

# *Gearing Towards Sustainable Future*



FAUJI FERTILIZER COMPANY LIMITED



## Sustainability Report 2011





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## Vision

In a nation of increasing population, we believe there is substantial opportunity of growth for FFC in the years to come.

FFC's vision is to play a leading role in the industrial and agricultural advancement of the country pursuing new growth opportunities offering the convenience of multiple products, brands and channels within and beyond the territorial limits of Pakistan, to the benefit of our customers and our shareholders, elevating our image as a socially responsible and ethical company that is watched and emulated as a model of success.



## Mission

FFC is a market-focused, process-centered organization delivering successful performance through a strong focus on quality.

Our mission is to stand above the competition and provide our customers with premium quality fertilizer products in a safe, reliable, efficient and environmentally sound manner, deliver exceptional services and unparalleled customer support, produce predictable earnings for our shareholders, and provide a dynamic and challenging environment for our employees.

## Chairman's View

### Dear Stakeholders,

On behalf of the FFC Board of Directors, I take this opportunity to share the board's commitment to sustainable growth. To us sustainable growth is moving forward on the growth path, introducing new products, brands, channels covering new markets based on eco-friendly technologies, cost reduction and increased rewards for stakeholders.

Sustainable development requires that organization play a leading role in meeting stakeholder needs by increasing the productive potential and ensuring the equitable opportunities. FFC is striving to improve the socio economic environment where it operates through stakeholder inclusiveness and various other social initiatives. FFC's sustainability reporting initiative is a step toward enabling balanced inclusive growth for all stakeholders.

FFC is moving forward towards a goal of balanced growth by delivering profitability to stakeholders, gainful employment to society, premium quality fertilizer for better yield, technical advice to farming community, savings of foreign exchange in terms of import substitution, contribution to National Exchequer and providing community services at operational sites, while keeping a keen eye on the environmental impacts.

The growth of the Company has been remarkable over the last decade and this year new benchmarks in terms of profitability, payouts and social investments have been established and we foresee it as a prime contributor towards our goal of sustainable growth.

I congratulate the Management and employees on beginning a new journey and wish them continued growth and glimmering success in all spheres of activity. Your Input will be very vital to our success and will guide us to deliver to the expectations of our stakeholders.



**Lt Gen Muhammad Mustafa Khan, HI (M) (Retired)**  
Chairman



## CE & MD's Message

In order to ensure growth and sustainability in our business, the concept of social responsibility is central to our vision, mission, and core business values. We decided to publish our first sustainability report to share this vision with our stakeholders and seek the indulgence in this effort geared towards ensuring continued growth of Fauji Fertilizer Company Limited (FFC). With growing competition, changing economic conditions, political instability and depleting gas reserves, this year brought a major challenge for the fertilizer sector. However, the company has successfully managed these constraints and ended with remarkable growth. The stunning results and consequent growth during the last three years, has provided us the opportunity to confidently pursue our diversification into other industries, like energy, steel and coal gasification.

Last year we became member of United Nations Global Compact (UNGC) so that as we move forward we steer FFC on a sustainable growth path following the principles of UNGC rather the narrow vision of seeking profits and value for our shareholders only. We have created a committee directly under the CEO with representatives from Finance, Corporate Governance, plant site management, and CSR, to ensure embedding the principles of UNGC in our business practices and ensuring a synergy in the effort to grow and expand.

Being a responsible corporate citizen is not new to FFC. We have a history of about 30 years of contributions to the society, fully involved with the communities that we deal with and plan their well-being in a wholesome manner. FFC has been a leader on all these fronts being fully compliant with quality standards, using environment friendly technologies, reducing emissions and making meaningful investments for social well being of our employees and communities around the plant sites. We at FFC are committed for continuous improvement in Health, Safety and Environment and have achieved certifications for OHSAS 18001:2007 Occupational Health and Safety Assessment System, ISO 9001:2008 Quality Management System and 14001:2004 Environmental Management System.

Our social investments in health and education sectors are benefiting thousands of community members at grass root level. Our health sector interventions in shape of Hazarat Bilal Trust Hospital, Sona Welfare Hospital, and Coronary Care Unit brought relief to less fortunate people of the area. The education sector investments in shape of Sona Public School, Sona Computer Institute as well as fourteen adopted schools provide quality education to local children. Moreover, we have been working in partnership with Provincial Forest Departments for plantation of trees in 89 Government schools to improve learning environment.

We have worked directly with the farmers and attempting to alleviate their poverty by providing free of cost services like soil tests, advice on seeds and balanced use of fertilizers. We continue to expand this very useful and direct involvement with the farmers, as they gradually become stakeholders in our expanding enterprise. We have

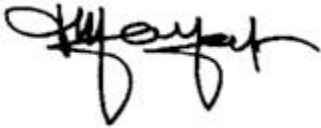




recently created a new department within FFC so that we deepen our engagement with the farming community and provide them a richer menu of services taking them along in a mutually beneficial and interdependent relationship that ensures not only profits but sustainable growth as well.

On the business front, FFC has established itself as the leading organization in the Fertilizer Industry, showing exponential growth over the years. As a group, we are providing 48% of total urea requirement of the country, saving valuable foreign exchange by way of import substitution. This year we earned net profit of Rs 22,492 million, 104% in excess of the profit earned last year.

This is the first sustainability report for our stakeholders. This report is based on the Global Reporting Initiative (GRI) latest Guidelines (G 3.1), and also contains our commitment to ten principles of UNGC. We thank our stakeholders for their continued trust reposed in us and we invite you all for your valuable feedback.



**Lt Gen Malik Arif Hayat, HI(M) (Retired)**  
**Chief Executive & Managing Director**



## 3.0

### Impacts, Risks and Opportunities

An ever increasing population and depleting natural resources requires fundamental changes in business model. The promising and prosperous future depends upon the innovative products and business models which offers efficiency and new markets. The businesses will be the key driving force for this change by offering creative solutions to capture emerging opportunities.

The businesses are facing number of risks in this changing business environment and risk management retains its position on every business organizations agenda. Changing dynamics are bringing new risk horizons. Such risks, if not indentified and handled in timely manner, could negate the accomplishments of the objectives and sustainability agenda.

An effective risk management framework in place increases the organization's ability to timely address risks & opportunities by managing impacts, timely tapping benefits and monitors its progress on a continuous basis. This ultimately helps in moving on growth path with competitive sustainability and alignment with vision and values.

We foresee future challenge of depleting natural gas reserves leading towards reduced production and increased prices as a major risk to fertilizer sector. In addition to this major risk, we foresee our impacts on environment, employees, markets, customers and society as significant impacts. These impacts have created both risks and opportunities for our company. We as a part of our long term business strategy are taking into consideration the viable alternatives to overcome these challenges and become more sustainable. We have taken initiatives to mitigate the negative impacts on sustainability, by tapping new environment friendly



### 3. 0 Impacts, Risks and Opportunities

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technologies, moving toward business diversification, reducing emissions, ensuring quality health and safety for our employees, exceptional growth in terms of sales and profitability and continual investments in social sector. We believe that the initiative taken by us will enable the Company to better handle these sustainability challenges and deliver shared value to our stakeholders. We have a CSR committee in place which takes into consideration our impacts on sustainability and prioritizes these impacts for mitigation of negative impacts and maximizing opportunities.



## 4.0

### The Company

#### 34 Years of Continued Growth

1978	Incorporation of the Company.
1982	Commissioning of Plant I, Goth Machhi with annual capacity of 570 thousand tones.
1991	Listed on Karachi and Lahore Stock Exchange.
1992	Through De-Bottle Necking (DBN) program, the production capacity of Plant I was increased to 695 thousand tonnes per year.
1993	Listed with Islamabad Stock Exchange.
	Commissioning of Plant II, Goth Machhi with annual capacity of 635 thousand tonnes of Urea.
	Initial investment in Fauji Fertilizer Bin Qasim Limited, a DAP and Urea manufacturing concern which currently stands at Rs 4.75 billion representing 50.88% equity share.
1997	With achievement of Quality Management System certification in Goth Machhi, FFC became the first fertilizer plant in Pakistan to achieve this distinction.

2002	FFC acquired ex-Pak Saudi Fertilizers Limited (PSFL) Urea plant situated in Mirpur Mathelo (Plant III) with annual capacity of 574 thousand tonnes of urea which was the largest industrial sector transaction in Pakistan at that time.
2003	FFC obtained certification of Occupational Health & Safety Assessment Series, OHSAS-18001:1999.
2004	Investment in Pakistan Maroc Phosphore, Morocco (PMP) S.A. of Rs 706 million, FFC has equity participation of 12.5% in PMP.
2008	Investment of Rs 1.5 billion in Fauji Cement Company Limited, currently representing 6.79% equity participation.
2010	Investment in FFC Energy Limited, Pakistan's first wind power electricity generation project.
2011	SAP - ERP implemented in the Company, improving business processes by reducing time lags and duplication of work.

Fauji Fertilizer Company Limited is a premier fertilizer manufacturing and marketing company listed on all three stock exchanges. The Company produces and markets Sona Urea (Prilled). The Company also markets Sona Urea (Granular) and Sona DAP produced by FFBL. FFC also markets imported DAP, imported SOP and imported Boron with the brand names of FFC DAP, FFC SOP and Sona Boron respectively. The Company has a 41 % Urea market share and one of the largest urea manufacturing company of Pakistan with total capacity of (Goth Machhi & Mir Pur Mathelo Plants) 2,048 thousand tonnes per annum.

The Company has two subsidiaries namely Fauji Fertilizer Bin Qasim Limited (FFBL) and FFC Energy Limited (FFCEL). The Company has one associated company i.e. Fauji Cement Company Limited (FCCL).

### Fauji Fertilizer Bin Qasim Limited (FFBL)

Fauji Fertilizer Bin Qasim Limited is a fertilizer manufacturing and marketing company producing Granular Urea and Di-Ammonium Phosphate (DAP) fertilizers. The Company is a sole producer of DAP fertilizer with 45 % market share. FFBL also produces and markets Urea and has 11 % market share. The manufacturing plant is located at Eastern Zone of Bin Qasim, Karachi.

