

Empowering Health

ANNUAL REPORT 2021





INTRODUCTION

At Abbott, our leadership position comes from the power of vision, innovation, and commitment - continuous threads that run through our history, not just globally, but here in Pakistan throughout our 73 years' presence. Today this power of leadership continues to drive our focus to deliver more and better outcomes for people across the nation and thereby address some of the most pressing health challenges here in Pakistan.

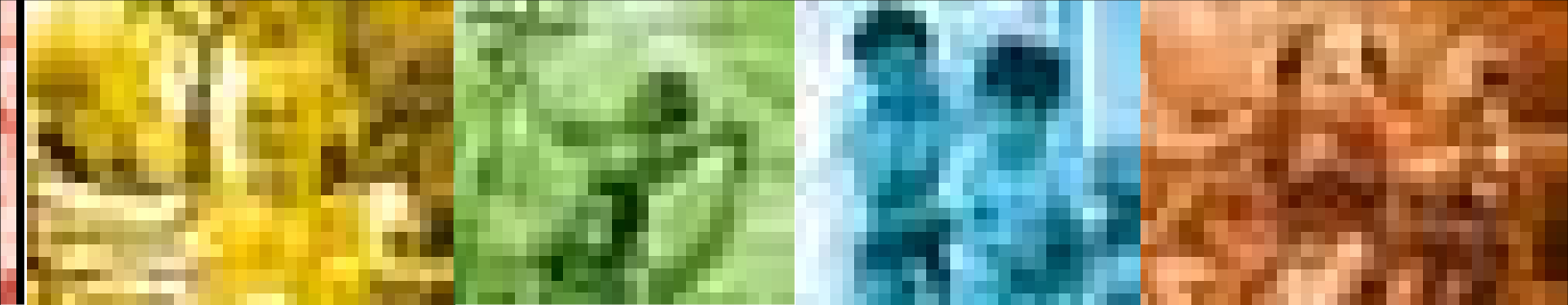


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CORPORATE INFORMATION

BOARD OF DIRECTORS

Munir A. Shaikh (Chairman) (Non-Executive Director)
Syed Anis Ahmed (Chief Executive Officer)
Ehsan Ali Malik (Independent Director)
Ayla Majid (Independent Director)
Mohsin Ali Nathani (Independent Director)
Muhammad Anjum Latif Rana (Non-Executive Director)
Seema Khan (Executive Director)

AUDIT COMMITTEE

Ehsan Ali Malik (Chairman)
Ayla Majid
Muhammad Anjum Latif Rana

HUMAN RESOURCE AND REMUNERATION COMMITTEE

Mohsin Ali Nathani (Chairman)
Munir A. Shaikh
Syed Anis Ahmed

RISK MANAGEMENT COMMITTEE

Ayla Majid (Chairperson)
Syed Anis Ahmed
Muhammad Anjum Latif Rana
Seema Khan

SHARE TRANSFER COMMITTEE

Syed Anis Ahmed (Chairman)
Muhammad Anjum Latif Rana
Seema Khan

BANKING COMMITTEE

Mohsin Ali Nathani (Chairman)
Syed Anis Ahmed
Seema Khan

NOMINATION COMMITTEE

Munir A. Shaikh (Chairman)
Syed Anis Ahmed
Mohsin Ali Nathani
Ehsan Ali Malik

CHIEF FINANCIAL OFFICER

Syed Tabish Aseem

COMPANY SECRETARY

Humayun Altaf

CHIEF INTERNAL AUDITOR

Fahad Rehman

AUDITORS

EY Ford Rhodes, Chartered Accountants
 (a member firm of Ernst & Young Global Limited)

LEGAL ADVISORS

Orr, Dignam & Co.
Surridge & Beecheno

BANKERS

Standard Chartered Bank (Pakistan) Limited
Deutsche Bank AG
Habib Bank Limited
National Bank of Pakistan
MCB Bank Limited
Faysal Bank Limited

SHARE REGISTRAR

FAMCO Associates (Pvt) Limited,
 8-F, Next to Hotel Faran, Nursery Block 6,
 P.E.C.H.S, Shahrah-e-Faisal, Karachi.

FACTORY LOCATIONS

- Plot No. 258 & 324, Opposite Radio Pakistan Transmission Centre, Hyderabad Road, Landhi, Karachi.
- Plot No. 13, Sector 20, Korangi Industrial Area, Karachi.

CITY OFFICE

8th Floor, Faysal House,
 St-02, Shahrah-e-Faisal, Karachi.

SALES OFFICES

- House No. 25/III/B, Jamrud Lane, University Town, Peshawar.
- House No. 187, Aurangzeb Block, Near Garden Town, Lahore.
- House No. 168-F, Adamjee Road, Near Panj Sarki Chowk, Rawalpindi Cantt.

WAREHOUSES

- Plot No. 136, Street # 9, Sector 1-10/3, Industrial Area, Islamabad.
- 16 KM Shahpur Kanjran, Multan Road, Lahore.
- Hasanabad Gate # 2, Near Pak Arab Fertilizers, Khanewal Road, Multan.

WEBSITE

www.pk.abbott



SENIOR MANAGEMENT TEAM

Syed Anis Ahmed
(Chief Executive Officer)

Syed Tabish Aseem
(Chief Financial Officer)

Muhammad Imran Khan
(Director Operations)

Asim Shafiq
(General Manager, Abbott Nutrition International Pakistan)

Habib Ahmed
(Country Manager, Abbott Diagnostics Division Pakistan)

Dr. Shaikh Adnan Lateef
(Head of Abbott Diabetes Care Pakistan)

Asghar Huda
(Director Human Resource)

CEO's MESSAGE



DEAR FELLOW SHAREHOLDERS:

It gives me great pleasure to address you all after yet another successful year. Despite the challenges and disruptions caused by COVID, all our business segments were able to deliver exceptional results. Our response to COVID was comprehensive and swift, which enabled the Company to ensure products availability for our patients, without compromising the health and safety of our employees and delivering business growth in the process.

Abbott is resilient by design. We are always looking to the future, anticipating changes in the needs of our consumers, and shaping our business accordingly in order to lead the industry toward new possibilities and the nation towards greater health. We believe that we are better aligned with the future of health than ever before and ready to take it to inspiring new places.

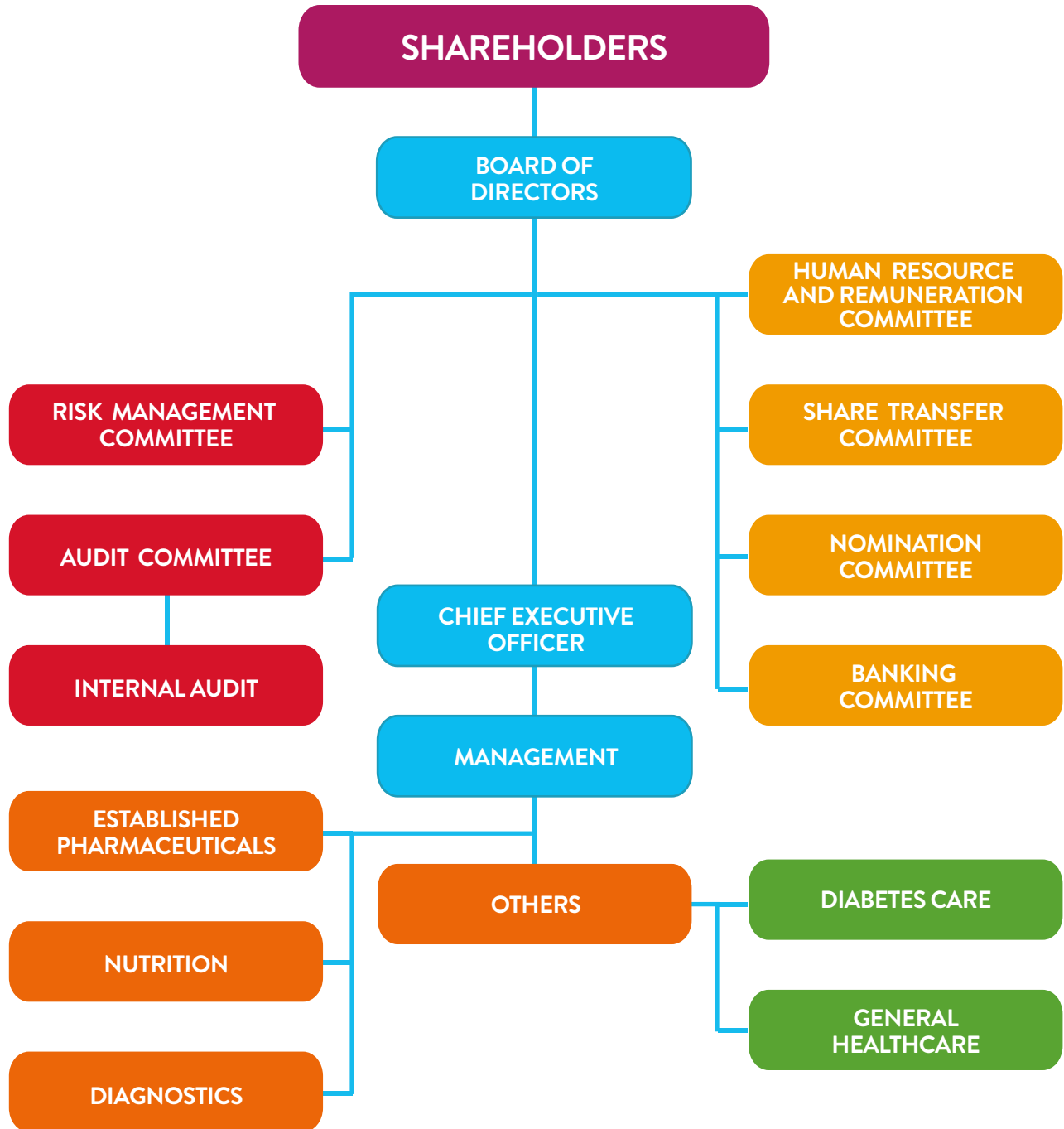
In the end, I would like to extend my personal and genuine appreciation to all our employees for their valuable contributions to Abbott Pakistan particularly during COVID times. I would also like to thank all our stakeholders, including our shareholders and customers for their resilience and support during these unprecedented times. Let us look forward to a successful 2022.

Abbott Proud,



Syed Anis Ahmed
Managing Director & CEO
Abbott Pakistan

CORPORATE STRUCTURE



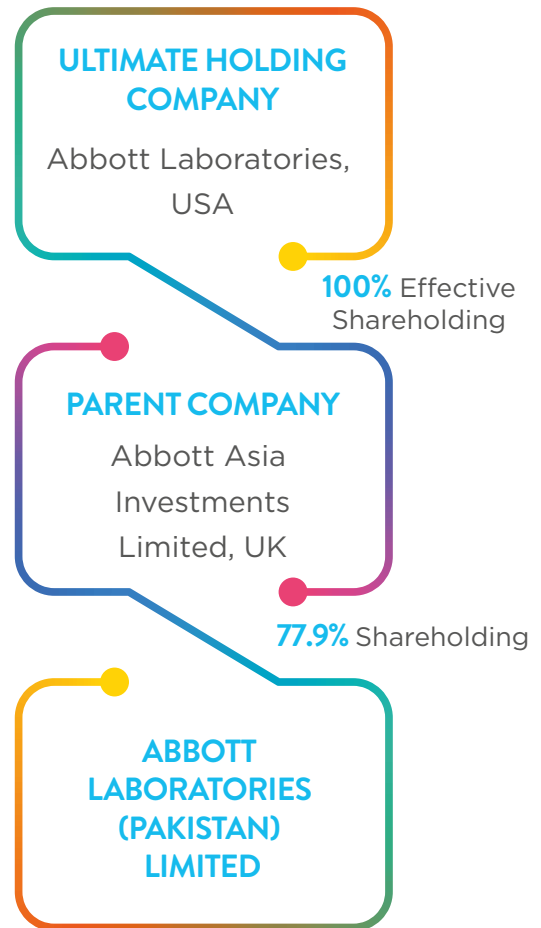
OWNERSHIP AND OPERATING STRUCTURE

Abbott Laboratories (Pakistan) Limited is a public listed company that was incorporated in Pakistan in 1948 as a private marketing company. It gradually expanded its operations over the years and is currently one of the largest pharmaceutical companies in Pakistan, and has presently two state-of-the-art manufacturing facilities based in Karachi. The Company is listed at the Pakistan Stock Exchange with 77.9% of its shares being held by Abbott Asia Investments Limited, UK.

The ultimate holding Company is Abbott Laboratories, USA which is head-quartered in Abbott Park, Chicago - Illinois.

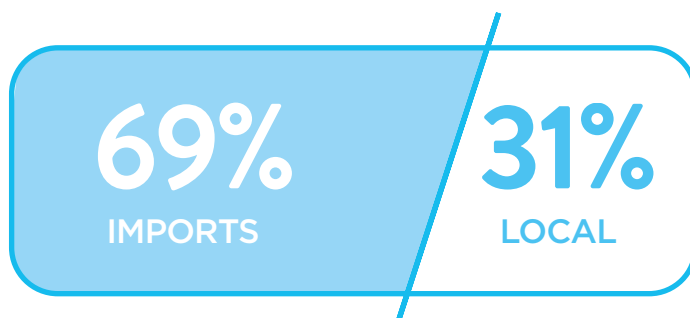
Key related parties with which the Company has had transactions during the year are disclosed in Note 35 of the financial statements.

There were no significant changes from prior years.



COMPOSITION OF LOCAL VERSUS IMPORTED MATERIALS

Abbott procures its materials from both local and international sources. Composition of local versus imported materials during the year ended December 31, 2021 was as follows:





Our Vision

To be the most admired healthcare company in Pakistan.

Our Mission

To deliver consistently superior products and services which contribute significantly to improve the quality of life of consumers.

Our Values

Values are the foundation for building a meaningful corporate identity. Abbott is a company rooted in values and our core values of honesty, integrity and fairness describe a standard of behaviour expected of every employee.

Abbott has four differentiating values that speak of the unique strengths that have made our Company what it is today. The Company continues to build on these strengths to deliver our goals.

These values are a blueprint for our employee behaviour. They are the underpinnings of our brand promise, defining how we serve our constituents. These values are woven into all business processes company-wide over time, determining how we plan and run our businesses, how we serve our customers, how we measure and motivate performance, and how we communicate internally and externally. Aligning our organisation around this cohesive set of values has been critical to the achievement of Abbott's brand and business goals.

PIONEERING - *Leading-edge science and innovative commercialisation*

We lead with solutions that address human needs by pioneering innovative treatments and solutions, and new approaches to managing health.

CARING - *Making a difference in people's lives*

Caring is central to the work that we do to help people live healthier lives. We have tremendous respect for the lives of everyone touched by our Company. Our respect for people is demonstrated in what we do and how we act.

ACHIEVING - *Customer-focused outcomes and world-class execution*

We drive for meaningful results, demanding of ourselves and each other, because our work impacts people's lives. We are committed to working together to deliver solutions that are effective and profitable. Our focus on execution and collaboration ensures that we keep our promises to each other and to those we serve.

ENDURING - *Commitment and purpose*


Enduring means both honouring our history and maintaining our commitment to the future. We will always be here to help keep people healthy. We keep our promises, acting in accordance with all of our values.

KEY PERFORMANCE INDICATORS

METHODS AND ASSUMPTIONS USED IN COMPILING THE INDICATORS

A Key Performance Indicator (KPI) is a measurable value that demonstrates how effectively a company is achieving its business objectives. Both financial and non-financial KPIs are computed using formulae which are widely used in the industry and are relevant to different stakeholders such as shareholders, bankers and regulators etc.

2021 FINANCIAL HIGHLIGHTS

SALES

Rs. 42.57 BN

GROSS PROFIT MARGIN

38%

EARNINGS PER SHARE

Rs. 60.95

SALES GROWTH

21.0%

NET PROFIT MARGIN

14%

ABBOTT TODAY

At Abbott, we provide real answers to real problems, delivering breakthrough solutions to prevent, diagnose and treat health needs. We adapt quickly to changes, harnessing leading-edge science and technology to deliver the best possible solutions for some of the most important health challenges.

A portfolio of diversified products, aligned with key health trends

RELEVANT

A brand that's trusted by healthcare professionals and patients alike

TRUSTED

DRIVEN

A high-performance culture, driven to succeed

A broad mix of business segments and customers that helps to insulate from volatility in any one market

BALANCED

AWARDS AND RECOGNITIONS

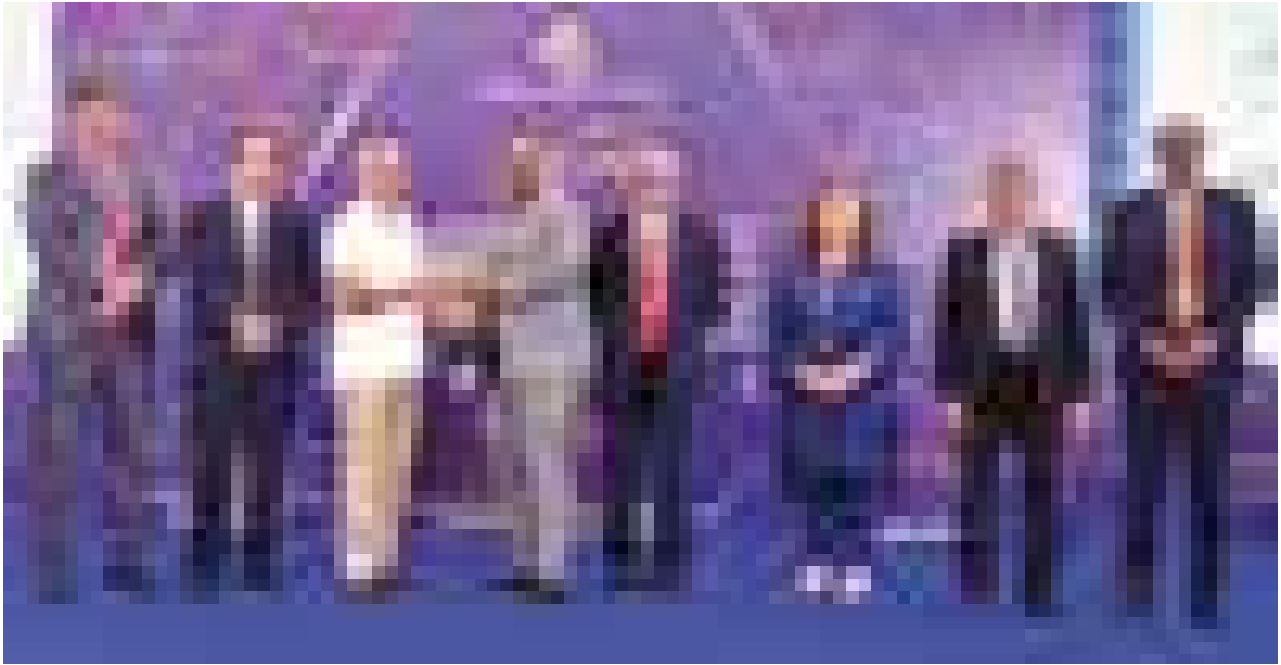


MAP 36TH CORPORATE EXCELLENCE AWARD

Abbott Pakistan was awarded the First Prize by the Management Association of Pakistan (MAP) in Pharmaceutical sector for the eighth consecutive year. MAP annually organises the ‘Corporate Excellence Awards’ to recognise and honour the best managed companies in Pakistan which follow guidelines and principles of latest management techniques through an extensive and transparent process. The evaluation process entails management practices appraisal based on questionnaires and top management meetings and detailed financial evaluation based on the Company’s Annual Report.

BEST CORPORATE REPORT AWARD 2020

Abbott Pakistan was recognised among the top companies in the Pharmaceuticals category of the 2020 Best Corporate Report Awards organised by the Institute of Chartered Accountants of Pakistan (ICAP) and Institute of Cost and Management Accountants of Pakistan (ICMAP). The objective of the award is to encourage and give recognition to companies showing excellence in annual corporate reporting that promotes corporate accountability and transparency through the publication of timely, qualitative and reader-friendly annual reports. This achievement of the Company is a manifestation of Abbott’s unrelenting drive towards excellence in all domains.



HEALTH AND SAFETY EXCELLENCE AWARD

Abbott Pakistan was presented with an award in the 7th International Environment, Health and Safety (EHS) Summit and Awards to acknowledge its proven track record and performance on EHS particularly with regards to engaging employees in related initiatives. The plant sites in Karachi demonstrated commitment towards health and safety by utilising smart tools to avoid any site exposures.

This EHS award validates Abbott Pakistan's commitment towards the enhancement of Abbott's Environment, Health and Safety and Loss Prevention Programmes.

ANNUAL ENVIRONMENTAL EXCELLENCE AWARD

Abbott Pakistan's contributions towards environmental sustainability were recognised at the 18th Annual Environmental Excellence Award 2021 organised by M/s. National Forum for Environment and Health.

SHAPING THE FUTURE OF HEALTHCARE

With cutting-edge technologies, products and solutions that bring people and data together to unlock the full potential of both, we're breaking down barriers to help people take control of their health and live their fullest possible lives.

PRODUCT LAUNCHES

New product development is the driving force of companies and vital for their organic growth. This domain has received growing interest for several years along with the new opportunities and challenges. Abbott is committed to bring in new products to address ongoing health challenges in order to enable people to live fuller, healthier lives.

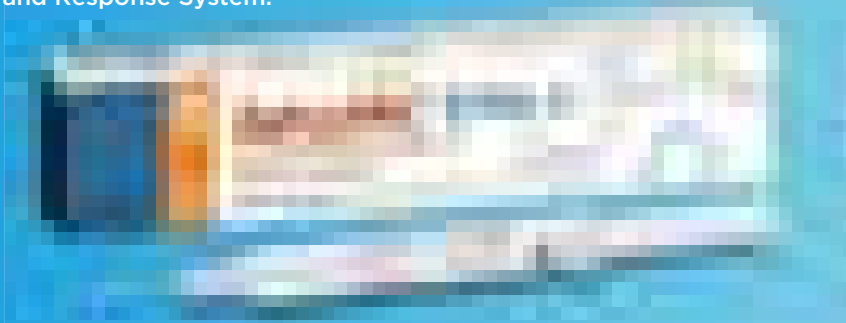
Abbott Pakistan closely monitors this area of interest and continuously strives to cater to the increasing demand of the local market by introducing differentiated products, solutions and technologies.

INFLUVAC TETRA VACCINE

Influenza epidemics occur worldwide in most years, during November to April in the northern hemisphere and May to October in the southern hemisphere.

