company Secretary



**Samra Maqbool**  
Head of Communication and Market Services  
(On Leave)



**Roland Stieger**  
Business Executive Officer Dairy Nutrition Solutions  
(term ended in February 2017)



**Rustem Oguz**  
Head of Supply Chain





# HUMAN RESOURCE

In 2016, we continued to strengthen 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 organisational goals while diversity and commitment to compliance continued to remain at the heart of our agenda.

15

universities were targeted for Campus Drives and Job Fairs

265

internships were offered

31

apprentices were taken onboard

26

apprentices were inducted under our program Kero Aitemaad - Women Empowerment Platform

21

Management Trainees were inducted

CV  
clinics

were conducted nationwide for one-on-one career counselling sessions





Employee Relations and Community Engagement remained key focus areas at our factories to strengthen our relationship with the employees and surrounding communities. In addition, Performance Appraisal and Development process was effectively implemented for non-management staff. This year, we managed an overall NMS Training hours of 19,834. Furthermore, Employee Relations Lahore Chapter conducted two sessions with cross industry experts that were invited to exchange views on common issues and share best practices.

Gauging the pulse of the organisation, Employee Engagement Survey – Nestlé & I was conducted with an unprecedented 99% participation rate.

To improve operational efficiency in employee services, Request Management System (RMS) and KRONOS system were introduced for the first time across the market along with a revamp of HR's internal website.

To enhance leadership skills, the People Manager Toolkit & Nestlé Leadership Development Experience were continued during 2016 as major learning initiatives. These programs were 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 28,700. To foster the culture of e-learning, 100 Skill Soft Licenses were also distributed. For diversified development, this year functional competencies training pyramids were developed and successfully launched as part of our OD training booklet.

Special focus was given to employee careers whereby career coaching clinics were conducted for employees, helping them foresee their future within the company. In this context, 186 three party PDG sessions were conducted across the organisation. 60 line managers were also trained as career coaches across the market. In addition, 15

Nestlé Managers were certified as master coaches through the International Coaching Federation. These coaches will now conduct their sessions across the company to strengthen the coaching culture at Nestlé Pakistan.

This year also saw LEAN IN Lahore Chapter being introduced for the first time by Nestlé Pakistan, whereby females from across the industry gathered to discuss common challenges and ways to manage them. For the first time, NiM (Management) Connect sessions were organised across the organisation and Coffee Corner sessions were conducted in order to engage and energise our employees. Learnings from this year will be utilized to further strengthen the performance management system for 2017.







# MILK COLLECTION AND DAIRY DEVELOPMENT

## MOBILE WALLET

The raw milk we need for our dairy products is sourced from over 100,000 farmers across Punjab and Sindh. While most of the Farmers get payments against their milk supply in their bank accounts, around 15,000 small farmers were paid via cash by sourcing agents, having not been exposed to banking or not having a bank account.

With the onset of mobile technology in the banking sector, in particular for mobile bank accounts generally known as Mobile Wallet, Nestlé Pakistan team saw an opportunity to utilise this channel for payment to small farmers. They partnered with two banks to register the farmers' Mobile Wallets and farmers are now paid directly as soon as the weekly amounts get processed by Nestlé. They can also utilise other services like bill payment, money transfer from the convenience of the mobiles and have the flexibility to withdraw cash from any of the bank agents at any time of their convenience. Moreover, the milk supply agent has more free time to focus on the primary task of milk collection.

Currently more than 5,000 farmers have been enrolled across 1,500 locations and more than 1,250 farmers are currently being paid PKR 4 Million in a week.

In 2016, PKR 80 Million were paid to farmers via Mobile Wallet and the enrollment continues to grow.

## MILK MANAGEMENT SYSTEM

Digitalisation in milk sourcing value chain via Mobile Milk Management System is a significant shift from paper-based Milk Receipt Notes which have been used ever since the start of milk procurement in late seventies.

Considering the manual work involved, transportation of documents to data entry stations from 2,500+ locations, delays due to data entry, subsequent consolidation on weekly basis, and problems of errors or intentional changes which were difficult to track, it was decided in 2015 to leverage the smart mobile devices as well as data networks for real time data capture at source. Thus, a massive project was rolled out to implement the Mobile Milk Management System, across the whole milk shed covering all milk collection points. A web-based solution was designed to allow data sync from the mobile devices. Milk sourcing agents were equipped with smart mobile devices with a purpose built app to capture milk purchase data, which then real syncs in real time with the central system, while eliminating the paper data sheets and the manual capture of data on these sheets, as well subsequent data entry into the computer system.

The Mobile Milk Management System is a huge step forward into digitalisation as it allows for integration of data entry, collection and data checks much more efficiently over a shorter and real time vs. previous weekly basis.

# SUPPLY CHAIN

The Supply Chain function continued to provide a competitive edge to the company by enhancing operational and capital efficiency and sourcing at the most optimum rates. An improving economic environment along with a fast-evolving competitive landscape posed a unique set of opportunities and challenges for the Supply Chain function.