### FFC Energy Limited (FFCEL)

FFC energy limited is a subsidiary company established to run wind power project of 50 MW. The project is under construction and 50 % of the work has been completed. The projects will be complete by October 2012.

### Fauji Cement Company Limited (FFCL)

Fauji Cement Company operates a cement plant at Jhang Bahtar, Tehsil Fateh Jang and District Attock in the province of Punjab. The Company has a strong and longstanding tradition of service, reliability, and quality. The cement plant of Fauji Cement is one of the most efficient and best maintained plants in the Country and has an annual production capacity of 1.165 million tons of cement.

This report covers only FFC operations and includes information on manufacturing plants, marketing and corporate offices of the Company. The information about subsidiaries and associated company is not included in the report.

FFC is headquartered at Rawalpindi with marketing offices at Lahore and Karachi and manufacturing plants at Goth Machhi, and Mirpur Mathelo. The Company is well positioned in fertilizer market and offers premium fertilizer products to its valuable customers. The Company has market presence in whole Pakistan with major emphasis in Sind, Punjab and Khyber Pukhtoonkhwa provinces.

The total headcount of FFC was 2,295 at the end of the financial year 2011. The bifurcation of the total headcount includes executives & workers for the manufacturing units, marketing offices and head office.

The Company has strong assets and financials comprising of fixed assets, investments and current assets. The net assets of the Company were Rs. 15,448 million at the end of financial year. The Company's total turnover for the year reached Rs 55,221 million, an all time record, 23% higher than the turnover of last year. FFC's urea market share was recorded at 41%. The Company production during the year was 2,396 thousand tonnes at 117% utilization of nameplate capacity of 2,048 thousand tones.

The Company is strengthening its economic front being one of the important pillars of sustainable development including environmental, health & safety, social performance and governance.

### Awards

The Company has received various awards from renowned institutions for its outstanding performance on economic, social and environmental fronts. The detail of the awards received till date is as mentioned below:

- National Safety Council (USA) - FFC won 15 awards of honor and two special safety awards for constantly achieving outstanding performance in the field of safety since 1982.
- ICAP & ICMAP Best Corporate Report Award 2010 – FFC secured 1st place in the Fertilizer & Chemical sector and also the overall winner in Best Corporate Report Awards 2010.
- South Asian Federation of Accountants Best Presented Accounts Award 2010 – FFC was declared joint winner in manufacturing sector.
- South Asian Federation of Accountants Corporate Governance Disclosure Award 2010 – FFC was honored with certificate of merit in corporate governance disclosure award 2010.
- KSE Top Companies 2010 – FFC grabbed 1<sup>st</sup> position in KSE top 25 companies list. Moreover, FFC was included in the list for consecutive 17th time.
- Pakistan Centre for Philanthropy-Corporate Philanthropy Award 2010 – FFC emerged 3<sup>rd</sup> position by volume of donations.

### The details of few Awards

#### Best Corporate Report Awards 2010

The annual report of the Company for the year ended on December 31, 2010 bagged 1<sup>st</sup> place in the Fertilizer & Chemical sector and was also the overall winner in Best Corporate Report Awards 2010 declared by the joint committee of Institute of Chartered Accountants of Pakistan and the Institute of Cost & Management Accountants of Pakistan in a ceremony held in Karachi on November 11, 2011.



### Best Presented Accounts Awards 2010

The annual report of 2010 also qualified for nomination in Best Presented Accounts Awards 2010 organized by South Asian Federation of Accountants and was declared joint winner in the manufacturing sector. FFC was also awarded Certificate of Merit in Corporate Governance Disclosure Award by SAFA.



### KSE Top Companies 2010

FFC did not only ensure its inclusion in the top 25 companies list annually published by Karachi Stock Exchange for the 17<sup>th</sup> consecutive time, but stood 1<sup>st</sup> for the year 2010. These companies are selected based on a comprehensive criterion covering various aspects of performance including company's dividend distribution, trading pattern of its shares, capital efficiency, profitability, free float and turnover of shares and participation in corporate social responsibility.



### Corporate Philanthropy Awards 2010

Pakistan Centre for Philanthropy annually distributes the PCP Corporate Philanthropy Awards to acknowledge the contribution of corporate sector supporting social causes and community development. The award is based on a survey of public listed companies in Pakistan. For the year 2010, FFC emerged 3<sup>rd</sup> by volume of donations which is a matter of pride for the Management and employees of FFC. We will continue to make progress in our contributions to make a difference in the lives of underprivileged in our society.







## 5.0

### Report Sketch

The Economic, Environment and Social performance of the period of January 2011 to December, 2011 of the Company is reported in this sustainability report.

This is first sustainability report of the Company. The sustainability report of the Company will be published annually and will be distributed to its key stakeholders.

The sustainability reporting team is involved in compilation of the data and report for manufacturing plants, marketing offices and head office. These details are collected on a regular basis and recorded through Management Information System (MIS). The data presented is carefully compiled by applying GRI reporting principles as mentioned in GRI guidelines. However, for clarifications or queries the contact person of the Company is Ms. Maliha Malik Head-CSR, the address for communication/feedback is as follows;

Fauji Fertilizer Company Limited  
Lahore Trade Centre,  
11-Shahrah-e-Aiwan-e-Tijarat, Lahore.  
Phone: +92-42- 36369137-40  
Email: maliha\_malik@ffc.com.pk

The long term sustainability is crucial to FFC's business decisions; in particular those related to the natural resources consumption, environment and utilization of social capital. The use of globally accepted framework on sustainability during journey on sustainability agenda facilitates the Company in managing the unsteadiness of change.



Sustainability reporting guidelines latest version (GRI's G 3.1) launched previous year is the most complete guidance available at the moment. The G3.1 guidelines include updated guidance on critical issues – human rights, gender and community. FFC having the processes and procedures in place for the sustainability measures, initiatives and performance decided to use the current G3.1 guidelines.

The Company identified key issues to be responded as corporate strategy by using its materiality matrix. However, the prioritization of issues was conducted through engagement with key stakeholders. The purpose of the engagement was to prioritize the materiality of outcomes for management attention and further action. The Company decided to report on only thirty indicators in its first report surpassing the number of indicators required for level-B report.

The Company reporting has also provided information on the Principles of United Nations Global Compact (UNGC) as per GRI Reporting Framework.

The report covers only FFC's operations and does not include information on subsidiaries or associated companies. The economic, environmental and social data presented in the report includes data of manufacturing plants located at Goth Machhi and Mirpur Mathelo, marketing offices and head office.

The compilation of data has been done on the basic scientific measurement & mathematical calculus methods on actual basis, but in some cases where actual data is unavailable due to some reason; different logical methodologies are used for calculations. The usage of any such method is mentioned at respective places in the report.

This is first sustainability report of the Company therefore the information on significant changes in scope, measurement methods applied and the reporting period does not apply to this report.

The Company plans to get its report assured from external party from next reporting period.

## 6.0

# Corporate Governance

The corporate governance is broadly referred to rules, processes or laws by which organization are operated, regulated and controlled. This may refer to internal codes, policies, procedures defined by the company for controlling and managing activities with good business sense, objectivity, accountability and integrity as well as external rules and regulation by Govt. and demands of various stakeholder groups.

A well defined system of corporate governance helps in structuring, operating and controlling the company with a view to achieve long term strategic goals for the satisfaction of shareholders, creditors, employees, customers and suppliers. The adherence to the best ethical practices and compliance with applicable legal and regulatory requirements, in a manner that is environment friendly and supports local community needs, is a priority for achieving success.

Corporate governance is a tradition at FFC. FFC surpasses the minimum legal requirements for good corporate governance imposed by applicable laws and regulations and pursues perfection by encouraging adherence to best corporate practices.

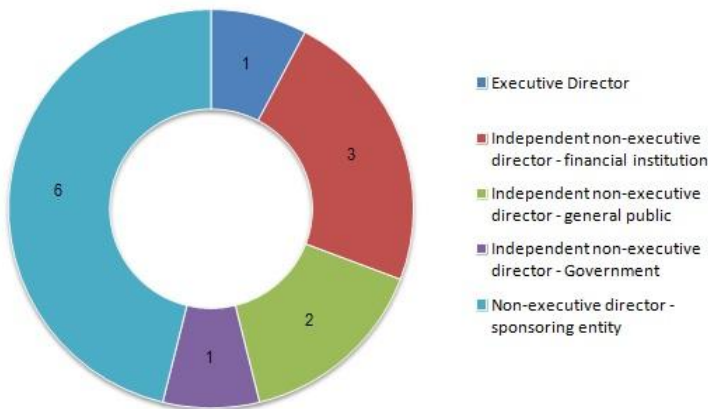
The highest governing body responsible for framing and implementation of corporate governance policies is the Board of Directors of the Company. The Board's objectives are to create value addition for all stakeholders of the Company, provide vision to the Company and oversee the implementation of management's decisions. The FFC's corporate governance system includes;

- Well represented Board of executive, non-executive directors
- Several committees for audit, human resource, system and technology, project diversification, CSR etc.
- Code of conduct for employees, senior management and directors
- Robust risk management framework
- Regular communication with shareholders

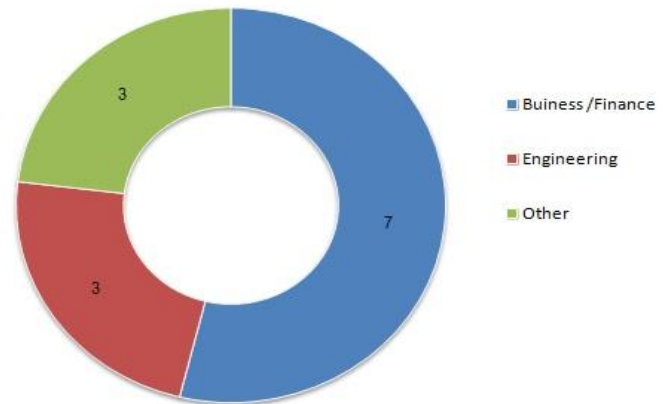
Further, the operational powers have been delegated to the Chief Executive & Managing Director for smooth operation of the Company's business. The Board of Directors of the Company comprises of thirteen directors, 6 of them are non-executive and independent directors, 6 are non-executive directors of sponsoring entity and one of the directors is executive director. The non-executive directors are not associated with the Company in any executive capacity. The independent directors do not have any material pecuniary relationship with the Company. All the members of the Company's Board are male and most of them are above sixty years of age.