In this regard, Abbott introduced Influvac Tetra vaccine for Influenza which is an evolving challenge and is closely monitored by World Health Organization Global Influenza Surveillance and Response System.

#1
Product Launch
in terms of value.
(IQVIA Dec-2021)



BRUFEN TABLETS

Abbott maintained the legacy of Brufen brand by bringing Brufen 200mg in the market. The product caters to patients with fever & pain.



NUTRIFOLIC TABLETS (400mcg and 1000mcg)

Abbott continued to lead the women's health portfolio in Pakistan by introducing brands which improve the quality of life while strengthening footprints of Abbott's legacy brands by adding folate supplementation.

Abbott is the first multinational to launch Nutrifolic range which differentiates from conventional folic acid products available in market.



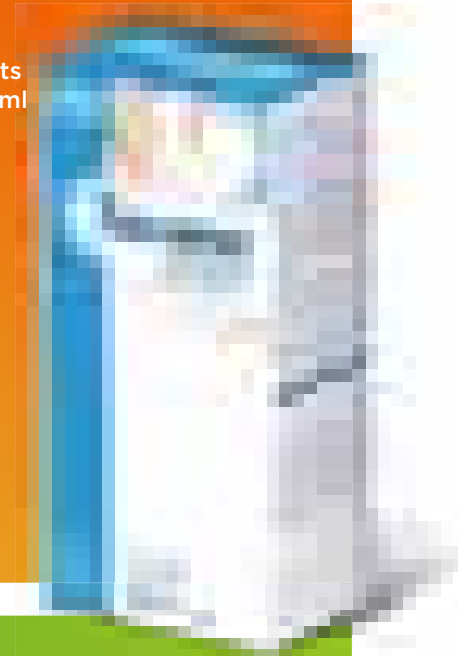
TUCANA RANGE

Abbott Pakistan delved into the highly saturated & full of generics market of Cephalosporin by introducing Tucana range in the market.

Abbott maintained the highest quality standards for Tucana and offers patients better quality of life with proven efficacy, symptom relief and good tolerability.

The Tucana range consists of suspension (100mg/5ml and 200mg/5ml) and capsules (400mg).

Tucana achieved 4th rank in the list of Top 10 launches in the last 12 months. (IQVIA Dec-2021)

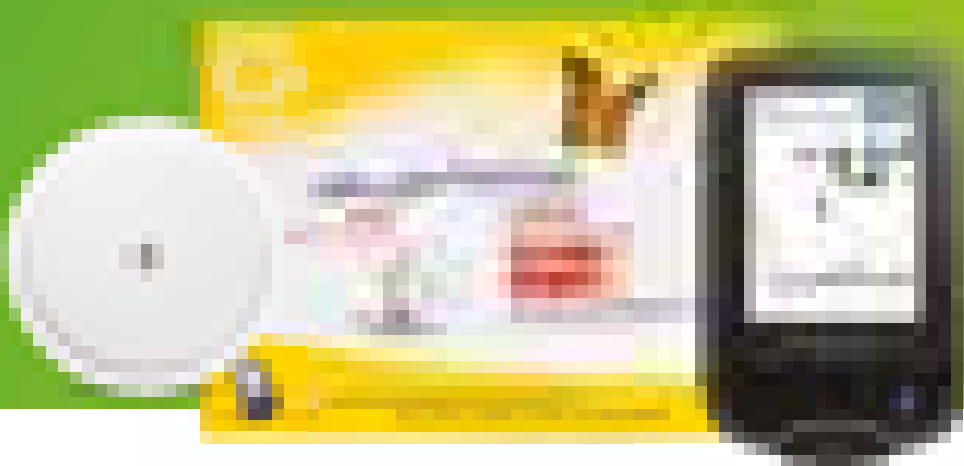


FREESTYLE LIBRE

The FreeStyle Libre system is a continuous glucose monitoring device designed to facilitate patients to monitor and manage their glucose levels and liberate them from the hassle and pain of pricking themselves multiple times daily to check their glucose level.

The FreeStyle Libre system not only provides a continuous reading of sugar levels but also provides insights into time in range and various other easy to read graphs and charts to help doctors and caregivers develop a management regimen to best suit the patients' needs.

The FreeStyle Libre is a globally acclaimed technological breakthrough and widely regarded to have accurate and painless glucose readings, which truly improves patients' quality of life. It has been launched with the objective of providing ease to people with diabetes across the country and therefore Abbott Diabetes Care also launched a dedicated team of educators, a customer care centre and multiple experience centres at different locations in Pakistan. The purpose of these experience centres is to educate the patients about the product and usage of the equipment and make the most out of FreeStyle Libre system.



ALINITY AND ARCHITECT HIGH SENSITIVE TROPONIN I

Abbott's Alinity and Architect High Sensitive Troponin I (hsTnI) is a cardiac-specific blood test – the first CE marked/approved cardiac-specific biomarker for risk stratification of the apparently healthy population.

Used in conjunction with other clinical and diagnostic findings, Abbott's hsTnI is an aid to stratifying the risk of cardiovascular disease, including cardiovascular death, myocardial infarction (MI), coronary revascularization, heart failure, or ischemic stroke in asymptomatic individuals.

Abbott's hsTnI blood test will help the physicians to more accurately stratify an asymptomatic individual's risk of a future cardiac event into three categories: low, moderate or elevated. It enables health care practitioners to better prioritise appropriate care for those at higher risk to help prevent adverse outcomes, and potentially avoid unnecessary investigations and treatments in those at lower risk.



ID NOW

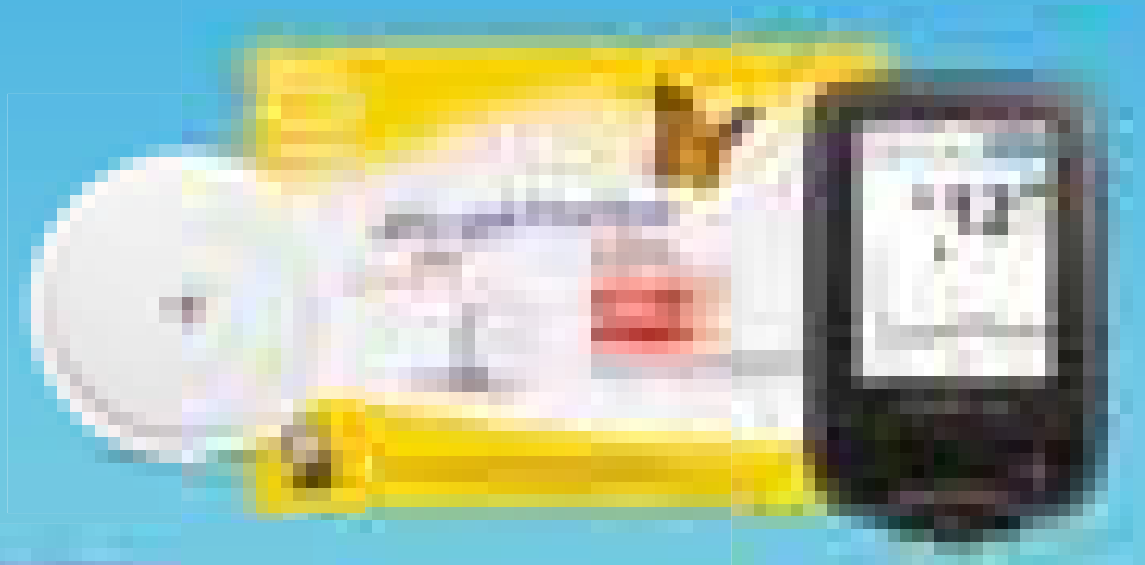
ID NOW combines the benefits of speed and accuracy. Health care professionals no longer need to compromise when testing their patients and making clinical decisions. ID NOW features a unique isothermal nucleic acid amplification technology; all within a self-contained test cartridge. Instead of thermal cycling, the system uses enzymes to rapidly drive the amplification process. ID NOW is an innovative rapid molecular system with a unique technology, making testing significantly faster than any other molecular method and more accurate than conventional COVID rapid testing.

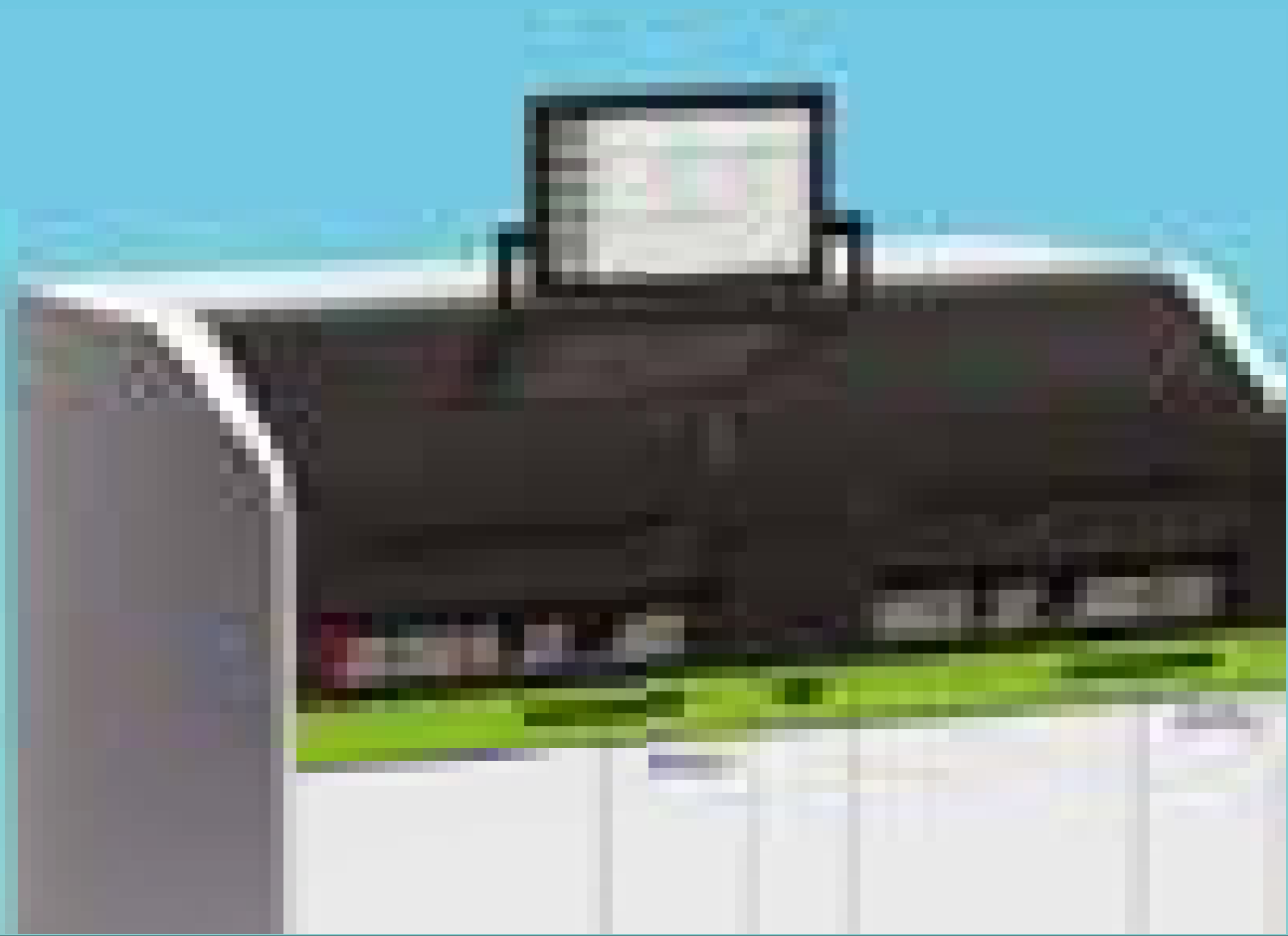
- ID NOW Strep A 2 provides positive results detected in as few as 2 minutes, with 99% detected within 3 minutes and negative results in 6 minutes
- ID NOW Influenza A & B 2 provides positive results detected in as few as 5 minutes, with 95% detected within 7 minutes and negative results in 13 minutes
- ID NOW RSV provides results within 13 minutes



ABBOTT LEADING

In a rapidly evolving healthcare environment, Abbott's ability to anticipate and adapt has helped us build a product portfolio and new-product pipeline that position us uniquely well to address some of the world's most pressing health challenges.





VALUE CHAIN

We are involved in all stages of the value chain apart from wholesale and retail. Value chain of our pharmaceutical business* is depicted below:





MANUFACTURING

- Production Planning
- Execution

04



DISTRIBUTION

- Internal Warehousing
- Country-wide Availability

05



PRODUCT LAUNCH

- Field Force Training
- External Launch

06

*For our Nutrition, Diagnostics and Diabetes Care businesses, Abbott Pakistan is only involved in the marketing and distribution of products.

BUSINESS MODEL - INTEGRATED REPORTING FRAMEWORK

Abbott's key resources are its sources of materials (APIs), its manufacturing technologies, its people, its financial capital, its goodwill and its relationship with its stakeholders, that create value in the long term.

INPUTS

INPUTS	SOURCES OF DIFFERENTIATION	RELATING CAPITAL
APIs and other materials	A broad portfolio of healthcare products and solutions.	Manufactured
2 Manufacturing facilities	Latest technological advancements utilised in facilities ensure product quality.	Manufactured
1,469 Employees	Our people-centred culture enable our employees to thrive.	Human
Technical know-how and production processes	Our production processes and the related know-how enables us to differentiate on product quality.	Intellectual & Manufactured
Equity financed capital structure	Reduced finance costs related to external financing.	Financial
Our approach to sustainability	Relations with the wider stakeholders help to ensure that we operate sustainably.	Social & Relationship

BUSINESS ACTIVITIES

OUR PROCESS

Abbott is principally engaged in the manufacture, import and marketing of branded generic pharmaceutical, nutritional, diagnostic, diabetes care, molecular devices, hospital and consumer products.

BUSINESS SEGMENTS

Abbott's patient-centric products and solutions address important health needs of people across various segments:

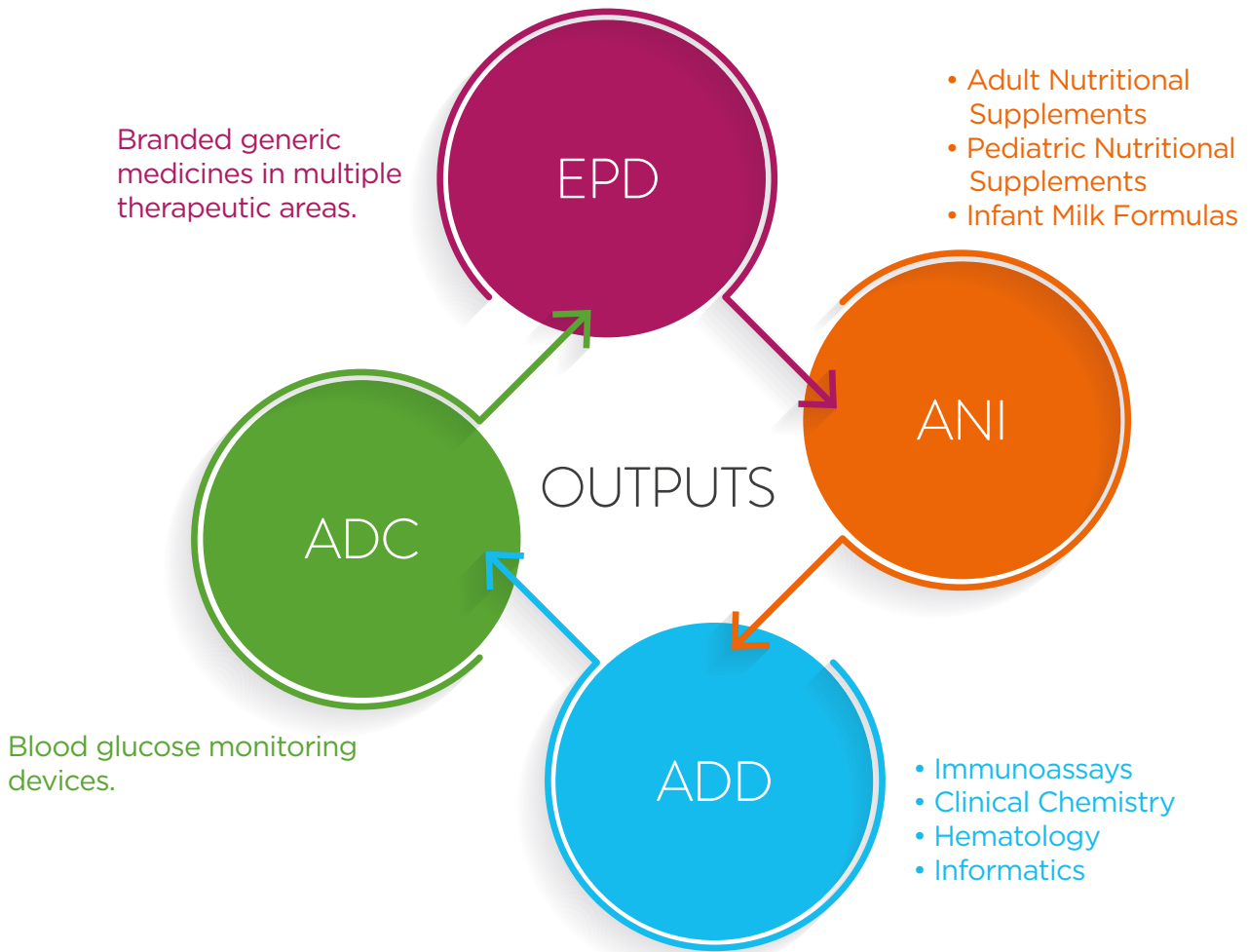
> Established Pharmaceuticals > Nutrition > Diagnostics > Diabetes Care

CHANNELS

Abbott uses a multi-channel approach, depending on the type of product being sold. Majority of the sales are executed through third-party distributors.

CUSTOMER RELATIONSHIPS

Abbott maintains customer relationships through its in-house sales teams and customer support. Abbott also ensures it proactively deals with customer complaints as and when they arise.



OUTCOMES

SHAREHOLDERS	EMPLOYEES	COMMUNITIES	CUSTOMERS	REGULATORS
Return on Equity 34.4% Dividend payout ratio 66%	Salaries paid (PKR) 4.75 BN Enrolment in various training and development programmes	Conducted various CSR initiatives (please refer page 50 and 72 for details).	> Our branded generic medicines and nutritional supplements build and maintain health at every stage of life. > Our diagnostic solutions provide the information to guide effective treatment decisions. > Our diabetes care products help in minimising the pain and inconvenience of testing.	Direct and Indirect taxes paid (PKR) 6.41 BN

HISTORY TIMELINE

1900 The business is officially incorporated in Illinois as the Abbott Alkaloidal Company.

1915 The Abbott Alkaloidal Company's name is changed to Abbott Laboratories.

1920 Dr. Abbott breaks ground for a new manufacturing facility in North Chicago, Illinois. This location will serve as the Company's headquarters for more than 40 years.

1962 Abbott opens its first manufacturing facility in Karachi, Pakistan.

1964 Abbott acquires M&R Dietetic Laboratories of Columbus, Ohio.

1965 Major operations are moved to Abbott Park, a 420-acre site southwest of its North Chicago headquarters.

2004 Abbott Diabetes Care is created with the acquisition of TheraSense Inc., a leading blood glucose monitoring business. Abbott also acquires EAS Inc., a leader in performance nutrition products.

2010 Abbott acquires Solvay Pharmaceuticals, the global pharmaceutical business of the Solvay Group and STARLIMS Technologies.

2013 Abbott separates into two leading healthcare companies, a diversified medical products company under the Abbott name and a research based pharmaceutical company, named AbbVie.

A TRADITION OF INNOVATION

More than 130 years ago, in the year 1888, 30-year-old Dr. Wallace C. Abbott, a practising physician and pharmacy proprietor, founded the company that bears his name. Using the active part of a medicinal plant, known as the “alkaloid,” he formed tiny pills, called “dosimetric granules,” which provided more accurate and effective dosing for his patients than other treatments available at the time. The demand for these accurate granules soon far exceeded the needs of his own practice and, from these modest origins, was born Abbott, one of the world’s most broad-based healthcare company and a global leader in the discovery, development and manufacture of products that span the continuum of care.

1929 Abbott's stock is listed on the Chicago Stock Exchange.

1931 Abbott's first international affiliate is established in Montreal, Canada.

1948 Abbott starts its operations in Pakistan, as a private marketing company.

1973 The global Abbott Diagnostics Division is formed to bring together the Company's diagnostic products and services. Ensure, Abbott's first adult medical nutritional supplement, is introduced.

1982 Abbott is listed as a public limited company in Pakistan.

2001 Abbott acquires the pharmaceutical business of BASF, including the global operations of Knoll Pharmaceuticals. Vysis, Inc., a leading genomic disease management company, is also acquired.

2014 Abbott acquires the control of CFR Pharmaceutical thereby establishing Abbott among top pharmaceutical companies in Latin America. Abbott also acquires control of Veropharm, a leading pharmaceutical manufacturer in Russia.

2017 Abbott acquires St. Jude Medical. The acquisition strengthens Abbott's presence in cardiovascular area, thus making Abbott a premier medical device company. Abbott also acquires Alere, a company focusing on cardiometabolic, infectious disease and toxicology testing.

GEOGRAPHICAL PRESENCE



UNITED STATES, LATIN AMERICA AND CANADA

Illinois - Abbott Park - Head Office

- Argentina
- Brazil
- Canada
- Chile
- Colombia
- Costa Rica
- Dominican Republic
- Ecuador

- El Salvador
- Guatemala
- Mexico
- Peru
- Puerto Rico
- Trinidad and Tobago
- Uruguay
- Venezuela

EUROPE

- | | | | | |
|--------------------|----------------|------------|--------------------|----------------|
| Albania | Croatia | Greece | Netherlands | Slovenia |
| Armenia | Czech Republic | Hungary | Norway | Spain |
| Austria | Denmark | Ireland | Poland | Sweden |
| Azerbaijan | Estonia | Italy | Portugal | Switzerland |
| Belarus | Finland | Kazakhstan | Republic of Serbia | Turkey |
| Belgium | France | Latvia | Romania | Ukraine |
| Bosnia-Herzegovina | Georgia | Lithuania | Russian Federation | United Kingdom |
| Bulgaria | Germany | Moldova | Slovakia | Uzbekistan |



MIDDLE EAST AND AFRICA

- | | |
|--------------|----------------------|
| Algeria | South Africa |
| Egypt | Tunisia |
| Israel | United Arab Emirates |
| Kuwait | |
| Lebanon | |
| Saudi Arabia | |

ASIA PACIFIC

- | | |
|-------------|-----------------|
| Australia | Pakistan |
| China | Philippines |
| Hong Kong | Singapore |
| India | South Korea |
| Indonesia | Taiwan |
| Japan | Thailand |
| Malaysia | Vietnam |
| New Zealand | |

ABBOTT PAKISTAN AT A GLANCE

Founded in 1948, Abbott Pakistan has been present in the country for over seven decades, expanding its operations on a continuous basis through both organic growth and acquisitions. Abbott is a brand that is associated with quality and care. Today, more than 1,400 of us are working to help people live not just longer, but better, serving customers nationwide.