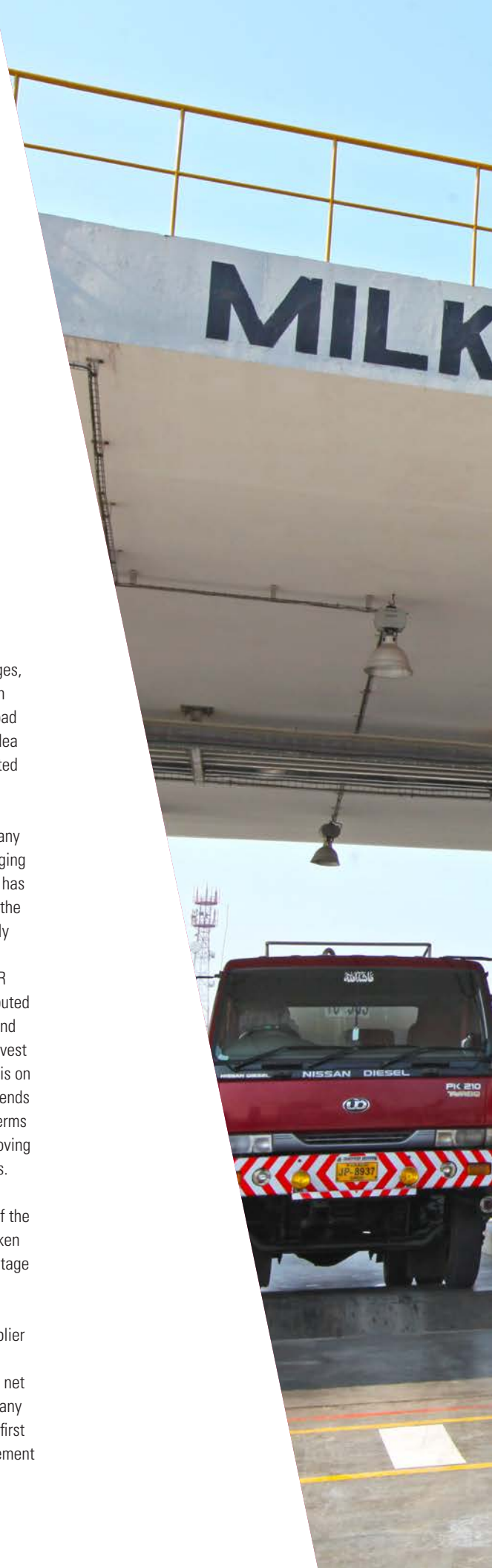
Safety is the first priority in everything we do. In 2016, with continuous focus and enhanced use of technology, the results we have been able to achieve were outstanding. 2016 marked a year without any fatality in transport operations which, considering the infrastructure and cultural limitations we face, is a remarkable result. This achievement was also recognised by Nestlé headquarters and Nestlé Pakistan won the safety award for Zone Asia Oceania Africa (AOA).

The Supply Chain, in its endeavour to be more proactive and flexible, has taken numerous steps to ensure the freshest product availability on shelf at all times. SAS, which is an advanced statistical forecasting tool, is one such initiative. The tool has been successfully piloted and is already adding great value to the business. The scope of this tool is being extended to the entire product range going forward. Similarly, working on the principles of optimised stock holding at all levels, replenishment based ordering has been launched and 25% of the total turnover. This means that Nestlé takes ownership of ensuring the presence of its entire product range at distributors and lets the distribution partner focus on its core responsibility which is sales. The consequence of all these initiatives has been a rationalisation in the inventory throughout the value chain and availability of fresher products on the shelf for the consumers.

This year responding to external challenges, the idea of using Pakistan Railways as an alternative service for deliveries when road transport was not possible came as an idea and the team executed with unprecedented agility when it was most required.

Fundamental to the success of the company is the ability to source its raw and packaging materials at the right price. Procurement has played a leading role in enabling this, at the same time enhancing savings significantly over the previous years and contributing savings which amounted to a total of PKR 3.1 Billion in 2016. These savings contributed both to the bottom line of the company and also provided the much needed fuel to invest behind our brands. Similarly, the emphasis on alternate supplier development in key spends has already started to pay dividends in terms of introducing innovative solutions, improving costs and increased reliability of supplies.

Further improving the capital efficiency of the company was another major initiative taken up by Procurement in 2016. Taking advantage of lower interest rates and leveraging Nestlé's financial standing, the company was successful in further expanding supplier financing to some of our major business partners, thereby considerably improving net payables. These efforts helped the company achieve negative working capital for the first time in December and an annual improvement of 3.1% vis-à-vis 2015.