The Company also has various Board level committees to meet regulatory requirements by the Board. Some of these committees are Human Resource Committee, System and Technology Committee and Audit Committee.

Balance of executive and non-executive directors



Directors' Qualifications



There are several Management Committees comprising of Chief Executive & Managing Director and senior executives of the Company. These include Executive Committee, Business Strategy Committee, and CSR Committee.

The Chief Executive (CE) and Managing Director (MD) is the highest Executive Officer of the Company. The group general managers/executive officers of various divisions are responsible for smooth functioning of their respective areas and are placed below one level of Chief Executive and Managing Director. Their domain includes the development of business strategies for approval and smooth functioning of operations under their domain. The business strategies and plans are reviewed by the Chief Executive & Managing Director and the strategies/projects requiring Board of Directors approval are placed before the Board for final decision.

The Company always strives to improve the quality of services to its shareholders. The shareholders can give their feedback by sending letter or email to the address available on the Company's website. The shareholders feedback is regularly evaluated by the concerned officials and action is taken as per the need. The Company also convenes annual shareholders meetings as per statutory requirements. The shareholders also have an opportunity to share their valuable suggestions /ideas with directors during Annual General Meeting (AGM).

The Company circulates quarterly results of every quarter to all shareholders and also places results on its website. The Company forwards the hard copy of Notice of Annual General Meeting and Annual Report to shareholders.

The Company values the concerns of its employees with the aim to provide a balanced working environment for achieving company's objectives. The employees can forward their concerns to the management through Collective Bargaining Agents (CBAs) and through formal meetings held during the year.

The remuneration of CE & MD is paid as approved by the Board of Directors. A fee is paid to the directors to meet the expenses incurred by them in attending the Board meetings, which is also approved by the Board of Directors and is in accordance with applicable guidelines. The Company does not pay remuneration to non-executive directors.

The compensation policies of the Company's executives are structured in line with the current industry standards and business practices, with the aim to retain and attract the best talent, as the human resource is an important element for the sustainability of the Company. The Company has a meager turnover rate of 5 % despite of industry expansion. The appraisal system practiced is comprehensive in nature and includes performance review on financial and non financial parameters.

There is formal code of business ethics and anti corruption measures in place to avoid conflict of interests at Board and executive level. The code clearly refrains from conflict of interest and incase conflict of interest is not avoidable; it requires to be reported to the highest governing body for resolution. The interested directors, if any are refrained from taking part in voting at the meetings where matters in which directors are interested are to be discussed, nor their presence counted for the purpose of quorum.

The directors are elected through election at general meeting. The nominated directors are appointed by the sponsoring body and financial institutions. The applicable legal and regulatory framework which defines parameters regarding qualification and composition of the Board of Directors for smooth running of business and promotion of good corporate culture is followed. The Company has on its Board highly competent and committed personnel with vast experience, expertise, integrity, and strong sense of responsibility required for safeguarding of shareholders' interest. The Board comprises of qualified directors with diverse backgrounds in the field of business and finance, engineering and other disciplines.

The Vision, Mission and Values statements of the Company are adopted by all functions. There are several internally developed policies and codes adopted by the Company for good corporate governance. Few of these include:

- Environment, Health and Safety Policy
- Quality Policy
- Ethics and Business Practices Policy
- Code of Conduct for Employees
- Code of Conduct for Directors and Senior Management
- Conflict of Interest Policy
- Freedom of Association Policy
- Child Labor Policy
- Policy on Forced and Compulsory Labor
- Bribery and Corruption Policy
- Policy on Prevention of Sexual Harassment
- Non Discrimination Policy

The details of corporate responsibility of the Company covering policies, corporate governance, initiatives for social responsibility and awards are shared with the stakeholder through annual report and posted on Company's website [www.ffc.com.pk](http://www.ffc.com.pk). This is one more effort by the Company to engage with stakeholders.

In order to properly discharge the business of the Company, the Board of Directors has constituted few committees of directors with adequate delegation of powers. The committees are appointed by the Board with the consent of individual directors. These committees meet as often as required to oversee the performance in respective areas. Each committee has own charter with goals and responsibilities. The committees of the Board are Audit Committee, System and Technology Committee, Project Diversification Committee and Human Resource Committee.

The performance of non-executive Board members is not evaluated by the Company, as Company has not formulated any formal method for performance evaluation. Their performance is evaluated by overall results of the Company. However, the performance evaluation of the executive member is based on the results achieved in all three areas of triple bottom line i.e. economic, environmental and social.

## 7.0

### Commitments to External Initiatives

The Company is fully aware of its responsibility towards precautionary principle of Article 15 of Rio Principles and prepared to take necessary action to address the same. The Company is continually taking initiatives to reduce environmental load of its operations by regularly improving processes through R&D, extensive balancing and modernization to reduce emissions. Few examples of Company's commitment to external initiatives are;

The Company has given prime importance to energy conservation in view of load limitation due to gas curtailment imposed by GoP during the year 2011. Considerable improvement in plant energy index was achieved with commissioning of new gas turbine based power generation system.

**Process Improvement:** The Company carried out various activities during the year to improve the processes as a precautionary approach. The objective of the activities was to improve the processes in order to save energy, bring process improvement and reduce emissions. Some of the actions taken and implemented during the reporting year are as follows.

- New Omega Bond Urea Stripper, E-101 was installed successfully to improve reliability, product quality and energy efficiency.
- Waste Heat Steam Production Coil was replaced with new coil to improve energy efficiency and reliability.
- Hydrogen Attack Survey of critical plant piping and Methanator Shell Integrity Tests, were performed by world's leading inspection company (SGS) to identify hydrogen attacked areas. The results were found satisfactory.
- LS steam flow regulation to Process Air compressor, TK-421 was tested. Testing of governor behavior during plant shutdown for TA-2011 was carried out successfully and LS flow reduced to turbine from 19 to 12 tonne per hour.
- The chronic issue of continuous air venting eliminated after commissioning of new antisurge and electronic governing system on air compressor. Due to full closure of anti-surge valves, compressor power consumption reduced as a result of speed optimization. Around 100 rpm decrease in speed and about 1.5 tonnes per hour steam saving was achieved.
- The new surge curve was configured which enabled operation of CO<sub>2</sub> compressor with anti surge valve fully closed and resulted in decrease of steam combustion by 1.5 tonnes per hour.
- To improve energy efficiency of the auxiliary boiler, B-605, a magnetizer system was installed on the fuel gas supply. The NO<sub>2</sub> levels in the flue gases also reduced resulting in an improved environmental footprint.

The Company follows several externally developed voluntary initiatives in the areas of economic, environment and social performance. The plants of the Company are certified to ISO 9000, ISO 140001 and OHSAS 18001 i.e. Quality Management System, Environmental Management System and Occupational health and Safety system.

As per Company's commitment to sustainability, Company took the membership of United Nations Global Compact (UNGC) network to continue to abide by the ten principles of UNGC.

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## 7. 0 Commitment to External Initiatives

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The Company is continually working with the plant site community as a focus area for the social initiatives. The Company tries to align its efforts with the Millennium Development Goals (MDGs) of the United Nations and makes contributions in whatever way possible for social and economic uplift of people.

FFC is a member of several national and international associations. The Company does not provide substantial funding to these associations. However, events like exhibitions/seminars/workshops are sponsored by the Company. The Company is a member of International Fertilizer Industry Association, Arab Fertilizer Association, and WWF.



## 8.0

# Stakeholder Engagement

Stakeholders engagement is the process by which company engages its various stakeholders in dialog process to get their inputs to improve the decision making process for achieving the triple bottom line. The Company interacts with different stakeholder groups on regular basis. These stakeholder groups include shareholders, employees, customers, local community and other key stakeholders.

FFC values the input received from various stakeholder groups which are associated with the business or determined by the Company through stakeholder mapping. The Company interacts with all parties which have direct relationship with the Company, or can influence the Company, or be influenced by the Company.

The engagements with various stakeholder groups were carried out during the year. The details of some of the engagements are as follows:

### Shareholders, Investors, and Providers of Capital

The Company engages regularly with shareholders, investors and capital providers. Regular updates are provided to shareholders about the performance of the Company on quarterly basis. The Annual Report of the Company is also circulated to all the shareholders, investors and other providers of capital to the Company.

### Employees

The Company values the employee contribution and believes in driving employees towards constant improvement in professional as well as personal lives. The Company regularly engages with its employees for gaining their insights and bringing improvements in work and personal life of workforce. The Company regularly engages in shape of (Annual Marketing Conformance) AMCON, Zonal Meetings, Annual Recreation Day, Annual Dinner and meetings with employees representative groups like CBAs.



AMCON 2011

### Customers

The customers being one of the important stakeholders group has been give prime importance by the Company in its stakeholder engagement program. The Company believes that success of the Company lies in the success of farmers. The Company interacts with farmers for sharing the Company's progress on different fronts and gaining their insights. The Company interacts with its customers through well spread marketing network, unique & quality farm advisory services and a dedicated team of professionals.

Customer's Satisfaction is the hallmark of success and progress of the Company. FFC conducts two Customer Satisfaction Measurement Surveys per annum. These surveys help Company to interact with customers for taking their inputs and improve product and service quality. Customers' satisfaction about the product and service is analyzed on a number of parameters which includes: product quality, product packaging, product delivery, product pricing, complaints handling and Agri services provided by the Company. This annual survey enables the Company to properly incorporate the customers' concerns on different aspects and achieve customer satisfaction leading to higher agricultural productivity.

The Company also caters the farmers' queries online. A Kashitkar desk is available on Company's website [www.fccsona.net.pk](http://www.fccsona.net.pk) for farmers' facilitation. It also contains all the technical literature being disseminated by the Company.