OUR BUSINESS DIVISIONS

Abbott is a company with a straightforward purpose: We help people live more fully with life-changing health products, solutions and technologies. Our patient-centric solutions are addressing important health needs of people across Pakistan. Our diversity of expertise, technology and geography provides perspective that enables us to have enduring impact on the lives of millions of people across regions and cultures.

- Our branded generic medicines help people get and stay healthy.
- Our nutrition products build and maintain health at every stage of life.
- Our diagnostic solutions provide the information to guide effective treatment decisions.
- Our diabetes care products provide people with diabetes more freedom and less pain.

ESTABLISHED PHARMACEUTICALS (EPD)

EPD offers high-quality, affordable and trusted branded-generic medicines to help treat some of the most common health conditions nationwide. There are more than 150 product SKUs in EPD's portfolio, and it operates in multiple therapeutic areas which include:

- Women's and men's health
- Gastroenterology
- Central nervous system
- Pediatrics
- Cardiovascular
- Pain and fever relief
- Respiratory
- Hospital care



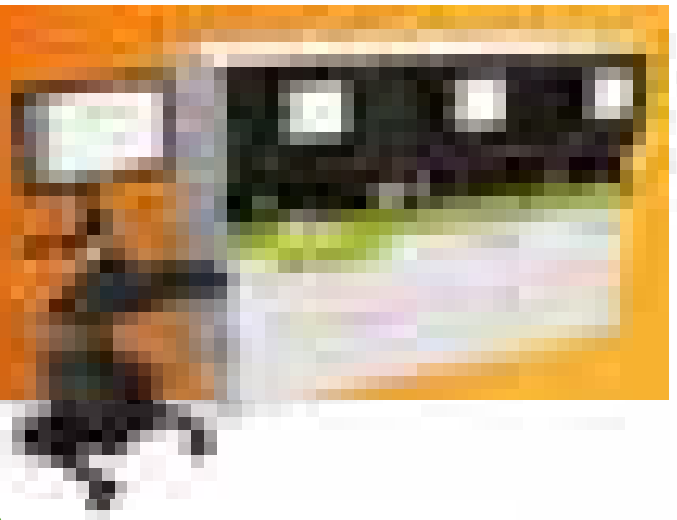
NUTRITION (ANI)

Proper nutrition is the foundation for healthy lives, which is why Abbott Nutrition has been offering science-based nutrition products for several decades. Abbott Nutrition's goal is to support people through all stages of life, from infancy to childhood to adulthood, so that they are able to live the fullest life possible.



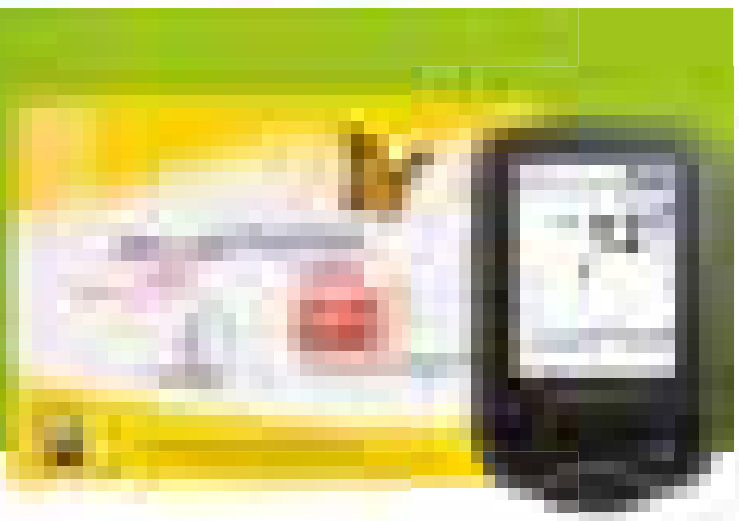
DIAGNOSTICS (ADD)

Our innovative instrument systems and tests help monitor a range of health conditions. From automated lab diagnostic systems and blood analysers to sophisticated molecular diagnostics and point-of-care devices, our technologies provide healthcare professionals with information they need to make the best treatment decisions.



DIABETES CARE (ADC)

We are committed to develop products to reduce the discomfort and inconvenience of blood glucose monitoring; introducing systems that are easier to use, require less blood and provide faster results. Consistent and accurate glucose monitoring is the foundation of any diabetes management plan, so we are committed towards continuous improvement in the way patients and professionals measure, track and analyse glucose levels.



ESTABLISHED PHARMACEUTICALS

MORE PEOPLE, MORE PLACES

ASIF YOUSUF CHUGHTAI

KARACHI, 42 YEARS

Mr. Asif, a sales professional, loves the idea of leading a healthy and active lifestyle and for him, family always comes first. His routine often involves lengthy work hours which results in an element of fatigue. Asif's primary concern has always been the health and safety of his family.

Upon sharing his concerns with a healthcare practitioner, he was recommended with some of Abbott's leading multivitamin supplements for himself and his family. Asif feels that Abbott has been a hero and protector of his family.

We are committed to bringing the benefits of our trusted medicines to more people by increasing access and improving affordability.

2 Manufacturing Facilities

4 Product Launches

>150 Broad Portfolio of Trusted Medicines

With a broad portfolio of off-patent medicines, we offer therapies to help treat some of the most common health conditions, helping address patient needs with market-specific portfolios. We differentiate ourselves from pure-generic competitors in many ways – through our exacting quality standards, reliable supply chain, superior clinical science, broad product range, and patient-centred innovation.

Our portfolio spans multiple therapeutic areas: Gastroenterology, Women’s Health, Pain management, Central nervous system, and Respiratory; and includes leading multi-vitamins and medicines for pain management, epilepsy, progesterone hormone therapy, and vertigo.



Abbott understands that better patient care requires innovation and value. As such, the Company tailors its product offerings to meet the specific needs of the people we serve. Our Established Pharmaceuticals Division (EPD) is focused on helping to make the world a healthier place by bringing the benefits of trusted pharmaceutical brands to much broader patient populations.

NUTRITION

SCIENCE-BASED NUTRITION

MR. JAVED BUSINESSMAN

Mr. Javed has to travel frequently and put in long work hours; but this doesn't stop him from taking care of his fitness and health. He loves playing tennis and after a long day at work he is usually at the gym.

Over time, Mr. Javed has noticed that he has no longer been able to continue doing the things he loved, as fatigue and loss of strength started setting in. Even spending time with loved ones was becoming exhausting. On consultation, his doctor advised him to start using Ensure. Now, he continues to run his business and social life with the same passion as before. He has since become a brand endorser and recommends Ensure to anyone in need of complete and balanced nutrition or suffering from the effects of aging.

Nutrition's Portfolio Profile:

Our science-based nutritional products help people build and maintain their nutritional status from infancy onwards.

Ensure portfolio is scientifically designed for aging adults who are beginning to feel the signs and symptoms of aging and are motivated to make lifestyle changes as well as for hospitalised patients requiring nutritional support.

PediaSure is formulated specifically for children who need to improve their nutritional intake to reach their full growth potential. PediaSure provides complete and balanced nutrition, including vital macro and micro - nutrients necessary for children to achieve optimal growth and development. PediaSure's vision is to be the nutritional partner of mothers concerned about their children's eating behaviour.



“**Ensure** has helped me get my strength and energy back to continue to do the things I love.”

Glucerna Triple Care has been scientifically designed to provide nutritional support to diabetics and aspires to be an integral part of the diabetes management plan.

Similac portfolio is a mother’s first and most-advanced nutritional partner along her child’s journey from infancy to childhood, every step of the way.

MARIAM

6 YEAR OLD GRANDDAUGHTER

Mariam is an active six-year-old who loves to keep her ‘Dada’ busy with games and at the playground. Mariam’s mother found her picky eating habits quite concerning and wanted to make sure that her daughter receives complete and balanced nutrition to reach full growth potential.

Inclusion of PediaSure alongside her daily meals helped Mariam fulfil her increasing nutritional and growth requirements.

Abbott Nutrition’s products have fit perfectly into Mr. Javed’s family routine. Thanks to Abbott they have been able to fill the nutritional gaps in their diet and continue to live their lives to the fullest.



Year in Review:

The year 2021 started with a new set of challenges as the pandemic continued to unleash itself in waves. Living through our values of “Sense of Urgency” and “Will to Win” though, these challenges were converted into opportunities and leveraging these opportunities paved way to register overall ANI business growth of 18%.

Strengthening immunity became a critical concern for elderly during the pandemic. With lockdowns and social distancing norms in place, and the fear of pandemic limiting hospital and OPD turnover, it was challenging to reach out to the Ensure target audience. However, with physical restrictions came the opportunity to reach this captive audience through TV & social media advertising as well as communication at novel touchpoints. Ensure was heavily advertised throughout 2021 and special focus was given to immunity-based communication at HCP level and in-stores.


On the child nutrition front, shockwaves from the pandemic continued in 2021. Challenges related to reduced consumption of PediaSure due to change in dietary patterns during schools’ closure continued. Many moms believed their children were taking optimal nutrition but were not aware of the fact that a diet may be fulfilling yet not be scientifically complete and balanced. It was pertinent that Abbott Nutrition would take the lead and raise awareness amongst mothers regarding this very important challenge. Newer avenues were needed to reach out to mothers to create nutritional awareness and initiate trial for PediaSure. A campaign termed “PediaSure Revive” was launched to enhance awareness amongst mothers and reach a wider audience through a series of coordinated assessment camps.

The horizon for Health Assessment Nutri-camps was expanded during this campaign from being previously organised in major retail outlets, to a larger canvas including new touchpoints such as restaurants, parks, and children entertainment areas. This was backed by an aggressive series of mall activations in major cities of Pakistan.

Apart from direct-to-consumer contacts and nutritional assessments, an exclusive media campaign was also designed to raise awareness amongst moms and was aired on TV, radio and digital, along with an aggressive outdoor campaign.

DIAGNOSTICS

CRITICAL INFORMATION



Abbott systems and tests screen, diagnose and monitor a vast range of health conditions with greater speed, accuracy and efficiency.

Chughtai Lab

Chughtai Lab is one of the leading diagnostic pathology labs in Pakistan. Operating since 1983, Chughtai Lab has achieved many milestones and emerged as the largest laboratory network nationwide. With a vision to build a comprehensive healthcare delivery platform across Pakistan, Chughtai Lab today has a presence in more than 100 cities at 300+ sites.

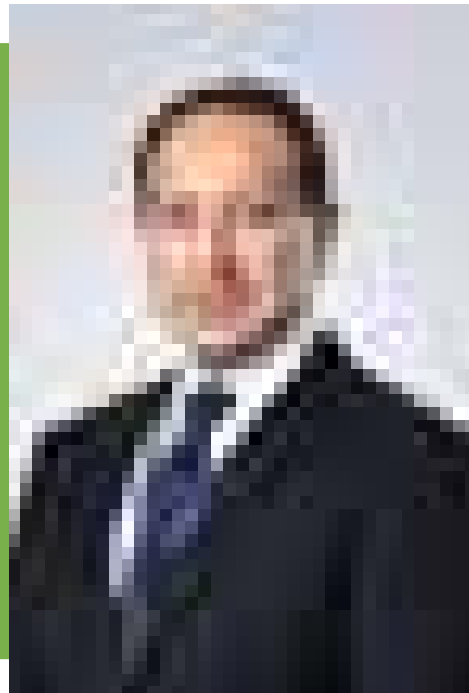
The partnership between Abbott and Chughtai Lab is long-standing and Abbott is privileged to be the most trusted partner for Chughtai Lab. It all started back in 2005 with the placement of IMx & TDx (Immunoassay & Therapeutic Drug Monitoring Analyzers). Over the course of time, we kept on strengthening our partnership through placement of further instruments to cater to their growing volumes. In 2006, Abbott Architect ci8200 Analyzer was placed at the lab; this was in fact the first high throughput integrated system from Abbott with the capacity to perform both Immunological and Clinical Chemistry assays all from one single blood tube. This unique system delivered great value to Chughtai Lab and soon we installed Architect integrated systems across the whole network of their stat labs. Keeping up to our commitment of bringing novel technologies in diagnostic industry, Abbott introduced the Alinity series of solutions in 2017 and again, Chughtai Lab became the first site in Pakistan where Abbott installed the newly introduced state-of-the-art Alinity ci (Immunoassay and Clinical Chemistry) system, followed by Alinity HQ (Hematology). In 2019, to help Chughtai Lab in handling the pre & post analytical challenges and to streamline their workflows, Abbott installed Total Lab Automation at Chughtai Lab's central lab in Lahore, which is empowered by our Digital Health Solutions (Informatics) portfolio. Abbott informatics solutions have helped Chughtai Lab to harmonise the data flow between networks, improve operational efficiency and minimise errors.

Today, Abbott has more than 60 instruments across Chughtai Lab network which includes Alinity ci, Alinity hq, Alinity m for Molecular and ID Now for Rapid testing along with a Total Lab Automation at Main Lab. Chughtai Lab is proud of its long-standing partnership with Abbott in pursuit of providing the best diagnostic solutions for its patients.

“Abbott has played a major role in our growth. Their integrated, high-end technologies coupled with reliable service support make them an ideal partner for us in our never ending efforts to deliver world class diagnostic services to our patients.”

DR. OMAR CHUGHTAI

Director Operations - Chughtai Lab



DIABETES CARE

PEOPLE POWER

MS. SHAHEEN ISHAQ HOMEMAKER

Ms. Shaheen, a homemaker with diabetes has been a user of the FreeStyle Libre system. She believes that it has liberated her from the hassles of finger pricking and has benefited her greatly as it has enabled her to monitor her food intake in relation to her glucose levels.

She feel that FreeStyle Libre has provided her with mental peace as through this product she has learned about the foods which increase or decrease her sugar levels. She is even able to check her sugar levels multiple times daily without even needing to finger prick and this is a great source of comfort for her and relieves her from stress.

She particularly enjoys the ease of the FreeStyle Libre as a discreet and convenient product with the ability to provide her with 24-hour glucose readings.





Actionable data to help people manage their own health

Caring for people with diabetes in Pakistan since the early 90's, Abbott Diabetes Care remains at the forefront of innovation and patient care. The business firmly believes that real-time information regarding glucose levels is a fundamental part of managing sugar levels and developing customised therapy regimens for patients. That is why we are dedicated to making it simple and easy.

Our sensing technology - the FreeStyle Libre System - gives users data and insights conveniently and in an easily understandable way. The sensor, worn on the back of the upper arm, automatically tracks glucose levels - every minute, day and night. FreeStyle Libre users can get a glucose reading, plus record the trends in their levels, giving them the confidence to make the right decisions because they know how different foods, exercise and medications impact their health.

Our FreeStyle Optium Neo Blood Glucose Monitoring System is the foundation of the Abbott Diabetes Care business and a source for thousands of people with diabetes across Pakistan to check their blood glucose levels every day. It helps spot trends in blood glucose levels and helps to correct them before they occur by comparing previous readings. The FreeStyle Optium Neo Blood Glucose Monitoring System passes the ISO 2013 blood glucose meter accuracy standards with 99% of results falling between the required limits.

OBJECTIVES AND STRATEGIES

01	<p>OBJECTIVE Maintain leadership position in the pharmaceutical sector</p>	<p>STRATEGY Continuously invest in new products and consolidate market shares of established brands.</p>
02	<p>OBJECTIVE Profitability and sales growth</p>	<p>STRATEGY Drive business growth and profitability initiatives through continued focus on optimisation and efficiency.</p>
03	<p>OBJECTIVE Achieve operational efficiency and utilise cross-divisional expertise</p>	<p>STRATEGY Utilise efficiencies available in different divisions to maximise synergies.</p>
04	<p>OBJECTIVE A great place to work</p>	<p>STRATEGY Focus on employee motivation. Take initiatives that build value of trust and contribute in creating an enjoyable work environment, where employees exhibit positive energy.</p>
05	<p>OBJECTIVE Helping people live their best lives</p>	<p>STRATEGY Provide the best possible healthcare solutions coupled with diversity and innovation.</p>
06	<p>OBJECTIVE Environmental sustainability</p>	<p>STRATEGY Reduce greenhouse gas emissions and contribute positively to protect the environment by investing in projects to reduce waste, conserve water and energy.</p>

SIGNIFICANT CHANGES IN OBJECTIVES AND STRATEGIES VERSUS LAST YEAR

There have been no significant changes as compared to last year.

RESOURCE ALLOCATION PLAN

Abbott continues to lay strong emphasis on new product initiatives to identify opportunities in multiple therapeutic areas. In addition, the Company continually invests to retain/expand its market share.

RELEVANT KPIS

Market share and ranking in the relevant therapeutic classes as per IQVIA (formerly IMS).

TIMELINE

Long-term

RESOURCE ALLOCATION PLAN

The Company continues to invest in capacity building by utilising latest technological advancements to minimise costs and simplify processes.

RELEVANT KPIS

Profitability margins and sales growth versus market growth as per IQVIA (formerly IMS).

TIMELINE

Medium to Long-term

RESOURCE ALLOCATION PLAN

With Abbott's presence in multiple segments through its business divisions, the Company is able to obtain in-depth market insights. This helps develop optimal strategies to avail opportunities in different segments including distribution arrangements and procurement strategies.

RELEVANT KPIS

Operating income growth.

TIMELINE

Medium to Long-term

RESOURCE ALLOCATION PLAN

Human capital is Abbott's core asset. The Company provides multiple avenues for employees to grow and learn while contributing towards organisational success. The Company ensures that its employees remain motivated and focused towards achieving the organisation's success by providing them with the tools for continuous self-development, together with market competitive salaries.

RELEVANT KPIS

Employee turnover rate, employee feedback on GPTW and other employee surveys.

TIMELINE

Medium to Long-term

RESOURCE ALLOCATION PLAN

Abbott has strict quality guidelines in place. This ensures that products meet/exceed the required quality standards. Additionally, Abbott continuously strives to innovate so that its customers can benefit from the latest advancements in science.

RELEVANT KPIS

Product quality survey results.

TIMELINE

Medium to Long-term

RESOURCE ALLOCATION PLAN

Abbott has a dedicated environment, health & safety team which focuses on reducing greenhouse gas emissions and the Organisation's footprint on the environment. Measures taken include setting up a composting plant, installation of solar panels and drip irrigation system.

RELEVANT KPIS

Waste recycled and reduced, water and energy conserved and consumed.

TIMELINE

Long-term

FUTURE RELEVANCE

The KPIs will remain relevant in the future.

ANALYSIS OF NON-FINANCIAL PERFORMANCE AGAINST INDICATORS

		
<p>LEADERSHIP POSITION IN THE PHARMACEUTICAL SECTOR</p>	<p>ACHIEVING OPERATIONAL EXCELLENCE</p>	<p>HEALTH AND SAFETY</p>
<p>MANUFACTURED CAPITAL</p>	<p>MANUFACTURED CAPITAL</p>	<p>HUMAN CAPITAL</p>
<p>STRATEGY</p> <p>Continuous investment in new products and building brand equity of established brands.</p>	<p>STRATEGY</p> <p>Utilise latest technological advancements and upgrade production facilities.</p>	<p>STRATEGY</p> <p>To ensure health and safety considerations are embedded at all the levels throughout our operations.</p>
<p>INDICATORS</p> <p>Market share and ranking in the relevant therapeutic classes as per IQVIA.</p>	<p>INDICATORS</p> <p>Enhanced capacity, improved productivity, and efficiency.</p>	<p>INDICATORS</p> <p>Injury rate and absenteeism.</p>
<p>ANALYSIS</p> <p>A total of 7 product launches (refer page 17) across our business segments. Abbott's growth outpaced the market growth during 2021.</p>	<p>ANALYSIS</p> <p>Capital expenditure on plant and machinery enabled the Company to increase production and deliver volumetric growth.</p>	<p>ANALYSIS</p> <p>Abbott conducted in-house COVID vaccination drives for its employees. Further, screening and rapid testing were done to ensure safe and healthy work environment.</p>

FINANCIAL PERFORMANCE AGAINST INDICATORS

Financial performance against indicators is explained on page 108 and onwards.



GREAT PLACE TO WORK

HUMAN CAPITAL

STRATEGY

Take initiatives that build value of trust and contribute in creating an environment, where employees feel motivated & exhibit positive energy.

INDICATORS

Employee turnover rate, employee feedback on GPTW and other employee surveys.

ANALYSIS

Abbott's employee turnover rate is one of the lowest in industry. Our talent management approach is detailed under Human Resource section (page 56).



HELPING PEOPLE LIVE THEIR BEST LIVES

SOCIAL AND RELATIONSHIP CAPITAL

STRATEGY

Increasing access to best possible healthcare solutions coupled with diversity and innovation.

INDICATORS

Product quality survey results and CSR activities.

ANALYSIS

Several CSR initiatives were taken throughout the year (refer page 50) to support causes which would have positive impact on the community.



ENVIRONMENTAL SUSTAINABILITY

NATURAL CAPITAL

STRATEGY

Reduce the environmental impact of our business across our value chain.

INDICATORS

Waste recycled and reduced, water and energy conserved & consumed, awards and ratings by different environmental forums.

ANALYSIS

Initiatives taken to protect the environment are covered in EHS section (page 52).

Zinc Se Zindagi...

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ABBOTT PAKISTAN

RISK MANAGEMENT AT ABBOTT

At Abbott, we believe risk management to be an ongoing process of continuously identifying and understanding the full spectrum of the Organisation's risks and taking informed mitigating actions, if required.

The focus is on integrating risk management with existing management processes in a manner that probable future events with negative impacts may be assessed and dealt with proactively. Periodic review of processes transforms risk management to a proactive and value-based activity. It aligns strategy, people, processes, technology and knowledge. The emphasis is on strategy, and the application is enterprise-wide.

RISK MANAGEMENT FRAMEWORK

The "Risk Assessment Process" is carried out by the Chief Internal Auditor in consultation with the senior management team, under the supervision of Risk Management Committee, Audit Committee and the Board of Directors. The key risks pertinent to each department are identified, assessed and allocated to each function. These risks are mitigated through upgradation of SOPs and process revitalisation.