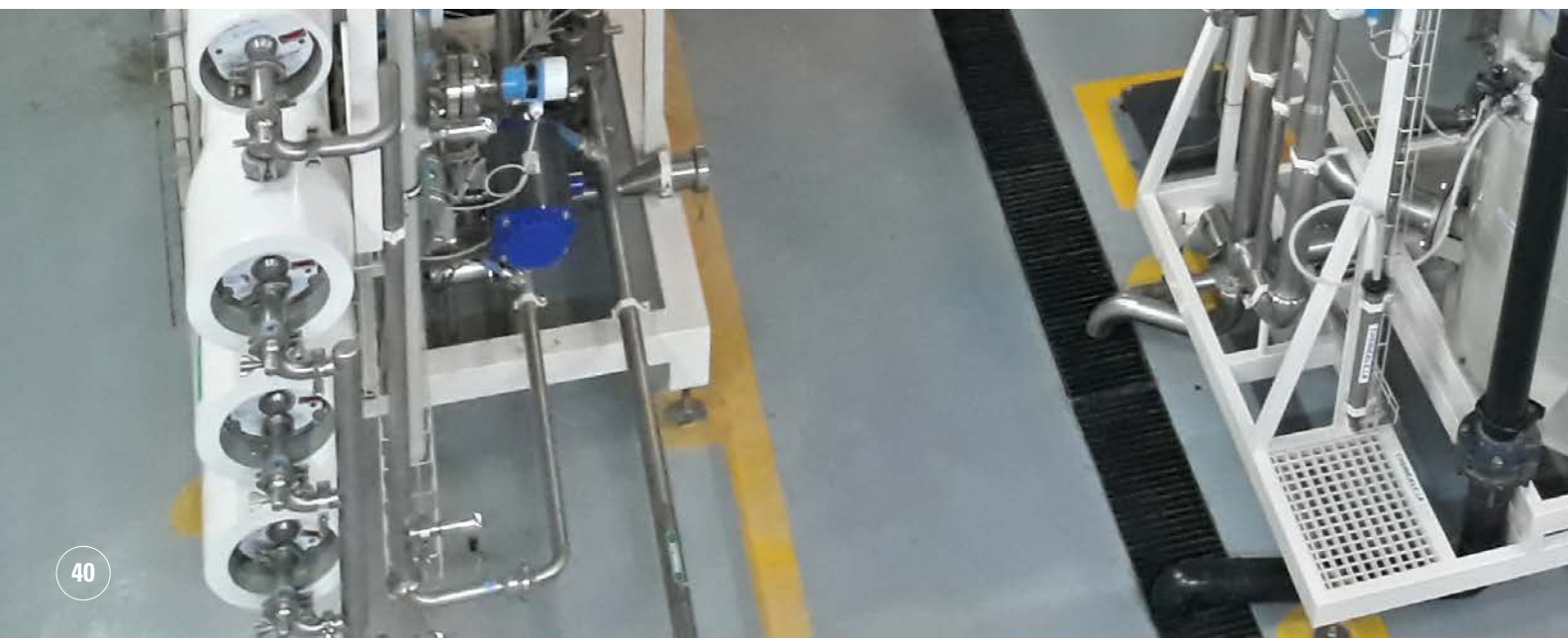






## TECHNICAL

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 2nd highest Asset Intensity across the Zone Asia Oceania Africa (AOA) in 2016 without compromising on the safety of our employees and quality of our products.







For People Safety & Health, significant efforts have resulted in winning the Global Safety & Health awards in Zone AOA. “Safar Bakhair Se Aagay” won the first award and “Sehat Mand Nestlé Pakistan” won the 3rd award in Zone AOA. In order to support Nestlé Policy on environmentally sustainable business practices, a number of projects have been completed on reduction in waste generation. We were able to provide products that are not only tastier and healthier, but also better for the environment.

TPM Journey has been expanded across Sheikhpura (SKP), Kabirwala (KBF) & Islamabad (ISD) factories and we are

determined to expand it on all lines in the market by 2018. We further enhanced the quality of our products by reducing consumer complaints through a number of defect reduction projects. A special focus was maintained to further improve the quality of fresh milk by building the capability of farmers in the field.

## SHEIKHUPURA FACTORY (SKP)

2016 was another year of success and continuous improvement for SKP Factory. SKP site became one of the very few factories globally to be rated EMERGING in Goal

Alignment. There has been tremendous progress for TPM Implementation in SKP. TPM Phase 0, completion in just 8 months was the first major milestone to be achieved. Various TPM Pillars have now been launched in the factory and expansion is taking place on different lines of the plants.

Leveraging digital technology, Mobile QMS is now live at Chilled Dairy Plant. This marks an important milestone in the journey towards “First Time Right” and “Zero Waste”. This digital solution will guarantee “a paperless shop floor” and real time data entry with mobility and quick intimation for any quality deviation.



Ensuring our strength in maintaining the quality of our products, the site maintained Excellent Rating in Proficiency testing for chemistry and microbiology. Globe Quality Monitoring System was successfully implemented at all plants.

For the first time, the SKP factory successfully implemented the community relationship process tool to strengthen community relationship as part of Water Stewardship initiatives.

Waste elimination projects were initiated as well, which brought significant reduction in waste, resulting in significant savings. Performance of the lines was significantly improved through various initiatives and projects. Capital investment projects were delivered with good quality on time and optimal cost.

## KABIRWALA FACTORY (KBF)

In 2016, Kabirwala factory accelerated Manufacturing Excellence by striving towards "Going for Zero Loss" in all five dimensions of Manufacturing Excellence. The Factory successfully passed Nestlé Continuous Excellence (NCE) Foundations gate re-assessment at "Emerging" in Goal Alignment after comprehensive assessment of foundations modules. These strong foundations played a pivotal role in enhancing factory performance in 2016 and achieving record production targets with minimum losses. Kabirwala Factory started the journey of NCE Advanced Practices (TPM & LEAN) in 2016 and is implementing these advanced practices with great pace. Many new initiatives and DMAIC projects were completed across the factory which contributed significant savings to the business.

KBF factory puts great emphasis on delivering consistent and best quality products to ensure consumer trust. Consumer Complaints rate reduced by more than 19% as compared to last year and factory obtained successful ISO 17025, FSSC 22000 & Halal recertification. Kabirwala factory achieved excellent rating in Proficiency Test (P-test) and 2016 was the 18th consecutive year in which the factory achieved this milestone. Safe operations have been the hallmark of Kabirwala factory. Kabirwala factory has also achieved the key milestone of 10 Million safe man hours in 2016.