### Local Community

The involvement with community is an important component to know the needs of the society around company's plant sites. FFC being responsible corporate entity considers the corporate social responsibility as a value addition in the life of the community. The Company is engaged with plant site community though it's CSR department as well as employees working at plant. The activities which Company started right from its inception are clear signs of change for better life of the community. Various programs are implemented for local community in the field of education, health and uplift of the society. These are explained in the social section of the report.

### Suppliers

The suppliers are one of the key stakeholders in the performance of the Company. The suppliers are the real partners in progress and are one of the most important resources available. The procurement department engages with suppliers to establish a strong long term relationship. The selection of suppliers is made on the terms of service, quality, and capabilities.

### Social Development Organizations

The Company makes donations to different NGOs working in the field of health, education, sports and environment protection. The NGOs are involved in community related activities as and when the need arises. This year the Company engaged Red Crescent Society Pakistan for building houses for flood affected people in Sind.

### Employees' Family

The Company is supporting children education, health and recreational facilities at Company's townships at Goth Machhi and Mirpur Mathelo. The senior management of the Company met regularly with the employees' families during major festivals. The annual funfair is also celebrated at the units with staff members. At corporate office, employees' families also participate in different programs engaged by the Company for employees.

### Research Institutes and Universities

The Company associates with reputed Research Institutions on case to case basis. Company's representatives are also associated with various foreign/national universities and institutions in partnering the knowledge as visiting faculty and on special events such as seminars/symposiums/conferences etc.

### Government & Other Regulatory Bodies

The Company has engaged Government and other regulatory bodies on issues concerning Company's business. The Company's project of adopted schools for improvement of basic education in Government schools is also carried out in partnership with the Government.

### Industry Associations

The Company actively participates in activities of associations in which Company has membership. The Company also participates in activities of other associations on the request of the industry associations. The Company also sponsors various programs on issues of Company's business interests and other national and global issues of increasing farm productivity and climate change etc.

### Media

The Company's communication team constantly engages with media and other stakeholders in order to harvest a positive mindshare. Media being today's driving force in perception change and its outreach is one of the key focus areas of the Company. The Company engages with media organizations on ongoing basis through its media outreach programs which include print publication, electronic media, digital media and radio. Besides this the local journalists are well informed about developments and activities for farmers.

The Company extended its visibility on electronic media during the year. Many TV Channels aired briefing about Company activities relating to pre and post activities of various farmer meetings and pre season meetings. The Company's experts participated in radio talks of various agricultural programs of different radio channels.

The Company shares all material information with the Stock Exchanges before sharing it with the media. The Company engages with the media on a regular basis to apprise them of the Company's developments beyond statutory requirements.

### Stakeholder Engagement for Sustainability Report 2011

The Company carried out a stakeholder engagement activity during the year for its first sustainability report. This activity was in addition to Company's regular stakeholder engagement activities. The Company identified important stakeholders groups, prioritized these groups for engagement, identified communication methodologies for each group and carried out dialogue with them for gaining insights for its first sustainability report. The Company identified total eighteen (18) stakeholder groups, engaged with them through meetings, surveys, email, phones and focus group meeting.

#### CSR committee meeting for sustainability report 2011







**Interactive sessions at plant site & marketing office for sustainability report 2011**



**Meeting with CBA representatives for sustainability report 2011**



**Meeting with farmers for sustainability report 2011**

The examples of feedback received from some of the stakeholder groups are as follows.

<b>Farmers</b>	Report on initiatives on product responsibility. Increase the coverage area of Agri Services.
<b>Dealers</b>	Appreciated excellent facilities and trainings provided to dealers. Asked to report on local community initiatives.
<b>Supplier</b>	Asked to reduce paper consumption, appreciated initiative of SAP. Asked to report on environmental initiatives and health and safety initiatives.
<b>Bankers</b>	Asked to report on subsidies received, child labor, equal opportunity, emissions, training and development of employees.
<b>Regulators</b>	Asked to report on environmental and social initiatives.
<b>NGO's</b>	Asked to report on developments, to accelerate profitable growth with eco premium solutions, environmental trainings and awareness and social initiatives as per regulations and UNGC
<b>Academia</b>	Asked to report on utilization of land resources, support systems (e.g., maternity, day care, and transport) and product guarantee.

## 9.0

### Farmers' Capacity Building

The Company actively serves the farming community for educating on efficient and effective farming practices through its Agri Services Officers and Farm Advisory Centre. The Company also invites experts and professionals from agriculture institutions and Government departments to deliberate upon the problems confronting by the farming community.

The Company has established five Farm Advisory Services Centers at various locations for transferring modern agriculture technology to the farmers. These centers are fully equipped with modern and sophisticated computerized soil & water testing laboratories, demonstration vans and high tech audio visual equipment.

FFC has also established a micronutrient testing laboratory at one of its Farm Advisory Centers, which is also equipped with Atomic Absorption Spectrophotometer. The Company adopts an integrated approach of agronomic, extension and soil testing activities for accomplishing the objectives of advisory services. Agronomic activities include laying-out crop demonstration plots and conducting fertilizer trials at farmer fields. Extension activities include agricultural seminars, farmer meetings, village meetings, group discussions, blitz programs, field days, training programs and farm visits. The Company's soil testing service is a valuable tool to identify soil problems and to propagate appropriate and balanced use of chemical fertilizers.

The activities undertaken during 2011 for the awareness and benefit of the farmers and getting their valuable insights are as follows:

#### Crop Demonstrations

FFC laid out 152 crop demonstration plots on various crops including orchards. Fertilizers and all other agronomic operations on these demonstrations were carried out as per recommendations after the soil and water analysis. Farm Advisory Centers (FAC) also laid out 11 experiments on "Effect of method and time of application of SOP on yield of wheat crop", "Effect of different methods and application time of DAP on cotton crop", "Effect of Boron application time on yield of maize crop" and "Effect of different methods and application time of SOP on yield of rice crop"







### Special Farmer Meetings

The Company conducted seventeen especial farmer meetings and ten pre-season meetings on different crops/agricultural issues. These meetings were chaired by the Ministers, MNAs/MPAs, DCOs, Agricultural Development Commissioner, Crop Commissioners; Heads of agricultural related Institutions, Federal and Provincial Government Officials. These meetings were attended by progressive growers of the area as well as different officials like researchers, scientists, and extension workers, representative of pesticide companies, sugar mills and media. Guest speakers and FFC experts offered lectures on various aspects of crop production and addressed farmers' queries.



### Field Days/Meetings/Training Programs

The Company celebrated 121 field days to show the live impact of agriculture technology adopted on demonstration plots. The economic advantage of the improved package of technology over conventional farming practice was also highlighted during the field days. The Company conducted 176 farmer meetings and 40 village meetings to educate the farmers about the latest crop technology and balanced fertilizer use.

FACs arranged 10 training programs for farmers and officers of different organizations like; Agriculture Extension Department, sugar mills, pesticide companies and staff of different projects etc. The Agri. Services Officers visited 1,599 farms of progressive growers and conducted 1,049 group discussions throughout the country. FACs and regions jointly conducted 42 blitz programs (a series of meetings in a small area).



### Soil & Water Analysis

The nature of soil and water is prime factor for the quality of crops. The fertilizer use enhances the produce in significant quantity provided it is used in balanced quantity. The Company being fully aware of importance of balanced fertilizer use has established state of the art soil and water analysis labs to promote balanced fertilizer use for maximizing farm production. FAC labs analyzed 23,805 soil/water samples collected by the field officers. Fertilizer/reclamation recommendations were developed and delivered to the farmers to promote balanced fertilizer use. FAC Shakhnot also analyzed 1107 soil samples for micronutrient status.





## Literature Distribution /Digital Media

FFC realizes the importance of literature and digital media and has proactively used these means to create awareness among farmers for better use of fertilizers. The Company has distributed 106,297 crop brochures among farmers through different Agri Services activities. Moreover, FFC experts participated in radio talk shows during agricultural programs of different Radio Channels and TV Channels.



## Summary of Outreach Programs since Inception

FFC has performed a large number of capacity building activities since its inception. The Company reached 1.58 million farmers through these activities which helped in capacity building leading to economic uplift of the farmers.

Program	Number of Programs	Farmers Contacted
Crop Seminars	489	64,849
Farmer Meetings	6,120	613,485
Village Meetings	784	125,846
Blitz Programs	567	290,310
Group Discussions	21,660	170,841
Farm Visits	38,172	38,172
Training Programs	291	12,041
Crop Demonstration	3,949	3,949
Field Days	2,475	26,433
Crop Experiments	115	115
Soil & Water Sample Tested	406,080	-
Micronutrient Samples Tested	10,283	-
		1,584,591

## 10.0

# Economic Performance

### Policy

The policy and goal for economic performance is stated in FFC vision and mission statement. The Company is committed to playing a leading role in industrial and agricultural advancement by standing above the competition, providing premium quality fertilizer products to customers and producing healthy and predictable return to investors.

The Company operations have direct and indirect economic impacts through return to investors, providing employment, paying taxes and investing in infrastructure projects at the localities where Company operates. The Company aims to be the growth partner for all by providing trainings to dealers, utilizing local suppliers, employing local staff where applicable and contributing to local community.

The Company delivered strong growth in earnings and dividends, with focus on sales, cost optimization and effective cash utilization. The Company earned net profit of Rs 22, 492 million, 104 % in excess of the profit earned last year. The return on equity increased by 37% to reach new level of 97.49 %, while earning per share increased by 104 % as compared to last year.

The total turnover was recorded at Rs 55,221 million, an all time record, 23 % higher than the last year turnover. FFC's urea market share was recorded at 41% compared to last year share of 40.6 %.

### Additional Contextual Information

The Company successfully implemented SAP - ERP system for automation and integration of its major business operations. The SAP integrated operational functions at head office, marketing offices and plant sites. The implementation of ERP shall improve business processes by reducing costs, duplication of work and increasing efficiency by provision of timely and accurate information for decision making.