STATEMENT BY THE BOARD ON RISK MANAGEMENT POLICIES AND ASSESSMENT OF RISKS

The statement by the Board may be read in the Directors' Report. Please refer page 94. The key risks and the related opportunities identified as part of the risk management framework are detailed on the next page along with their sources and mitigating plans.

KEY RISKS AND OPPORTUNITIES REPORT

RISKS	TYPE OF CAPITAL AFFECTED	SOURCE
<p>CURRENCY RISK The risk that the currency devaluation will negatively impact the Company's return.</p>	Financial	External - devaluation of currency.
<p>RISK OF COUNTERFEIT PRODUCTS Erosion of margins, loss of market share and reputational risk as a result of the Company's products being copied/smuggled.</p>	Intellectual	External - smuggled or counterfeit products in the local market.
<p>CATASTROPHIC RISK AND LOSS OF ASSETS The risk of disruption in operations due to any natural disaster, including inability to recover operational capacity.</p>	Manufactured and Financial	External - natural disasters.
<p>LEGAL AND REGULATORY RISK Risk of non-compliance with applicable laws and regulations and being adversely affected due to enactment/imposition of new laws.</p>	Financial	External - non-compliance with laws and regulations/new laws.
<p>LIQUIDITY RISK The risk of inability to meet financial obligations as and when they fall due.</p>	Financial	Internal - mismanagement of cash flows.

H	High
M	Medium
L	Low

LIKELIHOOD
MAGNITUDE

RELATED OPPORTUNITIES

MITIGATION MEASURES

H	H
M	M
L	L

Insulation from the adverse effects of current devaluation can help the Company to sustain and improve its profitability.

The Company actively seeks to identify local sources for its raw materials in order to reduce its exposure to currency fluctuations. Further, the Company also has a natural hedge in place since it has both foreign currency denominated export receivables and import payables.

H	H
M	M
L	L

Maximise market share and augment presence.

The Company continually engages with the regulators to highlight and identify any counterfeit products to prevent future penetration in the market.

H	H
M	M
L	L

Not applicable.

The Company has Business Continuity Plans (BCP) and Disaster Recovery Plan (DRP) in place to ensure that any adverse or unforeseen events/disasters cause minimum disruption. These plans help to ensure that there is a rapid and smooth transition to a back-up mode of operation and expeditious recovery of the normal operations.

H	H
M	M
L	L

Investment in training of resources can aid the Company in becoming the best-in-class in adoption of laws and regulations.

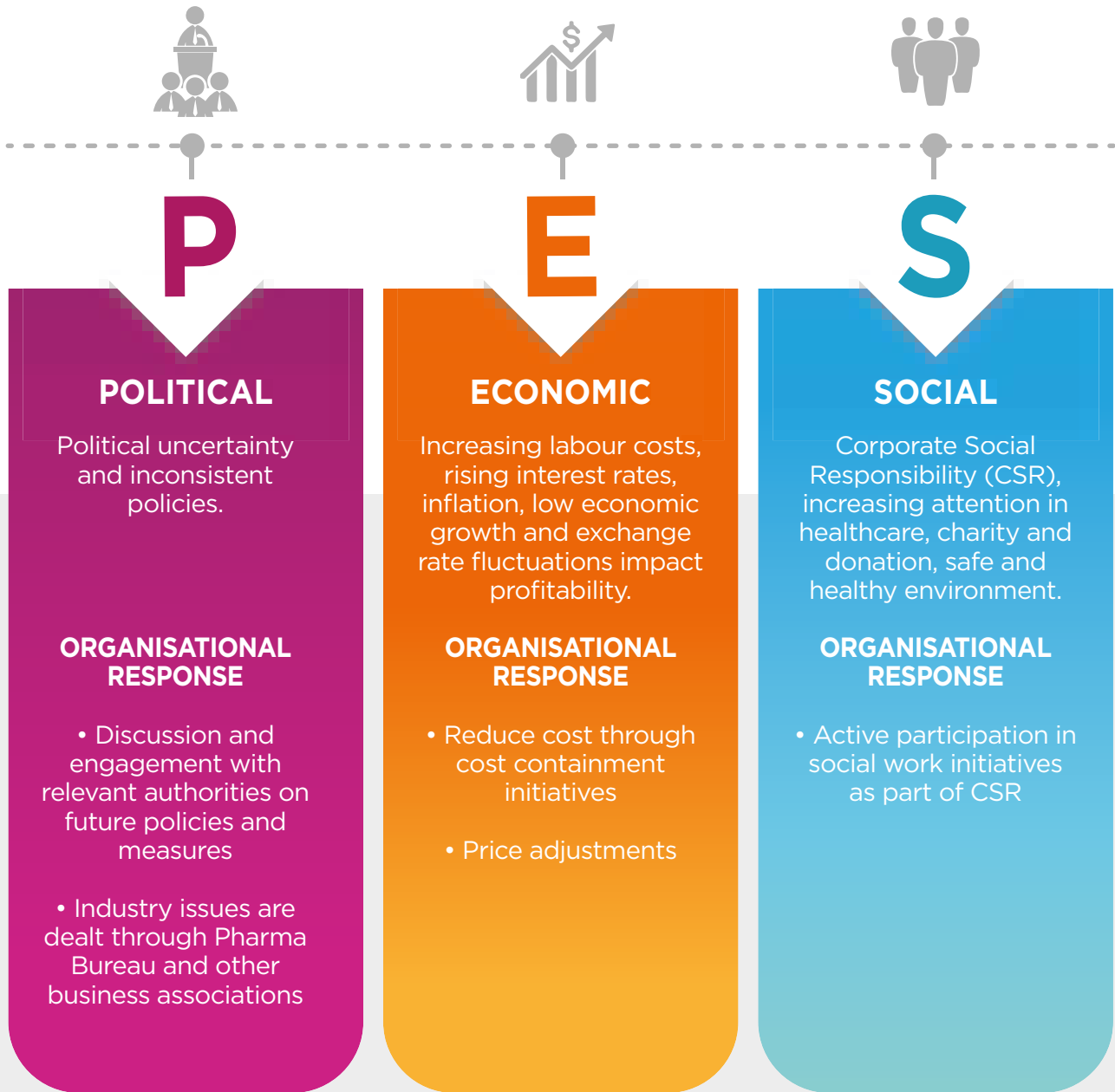
Our regulatory, medical, and compliance departments collaboratively mitigate the risk by monitoring changes in the applicable legal and regulatory requirements to ensure timely compliances.

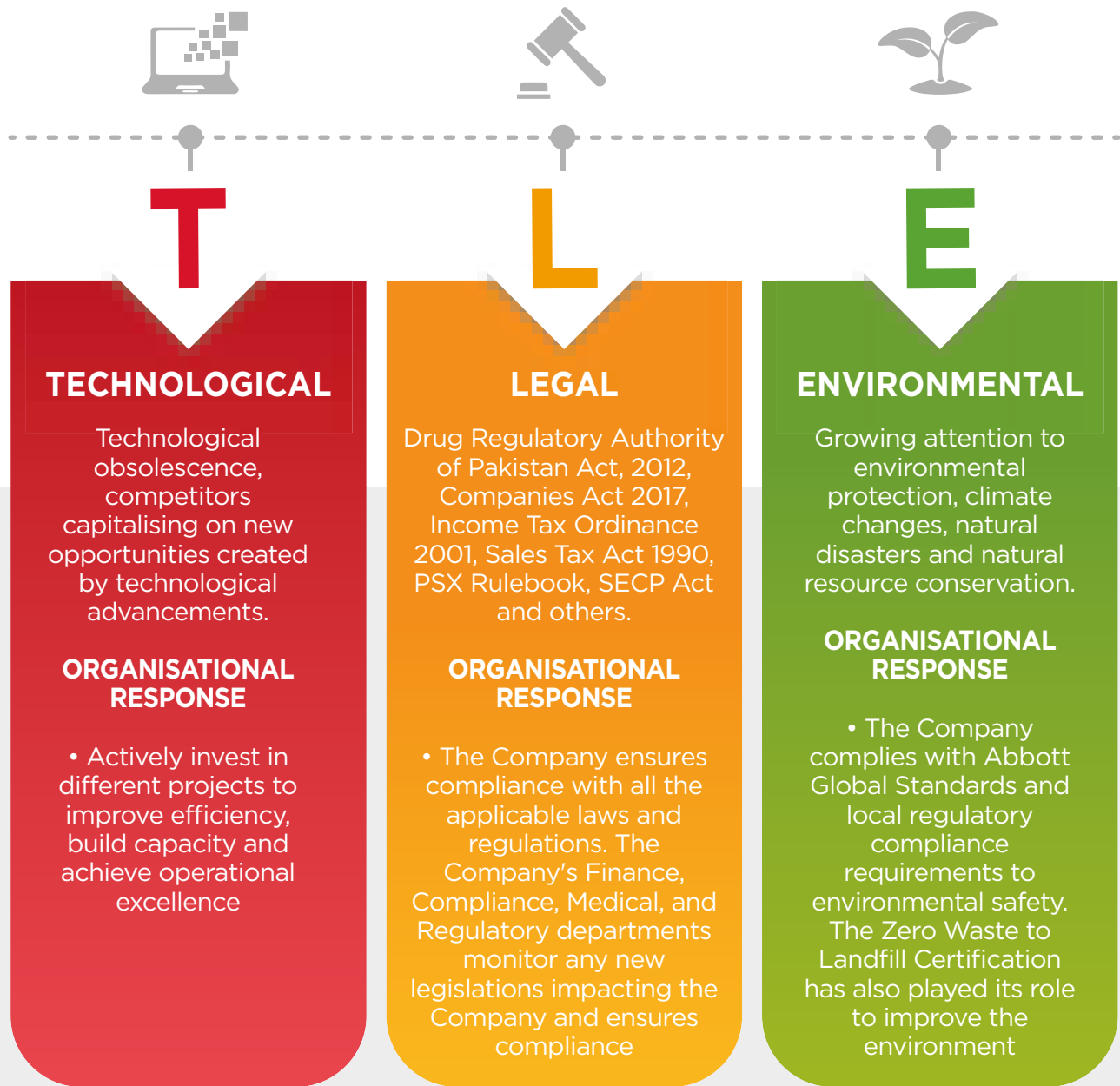
H	H
M	M
L	L

Planning and monitoring cash flows could result in significant cost-savings and investment opportunities.

Regular monitoring of liquidity status, cash flow projections, and liaising cross functionally assist in timely fulfilment of funding requirements.

SIGNIFICANT FACTORS AFFECTING THE EXTERNAL ENVIRONMENT AND THE ORGANISATION'S RESPONSE





Effect of Seasonality on Business in Terms of Production and Sale

Abbott's presence in multiple business segments and therapeutic areas helps to insulate its sales from the impact of seasonality. Further, our nutritional and multi-vitamin supplements, diagnostic solutions in labs, glucose monitoring devices are insulated from the impact of seasonality as these are products of continuing use for our consumers. For production, the Company manages seasonality through an effective planning process which takes into account the forecasted demand, lead time from suppliers, planned shutdowns of suppliers etc. to ensure that our production process is not impacted due to any seasonal effect.

CORPORATE SOCIAL RESPONSIBILITY

At Abbott, we believe a sustainable future starts with health. Good health is the foundation for everything and helps people and communities to thrive. One of our key sustainability priorities is to increase access to healthcare for the masses. In pursuance of its commitment to have a positive social impact, Abbott Pakistan joined hands with leading nonprofit organisations to help expand access to critical health, education and social services, with the goal of building more resilient, healthier communities.

THE LIVER FOUNDATION

Abbott provided funding to the Liver Foundation to support their work to eliminate Hepatitis C. The Liver Foundation is a nonprofit organisation that provides screening, research and care for people living with viral hepatitis.

FAMILY EDUCATION SERVICES FOUNDATION (FESF)

Abbott provided funding to the Family Education Services Foundation (FESF) to support their work of empowering disadvantaged deaf children and youth. FESF takes a holistic approach, providing education, skills training, job placement and sign language development to create lasting change in the lives of deaf children and their families.

PATIENTS' BEHBUD SOCIETY FOR AKUH (PBS)

Abbott provided funding to PBS to provide healthcare services for children. PBS provides high-quality specialty care for children in the areas of cardiopulmonary, neurological, child development, gastroenterology, nutrition, endocrinology, nephrology, genetics, fetal and neonatal, and infectious diseases.

THE LAYTON RAHMATULLA BENEVOLENT TRUST (LRBT)

Abbott provides regular funding to LRBT ensuring patients have access to surgeries for various eye diseases. LRBT provides no-cost treatment to patients with eye diseases, including cataract, glaucoma and retinal disorders.

THE CITIZENS FOUNDATION (TCF)

For the past three years, Abbott has funded TCF in their efforts to provide high-quality education to underprivileged children, supporting 64 students in Dhoke Chaudhri, Rawalpindi. TCF is managed by Pakistani citizens and provides high-quality education to underprivileged children.

GREEN CRESCENT TRUST (GCT)

In 2021, Abbott began funding the Orphan Support Program (OSP) that focuses on providing high-quality education to orphans. GCT is one of the largest private, nonprofit organisations in Sindh, operating over 150 schools for children from ages 5 years to 15 years, and an Orphan Support Program that adopts and educates children at Hilal education schools.

THE INDUS HOSPITAL (TIH)

For the last three years, Abbott has been funding the Chronic Dialysis Program at TIH. This contribution covers the expenses to provide 200 dialysis sessions free of charge. TIH network provides free healthcare services, including dialysis for end-stage kidney disease, to underprivileged populations.

MUHAMMADI BLOOD BANK AND THALASSEMIA CENTER

Annually, Abbott sponsors five patients diagnosed with thalassemia, ensuring they have access at no cost to screened blood and chelating therapy for the entire year. Muhammadi Blood Bank and Thalassemia Center provides high-quality health services focused on the diagnosis, treatment, and prevention of blood related diseases.

PATIENTS' WELFARE ASSOCIATION (PWA)

Abbott supports the cost of screening, regular blood transfusions and chelating

therapy for five patients with Thalassemia. PWA is run by the medical students of Dow Medical College and serves patients who are unable to pay for care at the Civil Hospital Karachi. PWA runs the largest single outlet blood bank in the country providing more than 120,000 screened blood products every year, and a Thalassemia Day Care Centre (TDC) managed by Thalassemia Services department of the organisation facilitating 250 registered patients.

KARWAN-E-HAYAT

Abbott provides funding to support the work of Karwan-e-Hayat, providing high-quality psychiatric treatment and rehabilitation services to underprivileged patients.

RECREATIONAL TRIP WITH EDHI HOMES CHILDREN AT SINDBAD

Abbott organised a day excursion to Sindbad Wonderland Park for the children of Edhi Homes to enable the children to experience the freedom and happiness that every child deserves. Abbott's volunteers express their love and affection for the individuals who have been unlucky and have been deprived of all the pleasures of life.

EDUCATIONAL TRIP WITH AL-KHIDMAT CHILDREN AT LAHORE ZOO

Abbott organised an instructive trip to the Zoo with the youngsters of Al-Khidmat. Abbott believes that every child should be given an opportunity to explore and experience the wonders of environment, including wildlife.



ENVIRONMENT, HEALTH AND SAFETY

ENVIRONMENT, HEALTH AND SAFETY

Abbott is committed to safeguarding a healthy environment by reducing the environmental impacts of our business across our value chain. This commitment shapes the way we source, design, manufacture and distribute our products, and it forms the basis for our environmental management systems and governance.

Our EHS management and governance systems ensure that we incorporate environmental considerations into our day-to-day planning and business processes, with clear lines of accountability and senior-level leadership and support. We seek to identify and mitigate climate-related challenges and risks that are posed to our supply chain, operations and distribution network through our management and policies.

EFFORTS MADE TO MITIGATE THE ADVERSE IMPACTS OF INDUSTRIAL EFFLUENTS

The world's resources are finite, and even renewable resources are being used faster than they can regenerate. Waste continues to

increase, landfill space is rapidly shrinking, and access to acceptable waste disposal facilities is limited. This makes improving waste management a priority, both for our business and for the planet.

ZERO WASTE TO LANDFILL INITIATIVE (ZWL)

Zero waste to landfill is a process whereby a site finds ethical, economical, and efficient means to manage processes in order to avoid and eliminate the volume and toxicity of waste and materials, and to conserve and recover all resources. ZWL remains a key component of Abbott's overall waste management strategy. The Company acquired Zero Waste to Landfill Re-certification in 2020 and both plants continued the ZWL initiative during the year.

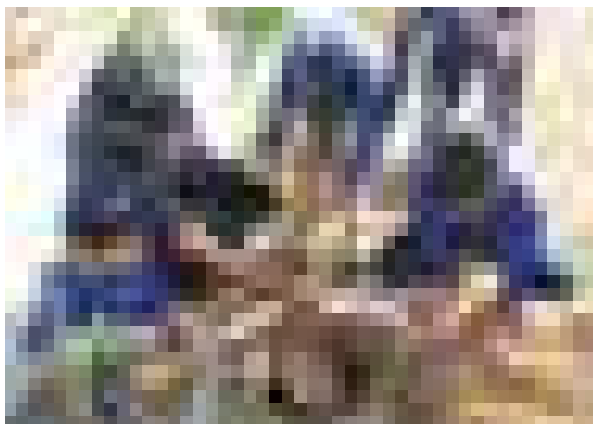
COMPOSTING

As concern about landfill space increases, worldwide interest in recycling by means of composting is growing. Composting is a process for converting organic material into useful products. This is also one of the only ways to revitalise soil vitality due to phosphorus

depletion. This initiative supports Abbott's **'Zero Waste to Landfill'** initiative. The Composting machine installed at our Landhi facility is a benchmark for the industry. The machine at site is a fully automated in-vessel composting system that converts organic waste to compost in just 24 hours. It has a capacity to produce 400 kgs of material as compost per day, utilising garden waste and left-over food from site canteen to turn into fertiliser.

GREEN REVOLUTION

The 'Green Revolution' campaign featured a range of awareness sessions and activities which encouraged all the employees to live more sustainable and greener lives. Abbott strives to become a waste free Organisation through a comprehensive waste management process and use of bio-degradable products.



HEALTH AND SAFETY

Since the beginning of the pandemic, our focus has been to protect the health of our employees while ensuring we continue to deliver our products to the people who need them. This remained our focus as governments around the world lifted restrictions and we moved into the next phase of working during the pandemic. We wanted our employees to feel comfortable working at our facilities. Split-shift arrangements were introduced, whereby employees returned to office on a 50/50 alternating schedule, with half of the employees working on site for a full week and the other half coming on site the next week. 100% attendance was restored from September 2021.

COVID Vaccination

Demonstrating its value of 'Caring', Abbott Pakistan arranged in-house vaccination drive for its employees at both its manufacturing facilities, vaccinating all its employees in the process. As a result of the valiant efforts of our Health Facility Team, Abbott Pakistan is now a 100% vaccinated company.

Influvac Vaccination

Ensuring the physical well-being of our employees during the ongoing pandemic and their dependents is our utmost priority. In continuation to our COVID vaccination drive, the Health Facility Department also initiated Flu vaccination for our employees and their dependents. Under this drive, more than 1,000 employees got themselves vaccinated throughout the country.

Awareness Sessions

Abbott Pakistan arranged a breast cancer awareness session for its female employees and diabetes awareness session to impart knowledge on the risks associated with diabetes and the related dietary precautions that can be taken to prevent it.

INTERNATIONAL CERTIFICATIONS

Abbott has established its own environmental, technical, quality and management standards that closely mirror ISO standards. This ensures that our management systems operate in accordance with recognised environmental practices and regulatory requirements. In addition, the global and local management also supports the pursuance of external certifications where there is recognisable business value. Further, Abbott Pakistan sustained the following certifications during 2021:

- ISO 45001:2018 'Occupational Health & Safety Management Systems'
- ISO 9001:2015 'Quality Management System'
- ISO 14001:2015 'Environmental Management System'

SOCIAL AND ENVIRONMENTAL RESPONSIBILITY POLICY

“Our approach to making a positive social impact starts with a question: how can we apply our unique technologies, expertise and business mindset to solve challenges in new ways? And then we listen and collaborate closely with the people we serve to build a better and lasting response, together.”

MAKING A POSITIVE IMPACT

As a healthcare leader, we have an inherently positive social impact on helping people to live longer and better. We apply our unique strengths to identify and invest in life-changing innovations, design new business models to meet emerging healthcare needs and find measurable ways to address social challenges through our scientific and technical expertise. When we prioritise systems-thinking and collaboration, we can grow our business, improve lives and create value for the people we serve.

The Company engaged in various CSR initiatives during the year, details of which can be found on page number 50.



PROTECTING A HEALTHY ENVIRONMENT

Abbott is committed to safeguarding a healthy environment for everyone by reducing adverse environmental impacts of our business across our value chain. This commitment shapes the way we source, manufacture, design, and distribute our products and forms the basis for our environmental management systems and governance.

Abbott Pakistan also has a formally documented policy on Environment, Health and Safety (EHS) which governs all operations and employee behaviour to ensure that the Company conducts its business in a manner which is protective for human health, safety, and the environment.

The policy is designed to achieve the following objectives:

- Maintain a safe and healthy workplace and environment;
- Continuously reduce the use of materials or practices that may have a negative impact on human health and the environment;
- Conserve energy and other natural resources;
- Integrate health, safety, and environmental concepts into business and operations planning and decision making;
- Educate and engage employees to optimise health, safety, and environmental performance and provide other stakeholders with relevant information on these efforts; and
- Comply with all applicable laws and affiliate policies and standards designed to protect human health, safety and the environment.

HUMAN RESOURCE

HUMAN RESOURCE

The year 2021 continued to bring unprecedented challenges and disruptions caused by COVID pandemic. The pandemic has affected businesses and operations worldwide and forced a major shift in the way people work and contribute towards organisational goals due to requirement of social distancing which necessitated practices of working remotely. Our Company made all possible efforts to ensure that safe practices remain in place strictly within the guidelines provided by our own corporate as well as WHO, federal government and provincial governments. We are pleased to report that our prudent and meticulous actions while implementing work from home and split-shifts arrangements not only contributed significantly towards the safety of our employees, but these also ensured continuity of our operations and product availabilities to the patients.

The Human Resource function at Abbott continues to serve as an important strategic business partner; helping achieve organisational objectives through organisational development, and culture and productivity-related interventions.