Kabirwala factory conducted many employee engagement initiatives like "We Make Nestlé" sessions for all factory employees to spread positive energy. To strengthen gender inclusive culture, special focus was given to facilitate females working in the factory by establishing a female forum, a dedicated social block for females and establishment of a Day Care Centre for children of employees working in the factory. Several CSV initiatives were completed in community around factory premises like installation of water filtration plants & establishment of vocational training center for community females.

## ISLAMABAD FACTORY (ISB)

In 2016, Islamabad Factory has embarked on the advanced NCE journey of Total Performance Management (TPM) and Lean Value Stream (LVS). This will further help to improve the people's safety, productivity and quality. By capitalising on continuous improvement tools and techniques, the factory achieved 17% capacity increase once again in 2016. So in the last couple of years, 33% capacity was increased in total, to meet future customer demand.







Supply chain has improved the loading gates design to enhance the dispatch capacity by 25% to ensure timely delivery to market for customer satisfaction. Storage capacity was also increased by 27%, by enhancing the storage density. The factory has decreased its environmental foot print by 6% reduction in water consumption and 13% in energy consumption.

Islamabad Factory achieved Satisfactory rating in Care Compliance Audit held by Bureau Veritas in 2016. The factory is a pioneer in process release for the last eight years and committed to sustaining it in the coming years and delighting its consumers.

## PORT QASIM FACTORY (PQ)

2016 was a year of transformation for Port Qasim Factory with regards to employee social facilities, operational infrastructure and environmental impact.

In this context a new Employee social block was constructed with better facilities including a Health & Wellness center, staff shop, more spacious Canteen and Lockers. The most unique feature of this Project is

that the whole building is designed on an environment-friendly concept and is utilising Green Energy through Solar Panels which operate throughout the year. To build on this further, different initiatives were taken like External team building activity, a fun filled sports week, and Weekly Recognition meeting etc, which embarked positively on our road map for better Employee Engagement in the factory.

Capacity enhancement in the Supply Chain infrastructure was also made through the construction of a new loading deck equipped with modern Dock Levelers. This Project helped to improve the vehicle loading capacity and efficiency by following all Nestlé's mandatory requirements of Safe Work Environment.

To improve the Environmental footprint of the factory, a new Reverse Osmosis unit was installed on the Process waste water line to improve the overall recovery of the system and to save 28,000 Tons of water annually (equivalent to annual water consumption of 700 households) and a major step towards "Zero Environmental Impact" as part of Nestlé's Manufacturing Excellence journey.



# QUALITY ASSURANCE

Quality and Food Safety is one of the Nestlé's key Corporate Business Principles. We take Quality and Food Safety as a license to operate and it is the reason of our existence as a Food and Beverage Company since 150 years across the world.

At Nestlé Pakistan, Quality is everyone's responsibility so we ensure 100% engagement of each and every individual in our value chain. We are promoting the culture of "Quality Means More" by focussing on Behaviour Based Quality, Quality Mindset and Doing Right Things First Time where the Consumer is at the heart of this drive. We are committed to keep our consumers delighted every time they enjoy Nestlé products.

We are striving to ensure the Quality of our raw materials by actively engaging farmers and rural development organisations 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 revolutionising 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 2016, a new initiative “Globe QMS” (digital solution) has been implemented in our factories. This marks an important milestone in our journey towards “First Time Right” and “No Waste” ultimately adding value to our products. We arranged a Suppliers Day

with the objective of knowledge-sharing of Best Practices with our Suppliers, meeting with Nestlé’s Global Expert on Quality Management & learning from the experience and exhibition of some Good Manufacturing Practices applicable to the food & food packaging industries.

We are further strengthening the Quality Systems in our downstream operations at distributors’ and retailers’ end by ensuring good warehouse practices. We are cascading down the good warehouse practices by developing easy to understand and implement visual standards. We are training and coaching our customers and retailers on proper handling practices for different product categories. We continuously assess,

verify, develop and guide our distributors and retailers to ensure product quality at the point of purchase.

During 2016, all four factories were re-audited and re-certified by a renowned certification body against international standards on food safety and quality like the Food Safety System certification (FSSC 22000) and ISO 9001, as well as internal standards. Our quality assurance labs in all four factories are accredited against the international lab competency standard ISO 17025 which manifests our quest for perfection to give our customer the best quality product.



# NESTLÉ CONTINUOUS EXCELLENCE

## LEVERAGING NCE TO ACCELERATE GROWTH

The core focus of Nestlé Continuous Excellence (NCE) is to understand what the consumer values and align and eliminate any possible waste across the value chain accordingly. This is done through 2 levers:

- a) Enhancing capabilities of people
- b) Align value chain to deliver business results

As a first step, Market OMP (Operational Master Plan) helped the entire organisation by focusing on what really matters through clearly defined market priorities and key contributors which will drive the priorities. These priorities were then communicated and cascaded to the entire value chain so that they can define their role through their Functional or Business Unit OMP in achievement of priorities at a market level. This entire framework helped the organisation to align on the direction backed by regular monitoring of key performance indicators ensured a strong follow up. Through Leadership Development and Education Training pillars, NCE was able to deliver major initiatives for capability building of cross-functional teams.

Taking a step forward; with the spirit of delighting consumers, Nestlé Continuous Excellence helped eliminate waste through deployment of multiple advance practices.