### United Nation Global Compact (UNGC) Leaders Summit 2010

The UN Global Compact Leaders Summit 2010 brought together leaders from all sectors to elevate the role of responsible business and investment in bringing about the needed transformation to more sustainable and inclusive markets. The event occurred on 24-25 June, 2010 in New York.

The UN Global Compact Leaders Summit 2010 provided a platform for business to convene, collaborate and commit to building a new era of sustainability. At the Summit, business leaders tackled priority areas that are central to corporate leadership today and essential for the transformation to sustainable markets – and ultimately the protection of our planet and the livelihoods of future generation. The CE & MD along with CCO participated in UNGC Leader Summit 2010.



CE & MD and CCO at UNGC Leaders Summit 2010

## GRI G3.1 Performance Indicators

## ASPECT : ECONOMIC PERFORMANCE

## EC1 Direct economic value generated and distributed.

Component	Data
	2011
Direct economic value generated (Rs. in millions)	
Revenues	69,283
Economic value distributed (Rs. in millions)	
Major operating costs	14,456
Employee wages and benefits	4,932
Payment to providers of capital	15,729
Payment to Govt.	28,081
Community investments	178
Economic value retained (Rs. in millions)	
Retained earnings	5,907

## EC2 Financial implications and other risks and opportunities for the organization's activities due to climate change.

Component	Response
Financial implications and other risks and opportunities for the organization's activities due to climate change.	<p>Financial implications due to climate change include economic costs of the adverse affects of climate change and risk and opportunities related to actions to reduce GHG emissions.</p> <p>The Company has no major financial implication posed due to climate change. All the operations are safe from the impacts however; extreme weather change may affect the operations. The Company has system to assess organizational risks and framework for monitoring and mitigating such risks.</p>

## EC4 Significant financial assistance received from government.

Component	Response
Significant financial assistance received from government.	No significant financial assistance received.



**ASPECT : INDIRECT ECONOMIC IMPACTS**

**EC 8** Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in kind, or pro bono engagement.

The Company CSR department identifies and conducts community need assessment survey to determine infrastructure and other services needed. FFC works in the community around manufacturing plants of the Company. Several initiatives have been undertaken to improve the health infrastructure, education and poverty alleviation for the plant site community. The Company spent Rs. 204 million during the year on different initiatives. The summary of initiatives is as follows.

Initiative	Brief
<b>Education</b>	
Sona Public School	Operational since 2007 with enrollment of 384 students per year.
Sona Computer Institute	Operational since 2009 with facilities for computer trainings.
Scholarship Program	Operative since inception with 100 scholarships per annum at annual spending of PKR 4.24 million.
Adopted schools at Goth Machhi and Mirpur Mathelo	14 adopted schools.
<b>Health Infrastructure</b>	
Sona Welfare Hospital	Operational since 2006 with capacity of 10 beds & 100 outdoor patients per day.
Hazrat Bilal Trust Hospital	Operational since 1986 with capacity of 22 beds & 125 outdoor patients per day.
Coronary Care Unit at DHQ Mirpur Mathelo	Established in 2008 with capacity of 9 beds.
Free medical camps	Organized 14 free medical camps in 2011.
<b>Poverty alleviation</b>	
Technical Training Centre	Operational since 1981 to provide trainings to staff as well as natives of under privileged communities.
Sona Vocational Training Centre	Operational since 2009 to empower women through provision of different courses.

Please refer to Social Performance Indicators section for details.

## 11.0

# Environmental Performance

## Policy

The Company is committed for maintaining high standards of Environment, Health & Safety (EHS) at its manufacturing plants. The objective is to preserve the environment from degradation and provide a safe and healthy workplace, while improving the quality of life of its employees, contractors, visitors and plant site community. The Company aims to achieve continuous improvement on this front through innovation, adoption of new technologies and use of management systems. FFC manages environmental impacts of its operations through adherence to internal and external management systems and standards.

## Organizational Responsibility

The operational responsibility for environmental aspects is merged with manufacturing operations and the Group General Manager Manufacturing & Operations (GGM M&O) holds overall responsibility of Manufacturing and Environment, Health & Safety (EHS). The GGM M&O is responsible for performance & regulatory affairs and monitors the compliance across the manufacturing plants. The Company has Safe Operations Committee (SOC) and Environmental Management Review (EMR) committees at its plant site to look after environment, health and safety issues. The SOC is the top most forum of the organization headed by GM M&O and includes all senior department managers as members. The SOC reviews the performance in line with OHSAS 18001:2007. This forum has sub-committees at departmental level i.e. Sub SOC(P), Sub SOC(M), Sub SOC (E&I) and Sub SOC (CW). The SOC meetings are regularly conducted on bi-annually basis, however, the sub-committee meetings are held on more frequent intervals and on average 15 to 20 meetings were held during the year. The EMR committee holds its meeting on annual basis and reviews the environmental performance as per ISO 14001: 2004. These teams consist of highly qualified members who belong to various disciplines within the Company having direct link to sustainability. The performance of committees is regularly reported to GGM Manufacturing & Operations.

The Company regularly conducts environment, health and safety trainings for senior management of manufacturing units as well as persons responsible for line functions at manufacturing plants. The EHS Policy presents the direction for various environmental goals to be achieved by the Company. The primary goal is to achieve compliance of all regulatory requirements and aim to go beyond. The specific goals are also defined in the environmental management systems and these are being followed at the manufacturing plants with many other voluntary environmental initiatives. The new employees including executives and workmen are provided training and awareness on EHS aspects related to the nature of their work before they take charge of their responsibilities at their respective manufacturing location. The Company has designed specific training modules for specific work. The orientation sessions on sustainability were organized for the senior managers at head Office as well as the employees engaged in sustainability reporting of all the manufacturing plants during the year.

The Company is continuously taking steps for awareness about importance of environment and its related issues amongst employees across the organization. The internal energy efficiency programs are the best examples where Company involves employees for energy conservation activities by providing trainings and guidance.

The regular monitoring of the progress is an important aspect to keep a check on whether the intended results of efforts are achieved. The SOC & EMR forums perform an internal check to find out gaps on regular basis. The Company has achieved the international certification for its management systems. The Company manufacturing plants are certified for ISO 140001:2004 Environmental Management System and OHSAS 18001:2007 Occupational Health & Safety Assessment Series (OH&S Management System). These management systems enable the Company to identify the risks and potential opportunities, improved internal data management, building the confidence of stakeholders and identify energy management spots.

The Company gives prime importance to environmental, health and safety aspects and senior management is involved in monitoring the environmental performance of the Company. Environment performance is a part of annual strategy and also an important aspect for all capital expenditure proposals of the Company.

### Additional Contextual Information

The Company has carried out various activities during the year to improve energy conservation, efficient use of scarce natural resources and provision of training for ensuring health and safety of workforce. Some of the activities carried out during the year are mentioned below.

Keeping in view of depleting natural resources and degradation of environment, the Company has given prime importance to energy efficiency and energy conservation. The Company carried out considerable improvements in plant energy index with commissioning of new gas turbine based power generation system. The energy index improvement resulted in gas saving to the tune of Rs 239 million during the year compared to previous year. The additional production gain from natural gas saving is estimated at 40 tonnes per day. The Company achieved lowest ever specific energy consumption of 6.19 Gcal/tonne urea in November 2011 against 6.31 Gcal/ tonne urea in December 2010.

The Company successfully commissioned state of the art Operators Training Simulator (OTS) for both Ammonia and Urea plants after completion of site acceptance test. The prime objective of the OTS is to provide operator training with an aim to reduce the risk of major operational incidents, improve plant performance, reduce start-up, shutdown time and increase plant on-stream time. Safety was given due importance in overall business functions, resulting in achievement of 10.97 million manhours of safe operation at its Mirpur Mathelo plant. Integrated Management System first and second surveillance audits by the IMS certification agency (Bureau Veritas Certification) were carried out during the year. All management systems and procedures were found conforming to IMS standards ensuing proper health and safety system in place at all manufacturing locations.

### GRI G 3.1 Performance Indicators

ASPECT: MATERIAL		
EN 1 Materials used by weight or volume.		
Component	Data	
	2011	
Material	Quantity	Unit
Natural gas	90,945	MMSCF
Lubricant	175,855	Liter

Packing bags (150 gm each)	48,149,600	Bags
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**ASPECT: ENERGY****EN 3** Direct energy consumption by primary energy source.

Material	Quantity	Unit
<b>Direct energy consumption by primary energy source</b>		
Natural gas	90,945	MMSCF
Diesel	235,795	Liter
<b>Direct energy source produced</b>		
Natural gas	58,002,156	GJ
Diesel	8,663	GJ

**EN 5** Energy saved due to conservation and efficiency improvements.

Component	Response
Energy saved due to conservation and efficiency improvements.	548,798 GJ. Energy saved is based on energy index improvement carried out during the year from 6.51 to 6.31 Gcal/MeT of Urea. The response to this indicator covers only Mirpur Mathello plant. Goth Machhi plant does not maintain separate data of energy savings. The Company intends to maintain separate data of energy savings at Goth Machhi plant from this year.

**ASPECT: WATER****EN 8** Total water withdrawal by source.

Source	Quantity	Unit
Surface water	7,353,253	m3/year
Ground water	7,184,607	m3/year

**ASPECT: EMISSIONS, EFFLUENTS, AND WASTE****EN 16** Total direct and indirect greenhouse gases emissions by weight.

Material	Quantity	Unit
CO2	2,067,720	MeT
CO2 emission figures cover CO2 emissions by combustion process for generation of electricity, heat and steam. Moreover the figures are based on site specific data (fuel composition analysis). CO2 is the only greenhouse gas which is mainly present in flue gases.		

**EN 21** Total water discharge by quality and destination.

Destination	Quantity	Unit
<b>Canal/ Horticulture</b>		
Waste Water	2,014,697	m3/year
<b>Evaporation</b>		
Waste water	518,400	m3/year

The water discharged by the Company contains effluents below NEQS limits. The Company uses oil skimming & neutralization treatment methods before discharging water. The waste water figures are estimated figures.