The HR function strives to provide the employees with a workplace that:

- Promotes diversity and inclusion
- Offers extensive professional development, mentoring and training programmes
- Encourages and supports work-life harmony
- Offers competitive compensation and benefits tailored to each market
- Protects human rights
- Offers wellness programmes
- Contributes to employee health and safety



OUR TALENT MANAGEMENT APPROACH

SUCCESSION PLANNING

Abbott's Board of Directors and senior management teams place a strong emphasis on succession and talent planning and on ensuring diversity and inclusion through this process. Talent Management Reviews (TMRs) are carried out annually to assess critical positions, identify succession plans and create development plans.

The TMR process clarifies our succession strategy for our most critical roles and ensures diversity among identified successors in terms of perspective, experience, background and capabilities. In addition to destination jobs, we identify potential next roles for each incumbent and successor, with a focus on ensuring the right experiences for a successful ongoing career at Abbott. Our aim is to make sure that current and future leaders are building the skills they will need for success.

Similar succession planning takes place at every level of the Company. The senior leadership team conducts TMRs, each of

which sets out to identify "Ready Now" and "Ready Future" successors. This helps ensure that our pipeline of future leaders at all levels is continually maintained. Our people managers also have annual talent development goals.

CAREER DEVELOPMENT

Abbott's continual investment in its people is a key element of its success story. We have long understood that helping employees acquire new skills in response to changing demands helps ensure that we are always in step with - or ahead of - the latest business and operational needs.

This commitment to reskilling and upskilling has been a formal part of our employee development process for decades. Through the years, reskilling, coupled with Abbott's anticipation of medical and healthcare trends, has helped us drive business performance and deliver on our strategies.

Our employee development opportunities span from free online development courses, to training for up-and-coming critical skills, to preparing our colleagues for entirely new careers.

Every Abbott employee has access to Career Connect, a personalised career and development planning tool. Career Connect helps employees to identify their career priorities, have more productive conversations with managers, gain the experience and skills they need through on-the-job learning, and draw up clear development plans for achieving their goals.

RECRUITMENT

Abbott is committed to building a diverse talent pipeline that can meet the needs of our businesses. We do this by developing internal talent and recruiting top talent globally. Our integrated approach includes building a compelling employer brand, both through our own digital properties and through other channels; reimagining our candidate and employee experiences; partnering with academic institutions and associations that align with our needs; and providing opportunities for talented college students to develop their careers at Abbott.

We build our employer brand through targeted social media platforms, such as LinkedIn. These enable us to reach and

engage with talented people who have an appetite for innovating with a purpose.

DIVERSITY AND INCLUSION

Abbott is committed to developing a workplace that is inclusive for all, regardless of race, gender, age, sexual orientation, disability, or nationality. Diversity and inclusion is a part of who we are, how we lead and what we believe in.

COMPENSATION AND BENEFITS

Our compensation philosophy plays a vital role in attracting the best and brightest minds to work at Abbott and in building an environment of equal opportunity for all.

We apply the following principles to help achieve consistent, fair compensation packages that reward performance:

- Base salaries and benefit packages are based on, and competitive in, the markets where we compete for talent and are appropriate to each market.



- Annual and long-term incentive packages are linked directly to business and individual performance, with a balance of short and long-term financial and strategic objectives.
- Our approach to compensation encourages behaviour that is consistent with the ethical values in Abbott's Code of Business Conduct.

The fundamental principle of compensation at Abbott is that it should be driven by employees' level of responsibility, expertise and performance. We have processes to ensure consistency in compensation across similar roles in relevant markets. As a result, Abbott compensates employees based on the work they do, regardless of race, ethnicity or gender. We are committed to equal pay for equal work, and do not tolerate discrimination in pay.

EMPLOYEE HEALTH, SAFETY AND WELLNESS

The health, safety and wellness of our employees and contract workers is a priority for Abbott. We have embedded this priority at every level of our business through our integrated Environment, Health and Safety (EHS) management system. Our Occupational Health Services Standard requires that all Abbott facilities provide their employees with appropriate occupational health services,

including adequate resources and a designated healthcare professional.

Throughout the COVID pandemic, Abbott conducted regular testing and screening of our employees, helping to maintain healthy work environments and ensure the health and safety of our people.



QUALITY ASSURANCE

QUALITY ASSURANCE

Our purpose of enabling fuller lives through the power of health depends on trust, and trust in Abbott depends on our ability to consistently deliver safe, effective and high-quality products. That’s why we treat the people who depend on us as if they were our family. We are proud of the trust that our business has established over the past 70 years. We recognise that the process of earning that trust never ends, and it’s the responsibility of everyone at Abbott.

Quality is not an option but a mandatory expectation as we are living in a very competitive world and one of the many things that distinguishes Abbott as a brand from the industry are the Quality Standards that we possess. Our commercial quality assurance focuses on ensuring that the processes we have in place across Abbott’s supply chain maintain the quality and compliance of our products.

ISO SURVEILLANCE CERTIFICATION

Abbott Pakistan’s sites have successfully achieved ISO Surveillance Certification for ISO



9001:2015 “Quality Management System”, ISO 14001:2015 “Environmental Management System” & ISO 45001:2018 “Occupational Health & Safety Management Systems” standard in 2021 that will enhance the GMP and safety of the sites and support in achieving competitive tender business requirements arising in the market.

DARIUS IMPLEMENTATION

DARIUS (Document and Regulatory Information Universal System) is an electronic approval and archival system for all types of documents. Different quality documents such as manufacturing directions, product quality

reviews, specifications, standard operating procedures, product technical documents are now approved and archived on DARIUS. DARIUS implementation has benefited Abbott's sites by improving approval cycle and archival process and has eliminated manual handling.

IMPLEMENTATION OF EDGE CODES ON PACKAGING

Edge code is a unique feature and is effectively used for identification of printed components and avoids usage of foreign component. It is particularly used to differentiate same sized materials. Implementation of Edge code on printed components of all the products has been executed to improve identification of components.

DATA INTEGRITY SESSIONS

Data integrity is critical in the pharmaceutical industry to make sure that the product at all stages of operations meets the required quality standards. Essentially, it is a process of maintenance and assurance of accuracy and consistency of the data over its entire life cycle. Data Integrity Sessions were conducted across different value streams for all sites.

GEMBA WALKS

Abbott has developed a 'GEMBA Walks' programme to give managers and executives a chance to visit the manufacturing floor and see how a specific operation is done. GEMBA Walks have been regularised at sites and GEMBA boards posted in areas to capture the outcome of GEMBA Walks based on the risk of high, medium and low category.



ETHICS AND COMPLIANCE

Abbott exists to enable people to live fuller, healthier lives through better health. We strive to make an impact on policies and priorities that have a positive effect on people's health and well-being. This includes enabling broader access to healthcare and life-changing technology.

We must demonstrate that our advocacy is always ethical and responsible and that we operate all aspects of our business fairly, honestly and with integrity. We are committed to adhering to all applicable laws and regulations in every aspect of our work as a global healthcare leader.

We have a clear strategy for building a culture of compliance at Abbott that engages all of our employees and that emphasises the importance of ethical behaviour. In this section, we describe the channels we use to promote ethics and integrity and the systems we have in place to embed ethical behaviour and manage compliance risks.

CODE OF BUSINESS CONDUCT

Our Code of Business Conduct is the foundation for ethical conduct at Abbott. Every year, we require every Abbott employee to read the code and certify that he or she adheres to it. The code explains Abbott's values and that it is every employee's responsibility to live them every day. The expectations it sets out include employees holding themselves to the highest ethical standards, keeping a watchful eye on our activities, reporting concerns in good faith, and always operating with honesty, fairness and integrity. The code highlights key areas such as the importance of adhering to policies and procedures, treating confidential information appropriately, avoiding conflicts

of interest, and maintaining accurate books and records. The code clearly states that Abbott does not tolerate illegal or unethical behaviour in any aspect of our business and that employees are required to ask questions and/or report any concerns.

INTERACTION WITH HEALTHCARE PROFESSIONALS (HCPs)

We have made ethical interactions with healthcare professionals a key focus of our ethics and compliance programme, as well as a focus of our Code of Business Conduct. We monitor our interactions with healthcare professionals and carry out periodic audits to track compliance with our policies. We also offer specific training on interactions with healthcare

professionals as part of our Legal and Ethics Resource Network (LERN) training programme.

Our commitment to ethical interactions with healthcare professionals, patients, and consumers includes the obligation to communicate responsibly about our products and services and the alternatives that exist.

WHISTLEBLOWING POLICY - "SPEAK UP"

Our Code of Business Conduct emphasises our employees' responsibility to report concerns. This requires us to create an environment where they can do so in good faith, without fear of retaliation. The code outlines Abbott's responsibilities for handling employee grievances and complaints in an ethical way, and it strictly forbids any retaliation against any person who raises a complaint.

We have clearly defined systems and processes for asking questions and reporting suspected or actual violations of our code, policies or procedures. These include our Speak Up tool, which allows employees and external parties to raise concerns of potential misconduct in a manner that is confidential and (where permitted) anonymous, either by email, by telephone or through a website.

We also have a web-based Ethics and Compliance helpline with live telephone support and translation services for non-English speakers. The helpline is available 24 hours a day, seven days a week. We use a

comprehensive reporting and investigations case management database to process, track and resolve all concerns that are reported.

LEGAL AND ETHICS RESOURCE NETWORK - "LERN"

Abbott's employees participate in an online LERN training programme, which educates them on all aspects of the code and provides practical guidance on how to recognise and respond to legal and ethical issues. The OEC assigns LERN courses to each full-time and part-time Abbott employee, based on his or her role and responsibilities and the specific training that he or she requires. The courses assigned to each employee are reviewed twice each year.

The LERN curriculum includes certifications covering the Code of Business Conduct and Conflicts of Interest, with a key focus on interactions with healthcare professionals. All Abbott employees, full-time and part-time, review and sign these certifications every year. It also forms part of our ethics and compliance training for new employees.

We supplement training with communications designed to raise awareness of compliance issues and ensure engagement with our policies. These include emails, newsletters, videos and issue highlights on our OEC intranet site. Our OEC staff also participates in global, national and regional sales meetings, as well as local site meetings, creating the opportunity to discuss compliance issues face to face.



CORPORATE GOVERNANCE

BOARD COMPOSITION

The structure of those charged with governance consists of two executive and five Non-Executive Directors. Amongst the Non-Executive Directors, there are three Independent Directors. The Board also consists of two Female Directors. Names and brief profiles of all the Directors are disclosed on page 86.

INDEPENDENT DIRECTORS

As disclosed above, there are three Independent Directors on the Board, all of whom meet the criteria for independence as required under S.166 of Companies Act, 2017.

BOARD'S POLICY ON DIVERSITY

The Board of Directors of Abbott acknowledges diversity and ensures that employment decisions are based on business needs, skills, experience and relative work performance. Discrimination of any type is strictly prohibited in our Code of Business Conduct and we strive to provide equal opportunities to all irrespective of gender, religion or ethnicity. This is also evident by the representation of two Female Directors on the

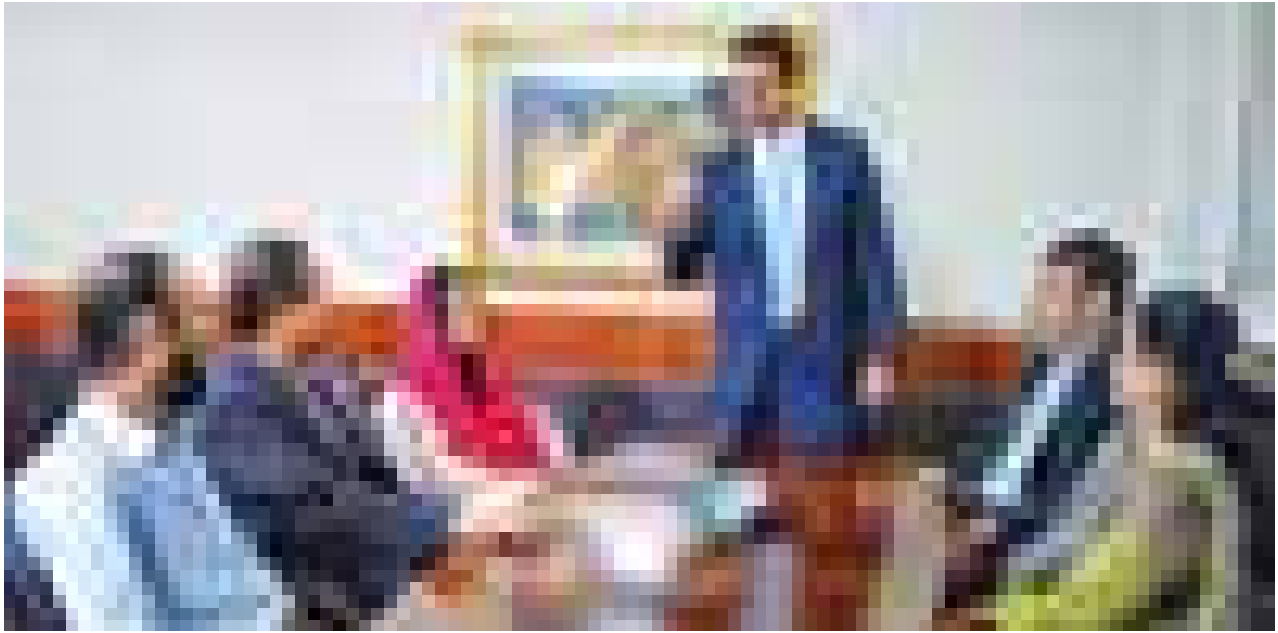
Board (29% of total Directors) of Abbott since August 2016, long before the Code of Corporate Governance required female representation on the Board.

DECISIONS TAKEN BY THE BOARD

As per requirements of the Companies Act, 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2019, Board meetings of the Company are held on a quarterly basis where all matters that are considered significant or material are approved. In cases where urgent approvals are required, these are approved through circular resolutions, duly signed by each Director.

The policy of materiality specifies which transactions are considered as significant or material and are to be presented to the Board for their approval or ratification.

Certain tasks are also delegated by the Board of Directors to its Committees in line with the Committee's approved Terms of References. The Chief Executive Officer together with the senior management carries out the day-to-day operational matters.



ROLE OF CHAIRMAN

The Chairman of the Board has the responsibility to lead the Board and ensure its effective functioning and continuous development. The Chairman represents the Non-Executive Directors of the Board and is entrusted with the overall supervision and direction of the Board's proceedings, and has the power to set the agenda, give directions and sign the minutes of the Board meetings.

Role of Chairman of the Board is to:

- Ensure that the Board is operating effectively, and all matters relevant to the effective functioning of the Company are placed on the agenda of Board meetings;
- Conduct the Board meetings including fixing the agenda; and
- Ensure that all the Directors are enabled and encouraged to fully participate in the deliberations and decisions of the Board.

ROLE OF CHIEF EXECUTIVE OFFICER

The Chief Executive Officer is the senior most executive on the Board and is primarily responsible for the management of the Company and its procedures in financial and other matters, subject to the oversight and directions of the Board, in accordance with the Companies Act, 2017.

The responsibilities include implementation of strategies and policies approved by the Board, making appropriate arrangements to ensure that all the resources are properly safeguarded and are used economically, efficiently and effectively and in accordance with all statutory obligations.

EVALUATION OF THE PERFORMANCE OF THE BOARD BY AN EXTERNAL CONSULTANT

The Board of Directors acts as governing trustees of the Company on behalf of the shareholders while carrying out the Company's mission and goals.

As per the requirements of Listed Companies (Code of Corporate Governance) Regulations, 2019, the Board of Directors is required to put in place an effective mechanism for annual evaluation of its own performance, its members and of its committees. The Company, during the year, appointed Pakistan Institute of Corporate Governance (PICG) to carry out the evaluation.

Following major criteria were set out by PICG to evaluate the performance of the Board of Directors, along with its committees and its members including the Chairman:

- a) Composition of the Board of Directors and its committees and whether their size and structure contains sufficient range of expertise to make it an effective governing body;

- b) Review of the strategic plans and business risks, monitoring Company's performance against the planned objectives and advise the management on strategic initiatives;
- c) Compliance with the legislative system in which Abbott Pakistan operates, particularly the Companies Act, 2017, Listed Companies (Code of Corporate Governance) Regulations, 2019, and the Memorandum and Articles of Association of the Company;
- d) Ensuring required quorum of Board meeting is available, in order to have detailed deliberation and quality decisions on matters of significance;
- e) Ensuring effective communication between the Board and its stakeholders which include auditors, management, business heads etc.;
- f) Establishing adequate internal control system in the Company and its regular assessment through self-assessment mechanism and internal audit activities; and
- g) Whether the number of Board meetings conducted during the year is sufficient and whether they are conducted in a manner that encourages open communication and meaningful participation.

EVALUATION OF THE PERFORMANCE OF THE CHIEF EXECUTIVE OFFICER

The Chief Executive Officer, being part of the Board, is present in every meeting of the Board. The CEO provides an overview of the Company's performance to the Board and addresses any specific questions by the Board members.

The performance of the CEO is assessed through the evaluation system set by Abbott Pakistan which is based on both qualitative and quantitative objectives. These objectives include financial performance, business processes improvement, business excellence, compliance, sustainability and people management.

POLICY FOR REMUNERATION OF NON-EXECUTIVE DIRECTORS

In line with the requirements of Listed Companies (Code of Corporate Governance) Regulations, 2019 and the Articles of Association of the Company, the policy for remuneration of Non-Executive Directors has

been approved by the Board of Directors. Non-Executive Directors are only entitled to meeting fees together with travelling and lodging costs borne by the Company.

PRESENCE OF EXECUTIVE DIRECTORS ON OTHER BOARDS AND POLICY ON FEE RETENTION

The Executive Directors of Abbott Pakistan are not currently serving as Non-Executive Directors of any other company and hence no fee is earned against attendance of Board meetings.

DIRECTORS' TRAINING PROGRAMME

As disclosed in the statement of compliance, all our seven Directors have either obtained training from SECP approved institutions or are exempt from the training programme. All the Directors on the Board are fully conversant with their duties and responsibilities as Directors of corporate bodies.

FORMAL ORIENTATION COURSES OF DIRECTORS

The Company arranged a workshop on Companies Act, 2017 and Listed Companies (Code of Corporate Governance) Regulations, 2019 for the Directors through its legal counsel on February 26th, 2021.

COMPLIANCE WITH THE LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

Abbott Pakistan is fully compliant with the requirements of Listed Companies (Code of Corporate Governance) Regulations, 2019. Please refer the review report on the statement of compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019, issued by the external auditors of the Company.

RELATED PARTIES' TRANSACTIONS POLICY

The Company has a formal policy of Related Parties' Transactions which has been approved by the Board of Directors. The policy covers the procedures with regards to review, approval and ratification of related party transactions

and for providing disclosures as required under Section 208 of Companies Act, 2017 and other applicable law.

The Company maintains a party-wise record of transactions and ensures that it includes the minimum information as prescribed by the law. All transactions with related parties arising in the normal course of business are carried out on an unbiased, arm's length basis at normal commercial terms and conditions.

Under the Company Policy for related party transactions, all related party transactions are reviewed periodically by the Board Audit Committee which is chaired by an Independent Director. Following review by the Board Audit Committee, the said transactions are placed before the Board of Directors for approval.

RELATED PARTIES' TRANSACTIONS

Details of related party transactions are disclosed by the Company in note 35 of the financial statements. There is no contract or arrangement with the related party other than in the ordinary course of business on an arm's length basis. All related party transactions are carried in accordance with the Company's related party policy.

DATE OF AUTHORISATION OF THE FINANCIAL STATEMENTS

The financial statements were authorised by the Board of Directors for issue on 24th February, 2022.

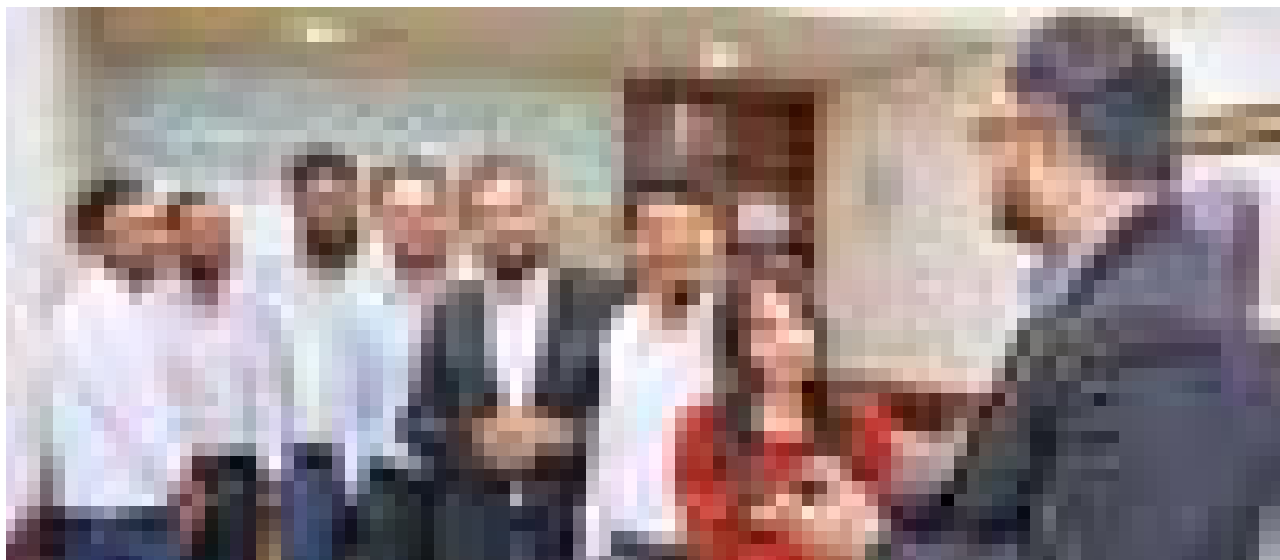
BOARD MEETINGS HELD OUTSIDE PAKISTAN

No Board meetings were held outside Pakistan during the year.

STAKEHOLDERS' ENGAGEMENT POLICY AND PROCESS

The Board of Directors of Abbott believes in having an open communication with its stakeholders and ensuring that all information is disclosed to promote transparency and visibility. We have developed a stakeholder engagement process that drives our engagement strategies. Through our engagement, we aim to stay well informed of the major issues and concerns of all our stakeholders.

Shareholders have the opportunity to ask questions at the AGM or can also send questions via email on the investor relations email address. Similarly, other stakeholders which include our customers, suppliers, banks, employees or government authorities are provided with the required information from time to time unless prohibited to be disclosed by law.



During the year, the Company conducted a Corporate Briefing Session in which shareholders and analysts were apprised of operational and financial performance for the financial year 2020 and 2021.