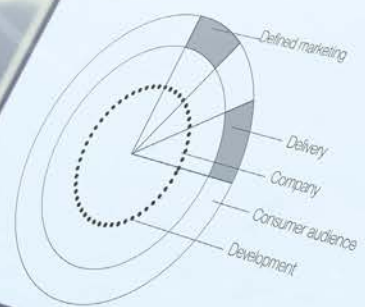
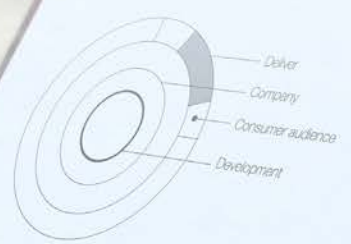
Nestlé Pakistan's first Six Sigma Black Belt project was completed successfully in 2016, bringing substantial cost-benefit and fostering a mindset of cross-functional collaboration. Leveraging advanced practices, Lean Initiative led 3 successful IBO's (Identifying Business Opportunities) on top of extending the practices into Milk Collection & Dairy Development and the factories. This endeavour will help prioritise resources behind initiatives which help drive value for all the stakeholders and ultimately drive growth. Complimenting this, through robust deployment of Total Performance Management in manufacturing helped us to have a drastic improvement in asset intensity and reduction in unplanned stoppages, resulting in transformation of people, workplace and business. (Deferment of investments)

Looking forward, NCE is geared up to help the market leverage growth and gain competitive advantage.











# FINANCE & CONTROL AND GLOBE

In 2016, our focus was driving a culture of compliance and sound business decision making process to optimise profitable growth, free cash flow and improved return to shareholders

## DELIVERING IMPROVED FINANCIAL PERFORMANCE

Finance & Control has contributed to enhance business planning process, leveraged technology driven financial solutions, constructively challenged the “Lean Mean Machine” to fuel investment behind our brands and maximizing the return of investment to optimize the profitable growth and ensured the delivery of 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 our Internal Controls was once again an important area of focus. We also continued to improve our risk management processes, both of which strengthened business governance at all levels.

## DEVELOPING TEAM CAPABILITY

Enhancing people development and capability building was another key focus area, which was complemented with the launch of the Finance & Control Training Booklet aimed to enhance Functional Competency required to achieve our business goals and is also a big step towards supporting employees in achieving their personal aspirations.

To improve the Finance and Business acumen across the company, Finance & Control continued to conduct ‘Value Creation’ business simulation sessions.

## GLOBE

Local GLOBE Organisation carrying GLOBE initiatives which created competitive gaps by providing consumer and customer focused Business Processes and Solutions along the value chain.

GLOBE Provided state-of-the-art Information Systems & Information Technology solutions which are compliant with Industry Standards.

Local GLOBE Organisation achieved certification for their Information Security Management system and implemented ISO 27001 standard. By implementing this framework, we successfully managed to enhance the trust of Consumer & Customer.

Local GLOBE Organisation successfully opened NCE (Nestlé Continuous Excellence) Gate in year 2016, which shows consistency of the improvement in all areas of Information Services & Information Technology.

Consistently Implementing Digital Road map in the Market to have more focused approach to attract digital consumers in Pakistan.





There's something special in you.

THE ROAD TO STRONG BONES S

NEW  
200ML PACK

LOVE IT!



# SALES

2016 witnessed Sales function deliver a year of sustainable growth and remarkable results with a sharpened focus on winning with our consumers. Strong execution capability combined with positive energy enabled the team in providing delightful shopping experiences across the country.

## WINNING WITH SHOPPERS— CHANNEL AND CATEGORY DEVELOPMENT

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

With the objective of Reigniting Growth in 2016, CCSD took multiple initiatives to enhance the visibility and availability of Nestlé brands in the market place. Acceleration of best in class merchandising practices resulted in the exponential expansion of outlets where Nestlé's defined Picture of Success was executed. The CCSD automated tool helped track, monitor and improve execution levels in trade. In order to drive our Popularly Positioned Products (PPP) portfolio, custom made "corporate Choose Quality Choose Nestlé themed hangers" (with the call to action customised in Urdu) were deployed through a special project, to achieve Picture of Success at small stores. This helped in improving stock depth and visibility through smart utilization of small stores airspace. Capability development efforts focused on In-Call Execution (ICE) - the Nestlé

way to do sales, to equip and enhance the sales teams' knowledge and skills to excel at the Point of Purchase, and develop a win in every store mindset.

Furthermore, CCSD in quest of being meticulous at planning, simplified and refreshed the Integrated Commercial Planning (ICP) process to facilitate businesses in creating robust plans for 2017. And through its monthly business planning (MBP) process coupled with robust tracking and monitoring of ICP plans, CCSD continued to improve forecasting accuracy to ensure greater alignment between functions, and eventually enabling the organisation to serve our customers, retailers and shoppers better.

## DELIGHTING SHOPPERS THROUGH EXECUTION EXCELLENCE - KEY ACCOUNTS TEAM

In 2016 we also saw a burst of activity across the international and local modern trade with both segments expanding their reach to new geographies, consumers and introducing new store formats. The expansion of "discounter" segment among local modern trade was particularly aggressive. This provided Nestlé Key Accounts Team with an excellent

opportunity to showcase the extensive range of Nestlé product portfolio and live the vision of winning with consumers and delighting them with an array of consumer-centric activities.

In this context, the Key Accounts Team executed a series of events in 2016 including Choose Wellness, Choose Nestlé, Celebrating 150 Years of Good Food, Good Life, Ramadan promotions, Juices and NESCAFÉ events to mention a few. 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 relationship with modern trade partners and improving collaboration with them has been a consistent theme throughout 2016. 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 2016.

In addition, NESTRADE also played a pivotal role in driving premiumisation by expanding the portfolio and aggressively driving numeric in top-end modern trade. This resulted in Nestlé Pakistan & Afghanistan becoming the second largest NESTRADE business in Nestlé globally.