**EN 22** Total weight of waste by type and disposal method.

Material	Quantity	Unit
<b>Recycling</b>		
Urea dust solution	10,418	MeT
<b>Landfill</b>		
CaCO3	2,340	MeT
<b>Incineration (mass burn)</b>		
Papers, cloths, etc	646	MeT
<b>On-site storage</b>		
Waste water	425,000	m <sup>3</sup>
<b>Other</b>		
Damaged Urea bags & Urea dust solution	13,460	MeT

The disposal method was determined on the basis of potential use or commercial value. The incineration figures are estimated figures.

**ASPECT: COMPLIANCE**

**EN 28** Monetary values of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations.

Component	Response
Monetary values of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations.	There were no monetary fines on the Company for any non compliance related to environmental laws during the reporting year.

**ASPECT: OVERALL****EN 30** Total environmental protection expenditures and investments by type.

Component	Response	
	Component	Cost incurred (Rs in millions)
Total environmental protection expenditures and investments by type.	Waste disposal, emission treatments and remediation costs	6.925
	Prevention and environmental management costs	0.806

The Company has allocated an amount of PKR 177 million for Urea process condensate treatment section up gradation and Ammonia sensors for boundary walls at Goth Machhi Plant. These projects are currently under process.



## Labor Practices

The Company believes in treating employees fairly, promoting diversity and inclusion, providing open feedback and ensuring compliance with laws and regulations and Company's own code of conduct. The Company also believes that following the laws and regulation and Company's own code of conduct is essential for Company's sustainability. The Company always endeavors to educate employees and ensure their health and safety.

The Company has a well defined Human Resource (HR) policy to manage the HR priorities, succession planning, recognizing and rewarding the prestigious talent, and leadership development. The HR development framework focuses on training and education of employees, which consists of a three-step-process, first assessing employees' competencies, training them for their job, and then encouraging development of employees through education. This helps to identify skill gaps within the organization and looks to addresses those gaps; ensuring right people are in the right jobs.

The Company in its mission to bring the most talented and imaginative people on board, nurture their talent and provide best facilities to them, has developed a range of employee centric policies. These policies have been developed keeping in view employees' needs. The Company promises to enable employees to achieve new level of excellence through job enrichment and training. There are several policies in relation to human resource management in the Company. Some of the policies are listed below:

- Recruitment policy
- Compensation & benefit policy
- Employee assistance policy
- Code of conduct
- Separation policy

## Organizational Responsibility

The dedicated HR department is structured at corporate and manufacturing unit level to engage with employees on labor practices. The most senior office responsible for labor practices in the Company is Group General Manager Human Resource. The HR head at the manufacturing unit level reports to the GGM-HR.

The labor practices in manufacturing units are governed by HR head of the manufacturing units, who is also responsible for fair labor practices, policies with respect to regulations and laws as well as the other activities for the benefit of the employees.

**“The human mind is our fundamental resource, one that we fathom and nurture at our best”.** Our most valued resource is our competent and committed work force, which power the Company's growth and contribute towards its corporate image. The organization to be sustainable should have sincere and committed workforce. The employees are one of the important stakeholders of the organization and are important element for organization's productivity. The Company's Human Resource development framework clearly defines the

Company's commitment to bring on board, the most talented and imaginative people, train and develop them to achieve new level of excellence.

The HR department has developed various training modules according to specific requirements of each department. The trainings on general awareness topics like health and safety are conducted time to time. The trainings at manufacturing units are conducted by the heads as per the requirements. The Company also invests in specialized trainings of its employees in addition to in house and local trainings. Apart from compensation and formal training, FFC organizes various functions and activities to feed social appetite of employees and enhance the level of comfort among their superiors and co-workers. By maintaining an amicable relationship with employees, the Company ensures their welfare while reducing Company's risk of employee turnover.

All the aspects of labor practices i.e. labor relations, occupational health and safety, diversity and equal opportunity etc are closely monitored at the manufacturing unit level as well as at the corporate level. The breach of the aspects is monitored by the HR department and adherence to Labor Laws and regulations is discussed frequently and reported quarterly to the HR committee of the Board.

### Additional Contextual Information

The review of the workforce performance is an ongoing process. The Company managed this challenging task into reality by providing a work environment where employees perform and grow to their fullest potential. The Company focuses on this important asset and the emphasis is on transparency, fairness and good governance. The Company is heavily investing on socio-economic development and improvement of employees and communities of plant site areas.

The Company being a caring employer generously rewards its employees for its success. The total employee cost for the year, comprising of salaries, wages and other benefits amounted to Rs 4,932 million, 20% higher than last year. Apart from monetary benefits, FFC provides free medical care to all its permanent employees and their eligible dependents, through its medical department comprising of qualified and experienced doctors. The Company also offers its employees multiple retirement benefit plans, through which total of Rs. 96 million were paid to outgoing employees during the year. The retirement benefit plans of the Company were valued at Rs. 4,545 million showing an increase of Rs. 622 million compared to last year.

The Company gives priority to employees' health and safety, especially plant employees. The Company conducts trainings as a regular part of training needs assessment procedure, which covers training on environment, occupational health, safety and other aspects as well. The numbers of training sessions were arranged by safety unit, environmental protection unit and by the concerned unit(s)/ section(s). The detail of some of the sessions is given below:

- Training session for all staff employees was arranged by safety unit on noise protection in March 2011.
- 04 training sessions on work permit were conducted in year 2011 by safety unit.
- 03 defensive driving training sessions were conducted by safety unit in Year 2011.
- Training sessions on health & safety at plant were arranged by safety unit for contractor manpower.
- 03 training sessions for haulage contractor's drivers were arranged by safety unit.
- 02 training session on environmental management system were arranged by EP Laboratory.

The Company understands the importance of human capital and strives to retain them for a better future. The Company's efforts to make the Company a desired place to work have resulted in meager turnover of less than 5% per annum over the last 6 years despite of expansion in the industry.

## GRI G 3.1 Performance Indicators

## LABOR PRACTICES &amp; DECENT WORK

## ASPECT: EMPLOYMENT

**LA 1** Total workforce by employment type, employment contract, and region broken down by gender.

Component		Data	
		2011	
Workforce by employment type broken by gender			
Employment type	Male	Female	Total
Management	778	19	797
Non- Management/Staff	1478	20	1498
Total			2295
Workforce by employment contract broken by gender			
Employment contract	Male	Female	Total
Regular	2219	37	2256
Contract	37	2	39
Total			2295
Workforce by region broken by gender			
Region	Male	Female	Total
Head office – Rawalpindi	298	11	309
Goth Machhi Plant	944	11	955
Mirpur Mathelo Plant	669	5	674
Lahore	302	11	313
Karachi	43	1	44
Total			2295

**LA 2** Total number and rate of new employee hires and employee turnover by age group, gender, and region

**Attrition by age group**

Age group	Headcount on Dec 31 <sup>st</sup>			Attrition			Attrition %age		
	Exec.	Worker	Total	Exec.	Worker	Total	Exec.	Worker	Total
< 30	157	294	451	5	20	25	3.18	6.80	5.54
30-50	382	751	1133	11	9	20	2.87	2.66	1.76
> 50	258	453	711	0	0	0	0	0	0

**Attrition by gender**

Gender	Headcount on Dec 31 <sup>st</sup>			Attrition			Attrition %age		
	Exec.	Worker	Total	Exec.	Worker	Total	Exec.	Worker	Total
Male	778	1478	2256	15	29	44	1.92	1.96	1.95
Female	19	20	39	1	0	1	5.26	0	2.56

**Attrition by location**

Region	Headcount on Dec 31 <sup>st</sup>			Attrition			Attrition %age		
	Exec.	Worker	Total	Exec.	Worker	Total	Exec.	Worker	Total
Head office – Rawalpindi	171	138	309	4	0	4	2.33	0	1.29
Goth Machhi Plant	246	709	955	5	17	22	2.03	2.39	2.30
Mirpur Mathelo Plant	169	505	674	1	12	13	0.59	2.37	1.92
Lahore	195	118	313	6	0	6	3.07	0	1.91
Karachi	16	28	44	0	0	0	0	0	0

**ASPECT: LABOR / MANAGEMENT RELATIONS**
**LA 4** Percentage of employees covered by collective bargaining agreements.

Category	No. of Employees as on December 31 <sup>st</sup>	No. of Employees covered under collective bargaining agreement	% age
<b>Goth Machhi Plant</b>			
Executives	246	0	0%
Workers	709	671	94.64%
<b>Mirpur Mathelo Plant</b>			
Executives	169	0	0%

Workers	505	473	93.66%
<b>Head office/Marketing Lahore/Karachi</b>			
Executives	382	0	0%
Workers	284	243	85.56%

**ASPECT: OCCUPATIONAL HEALTH & SAFETY****LA 7**

Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender.