The frequency of engagements is based on business needs and corporate requirements as specified by the Listed Companies (Code of Corporate Governance) Regulations, 2019 or as contracted, under defined procedures. Information regarding the modes of engagement and their related frequency is presented below:



CORPORATE BRIEFING SESSION

In pursuance of the requirements laid out by the Pakistan Stock Exchange, the Company conducted a Corporate Briefing Session on 17th December 2021. The session was attended by various analysts and shareholders. The Chief Financial Officer of the Company, Syed Tabish Aseem, gave a detailed presentation on the financial performance of the Company.

The presentation was followed by a Q&A session, where thought-provoking questions were put forward to the management of the Company, which were well addressed to the satisfaction of the attendees by our Chief Financial Officer and Chief Executive Officer, Syed Anis Ahmed.

The following are some of the topics discussed during the briefing session:

- The landscape of the industry and the Company's growth in relation to other players

- Key brands performance and performance highlights of the Company since the last AGM
- The Company's response to COVID
- The Company's future outlook and challenges

The presentation from the corporate briefing session can be viewed on the Company's website under the "Investor Information" section (<https://www.pk.abbott/investor/investor-information.html>).

MATERIAL INTERESTS OF BOARD MEMBERS AND CONFLICT OF INTEREST

Directors are required to disclose, at the time of appointment and on an annual basis, the directorships or memberships they hold in other corporate bodies. This is in pursuance with Section 205 of the Companies Act, 2017, which also requires Directors to disclose all material interests. We use this information to help us maintain an updated list of related parties. Any conflict of interest relating to members of Board

of Directors is managed as per provisions of Companies Act, 2017 and rules and regulations of SECP and Pakistan Stock Exchange.

SECURITY CLEARANCE OF FOREIGN DIRECTORS

Abbott Pakistan does not have any foreign Directors on its Board.

SHARES HELD BY SPONSORS, DIRECTORS AND EXECUTIVES

A detailed breakdown on the number of shares held is presented in the pattern of shareholding disclosed on page 196 of this annual report. Our share capital comprises only of ordinary shares. No other class of shares has been issued by the Company.

POLICY FOR SAFEGUARDING OF RECORDS

Abbott effectively ensures the safety of its records. Physical records of documents, files etc. are maintained in designated storerooms at our Landhi and Korangi facilities. Access to these rooms is only granted to specific individuals who are responsible for safekeeping and maintenance of records. Proper logs are maintained in respect of records which are issued to different employees.

All records are retained as long as they are required to meet legal, administrative, operational and other requirements of the Company.

BUSINESS CONTINUITY PLANNING

Abbott Pakistan puts significant efforts in ensuring uninterrupted business operations. Business Continuity Plans (BCPs) are in place to ensure that any adverse or unforeseen events cause minimum disruption and the Board of Directors reviews the BCPs on need basis.

DISASTER RECOVERY PLANNING

Abbott Pakistan has adopted an effective disaster recovery plan to minimise and contain any disaster, to provide a rapid and smooth transition to a back-up mode of operations and expeditiously recover the normal operations in the data centre. Such planning ensures that essential/critical functions are supported with minimum disruption following a disaster.

PRESENCE OF CHAIRMAN OF AUDIT COMMITTEE AT THE AGM

Along with the other Directors, the Chairman of the Audit Committee – Mr. Ehsan Ali Malik was also present in the Annual General Meeting to respond to any queries, from the shareholders.

ISSUES RAISED AT LAST AGM

Besides the ordinary business of dividend approval, financial statement approval, directors' report approval and appointment of auditors, general clarifications were requested by the shareholders about the Company's financial performance and published financial statements during the 72nd Annual General Meeting held on April 21st, 2021. Apart from these matters, no significant issues were raised.

STEPS TO ENCOURAGE MINORITY SHAREHOLDERS TO ATTEND GENERAL MEETINGS

Annual Report of the Company containing the notice for AGM is sent out to minority shareholders in the same manner as the majority shareholders. To encourage minority shareholders to attend general meetings and participate in the affairs of the Company, proxy form is also attached along with the notices of general meetings to ensure their representation and participation in the general meetings, even if they are unable to attend, personally.

The Company ensures that there is dedicated time slot for questions and answers session in its general meetings so that the minority shareholders, in particular, can engage with the Board of Directors, and raise any queries that they may have with regards to the Company's performance. This encourages a healthy attendance from the minority shareholders in the Company's meetings.

INVESTORS' SECTION ON WEBSITE

To ensure transparency and ease of access to Company's latest financial information for existing and potential investors, the "Investors' Information" section on the Company's website (<https://www.pk.abbott/investor/investor-information.html>) is updated from time to time with the latest financial information which could impact decision making of existing and potential investors.



GOVERNANCE PRACTICES EXCEEDING LEGAL REQUIREMENTS

Abbott’s commitment towards excellence inculcates a culture where compliance with the prevailing laws and regulations is the bare minimum standard. Abbott actively strives to adopt the best practices in industry and governance in order to ensure that it remains the best-in-class. Our internal controls are focused on ensuring that the Company does not suffer any damage to its repute or suffers any financial loss.

Abbott in the past has proactively complied with many additional legal requirements, which were not mandatory at that time. Some of the examples are:

1. The Board of Directors of the Company consists of two Female Directors since August 2016 one of whom is an Independent Director. This requirement was not mandatory in the past and has been included in the Listed Companies (Code of Corporate Governance) Regulations, 2019, which requires each listed company to have at least one Female Director.
2. The requirement for the Chief Executive Officer and the Chairman to be separate individuals was introduced through Code of Corporate Governance, 2012 whereas the

Chief Executive Officer and Chairman of Abbott Pakistan have been separate persons since 20th August 2004.

3. The Company has a minimum of two Independent Directors since 16th April 2014, whereas the Code of Corporate Governance, 2012 required the Company to have at least one Independent Director.

IT GOVERNANCE POLICY

Abbott Pakistan has put into place governance arrangements to align IT related decisions and actions with the organisation’s strategic and operational priorities.

INVESTORS GRIEVANCE POLICY

The Company has a dedicated section on its website where shareholders can register their grievances. An email address has also been provided on the website whereby shareholders can contact the relevant person in the Company. All queries including grievances received are resolved in line with the legal requirements.

PREPARATION OF FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements

in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal controls as management determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Board of Directors is responsible for overseeing the Company's financial reporting process.

HUMAN RESOURCE MANAGEMENT POLICIES

Human resource management policies, including succession plan are disclosed on page 56.

SOCIAL AND ENVIRONMENTAL RESPONSIBILITY POLICY

Our social and environmental responsibility policy is disclosed on page 54.

OWNERSHIP STRUCTURE

Beneficial ownership of the Company and the flow chart is disclosed on page 09.

WHISTLE BLOWING POLICY

Whistle blowing policy of the Company is disclosed on page 63.

ROLE OF EXTERNAL SEARCH CONSULTANCY IN THE APPOINTMENT OF THE CHAIRMAN AND NON-EXECUTIVE DIRECTOR

Profiles of the elected Directors are disclosed on page 86. No external search consultancy has been used in the appointment of Chairman or a Non-Executive Director during the year.

CHAIRMAN'S SIGNIFICANT COMMITMENTS

Mr. Munir Ahmed Shaikh was re-appointed as the Chairman of the Company for a term of 3 years commencing on May 28th, 2020. The details of his other engagements as Chairman of other companies are given in his profile. He does not have any significant commitment other than the one mentioned in his profile.

PANDEMIC RECOVERY PLAN

As the COVID pandemic grew, and the full extent of its impact became clearer, Abbott's people sprang into action, collaborating with partners around the world to mitigate that impact for our stakeholders in every way we could. Because we hold Caring as a fundamental value, we take it as a point of pride that we treat the people who depend on us as if they are our own family.

We are pleased to report that our swift response to the situation in the form of implementing work from home and split-shifts arrangements contributed significantly towards the safety of our employees whilst also ensuring continuity of our operations and products availability. Throughout the COVID pandemic, Abbott conducted regular testing and screening of our employees, helping to maintain healthy work environments and ensure the health and safety of our people. We are also pleased to report that as a result of the valiant efforts of Abbott's Health Facility Team, Abbott Pakistan is a 100% vaccinated company. 100% employee attendance was also restored from September 2021.

The management of the Company is monitoring the situation vigilantly and is taking all the necessary measures to ensure employees' safety whilst also ensuring business continuity.

SUPPORTING OUR COMMUNITIES

EVIDENCE BASED CLINICAL STUDIES

Abbott Pakistan not only endeavours to provide quality medicines that are efficacious but also supports the healthcare community in understanding the disease and its local epidemiology in a better way. In pursuance of this cause, Abbott's Medical Department is in partnership with quite a few collaborators; including some of the country's well known therapeutic area specialists, institutions, and clinical research organisations.

Abbott works together to find how common a particular disease in our part of the world is, how it can be diagnosed better and how proper management can positively affect the quality of life of patients. Earlier in 2019, Abbott published the results of the epidemiological study, The Preempt Study, concluding that overall, Minimal Hepatic Encephalopathy (MHE) rate in Pakistan was 56.8% (95% CI, 52-61) and that MHE was found predominantly in men (66%).

The study helped Abbott in creating awareness for Health Care Professionals

(HCPs) for diagnosing MHE at an earlier stage so patients can be managed in a better way. To evaluate the incidence of MHE amongst wider population through recruiting more cities and with larger sample size that will enable us to understand the impact of MHE on Health-Related Quality of Life (HRQoL) even better, Abbott initiated The Preempt Registry as a continuation.

The registry will recruit 15 sites and assess 1,200 patients of diagnosed liver cirrhosis. It will be conducted in out-patient units of gastroenterology, hepatology, family medicine and internal medicine departments of Pakistan. The study has been approved by National Bioethics Committee of Pakistan.

Another milestone achieved for clinical studies is the publication of The PRECIOUS Study in Cureus Journal. Cureus, also known as the Cureus Journal of Medical Science, is an open access general medical journal and is among the growing number of journals using pre-publication and post-publication peer review. According to PRECIOUS Study, 1.6% of women were diagnosed with Subclinical



Hypothyroidism and 6% of the enrolled subjects were known to have hypothyroidism. Interestingly 33.3% of the patients with hypothyroidism were receiving inadequate dose of thyroid replacement therapy. This provides us an opportunity to create awareness for screening of hypothyroidism during pregnancy and providing management in right dose for right duration. This is even more important during pregnancy as hypothyroidism is one of the important causes of miscarriages.

VIRTUAL ADVISORY BOARD FOR EARLY PREGNANCY MANAGEMENT

Medical Advisory Boards acquire relevant insights and provides advice on products and unmet medical needs for the healthcare fraternity and patients. Medical Advisory Boards are governed by Key Opinion Leaders (KOLs) of respective specialty which partners

to guide for defined medical objectives. Abbott being a patient-centric Organisation has already kept their well-being at the core of each medical initiative. Abbott is also proud to have built that robust scientific relations with KOLs of multiple specialty which can help us steer some of our initiatives in an ethical and meaningful way.

The Advisory Board developed in 2020, for Early Pregnancy Management for women in Pakistan successfully developed the Infographics for Early Pregnancy Management. The Advisory Board during its discussion decided that Infographics would be a powerful tool to allow HCPs and patients to easily digest information through the use of visual data, charts, and statistics. Important information about early pregnancy, routine maternal health, essential nutrition and supplements, risks related to pregnancy and vaccinations during pregnancy is captured.

The document was launched during the Women Health Summit 2021 reaching out to 125 Obstetrician and Gynecologist experts and it will be later launched in the Biennial Conference of Society of Obstetrics and Gynecology Pakistan in February 2022.

THE SCIENTIFIC MULTIVERSE - MEDCON

Abbott Medical Team has made comprehensive liaisons with the medical experts and have engaged them on multiple avenues. Acknowledging the need of digital diversity, a platform was launched having its Web and Mobile App variants by the name of Medcon. By design, this platform comprises of a rich video library based on expert videos and lectures along with various other sections to cater to the scientific need of the customers. The Healthcare Professionals have shown great appreciation for the content as it helps them to stay closer to the advancing science. Abbott believes in establishing strong scientific liaison with our Healthcare Providers and with this vision, lies our success.

FIELD TRIPS WITH UNDERPRIVILEGED CHILDREN

Abbott’s commitment to supporting communities is demonstrated through our employees’ passion for giving back. Abbott employees give generously of their time, expertise and resources, supporting numerous community-based initiatives.

Abbott’s team conducted a full-day trip to Joyland in Rawalpindi with the children of ‘Mera Apna Ghar’ and also managed a fun excursion with ‘Street School’ children at Sindbad in Karachi with the goal to share the happiness and reminding them of their value and importance in the world. Abbott continues to ensure that the underprivileged children are provided with all the resources they need to make them realise that they are equally important to the society.



SCIENTIFIC SESSIONS WITH HEALTH CARE PROFESSIONALS

These sessions were insight based virtual events with the objective of addressing the myths and perceptions of HCPs which are not aligned with the current scientific evidence. Primary domains of discussions revolved around the diagnosis and management of diseases and drug specific scientific avenues. Through this initiative, the medical team of Abbott has increased its HCP reach and have gathered remarkable responses from the HCPs. Scientific sessions were held nationwide, both in urban and remote areas which helped Abbott to not only establish but reinforce the scientific equity of Abbott among its customers. Abbott takes great pride in maintaining the patient focus approach and building trust among our healthcare providers.

NUTRI CAMPS

Nutritional Assessment camps were set up at top 40 vaccination centres throughout Pakistan. Adults had access to free BMI check-up, blood-glucose test, and expert nutritional advise. Ensure or Glucerna samples were given to the customers based on their health assessment results. This mass nutritional assessment campaign catered more than 178,000 consumers at these camps, in addition to the 216,000 plus assessments in hospital wards.



OUR CITIZENSHIP AND SUSTAINABILITY PRIORITIES

Sustainability is the fundamental challenge of our time. And it grows continually more pressing, as the last year has demonstrated in so many ways. Thinking and acting sustainably in an inherent part of our culture and a natural extension of our purpose – helping people live healthier, fuller lives.

We believe that sustainability is built on integrated thinking, collaboration and applying our unique strengths. The following principles inform our approach and help amplify the inherently positive social impact that a healthcare business, such as ours, should have:

- We drive a system of governance that puts sustainability at the heart of our business. From supply chain to manufacturing operations and product marketing, we manage our environmental, social and governance impacts to maximise efficiency and effectiveness.
- We recognise that the healthcare environment is complex and inter-connected. We invest in understanding the changing needs of our customers and the impact of a changing external and operating environment. By identifying the most material issues for our business and the developing needs of the people we

serve, we can make purposeful, intentional decisions about how best to position our business for the future.

- We build together by listening to the stakeholders most impacted by our products. We work with patients, consumers, healthcare practitioners, caretakers, external partners and suppliers to deliver sustainable impact.
- We apply our unique strengths as a business in a focused way by identifying and investing in the most impactful products and solutions, evolving our business to meet emerging healthcare needs and finding measurable ways to address social challenges through our scientific and technical expertise.

Our sustainability work focuses on the areas where opportunities for our business intersect with positive social impact. We focus on operating responsibly, preserving healthy living environments, and earning trust by doing the right things, for the long-term, for the benefit of everyone who rely on our products. At the same time, we work hard to maximise the impact of our business in creating stronger communities around the world.

IMPROVING ACCESS AND AFFORDABILITY

The world's healthcare systems are under tremendous pressure. The growing disease burden of aging populations, health gaps and inequities are increasing and access to essential health products is limited. To address this crisis, Abbott understands that we must find ways to expand access to care to more people on a sustainable basis. We know that, going forward, fulfilling our purpose - helping people live fuller, more dignified lives through better health - requires a redoubled commitment to getting our products and solutions to more people in more places.



Our philosophy is that the best healthcare solution is the one that can reach the most people who need it. That's why Abbott is incorporating considerations of access and affordability into every aspect of our operations, from the research and development process, to how we manufacture and deliver our products, to the services we offer, the programmes we develop and the partnerships we pursue.

We work to consistently deliver market-leading products, services and solutions that address health needs while effectively managing the product life cycle. To support this, our businesses are incorporating access and affordability into their design principles without ever compromising on quality. This focus is also particularly notable in our diagnostics business, where we're bringing testing closer to the patient, even in the most remote areas. Our solutions are available from central hospital labs to remote health posts.

Our established pharmaceuticals business provides an excellent example of how we manage our approach to increasing access. We know that people often pay out of pocket for healthcare, making it all the more important that they be able to access quality care that's affordable. We listen, learn and partner to gather local insights for making good medicines better and developing new solutions to help people better manage their health.





SAFEGUARDING THE ENVIRONMENT

Abbott's environment governance and management systems are part of an integrated Environment, Health and Safety (EHS) approach. Our EHS strategy focuses on identifying and mitigating EHS-related risk, ensuring business continuity and addressing our stakeholders' expectations that Abbott is a responsible corporate citizen.

Our EHS management and governance systems ensure that we incorporate environmental considerations into our day-to-day planning and business processes, with clear lines of accountability and senior-level leadership and support.

We aim to drive continuous improvement in our environmental performance through our EHS policy and our management and technical standards. We have designed these policies and standards to ensure all Abbott operations comply with applicable regulations. This includes protecting the environment, health and safety of the communities where we operate.

We operate a comprehensive EHS audit programme to ensure compliance with Abbott policies and applicable regulatory requirements and to identify potential risks to our employees and the business. We evaluate EHS risk factors for each site annually and use these evaluations to determine how frequently audits take place. Once an audit is completed, we develop corrective action plans, where required, and monitor how these plans are implemented.





MANAGING CLIMATE-RELATED RISKS AND OPPORTUNITIES

Abbott is committed to identifying and mitigating climate-related risks that have the potential to impact our operations, supply chain and distribution network. We also have a process to identify and act on opportunities to address healthcare needs that are emerging as a result of climate change and to increase operating efficiencies by reducing our climate-related impacts through the management of our emissions, water and waste streams.

The risks that we analyse include physical and transitional risks that result from emerging regulation and new expectations of our businesses and risk exposure through our suppliers and customers. We assess and manage these risks through our integrated company-wide risk management process, which identifies opportunities to build resilience in both our operations and our business model.

Our Engineering and EHS policies and management standards consider chronic physical risks, such as water scarcity, and require sites to conduct regular risk and opportunity evaluations and implement mitigation strategies.

REDUCING ENERGY AND EMISSIONS

Protecting a healthy environment requires Abbott to continue reducing energy

consumption and greenhouse gas (GHG) emissions, both in our direct operations and throughout our value chain. This is demonstrated through efforts taken to increase energy efficiency in our manufacturing operations; investing in low-carbon energy; and encouraging a lower carbon footprint in our supply chain.

PROTECTING WATER RESOURCES

Abbott recognises that water is a critical natural resource essential to sustaining life, human health, economic growth and ecosystems. It is also essential to Abbott’s business continuity and manufacturing operations and plays a critical role in the use of many of our products. We are committed to managing our water use in an efficient, responsible manner, as well as to improving access to clean water for our customers and for the communities where we operate.

Our approach is based on three core principles:

- a) Reducing the amount of water our business consumes by working to improve water efficiency across our operations.
- b) Preventing adverse impacts to human health and the environment resulting from our water use and discharge.
- c) Educating employees, suppliers and customers about the importance of protecting water resources.

EXTENDED PRODUCER RESPONSIBILITY

Abbott recognises our extended responsibility for the impact of our products on human health and the environment, which includes how we procure materials and services to produce them and their impact after we distribute them.

We are committed to minimising the impact of our products throughout their entire life cycle. Besides reducing our overall environmental impact, this enables us to improve operating efficiency and reduce product and operational costs. Our commitment considers all components of our business value chain, including:

- Procuring all of our operational inputs, such as raw materials, processed goods and services, ethically and sustainably.
- Designing, producing and distributing our products with consideration for their impact on the environment and human health throughout their life cycle.

- Ensuring that our products can be consumed and disposed of in an environmentally responsible manner.

SUPPLY CHAIN

We have developed a supply chain strategy focused on reinforcing business continuity and flexibility while minimising risks and our shared sustainability impacts. Working closely with our suppliers supports our delivery of life-changing products and solutions. Our strategy also promotes new approaches to protect and multiply long-term environmental, social and economic value for all stakeholders that we engage across our value chain as well as across the life cycle of our products.

For Abbott, a sustainable supply chain means ensuring that everything we make, and that others make for us, is sourced and produced in an ethical manner while minimising our shared sustainability impact. We integrate sustainability considerations into our process for selecting and managing our suppliers.





SUPPLIER RISK ASSESSMENT AND ENGAGEMENT

When selecting our suppliers, we consider environmental, social and governance factors, in addition to a supplier's business capabilities and capacities, financial health and strategic alignment with Abbott's vision. We use supplier classification models to identify the levels of risk and shared sustainability impacts involved in each supplier relationship.

Our critical suppliers include those supplying materials, components and services that can influence the safety and performance of our products, as well as those that are the only approved source of materials, components and services. Our assessment of risk and criticality also considers supply chain transparency, complexity and supplier certification.

SAFEGUARDING BUSINESS CONTINUITY

In the face of an ever-more dynamic and fast-changing world, maintaining a resilient and adaptable supply chain is key to business success. Abbott works to ensure the resilience of our supply chain by collaborating across business functions to address complex supply chain challenges, leverage technology and improve transparency.

This approach delivers an increased understanding and, through this, we are able to adapt our supply chain to address external factors that may impact business continuity and improve our shared sustainability impacts across our value chain. These external factors include environment, social and economic risks, such as worker rights, climate change, natural disasters, resource scarcity, cybersecurity and disease outbreaks.

INTEGRATED REPORTING FRAMEWORK

An integrated report is a concise communication about how an organisation's strategy, governance, performance and prospects, in the context of its external environment, leads to the creation of value over the short, medium and long-term. It is to be prepared in accordance with the Integrated Reporting Framework (the framework) issued by the International Integrated Reporting Council (IIRC).

The integrated reporting framework follows a principle-based approach, including the following guiding principles:

- Strategic focus and future orientation
- Connectivity of information
- Stakeholder relationships
- Materiality
- Conciseness
- Reliability and completeness
- Consistency and comparability

Integrated Report is to be presented by those charged with governance acknowledging the integrity and compliance with the framework, including the following content:

- Organisational overview and external environment
- Governance
- Business model
- Risks and opportunities
- Strategy and resource allocation
- Performance
- Outlook
- Basis of preparation and presentation

The Annual Report of the Company for 2021 is partially in compliance with the International Integrated Reporting Framework issued by the International Integrated Reporting Council. Most of the aforementioned content has been disclosed under various sections of this Report.

At present, the requirement to publish an integrated report is not mandatory in Pakistan. The Company is reviewing the reporting requirements of an integrated report mandated by the local authorities, so that compliance can be ensured timely, when required.