# CONSUMER COMMUNICATION

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

The function contributed to bolster corporate equity through various initiatives across the year, the most noteworthy being the launch of 'United for Healthier Kids' which is a comprehensive behaviour change movement to help parents raise healthier kids, focusing on inculcating 3 healthy behaviours in children from 3 to 12 years:

1. Move More, Sit Less
2. Choose to Drink Water
3. Choose Nutritious & Varied Options

Realising that no single entity can bring about this sea change in prevalent lifestyles, we have a group of partners from media, academia, industry and the government, who have joined us in this journey to raise awareness and in supporting parents towards the adoption of healthier behaviors for a healthier generation.

## BE THE VOICE OF THE CONSUMER

In 2016, 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 optimise spends across various touch points.

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. There also remains a strong focus on consumer validations and testing.

## DIGITAL AND MOBILE

Mobile technology and the ever-evolving social media are disrupting traditional ways of doing business and 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 backed up by marketing and advertising spend. 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 2016 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 participated in events like The Great Online Shopping Festival and made our presence felt on Black Friday as well.

We aim to continue exploring new digital platforms not only to strengthen our equity in this competitive platform, but also innovate for higher acceleration and added value.



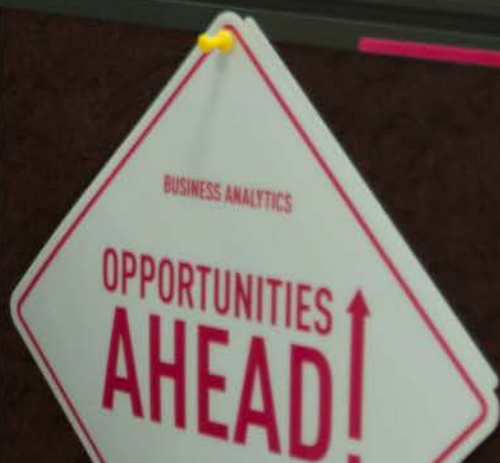


Digital  
Acceleration  
Team

## 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.

We at Nestlé believe that every contact is an opportunity for the company and the brands to speak to their customers and build a long-term relationship with them.









# 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.

Nestlé places high priority on providing consumers with meaningful information on how to make informed dietary choices and is committed to address micronutrient deficiencies with relevant fortifications of products.

The Nutritional Compass on all our packs guides consumers on their way to NHW. As part of building trust in the Nestlé corporate and product brands, we have also expanded the use of the Nestlé Nutritional Compass by including a QR (quick reference) code to give consumers a gateway to useful, fact-based information, "Beyond the Label" through their mobile devices.

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



# AMBIENT DAIRY

## NESTLÉ MILKPAK MILK

Nestlé, one of the most trusted food companies in the world, brings to you NESTLÉ MILKPAK Milk. Certified by international quality testing labs, NESTLÉ MILKPAK milk guarantees delicious taste and right nutrition. So if you are looking for the best taste and goodness of milk, look no further and always choose NESTLÉ MILKPAK Milk. Mayar Jo Banay Aapka Aitebar.

## NESTLÉ NESVITA

Women today are leading an increasingly demanding lifestyle. There is a world of opportunities that is open to them as long as she remains physically strong. This is where NESVITA comes to support with its formulation that helps bones stay strong. As a brand, NESVITA Calcium Plus goes out to educate young women on the importance of daily calcium intake and on the need for a strong body to overcome the challenges and pressures on the way to fulfill their ambitions. The brand strives to inspire and empower urban females by mentoring them to pursue goals of their choice, while taking care of their bones. Not just high in calcium, it also has a 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 MILKPAK CREAM

When you are looking to make food moments more delicious for your loved ones, all you need is NESTLÉ MILKPAK Cream! Made with pure milk, NESTLÉ MILKPAK Cream delivers perfectly balanced deliciousness and ideal texture, be it for spreading on a piece of bread or for making the yummiest desserts.





## 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, NIDO FortiGrow is the brand that understands a mother's apprehensions and reassures her that her choices are investments in her child's growth and development. The Nestlé Research Centre in Switzerland has developed 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 24 vitamins and minerals 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. An affordable and iron-fortified nutritional beverage for school going children, BUNYAD has embarked on a long-term mission to help eradicate iron deficiency from every level of Pakistan's society. Iron and micronutrient deficiency is often referred to as "hidden hunger", because its symptoms are not always obvious. That's why BUNYAD is also reaching out to mothers to educate them on the problem and provide guidance how nutrition can make a big difference in the lives of their children.



## NESTLÉ ACTICOL

There is a growing awareness and concern of cholesterol among the Pakistani adults. This is not surprising, because cardiovascular diseases and heart attacks are unfortunately very common, and are a leading cause for early death. However, most adults struggle to either know what changes need to be made or struggle to maintain a discipline for a healthier lifestyle. ACTICOL is a low-fat milk fortified with plant-based ingredients that are scientifically proven to lower cholesterol. It is an easy and effective replacement of regular milk. The brand also promotes a healthy lifestyle by giving tips for small changes that can make a big difference.



# AMBIENT DAIRY



Nestlé is the global leader in specialised coffee and tea enhancement. Be it in powder or liquid form, tea lovers can be sure that EVERYDAY delivers a superior “KHAAS” taste to their tea.