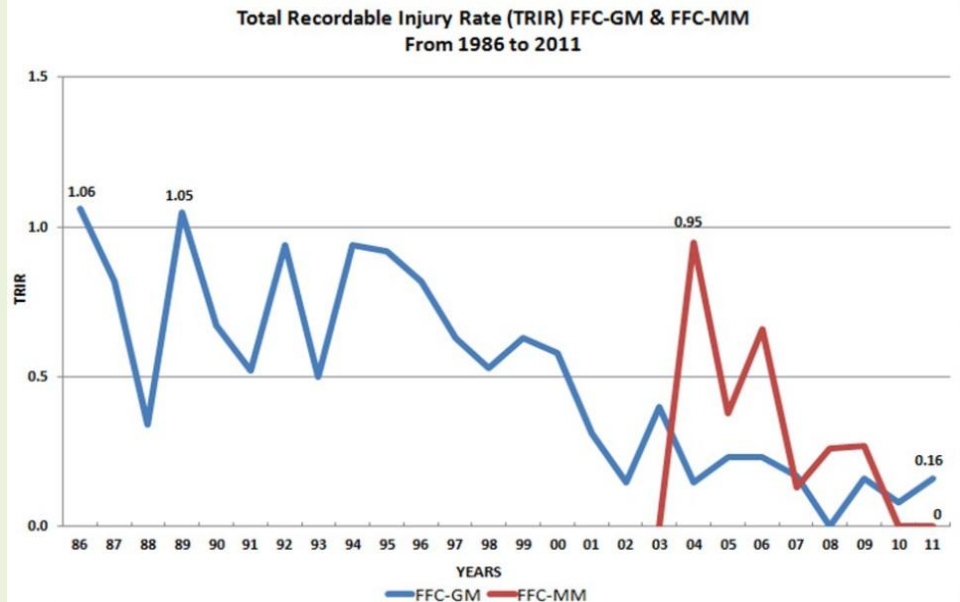
Total workforce (employees)	2295			
Whether first aid injury is included in injury rate	Yes			
Lost days means	'Scheduled work days'			
Lost day count begins	Lost days count begins the day after the incident			
Rate of Injury by region and gender				
	Organization		Contractor	
	Male	Female	Male	Female
Plant sites	0.16	0	0.4	0
Other locations	0	0	0	0
Occupation disease rate by region and gender				
Component		Response		
Occupation disease rate by region and gender at plant sites		Not recorded		
Lost days rate by region and gender				
	Organization		Contractor	
	Male	Female	Male	Female
Plant sites	0.63	0	Not recorded	Not recorded
Other locations	0	0	Not recorded	Not recorded
Absenteeism rate by region and gender				
	Organization		Contractor	
	Male	Female	Male	Female
Plant sites	0	0	Not recorded	Not recorded
Other locations	0	0	Not recorded	Not recorded
Works related fatalities by region and gender				
	Organization		Contractor	
	Male	Female	Male	Female
Plant sites	0	0	1	0
Other locations	0	0	0	0

### HSE Benchmarking Survey 2010 – International Fertilizer Association

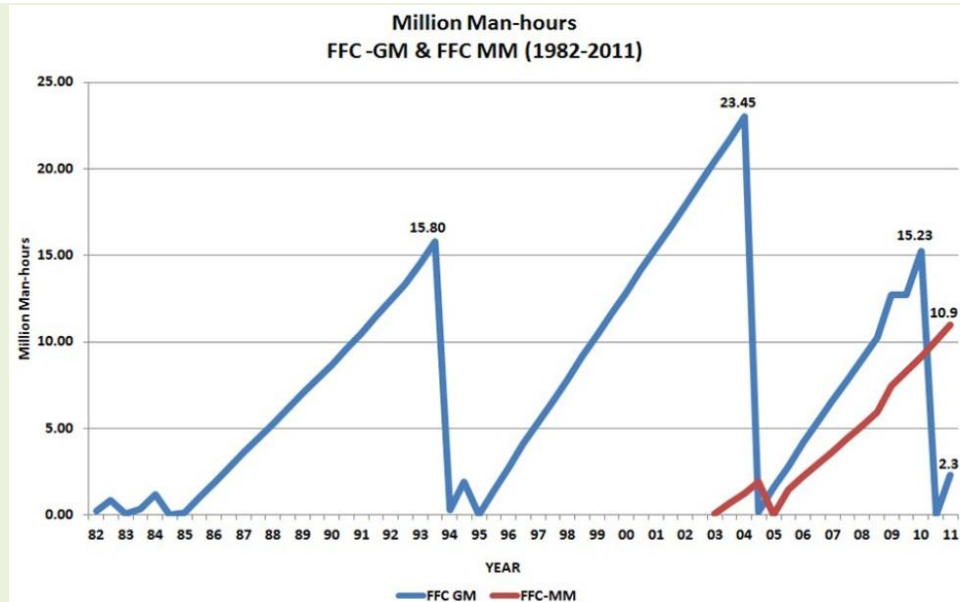
In 2010 International Fertilizer Association (IFA) carried out HSE benchmarking survey of fertilizer manufacturing companies. FFC ranked 9<sup>th</sup> out of 73 companies which were included in the survey conducted by the International Fertilizer Association.



FFC is committed to conduct business in a manner that protects the health and environment of its employees and the communities in which FFC operates.



FFC has the honor of achieving the record of 23.45million man hours without LWI





**LA 8**

Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.

**Assistance Program**

	Education/Training		Counseling		Prevention/Risk control		Treatment	
Program Recipient	Yes	No	Yes	No	Yes	No	Yes	No
Workers	Yes		Yes		Yes		Yes	
Worker's families	Yes		Yes		Yes		Yes	
Community members	Yes			No		No	Yes	

The Company conducts various programs for training, counseling, prevention /risk control and health awareness. The category wise detail is mentioned below.

**Education/Training**

Household Safety, Traffic Safety (For workers families). OHSAS-18001, Environmental Management Systems, Personal Protective Equipments and General Safety, Safety in Shutdowns and Turnarounds (for workers). Defensive Driving Training for workers and their families. Community Awareness and Emergency Response (CAER) training to Community members

**Counseling**

Counseling of workers & their families on violations observed during Emergency Dry Run. Counseling of workers and their families on traffic violations.

**Prevention/Risk Control**

Fire Fighting, Shutdown and Turnaround Safety, HIRADC training (OHSAS-18001), Environmental Management System (for workers). First Aid & CPR trainings for workers. Defensive Driving Training for workers & their families. For community members CAER program (Community Awareness and Emergency Response) is in place, Waste water is discharged in SCARP drain line and evaporation ponds are present for discharging off-spec effluents. Project of Evaporation ponds lining with Geo-membranes has been started to avoid any sub-soil seepage scenario in future. Project of Ammonia Sensors Installation at FFC boundary walls is at procurement stage. These sensors will help to take prompt actions in case ammonia travels beyond our boundary walls.

**Health Awareness Program**

Take care of your heart, Dengue Fever, Anxiety Disorder, Diabetes and Roza, Personal Hygiene, World No Tobacco Day - May 31, Gastrointestinal Complications of Diabetes, World Hypertension Day - May 17, Malaria Prevention; Wipe out Malaria, Headache and Cancer Prevention.

**ASPECT: TRAINING & EDUCATION**

**LA 10** Average hours of training per year per employee, by gender, and by employee category.

**Average hours of training per year per employee**

Number of employees trained	652
Training hours	3374
Average hours of training	5.174

**Average hours of training per year per employee by gender**

Category	Average No. of employees	Man-hours	Avg. training (Man hr/Emp.)
Male	642	3294	5.13
Female	10	80	8

**Average hours of training per year per employee by employee category**

Category	Average No. of employees	Man-hours	Avg. training (Man hr/Emp.)
Management	611	3292	5.38

Staff	41	82	2
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## Human Rights

### Policy

The Company recognizes that its operations can have impacts on the rights of workers and plant site communities. The Company therefore supports and respects the protection of human rights. The Company aims to provide a safe and secure work place environment for its workforce and has set policies regarding aspects of human rights. These policies are circulated to the employees for creating awareness on these issues. Some of the policies in relation to human rights management have been listed below:

- Non Discrimination Policy
- Prevention of Sexual Harassment Policy

### Organizational Responsibility

It is ethical responsibility of each employer to maintain the requisite human rights standards. The most senior officer responsible for managing human rights issue and implementation of various policies of the Company related to human rights is Group General Manager (GGM)-HR. The responsibility for each manufacturing unit rests with HR head of respective unit. Individual HR Heads at the manufacturing unit level report about the human rights issues to GGM HR.

The Company complies with all relevant legislations, rules and regulations related to human rights, safety and security. There have not been any violations of human rights.

The Company is conscious about the awareness on human rights and issues. The information on various policies related to human rights is circulated to all employees. HR department of the Company is flexible in designing training modules on any of the issues related to human rights, if it is of any significant concern.

The Company has appropriate functions and resources for monitoring human rights exploitation and reviewing the progress on quarterly basis.

## GRI G 3.1 Performance Indicators

### ASPECT: INVESTMENTS AND PROCUREMENT PRACTICES

**HR 1** Percentage and total number of significant investment agreements and contracts that include human rights clauses or that have undergone human rights screening.

Component	Response
Percentage and total number of significant investment agreements and contracts that include human rights clauses or that have undergone human rights screening.	All significant investment agreements have been scanned for human rights issue while performing due diligence for that specific agreement. FFC is a member of UNGC and strictly adheres to human rights charter and applicable laws.

### ASPECT: NON- DISCRIMINATION

**HR 4** Total number of incidents of discrimination and corrective actions taken.

Component	Response
Total number of incidents of discrimination and corrective actions taken.	There were no incidents of discrimination in the Company during the year. The Company strictly follows non-discrimination policy.

**ASPECT: CHILD LABOR**

**HR 6** Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.

Component	Response
Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	No operation has risk of child labor. The Company strictly complies with Labor Laws. The information of suppliers has not been included in the review.

**ASPECT: FORCED & COMPULSORY LABOR**

**HR 7** Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures taken to contribute to the elimination of all forms of forced or compulsory labor.

Component	Response
Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures taken to contribute to the elimination of all forms of forced or compulsory labor.	No operation has risk of forced and compulsory labor. The Company strictly complies with the Labor Laws and human rights. The information of suppliers has not been included in the review.

**Society****Policy**

The Company believes in becoming a valuable partner in societal growth and ensuring to bring a positive change by creating mutual benefit. The local community is an important stakeholder and FFC has been engaging with them since its inception. The approach of the Company was philanthropic in first instance. However, with the development of CSR concept, the Company has restructured its strategy to create shared value. The Company is working toward development projects as value creation for the community like strengthening the education system and schools, providing health care facilities, poverty alleviation, skill development and sports. The Company also has policy in place for contributing toward relief activates in cases of emergencies affecting communities.

**Organizational Policy**

The implementation and monitoring of the social activities at all the locations are routed through Chief Coordination Office (CCO). The monthly progress of social initiatives is analyzed by the Chief Coordination Officer along with DM- CSR.

The annual action plans with detailed budget for identified activities across the locations is prepared by DM- CSR, reviewed by CCO and approved by the management.

All training and awareness programs on selected topics relevant to social issues such as disease prevention and awareness are organized by the Company at all locations on regular intervals. The Company uses various tools to monitor and follow-up performance and commitments to society. These include independent monitors as well as in house reviews.