UNRESERVED STATEMENT OF COMPLIANCE TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

Abbott Pakistan prepares its financial statements in accordance with IFRS issued by IASB as adopted and notified by Securities and Exchange Commission of Pakistan (SECP) under Section 225 of the Companies Act, 2017, in addition to the local requirements of the Act under the Fourth Schedule. There are certain recent standards/amendments which have not been notified by SECP under the Companies Act, 2017, which are mentioned as follows:

- IFRS 1 - First time adoption of IFRSs
- IFRS 17 - Insurance Contracts

In addition, as mentioned in note 2.1.4 to the financial statements, certain recent amendments and standards, will be effective on their respective dates as notified by SECP under the Act.



AUDIT COMMITTEE REPORT

The members of the Audit Committee are pleased to present their report to the shareholders for the year ended December 31, 2021. We would like to make the following submissions:

COMPOSITION OF THE COMMITTEE

The Audit Committee comprises of three members all of whom are either Non-Executive or Independent Directors. The Chairman of the Committee is an Independent Director who is a fellow of the Institute of Chartered Accountants in England and Wales and is an alumnus of the Wharton and Harvard Business Schools. The Audit Committee members have extensive experience in the fields of financial management, accounting, plant operations, business, and economics.

EVALUATION OF THE COMMITTEE

Evaluation of the Audit Committee's performance was carried out during the year by Pakistan Institute of Corporate Governance (PICG). Each member of the committee carried out the self-evaluation of the Committee as part of this exercise.

COMPLIANCE WITH THE LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019 (REGULATIONS)

The Company has complied with the mandatory requirements specified under the Regulations. The Committee would like to further state that:

- The Company has issued a Statement of Compliance with the Regulations which has also been reviewed and certified by the external auditors of the Company
- The Company's Code of Conduct has been disseminated across the organisation. The Company ensures that every year compliance refresher sessions are arranged throughout the organisation highlighting the Company's Code of Conduct
- The Committee has reviewed the Annual Report and concluded that it is fair, balanced and understandable. The Annual Report discloses and provides information to shareholders to assess the Company's position and performance and its business model and strategy. Similarly, it has also reviewed all related party transactions carried out during the year, which were subsequently approved by the Board
- The Audit Committee also reviewed preliminary announcements of results prior to publication

INTERNAL AUDIT AND RISK MANAGEMENT

The Board of Directors has set up effective internal financial controls across all functions. The independent Internal Audit Function of the Company regularly monitors the implementation of financial controls, whereas the Audit Committee reviews the effectiveness of the internal control framework. The Audit Committee would further like to state that:

- The Company has developed a sound mechanism for identification of risks and devising appropriate mitigation measures which are regularly monitored and implemented by the management across all major functions of the Company
- The Audit Committee also undertook an overall review of the business risks to ensure that the management maintained a sound system of risk identification. The summary of the risks together with the mitigation plan was presented to the Board for its review
- The Internal Audit Function carries out its audits in accordance with the approved audit plan which is presented annually to the Audit Committee

- Internal Audit Function plays a vital role in improving the overall control environment. It also acts as an advisor to other functions for streamlining processes and ensuring implementation of the Company's policies
- The Internal Audit Function has direct access to the Chairman of the Audit Committee and the Committee has ensured staffing of personnel with sufficient internal audit acumen. The performance appraisal of the Chief Internal Auditor is also carried out directly by the Audit Committee
- The Chief Internal Auditor has the required qualifications as prescribed under the Regulations

EXTERNAL AUDIT

- The external auditors were allowed direct access to the Audit Committee and also met the Audit Committee once a year without the presence of the management, where significant issues in relation to the financial statements and external audit were discussed in detail
- The Audit Committee facilitates coordination between the internal and external audit of the Company to ensure they contribute effectively towards the achievement of Company's objectives and to promote a transparent financial reporting mechanism
- All internal audit reports were made available for review to the external auditors during the year
- The external auditors M/s EY Ford Rhodes, Chartered Accountants have been engaged as the external auditors of the Company since 2014 and have completed their audit assignment and review of the Statement of Compliance with the Regulations. They shall retire on the conclusion of the 73rd Annual General Meeting
- Being eligible for reappointment as auditors of the Company, the Audit Committee has recommended the appointment of M/s EY Ford Rhodes, Chartered Accountants as external auditors of the Company for the year ending December 31, 2022
- The Company also obtains taxation related services from M/s EY Ford Rhodes, Chartered Accountants. The firm has sound policies and procedures to ensure compliance of independence which includes separate engagement partners and separate teams for both audit and taxation work

The Audit Committee believes that it has carried out its responsibilities to the full, in accordance with Terms of Reference approved by the Board and as stipulated under the Regulations.

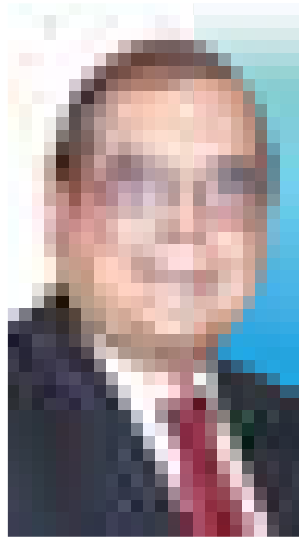
On behalf of the Audit Committee



Ehsan Ali Malik
Chairman - Audit Committee

February 24, 2022

DIRECTORS' PROFILE



SYED ANIS AHMED
CEO

Syed Anis Ahmed is the Chief Executive Officer of Abbott Laboratories (Pakistan) Limited. Previously, he has served as the Chief Financial Officer of Abbott Pakistan. He has over 25 years of experience in senior commercial and finance roles where he has provided his guidance and leadership across different functions. Anis is also serving as the President of American Business Council. He also remained a member of the Executive Committee of Overseas Investors' Chamber of Commerce & Industry (OICCI) and the Chairman of Pharma Bureau where he played a major role in highlighting different issues faced by the Pharmaceutical industry. He was previously associated with A.F. Ferguson & Co. (a member firm of the PwC network) and Philips Pakistan. Anis is a Fellow member of the Institute of Chartered Accountants of Pakistan.



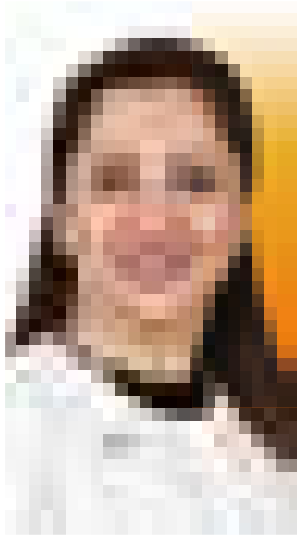
EHSAN ALI MALIK
Independent Director

Ehsan Ali Malik is part of the Board of Directors of Abbott Laboratories (Pakistan) Limited. He is currently serving as Director on Board of Standard Chartered Bank (Pakistan) Limited, National Foods Limited and Gul Ahmed Textile Mills Limited. He is also serving as the Chief Executive of Pakistan Business Council. Previously he was the Chief Executive Officer/Director of Unilever Pakistan Limited. He was also a Director of Unilever Pakistan Foods Limited. Further, he had also served as the Chief Executive/Director of Lever Chemical (Private) Limited, Lever Associated Pakistan Trust (Private) Limited, Unilever Birds Eye Foods Pakistan (Private) Limited and Sadiq (Private) Limited. His earlier international appointments covered Unilever's regional business in Sri Lanka, Egypt, Lebanon, Jordan, Syria and Sudan as well as Unilever's Head Office in UK. Ehsan is a Fellow of the Institute of Chartered Accountants in England and Wales and an alumnus of the Wharton and Harvard Business Schools.

MUNIR A. SHAIKH
Chairman

Munir Shaikh is currently Chairman of the Board of Directors of Abbott Laboratories (Pakistan) Limited and also the Chairman of the Board of Directors of Abbott India Ltd. These companies are listed with their shares quoted on Pakistan, and Mumbai Stock Exchanges respectively. Mr. Shaikh has held several management positions with Abbott in Asia, Middle East and the United States. He was the Managing Director of Abbott Pakistan, Regional Manager, Caribbean based in Puerto Rico, Director of Business Development based in Chicago, Vice President, Middle East and Africa based in Dubai and Vice President Pacific, Asia Africa based in Singapore. Mr. Shaikh is a Fellow of the Institute of Chartered Accountants in England and Wales.





AYLA MAJID
Independent Director

Ayla is a leading mergers and acquisition, advisory and governance expert with over two decades of rich experience. She is Founder & CEO of Planetive, a sustainability advisory platform and runs the advisory practice of Khalid Majid Rehman Chartered Accountants as Managing Director, Financial Advisory Services. Ayla sits on many local and global boards including Global Council of Association of Chartered Certified Accountants-UK; In Pakistan she is Board Member of listed companies including Siemens Pakistan; Abbott Laboratories (Pakistan) Limited; and Mari Petroleum Company Limited. Ayla was part of the team that drafted Pakistan's first "Code of Governance for Public Sector Entities. Ayla is a strong advocate of the UN SDGs and ensures that her projects across different industries are aligned with SDGs including climate action, affordable clean energy, and gender equality. In 2015 Ayla was honoured by the World Economic Forum as a Young Global Leader. She is a member of the Global Future Council on Energy Transition of the World Economic Forum. She is Eisenhower Global Fellow 2021. Academically she holds MBA from LUMS, LLB Honours from University of London and ACCA. She has also attended executive courses at the Harvard Kennedy School, Oxford University, and Nanyang Technological University of Singapore.

MOHSIN ALI NATHANI

Independent Director

Mohsin has been serving as a President and CEO of Habib Metro Bank since 2018. He is a seasoned corporate banker with over 25 years of international banking experience in Asia, Middle East and Levant regions. He has worked in Pakistan, Dubai, Hong Kong and Singapore. He is currently serving as a Director on the Board of I-Care Pakistan and is the President of Swiss Business Council. Previously, he has served as the CEO of Standard Chartered Bank in Pakistan and the UAE, Country Head & Managing Director of Barclay's Bank Pakistan, as a Director at CDC, Kidney Center, and as a trustee in the IBA Endowment Fund. Earlier in his career, he served in various corporate and Islamic banking regional roles. Mohsin is an MBA from Institute of Business Administration, Karachi.



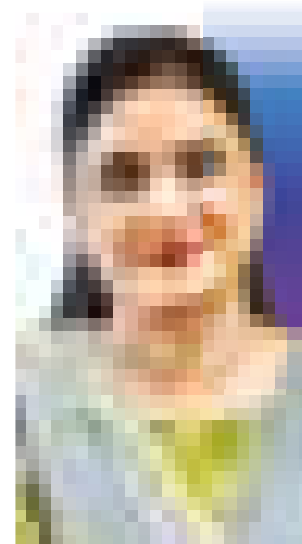
MUHAMMAD ANJUM LATIF RANA
Independent Director

Anjum Latif Rana is part of the Board of Directors of Abbott Laboratories (Pakistan) Limited. He is working as Regional Director Operations & Supply Chain, Middle East, Africa, Turkey and Pakistan for Abbott Laboratories based in Dubai. Previously, he was Director Operations at Abbott Pakistan responsible for manufacturing, engineering, EHS, Operational Excellence, and Supply Chain functions at Karachi Plant. He has a professional career that spans over 26 years in Pharmaceuticals Operations & Supply Chain and has an established track record of success throughout his professional career, he has laid down the strong foundation of supply chain integration (Class A) and Operational Excellence in Plant Operations. He joined Abbott Laboratories in 1995 and held various leadership roles in supply chain and manufacturing operations at Abbott Pakistan, led various projects including acquisition of Knoll, Solvay manufacturing & supply chain integration with Abbott Pakistan. He was a member of the trade and commerce subcommittee of the American Business Council.

SEEMA KHAN

Director

Seema Khan is part of the Board of Directors of Abbott Laboratories (Pakistan) Limited. Seema holds a Bachelors in Pharmacy degree from Karachi University. She has extensive experience over 30 years in pharmaceutical sector, directing and leading multidisciplinary teams. Currently, she is working as a lead of Regulatory Affairs and is part of Executive Management at Abbott Laboratories (Pakistan) Limited. She is an expert on Regulatory Affairs with extensive experience in Pharmaceutical Industry which includes dealing with government at the highest level for resolution of regulatory and policy issues. Seema represents Abbott and provides support on technical matters for Pharma Bureau. She is also present on the Intellectual Property Rights (IPR) sub-committee of OICCI and Legal & Government relations subcommittee of American Business Council.



BRIEF TERMS OF REFERENCE OF BOARD COMMITTEES

AUDIT COMMITTEE

The Audit Committee comprises of three members, all of whom are Non-Executive Directors. The committee is chaired by an Independent Director. The Audit Committee meets at least four times a year. The Company Secretary acts as the secretary to the Audit Committee. The brief terms of reference of the Audit Committee are as follows:

- Review of annual and interim financial statements of the Company, prior to their approval by the Board of Directors;
- Review of preliminary announcements of results prior to external communication and publication;
- Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);
- Review of management letter issued by the external auditors and management's response thereto;
- Review of scope and extent of internal audit, audit plan, reporting framework and procedures and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company;
- Recommend to the Board of Directors the appointment of external auditors, their removal, audit fees, the provision of any service permissible to be rendered to the Company by the external auditors in addition to the audit of its financial statements;
- Determination of appropriate measures to safeguard the Company's assets; and
- Consideration of any other issue or matter as may be assigned to the Committee by the Board of Directors.

HUMAN RESOURCE AND REMUNERATION COMMITTEE

The Human Resource and Remuneration Committee comprises of an Independent Director, one Non-Executive Director and Chief Executive Officer. The Committee is

chaired by an Independent Director. Director Human Resource acts as the secretary to the Human Resource and remuneration committee. The terms of reference of the Committee as framed by the Board are as follows:

- Adopt the Company's corporate HR and remuneration policies as applicable; while ensuring that these remain within the framework of country laws and regulations;
- Make recommendations to the Board regarding selection, evaluation, compensation (including retirement benefits) and succession planning of the Chief Executive Officer (CEO), Chief Financial Officer (CFO), Company Secretary, Head of Internal Audit & Compliance, and any other key officers of the Company which shall normally be the direct reports of the CEO and Heads of Staff Functions; and
- Ensure remuneration approach is consistent with performance assessment and compensation framework of the Company.

BANKING COMMITTEE

The Committee comprises of an Independent Director, one Executive Director and Chief Executive Officer. The Committee is chaired by an Independent Director. The Banking Committee is conferred with authorities related to banking management, including issuing instructions to the Company's bankers with regards to the Company's banking transactions and business, as it may consider appropriate. The brief terms of reference of the Banking Committee are as follows:

- Approve any changes in banking signatory matrix;
- Approve increase, decrease and cancellation of existing facility with a particular bank;
- Sign/approve agreements and documents pertaining with the acquisition of funded and non-funded facility with the bank(s); and
- Execute service execution agreement with bank(s).

RISK MANAGEMENT COMMITTEE

The Risk Management Committee comprises of an Independent Director, one Non-Executive Director, one Executive Director and Chief Executive Officer. The Committee is chaired by an Independent Director. The brief terms of reference of the Risk Management Committee are as follows:

- Approve and review the risk management framework and policies;
- Assess the adequacy of the systems and risk readiness of the Company;
- Evaluate risk exposure and tolerance of the Company;
- Review risk identified by the management and measures suggested for mitigation;
- Evaluate risk management controls devised by management; and
- Assist the Board in formulation of risk management policies.

BOARD COMMITTEES ATTENDANCE

AUDIT COMMITTEE

Name	Category	Meetings	
		Held	Attended
Ehsan Ali Malik	Chairman - Non-Executive Director	4	4
Ayla Majid	Member - Non-Executive Director	4	4
Muhammad Anjum Latif Rana	Member - Non-Executive Director	4	4
Syed Tabish Aseem	By invitation - Chief Financial Officer	4	4
Fahad Rehman	By invitation - Chief Internal Auditor	4	4
Humayun Altaf	Secretary	4	4

HUMAN RESOURCE AND REMUNERATION COMMITTEE

Name	Category	Meetings	
		Held	Attended
Mohsin Ali Nathani	Chairman - Non-Executive Director	2	2
Syed Anis Ahmed	Member - Chief Executive Officer	2	2
Munir A. Shaikh	Member - Non-Executive Director	2	2
Asghar ul Huda	Secretary/HR Director	2	2

RISK MANAGEMENT COMMITTEE

Name	Category	Meetings	
		Held	Attended
Ayla Majid	Chairperson - Non-Executive Director	2	2
Syed Anis Ahmed	Member - Chief Executive Officer	2	2
Seema Khan	Member - Executive Director	2	2
Muhammad Anjum Latif Rana	Member - Non-Executive Director	2	2
Fahad Rehman	Secretary	2	2

FORWARD LOOKING STATEMENT

At Abbott, our goal is to provide life-changing products and solutions to help people live healthier, fuller lives. In each of our core businesses – Established Pharmaceuticals, Nutrition, Diagnostic and Diabetes Care – we have built our portfolios strategically for relevance to where medicine and technology, our markets, customers, and society are heading. This forward focus helps us deliver long-term impact for the people we serve, and achieve above-market growth, strong cash flow, and consistently strong shareholder returns.

COVID tested us again in 2021 – and Abbott again rose to the challenge. We met the pandemic head-on with our battery of tests for the virus. We kept focus on our underlying businesses, all of which delivered highly successful years. And, most importantly, we kept our sights on the long-term and our dynamic vision for the future of health.

Despite a challenging year, all our business segments were able to deliver healthy growth and continued their momentum from last year. Improvements in margin have been primarily driven on account of product mix and price adjustments. The Company continues to face challenges of escalation in costs owing to inflation and devaluation of the Pak Rupee. The recent changes enacted by the Finance Supplementary Act 2022, will adversely affect the Company's liquidity. We hope that an expeditious refunds processing system is implemented, so that the Company in particular, and the industry in general, can continue to operate without any liquidity concerns.

The Drug Regulatory Authority (Authority) plays a significant role in the regulation and development of pharmaceutical industry. We look forward to working with the regulators to ensure that pragmatic steps are taken to ensure availability and access of high-quality medicines to the patients.

As we look to the year ahead, we will continue to build on our competencies and review our strategies to ensure that they remain relevant and most suited, in line with changing dynamics in the local and global marketplace. We remain focused on expanding and diversifying our product offering to the customers, while also making concerted efforts to improve profitability through innovation, improving efficiency and effective cost containment initiatives to maximise shareholders' returns. The external factors (PESTLE) that might affect the Company are detailed on page 48.

EXPLANATION AS TO HOW THE PERFORMANCE OF THE ENTITY MEETS THE DISCLOSURES MADE IN THE PREVIOUS YEAR

Monitoring the Coronavirus Situation

The Coronavirus Pandemic continued to affect business during 2021. As disclosed last year, Abbott Pakistan was able to deliver different tests for detection of COVID which helped the country in its fight against COVID. Further, our nutritional and multivitamins supplement helped people to manage their immunity in these testing times. In order to ensure workplace safety, Abbott Pakistan conducted regular testing and screening of its employees, helping to maintain healthy work environments and ensure the health and safety of its people

STATUS OF THE PROJECTS DISCLOSED IN THE PREVIOUS YEAR

The Company has made significant capital expenditure during the year for the purpose of expanding manufacturing capacity, enhancing productivity and improving plant efficiency. Project disclosed last year have been completed and are operational.

Brief details of the major projects for 2021 are as follows:

- Liquid and tablet manufacturing capacity upgrades and related structural improvements;
- Installation of compression machines; and
- Installation of solar panels at Landhi.

The Company plans to continue to invest in projects that help it to achieve its desired objectives.

SOURCES OF INFORMATION AND ASSUMPTIONS USED FOR FORECASTS

The Company prepares its annual plans and forecasts in line with the overall strategic direction of the Company. These plans are approved by the Board of Directors annually. Periodic reviews of performance are carried out against these plans to ensure adequate monitoring and control.

A number of different sources are used in preparing the plans, including, but not limited to, historical data and figures, market growth rates, APIs availability etc. Macroeconomic indicators are also taken into account to ensure that factors which are beyond the Company's control are also considered while drawing up the Company's plans. Assistance of external consultants is only taken for areas where Company feels that it does not have the required level of expertise internally.

Assumptions used in these plans and the related rationale behind these assumptions are thoroughly documented and reviewed. Sensitivity analysis is also carried out to determine the impact of changes in assumptions on the financial performance of the Company.

OUR RESPONSE TO CRITICAL CHALLENGES AND UNCERTAINTIES

The Company has a robust Business Continuity Plan in place to ensure that any adverse or unforeseen events cause minimum disruption. The Company has also developed a sound mechanism for identification of risks and devising appropriate mitigation measures which are regularly monitored and implemented by the management across all major functions of the Company.

The uncertainty surrounding the post-COVID era remains. However, your Company is confident that its overall approach to risk management and dealing with uncertainty will enable it to tackle critical challenges and uncertainties as and when they arise.

REVIEW REPORT BY THE CHAIRMAN



It gives me great pleasure to present this report as required under section 192 of Companies Act, 2017.

The Coronavirus pandemic continues to affect business operations world-wide. Your Company through its resilience and commitment is managing the challenges to ensure business

continuity, products availability, and the well-being of our employees. Your Company has continued to perform successfully in all segments in a very difficult environment.

REVIEW OF OVERALL PERFORMANCE OF THE BOARD

The Board comprises of Directors with diverse and extensive experience who have performed their duties effectively and diligently.

The objective of the Board is to provide strategic direction to the Company and to oversee the management. The Board performed its duties as required under the Companies Act, 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2019 (Regulations), including approval of significant policies, establishing a sound system of internal controls, approving budgets and financial results.

As required by Regulations, the Board has constituted the following committees which are operating effectively and within the framework of the law:

1. AUDIT COMMITTEE

The Audit Committee plays a key role in ensuring that effective and efficient systems and procedures of internal controls are in place.

2. BANKING COMMITTEE

The responsibilities of the Banking Committee are managing the overall relationship with the banks, credit limits, approval of authorized signatories and wise investment of surplus funds.

3. HUMAN RESOURCE AND REMUNERATION COMMITTEE (HR&R)

The HR&R committee is responsible for reviewing the personnel policies, remuneration and benefits of the Chief Executive Officer, Chief Financial Officer, Company Secretary and Chief Internal Auditor. It is also engaged in recommendation of Human Resource policies to the Board and determination of policy framework for the remuneration of directors in accordance with its Terms of Reference.