Tea drinking is an integral part of everyday life in Pakistan’s culture, and when it comes to tea it has to be perfect. Strongly established as a specialised tea creamer in Pakistan many years ago, EVERYDAY has not only become the heart of tea, but also found its way into the heart of tea lovers across Pakistan. EVERYDAY’s “khaas” promise is about the perfect balance and taste of tea and reflects the pride and personality of the tea maker who only accepts distinction and highest consistent quality. With a wide portfolio ranging from powder in sachets and large pouches to liquid variants, it does not matter if the tea being prepared mixed or separate: EVERYDAY guarantees a perfect cup of tea every time.



# CHILLED DAIRY

## NESTLÉ YOGURT SWEET 'n' TASTY

NESTLÉ The Original Yogurt Sweet 'n' Tasty was launched in year 2000. It soon established itself as the market leader due to its consistent delicious taste, nutritional goodness and guaranteed hygiene, backed by Nestlé's promise of quality. It is Nestlé's flagship brand in the packaged yogurt category due to its strong winning position in consumer taste tests against all major competition.

With breakfast being the most important meal of the day, adding a little bit of excitement to it can make your day. That's what NESTLÉ The Original Yogurt Sweet 'n' Tasty delivers! In 2016, we launched a campaign, along with new packaging, that repositioned NESTLÉ The Original Yogurt Sweet 'n' Tasty as your "Daily Dose of Delight." It makes mundane breakfast moments more exciting through its irresistibly smooth taste and creamy texture.

It's available in a 400g pack, for those special moments together, and a single serve 200g pack for those individual moments of healthy pleasure.



## NESTLÉ THE ORIGINAL PODINA RAITA & NESTLÉ THE ORIGINAL ZEERA RAITA

Raita is a popular Pakistani condiment made with yogurt that is used as an "antidote" to spicy food. NESTLÉ The Original Zeera Raita was launched in 2004 to target the meal component segment of yogurt consumption, and became an instant favorite of Pakistani cuisine lovers. Due to its growing popularity and demand, another variant, NESTLÉ The Original Podina Raita was launched in 2006.

When you need something extra with lunch or dinner, ordinary raita just doesn't do the job. NESTLÉ The Original Podina Raita and NESTLÉ The Original Zeera Raita with their unique mouth-watering mint and cumin flavors, guarantee hygiene and convenience, promising to indulge your taste buds and transform your meal into a dining delight! As raitas are part of the NESTLÉ The Original Yogurt Range, their packaging was also revamped in 2016 to build on the new communication platform.



## NESTLÉ NESVITA YOGURT

Consumer understanding shows that 1 out of 2 women have Calcium deficiency and 2 out of 3 women are deficient in Vitamin D. NESTLÉ NESVITA UHT Milk was introduced a few years ago to cater to this consumer problem and it is now one of the fastest growing products in the ambient dairy portfolio. In addition to this, it provides a benefit which is also relevant to Chilled Dairy. Thus, it became a natural fit to launch the product in yogurt format in end of 2016.

NESTLÉ NESVITA Yogurt brings to you the power combo of health and strength. It helps to keep your bones strong by having the benefits of more Calcium and Vitamin D which keeps you active throughout the day. Not only this, NESTLÉ NESVITA Yogurt is also low fat. So why not have it every day and enjoy life to its fullest by staying healthy and strong!



## NESTLÉ MILKPAK YOGURT

The Pakistani yogurt market is dominated by loose yogurt, primarily due to its all-purpose usage. However, the progressive consumer has always been concerned about safety and health of her family. This provided an opportunity to offer the consumers an ideal solution, leveraging on the trust and quality associated with the NESTLÉ MILKPAK brand. NESTLÉ MILKPAK Yogurt was launched in 2013 and has quickly gained popularity by delivering superior performance in all applications along with hygiene and consistent quality.

In the past one year, the brand has focused on the cooking platform. It not only makes your dishes tastier, but also brings out the best texture, color and aroma in even the simplest dishes. That's why chefs across the country love NESTLÉ MILKPAK Yogurt and recommend it. In 2016, we partnered with the leading Pakistani chefs who serve as brand advocates for NESTLÉ MILKPAK Yogurt. It is the one secret ingredient that they rely on to turn any ordinary dish into extraordinary!

It is now also available in 1000g pack, for all those looking for economy with great taste and superior performance in cooking!





# NESTLÉ JUICES, NECTARS AND DRINKS



## NESTLÉ FRUITA VITALS

NESTLÉ FRUITA VITALS is a brand that inspires the world to be more positive and encourages people to celebrate the positivity around them because every day might not be good but there is something good in every day.

In the spirit of innovation and bringing excitement to the category this year, NESTLÉ FRUITA VITALS launched Super Premium Range with White Grape Lychee and Red Anaar variants which received a good response from consumers.

## NESTLÉ NESFRUTA

NESTLÉ NESFRUTA is our mainstream range for young enthusiastic teenagers.

Be it school, college or university, a mundane day or a tiring evening, NESTLÉ NESFRUTA is by your side. It stands for the ideal of NEWISM which encourages young teenagers to bring “newness” in everything they do by adding their own creative unique twist!

# BEVERAGES



## NESTLÉ MILO

MILO aims to nourish the ambitions of our Pakistani kids. What makes MILO unique is not only 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 WATERS



## NUMBER ONE BOTTLED WATER BRAND

NESTLÉ PURE LIFE is the world's number one bottled water brand with presence in over 40 countries. Pakistan is the proud birth place of this global healthy hydration brand where it was launched in 1998 and continues to be the favourite 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 HEALTHY LIFESTYLE

At Nestlé Waters, we believe that what you drink is just 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

The NESCAFÉ 3in1 proposition plays the role of an induction SKU for new users to the category.