4. NOMINATION COMMITTEE

The nomination committee is responsible for considering and making recommendation to the Board in respect of the Board's committee and its chairmanship. It is engaged in regular review of the structure, size and composition of the Board and to recommend any changes in respect thereof.

5. SHARE TRANSFER COMMITTEE

The committee approves registration, transfer and transmission of shares.

6. RISK MANAGEMENT COMMITTEE

The committee is responsible for the overall risk management of the Company, including establishment and implementation of a risk management framework and reviewing the effectiveness of all controls in place to mitigate the identified risks.

I would like to thank all our shareholders, customers, bankers and employees for their trust and support during the year. I would also like to thank the Board members, CEO and his team for their dedication and hard-work.



Munir A. Shaikh
Chairman
February 24th, 2022

چیئر مین کی طرف سے جائزہ

مشاہرے اور دیگر فوائد کا جائزہ لے۔ یہ بورڈ کو انسانی وسائل کی پالیسیوں کی سفارش کرنے اور اپنے ٹرمز آف ریفرنس کے مطابق ڈائریکٹروں کے مشاہرے کے پالیسی فریم ورک کے تعین کا بھی کام کرتی ہے۔

4- نامزدگی کمیٹی

بورڈ کی کمیٹیوں اور اس کی چیئر مین شپ کے سلسلے میں بورڈ کے لیے سفارشات پر غور کرنے اور انہیں پیش کرنے کی ذمہ داری نامزدگی کمیٹی کی ہے۔ یہ بورڈ کے ڈھانچے، حجم اور مشتملات (composition) کا باقاعدہ جائزہ لیتی ہے اور ضرورت پڑنے پر تبدیلیوں کی سفارش کرتی ہے۔

5- شیئر ٹرانسفر کمیٹی

یہ کمیٹی شیئرز کے اندراج، منتقلی اور ترسیل کی منظوری دیتی ہے۔

6- رسک مینجمنٹ کمیٹی

یہ کمیٹی کمپنی کے بحیثیت مجموعی رسک مینجمنٹ کی ذمہ دار ہے، جس میں رسک مینجمنٹ فریم ورک کی تیاری اور اس پر عمل درآمد اور نافذ شدہ تمام کنٹریولز کی اثر انگیزی کا جائزہ لینا ہے تاکہ شناخت کردہ خطرات کو کم کیا جائے۔

میں اپنے تمام شیئر ہولڈرز، صارفین، بینکرز اور کارکنوں کا شکر گزار ہوں جنہوں نے اس غیر معمولی دورانیے میں اپنی پک اور تعاون کو برقرار رکھا۔ میں اخلاص اور جاں فشانی سے کام کرنے پر بورڈ کے ارکان، سی ای او اور ان کی ٹیم کا بھی شکر گزار ہوں۔

منیر اے شیخ

چیئر مین

24 فروری 2022ء

مجھے کمپنیز ایکٹ 2017 کے سیکشن 192 کے تقاضوں کے تحت جائزہ رپورٹ پیش کرتے ہوئے بہت خوشی محسوس ہو رہی ہے۔

کورونا وائرس کا وبائی مرض دنیا بھر میں کاروباری سرگرمیوں کو متاثر کر رہا ہے۔ آپ کی کمپنی نے اپنی پک اور عزم کے ذریعے کاروبار کے تسلسل، مصنوعات کی دستیابی اور ملازمین کی فلاح و بہبود کو یقینی بناتے ہوئے درپیش چیلنجوں کا بخوبی سامنا کر رہی ہے۔ آپ کی کمپنی اس مشکل دور میں بھی تمام شعبوں میں کاروبار میں صحت مند ترقی دینے میں کامیاب رہی۔

بورڈ کی مجموعی کارکردگی کا جائزہ

بورڈ متنوع اور وسیع تجربے کے حامل ڈائریکٹرز پر مشتمل ہے جنہوں نے اپنے فرائض کو موثر اور تندہی سے ادا کیا ہے۔

بورڈ کا مقصد کمپنی کو اسٹریٹجک سمت فراہم کرنا اور انتظامیہ کی نگرانی کرنا ہے۔ بورڈ نے کمپنیز ایکٹ 2017 اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کے تحت اپنی ذمہ داریاں پوری کیں، جن میں اہم پالیسیوں کی منظوری، اندرونی کنٹرول کا ایک مضبوط نظام قائم کرنا، بجٹ اور مالیاتی نتائج کی منظوری شامل ہے۔

ریگولیشنز کے تقاضوں کے تحت بورڈ نے درج ذیل کمیٹیاں بنائی ہیں جو قانون کے فریم ورک کے اندر کر موثر طریقے سے کام کر رہی ہیں:

1- آڈٹ کمیٹی

آڈٹ کمیٹی اس بات کو یقینی بنانے میں کلیدی کردار ادا کرتی ہے کہ داخلی کنٹریولز کے موثر اور کارگر سسٹمز اور پروسیجرز موجود ہیں۔

2- بینکنگ کمیٹی

بینکنگ کمیٹی کی ذمہ داریاں بینکوں کے ساتھ مجموعی تعلقات کی دیکھ بھال، کریڈٹ لمٹس، مجاز دستخط کنندگان کی منظوری لینا، اور اضافی رقم کی دانش مندانہ سرمایہ کاری ہے۔

3- ہیومن ریورس اینڈ ریونیویشن کمیٹی (ایچ آر اینڈ آر):

ایچ آر اینڈ آر کمیٹی اس بات کی ذمہ دار ہے کہ چیف ایگزیکٹو آفیسر، چیف فنانشیل آفیسر، کمپنی سیکرٹری اور چیف انٹرنل آڈیٹر کی پرسونیل پالیسیوں،

DIRECTORS' REPORT

Your Directors are pleased to present their Report and the audited financial statements of the Company for the financial year ended December 31, 2021.

OPERATING RESULTS

	Rs. in '000
Profit for the year before taxation	8,410,479
Taxation	(2,443,422)
Profit after taxation	<u>5,967,057</u>
Other comprehensive income - net of tax	78,306
Un-appropriated profit brought forward	<u>8,505,219</u>
Profit available for appropriation	<u>14,550,582</u>
Appropriations:	
- Final dividend 2020 Rs. 25.0 per share	(2,447,508)
- Interim dividend 2021 Rs. 20.0 per share	<u>(1,958,006)</u>
Un-appropriated profit carried forward	<u><u>10,145,068</u></u>

FINANCIAL PERFORMANCE

Net sales increased by 21.0% largely led by volume over the previous year. Gross Profit margin improved from 33.6% to 37.8% mainly driven by price adjustments and product mix. Selling and Distribution expenses increased by 33.1% mainly on account of higher travelling and sales promotional spend. Other charges increased by 43.7% mainly due to increase in Workers' Profit Participation Fund (WPPF), Workers' Welfare Fund (WWF) and Central Research Fund (CRF) driven by improvement in profitability and impact of exchange variances.

As a result of these factors, profit after tax for the year increased by Rs. 1.43 billion over the previous year. Earnings per share was Rs. 60.95 per share (2020: Rs. 46.33 per share).

DIVIDEND

The Directors are pleased to announce a final cash dividend of Rs. 20.0 per share (2020: Rs. 25.0 per share), which is in addition to an interim cash dividend of Rs. 20.0 per share (2020: Rs. 15.0 per share) paid to the shareholders during 2021.

SEGMENT-WISE SALES AND MARKET PERFORMANCE

Pharmaceutical sales increased by 15.5% driven by sustained performance of established brands, augmented by positive performance of new product launches during the year. Nutritional segment registered a growth of 17.7% driven by increase in sales of adult nutritional supplements. Diagnostic sales recorded a healthy growth of 75.9% contributed by COVID testing and increased OPD activities vs. last year. General Health Care and Diabetes Care cumulatively grew by 60.8%.

INDUSTRY OVERVIEW

According to global pharma research company – IQVIA (previously known as IMS) published data, pharmaceutical industry in Pakistan is currently estimated at US\$ 3.78 billion. The market share of multinational companies has been gradually declining over the years and at present is only 28.5%. There are a total of 652 active pharmaceutical companies in Pakistan with only 27 multinational companies. Several of these have scaled back their operations owing various reasons.

CAPITAL EXPENDITURE

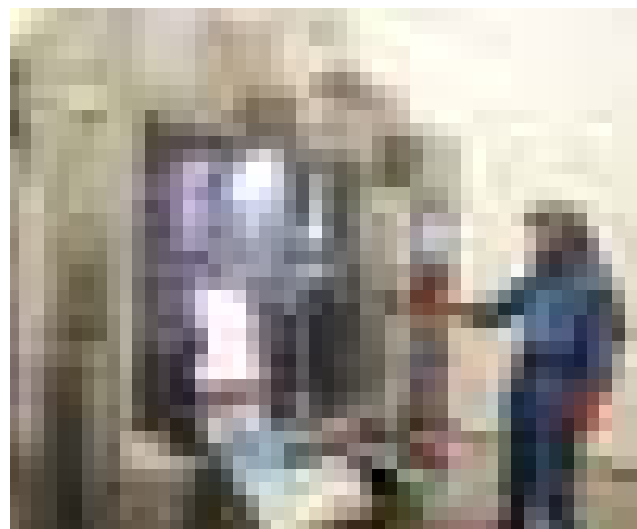
Your Company continues to invest in latest production technologies in order to utilise new opportunities created by technological advancements. The Company made capital investment of Rs. 2,055 million during the year in order to expand manufacturing capacity, enhancement of productivity and improvement of plant efficiency.

LIQUIDITY MANAGEMENT AND CASH FLOW STRATEGY

Rs. 7,823 million was generated from operating activities during the year. At year end, the Company had liquid funds comprising cash/bank balances and short-term investments amounting to Rs. 8,660 million, net of investments on capital projects and dividend payments.

Your Company has developed and implemented a formal cash flow monitoring system whereby cash inflows and outflows are projected and monitored on a regular basis. This ensures sufficient availability of funds at all times while generating optimum returns through placement of surplus funds in various investment avenues.

The Company follows prudent investment strategy and generally places surplus funds in short-term bank deposits, pending long-term investments.



EVALUATION OF COMPANY'S PERFORMANCE

For the purpose of evaluating the performance of the Company, the management uses various indicators like industry growth, position of peer companies in relevant therapeutic areas, prior years' performance, macro-economic indicators and business environment impacting the Company.

Budgets are formulated and actual performance measured against the budget, at regular intervals during the year enabling remedial actions on a timely basis.

PRINCIPAL RISKS AND THEIR MANAGEMENT

The Company's overall risk management program aims at minimizing potential adverse effects on its performance. This exercise is carried out by the Company's senior management team and the results are shared with the Board of Directors. This entails identifying, evaluating and addressing strategic, financial, commercial and operational risks faced by the Company.

During the year, as recommended by the Listed Companies (Code of Corporate Governance) Regulations, 2019, the Risk Management Committee also undertook an overall review of the business risks and its mitigation plan which was presented to the Board.

Pak Rupee depreciation and inflation will remain as the primary risk being faced by the Company as this will increase the costs of our products.

ADEQUACY OF INTERNAL FINANCIAL CONTROLS

The Board of Directors have established effective internal financial controls across all functions. The independent Internal Audit function of your Company regularly monitors the implementation of financial controls, and the Audit Committee reviews it.

CONTRIBUTION TO NATIONAL EXCHEQUER

Your Company has contributed Rs. 6,408 million (2020: Rs. 4,606 million) to the Government on account of various Government levies including Income Tax, Customs Duties and Sales Tax.

ENVIRONMENT, HEALTH AND SAFETY (EHS)

Abbott is committed to safeguarding a healthy environment by reducing the environmental impacts of its business across the value chain. This commitment shapes the way we source, manufacture and distribute our products, and it forms the basis for our environmental management systems and governance. Your Company's manufacturing sites are Zero-Waste to Landfill Certified Site, i.e. all the waste generated during manufacturing operations are either being reused or recycled.

The health, safety and wellness of our employees is a priority for Abbott. We have embedded this priority at every level of

our business through our integrated Environment, Health and Safety (EHS) management system. Throughout the COVID-19 pandemic in 2021, Abbott conducted regular testing and screening of in employees, helping to maintain healthy work environments and ensure the health and safety of in people.



CORPORATE SOCIAL RESPONSIBILITY (CSR)

Being conscious of its Corporate Social Responsibilities, your Company made significant contributions to multiple non-profit organizations during the year. These included donations to the Liver Foundation, Family Education Services Foundation, Patients' Behbud Society for Agha Khan University Hospital, Layton Rahmatulla Benevolent Trust and the Citizens Foundation amongst others. Our Nutrition division also visited multiple non-profit organizations. The purpose of these activities was aimed at bringing smiles on the faces of the underprivileged children as well as educating them about self-love and self-care.

BUSINESS PROCESS IMPROVEMENT

In pursuit of its commitment to ensure supply of high-quality, safe, and effective medicines, significant improvements were brought in our manufacturing and quality operations during 2021. The initiatives taken include A3 (Abbott Agility Accelerator) and IOE (Integrated Operational Excellence). In addition, continued efforts are being made to enhance compliance levels in-line with World Health Organization (WHO) standards and other International Guidelines.

2021 was a year of building our production capacities while maintaining our focus on high-quality GMP standards. The Company has consciously worked towards embedding a culture of continuous improvement in its operation so that we can continue to deliver products and solutions, that enable people to live their life to the fullest.



HUMAN RESOURCES

The sustained success of Abbott’s businesses depends on attracting, engaging, and developing best talents. Talents who believe in our commitment and purpose, in the difference we make, in the work that we do, and in the vision and values that drive us. Our innovative interventions that ensure the well-being of our people, the benefits and resources addressing their diverse needs, and our rewards and recognition programs that acknowledges their efforts which in turn, help them build their careers at Abbott and in doing that, contribute to company’s continued success.

With a caring environment for our people and our collaborative approach, we keep taking continued inputs from our employees to understand their needs in doing their job better. We connect with them to build a work environment that keep them charged and motivated and meets their needs aspirations. We believe, and strive to ensure that working at Abbott gives our colleagues the opportunity and avenues for them to be and do the best they can. This ensures that our people feel being part of a community, not just a company, and that they have the opportunity to do meaningful work alongside committed colleagues who share the same passion and zeal.

OUR CITIZENSHIP AND SUSTAINABILITY PRIORITIES

Sustainability is the fundamental challenge of our time. And it grows continually more pressing, as the last year has demonstrated in so many ways. Abbott Pakistan subscribes to the values of our parent company recognizing that responsible, sustainable businesses have an important role to play in building a healthy, thriving society. This commitment to global citizenship shapes the way we operate, the people we hire, the activities we support and the relationships we develop. To transform our global citizenship ambitions into sustainable ideas, Abbott focuses on certain priorities, which have been detailed on page 76 of this Annual Report.

SUBSEQUENT EVENTS

No material changes or commitments affecting the financial position of the Company have taken place between the end of the year and the date of this report.

BUSINESS CHALLENGES AND FUTURE OUTLOOK

The Coronavirus pandemic has affected businesses and operations worldwide. It has impacted the way we work, communicate and interact with each other. Your Company prioritized the safety of its employees and conducted regular testing and screening of our employees, helping to maintain healthy work environments and ensure the health and safety of our people. Our sincere efforts helped to ensure our products’ availability in the market.

The Pharmaceutical industry has continued to play a pivotal role in the Country’s effort to deal with the challenges posed by the Pandemic through ensuring uninterrupted supply and access to its products.

The Company continues to face challenges of escalation in costs owing to inflation and devaluation of the Pak Rupee. The recent changes enacted by the Finance Supplementary Act 2022, will adversely affect the Company’s liquidity. We hope that an expeditious refunds processing system is implemented, so that Company in particular, and the industry in general, can continue to operate without any liquidity concerns.

The Drug Regulatory Authority (Authority) plays a significant role in the regulation and development of pharmaceutical industry. We look forward to working with the regulators to ensure that pragmatic steps are taken to ensure availability and access of high-quality medicines to the patients.

As we look to the year ahead, we will continue to build on our competencies and review our strategies to ensure that they remain relevant and most suited, in line with changing dynamics in the local and global marketplace. Your company remains focused on expanding and diversifying its product offering to the customers, while also making concerted efforts to improve profitability through innovation, improving efficiency and effective cost containment initiatives to maximize shareholders’ returns.

AUDITORS

The present Auditors M/s EY Ford Rhodes, Chartered Accountants, retire and being eligible, have offered themselves for re-appointment. The Board of Directors endorses the recommendation of the Audit Committee for their re-appointment as auditors of the Company for the financial year ending December 31, 2022.

PATTERN OF SHAREHOLDING

A statement showing the pattern of shareholding in the Company and additional information as at December 31, 2021 is given on page 196.

Ms. Mariam Malik (spouse of Mr. Ehsan Ali Malik, Director)

acquired 2,550 shares out of which 1,600 shares were acquired during June 2021 at the rate of Rs. 781.32 per share whereas remaining 950 shares were acquired during September 2021 at the rate of Rs. 761.28 per share.

Other Directors, CEO, CFO, Company Secretary and their spouses and minor children did not carry out any transaction in the shares of the Company during the year.

HOLDING COMPANY

As at December 31, 2021 Abbott Asia Investments Limited, UK held 76,259,454 shares. The ultimate holding Company is Abbott Laboratories, USA.

COMPLIANCE WITH THE LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019 (REGULATIONS)

As required by the Listed Companies (Code of Corporate Governance) Regulations 2019, the Directors are pleased to state as follows:

- 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 account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements. Accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure therefrom has been adequately disclosed and explained.
- The Company maintains a sound internal control system which gives reasonable assurance against material misstatement or loss. The internal control system is regularly reviewed.
- We affirm the Company’s ability to continue as a going concern.
- There has been no departure from the best practices of corporate governance.
- Key operating and financial data for the last six years is summarized on page 108.
- Outstanding taxes, statutory charges and duties, if any, have been duly disclosed in the financial statements.
- Significant deviations, from last year in the operating results of the Company have been highlighted and explained.
- In accordance with the criteria specified in the Regulations, all the directors have acquired certifications under Directors’ Training Program. All the Directors on the Board are fully

conversant with their duties and responsibilities as directors of corporate bodies.

- Outstanding debts, if any, have been duly disclosed in the financial statements.
- The value of investments made by the staff retirements funds as per their financial statements are as follows:

Value (Rs. in millions)

- ALPL Pension Fund (Based on year ended December 31, 2020) – audited	4,037
- ALPL Provident Fund (Based on year ended December 31, 2020) – audited	990

- During the year, five meetings of the Board of Directors were held. Attendance by each Director/CFO/Company Secretary was as follows:

Name of Directors/CFO/Co. Secretary	Number of Board Meetings Attended
1 Mr. Munir A. Shaikh	5
2 Syed Anis Ahmed	5
3 Ms. Seema Khan	5
4 Mr. Ehsan Ali Malik	5
5 Mr. Mohsin Ali Nathani	5
6 Ms. Ayla Majid	5
7 Mr. Muhammad Anjum Latif Rana	5
8 Syed Tabish Aseem (CFO)	5
9 Mr. Humayun Altaf (Company Secretary)	5

Number of Board Committees’ meetings and attendance therein is included on page 89.

DIRECTORS’ REMUNERATION

In line with the requirements of Listed Companies (Code of Corporate Governance) Regulations, 2019 and the Articles of Association of the Company, the policy for remuneration of non-executive directors (including independent directors) has been approved by the Board of Directors.

The salient features of the policy are:

- The Company will not pay any remuneration to its non-executive directors (including independent directors) except as meeting fee for attending the Board and its Committee meetings.
- The remuneration of a director for attending meetings of the Board of Directors or its Committees shall from time to time be determined and approved by the Board of Directors.

- A director shall be provided or reimbursed all travelling, boarding, lodging and other expenses incurred by him for attending meetings of the Board, its Committees and/or General Meetings of the Company.

BOARD EVALUATION

During the year, the Board of Directors have appointed Pakistan Institute of Corporate Governance (PICG) to carry out evaluation of the Board with its committees and its members including the Chairman.

PARTICULARS OF THE EXTERNAL CONSULTANT

The PICG is a not-for-profit company engaged in promoting good corporate governance practices in Pakistan. Their founding shareholders include the Securities and Exchange Commission of Pakistan (SECP), State Bank of Pakistan (SBP), Pakistan Stock Exchange and leading business and educational institutions.

Their faculty comprises professionals from diverse experiences and backgrounds. Additional details are available on their website at <https://www.picg.org.pk/faculty-profile/>.

DIRECTORS' TRAINING

All the directors of the Company have acquired certification under Directors' Training Program in accordance with Regulation 19 of the Listed Companies (Code of Corporate Governance) Regulations, 2019. All Directors are fully conversant with their duties and responsibilities as Directors of corporate bodies.

COMPOSITION OF THE BOARD

In line with the requirements of the Regulations, the Company encourages representation of independent and non-executive directors, as well as gender diversity on its Board. The current composition of the Board is as follows:

TOTAL NUMBER OF DIRECTORS:

- (a) Male: 5
- (b) Female: 2

COMPOSITION:

- i. Independent Directors: 3
- ii. Non-Executive Directors: 2
- iii. Executive Directors: 2



Syed Anis Ahmed
Chief Executive

February 24th, 2022

COMMITTEES OF THE BOARD

AUDIT COMMITTEE

Ehsan Ali Malik - Chairman
Ayla Majid - Member
Muhammad Anjum Latif Rana - Member

HUMAN RESOURCE AND REMUNERATION COMMITTEE

Mohsin Ali Nathani - Chairman
Munir A. Shaikh - Member
Syed Anis Ahmed - Member

RISK MANAGEMENT COMMITTEE

Ayla Majid - Chairperson
Syed Anis Ahmed - Member
Muhammad Anjum Latif Rana - Member
Seema Khan - Member

NOMINATION COMMITTEE

Munir A. Shaikh - Chairman
Syed Anis Ahmed - Member
Mohsin Ali Nathani - Member
Ehsan Ali Malik - Member

SHARE TRANSFER COMMITTEE

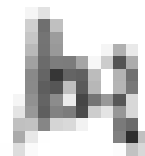
Syed Anis Ahmed - Chairman
Muhammad Anjum Latif Rana - Member
Seema Khan - Member

BANKING COMMITTEE

Mohsin Ali Nathani - Chairman
Syed Anis Ahmed - Member
Seema Khan - Member

ACKNOWLEDGEMENT

The Board of Directors would like to take this opportunity to express its deep appreciation of the commitment, resilience, courage and dedication of its employees. We would also like to acknowledge the continued support and cooperation received from our esteemed customers, suppliers, bankers and shareholders and thank them for reposing confidence in our Company and products.



Ehsan Ali Malik
Director