Savour a delicious balance of coffee, sugar and creamer, wherever and whenever you want. NESCAFÉ 3 in1, with its comforting aroma and distinctive full-flavour taste, conveniently turns our mild roast signature blend into a sweet white coffee in an instant.



## NESCAFÉ CLASSIC

NESCAFÉ CLASSIC, pure soluble coffee in jars, offers convenience, economy and versatility in preparation for the regular coffee user.

Our signature NESCAFÉ Classic coffee has medium-dark roast that gives it a full flavour and wonderfully invigorating taste.

Let the intense taste of NESCAFÉ Classic awaken your mind and body to new opportunities as the rich aroma of this distinctive blend unfolds.



## NESCAFÉ DOLCE GUSTO

NESCAFÉ DOLCE GUSTO is a modern day style statement for coffee lovers who wish to enjoy café style beverages in the comfort of their home.

NESCAFÉ DOLCE GUSTO prepares a variety of coffee drinks from layered lattes, to frothy cappuccinos, bold espressos and tempting chocolate drinks.



# BREAKFAST CEREALS

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



## KIDS RANGE:

NESTLÉ KOKO KRUNCH - a flagship brand in the kids' range. It takes kids on the ultimate chocolate experience.

NESTLÉ MILO CEREAL - a nutritious breakfast cereal. Not only does it taste great, it gives your kid the energy and confidence to succeed in life.

## ALL FAMILY RANGE:

NESTLÉ CORN FLAKES - nutritious cereal made with whole grain corn and is fortified with vitamins and minerals.

## ADULT WEIGHT MANAGEMENT:

NESTLÉ FITNESS - a low-fat whole wheat cereal for young adults. It facilitates in making your lifestyle healthier by helping you manage your weight. It is made with delicious whole grain flakes and contains essential vitamins and minerals.

# CULINARY



## MAGGI

In 2016, MAGGI noodles in Pakistan went through a brand re-launch with a new recipe, improved taste and fresh communication. The new recipe was tailored for reduced sodium content, making the product healthier and completely compliant with the 'Nestlé Nutrition Foundation Guidelines'.

In addition to the tastier & healthier recipe, MAGGI noodles have also been introduced in a smaller pack at a 'new price point' of Rs. 15. This new penetration SKU goes by the name of "MAGGI CHOTOO" and offers the same tantalizing taste at a more affordable price.

MAGGI CHOTOO has increased brand penetration in sub-urban cities and towns across Pakistan by offering itself to under-served segments of the market.

With a good momentum on innovation and expansion, MAGGI is nicely positioned to become a growth pillar for Nestlé Pakistan in the years to come.





# 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.

NESTLÉ CERELAC was introduced in Pakistan in 1992, positioning itself as the “First step to solid food”. Over time it has come to be perceived as the trusted partner of the Pakistani mother. With the passage of time, the brand has built its reputation as the complete food that offers “Big nutrition for small tummies”.

NESTLÉ CERELAC understands that each stage of a baby's growth is different and their nutritional needs evolve as they grow. Accordingly, NESTLÉ CERELAC infant cereals are grouped into stages according to the changing nutritional needs of a growing child, providing the right nutrition at each stage.

NESTLÉ CERELAC recipe contains IRON+, and NESTLÉ CERELAC helps in cognitive development of babies after 6 months along with helping in healthy physical growth. 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 MILKS\*

Nestlé continued to offer the most scientifically advanced infant formulae and growing up milks formulation. NESTLÉ LACTOGEN is the flagship brand of Infant Formula for Nestlé Pakistan. NESTLÉ NAN is also available in Pakistan and offers scientifically advanced formula. Pediatric specialties range comprising of formulations including NESTLÉ AL110, NESTLÉ PRE-NAN and NESTLÉ LACTOGEN RECOVER continue to provide nutritional solutions to infants with specific nutritional requirements.

NESTLÉ NIDO 1+ is a growing-up milk (not to be used as breast milk substitute) extending the benefit of gut protection to children from 1 year of age because of unique renovated recipe. While NESTLÉ NIDO 3+ is helping to ensure healthy growth and development from 3 year onwards.

**\*Breast milk is best for babies. Nestlé promotes mother's milk in all its communication to Health Care Professionals (HCPs), infant formula and NESTLÉ CERELAC packaging and all other related material. Nestlé also strictly follows the local code as well as international code for protection of breastfeeding and marketing of infant formulae. This document is part of company information only and may be viewed accordingly.**

## NESTLÉ NUTRITION INSTITUTE

The Nestlé Nutrition Institute (NNI) is a not-for-profit organisation that fosters "Science for Better Nutrition". NNI continued its contribution to enhance the quality of people's lives by sharing leading science-based unbranded information and education material, with healthcare professionals only. In this context, scientific symposia were conducted on multiple topics with health care professionals nationwide.

# NESTLÉ PROFESSIONAL



Nestlé Professional aspires to be trusted partner of choice in Out of Home by providing category expertise and innovative, profitable food & beverage solutions that helps our customer to win. Our success as a business rests in increasing the customer centricity apart from driving excellence in execution.







**Nestlé.pk**

Nestlé Pakistan Limited  
308 Upper Mall, Lahore Pakistan  
Tel: +92 42 111 637 853  
Fax: +92 42 35789303