**Additional Contextual Information**

Sona Welfare Foundation (SWF), a not for profit entity has been established to carry out the social activities of the Company. The SWF regularly interacts with local community members for bringing a change in socio economic environment. However, the Company has also established a dedicated CSR department within the organization for managing all of its social investment related activities through SWF and Sona Welfare Society (SWS).

## GRI G 3.1 Performance Indicators

### ASPECT: Local Community

**SO 1** Percentage of operations with implemented local community engagement, impact assessments, and development programs.

Component	Response
Percentage of operations with implemented local community engagement, impact assessments, and development programs.	<p>Company identified the needs of the areas of involvement and focused its approach towards creating value in the life of the community around plant site. The Company activities are conceptualized and implemented for various community development works, health care, environmental awareness and related initiatives, cultural &amp; sports events, vocational trainings, and educational activities. The Company understands that the communities around the manufacturing plants are important stakeholders and currently is working on all manufacturing locations. Though there are many areas which may demand the attention however, the activities for long term sustainable social interventions are in these main areas as listed below.</p> <ul style="list-style-type: none"> <li>• <b>Education</b> – provision of educational facilities through own schools as well as supporting Government rural primary schools through school adoption and assistance program.</li> <li>• <b>Health</b> - strengthening basic health care facilities through its own hospitals as well as upgrading Govt. hospitals.</li> <li>• <b>Livelihood</b> - Improving employability of local youths through provision of technical trainings and skill development for livelihood generation.</li> </ul>

### Case Study: I - Sona Public School

FFC established Sona Public School (SPS) for provision of quality education to the children of staff and local communities around the plant site. The school has classes from KG to VIII and total number of enrolled students availing this facility stands at 384 with a teaching staff of 18 teachers. The school is following Oxford syllabus in line with internationally recognized standard of education.

The school has science labs, library, resource centre and computer lab among other notable facilities like pick and drop for students.

SPS has, in a short time, established its reputation in the surrounding vicinities and is an example of FFC commitment to the welfare of underprivileged communities of district Ghotki.



Sona Public School



Students at SPS

### Case Study: II – Sona Computer Institute

Keeping in view the growing needs for information technology, FFC established Sona Computer Institute (SCI). The SCI is registered with Sindh Board of Technical Education, Karachi to provide maximum benefit to the students and have their education recognized.

The institute has qualified IT experts with highly equipped computer lab. SCI has been recognized for its excellence and has the honor of providing 6 month courses in the reduced time frame of 3 months, credited to its faculty and facilities available at SCI.

The institute is imparting quality computer skills to the students and making a contribution toward economic uplift through provision of employable skills.



Students at SCI

### Case Study: III – Adopted Schools

FFC not only runs its own school but also has taken responsibility of 14 schools in districts Rahim Yar Khan and Ghotki, in partnership with local Government. The standard is being raised by providing resources to improve the quality of education as well as general administration.

This adoption program is a milestone for FFC initiative of providing quality education to every child in the surrounding localities of FFC plant sites at Goth Machhi and Mirpur Mathelo.



Students at Adopted schools



FFC has provided these schools with qualified teachers as well, so that the students of underprivileged areas are able to improve their standard of education.

FFC has paid special attention to the girls' school so that education can be provided to the women folk who make up 51% of Pakistan's population, but facing discrimination in many sectors.

The students of these schools have shown extra ordinary commitment and 3 of them have acquired distinction in the fields of Arts, Debate and Naat competition held at district level. Books, uniforms and teaching aids are also provided to the students under this program while the teaching staff is trained every year under special teacher training program for latest teaching practices.



Teachers Training workshop for schools

### Case Study: IV – School Improvement Program

FFC signed an agreement with renowned educationists, MIED for the implementation of School Improvement Program at FFC Sona Public School (Mirpur Mathelo) and 04 FFC adopted schools at Goth Machhi.

This project was launched in August 2011 for duration of 9 months. The resources for up gradation of libraries, science and computer labs are procured for Sona Public School and FFC Adopted Schools on the recommendation of MIED SIP experts.

MIED has deputed 2 of its SIP experts for 9 months at Sona Public School and adopted schools of Goth Machhi for the execution and implementation of SIP at these facilities. The objectives of the program are as follows;

1. Capacity building of teachers and school management.
2. Training session for teachers on latest teaching practices.
3. Aligning school curriculum and time table with National Education Policy.
4. Up gradation of resources for science labs and libraries.
5. Introduction of Early Childhood Education.
6. Implementation of ICT database at Sona Public School.



MEID SIP Experts conducting training and capacity building sessions



### Case Study: V – FFC Scholarship

FFC has been encouraging education to the less privileged talented youth by providing them scholarship. Scholarship is granted under three different categories including:-

- Scholarship to the Wards of the Farmers
- Merit scholarships for the students of districts Ghotki and Rahim Yar Khan
- Children of FFC employees

Scholarships are awarded to students all over Pakistan. The number of students availing “FFC Ward of Farmers” scholarship has been enhanced to 61 during the year while the total scholarships awarded by FFC on annual basis are 200 scholarships. FFC is spending annually PKR 4.24 million on its scholarship program, in an effort to guarantee bright and progressive future for children all across Pakistan. Scholarships are offered in the following categories:-

- Post Matric
- Post Intermediate
- Post Graduate
- Professional Studies including CA, Medical, Engineering, MBA, MSc/BSc Computer Sciences, Msc (Hons), Phd in Agronomy and Soil Sciences
- Higher Studies including Mphil/ Phd.

### Case Study: V – FFC Technical Training Centre

FFC Technical Training Centre was established at Rahim Yar Khan in 1981. The purpose of TTC is to provide technical trainings to the staff as well as the natives of underprivileged communities.

Some of the courses offered at TTC are:-

- Apprentice Engineers Training
- Skill Improvement
- Professional Courses for Engineering
- Fertilizer Technology Course
- Customized Training
- Professional Management Training
- Computer Course



Trainees at FFC Technical Training Centre

### Case Study: VI – Sona Welfare Hospital

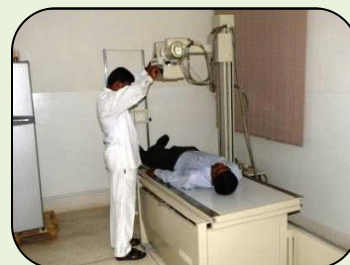
FFC established Sona Welfare Hospital (SWH) at Mirpur Mathelo in 2006. SWH offers various medical facilities to natives of Mirpur Mathelo including, high-tech X-ray, ultrasound & trans vaginal probe, pathology laboratory, 10 beds for emergency treatment of indoor patients, OPD for outdoor patients, free consultation (Male doctor and Female Gynecologist), free snake bite treatment, free emergency treatment & ambulance service, subsidized medicines, lab test and discount for dog bite patients.

SWH has a capacity of providing outdoor treatment to about 100 patients per day. SWH has under its belt the services of best medical

staff and is a great relief to the underprivileged communities in District Ghotki. The treatment at SWH is free of cost as well as subsidized, which is serving as a life line to hundreds of patients in the entire district of Ghotki. SWH free treatment for snake and dog bite cases is a rare facility in these underprivileged areas.

The medical facility at SWH was upgraded with the provision of Trans Vaginal Probe, to cater the complexities faced by women folk of the area. The provision of TVP at Sona Welfare Hospital is a great relief for them, as this facility is exclusively available at SWH, Mirpur Mathelo.

During the year, FFC has improved facilities at SWH by installing an uninterrupted power supply unit at the hospital for provision of continuous supply of electricity to hospital and evaporative cooling unit to provide cooling despite of power outage.



**Patient getting treatment at Sona Welfare Hospital**

### Case Study: VII – Hazrat Bilal Welfare Trust Hospital

Hazrat Bilal Trust Hospital (HBT) was established in 1986 by FFC near Goth Machhi Plant. The hospital had a capacity of 10 beds but gradually expanded to 22 beds.

Now it can cater about 125 outdoor patients per day. A new 25 beds building is under construction at the hospital. The hospital will soon start its dental section as well as a vocational training centre.

HBT has the honor of running the largest TB cure program in Rahim Yar Khan with significant success ratio. Some of the services available at HBT are, complete treatment for TB patients, OPD, fully equipped eye department, lens surgery, X-Ray & Ultra sound, lab tests, hepatitis test facility and snake & dog bite treatment.



**Patient getting treatment at HBT hospital**

### Case Study: VIII – FFC Coronary Care Unit (CCU)

FFC granted CCU facility at DHQ Hospital, Mirpur Mathelo to provide life saving advance management of cardiac patients. The facility is equipped with latest medical equipment and monitoring systems.

The unit has treatment capacity of 9 Beds. Some of the facilities and services provided at CCU are, cardiac monitors, defibrillator, ECG Machines, pulse ox meter, mobile & automatic gas delivery system, flow meter and suction injector unit.



**CCU at DHQ Hospital Ghotki**

### Case Study: IX – FFC Free Medical Camps

FFC organized various medical camps for free treatment of general public in District Ghotki and Rahim Yar Khan. FFC arranged 32 free medical camps in the area near FFC plants last year.

Some of the camps arranged were in the field of general medicine, skin and eye treatment providing relief to the people of far flung areas. In 2011, FFC medical teams arranged 14 medical camps in the remote areas of district Ghotki. This included 4 Eye, 1 Dental, 1 Diabetes and 8 camps on General Medicine.

The patients were provided with free medicines at the camp while referrals are also made to SWH for advance treatment, free of cost. Such health care service at door step was unimaginable in the past and provides relief to thousands of patients every year.



**Patient getting treatment at free medical camps**

### Case Study: XI – Economic Empowerment - Sona Vocational Centre

Sona Vocational Centre (SVC) was established at Mirpur Mathelo in 2009. The aim behind SVC is to empower womenfolk of the society, who face deprivation especially in the rural areas of our country.

Some of the courses covered under SVC program are, tailoring & stitching, hand embroidery, machine embroidery, Aar work, cooking and beautician.

All the courses running under SVC program are free of cost for women.



### Case Study: XII - Disaster Relief and Rehabilitation

FFC took active part in relief and rehabilitation activities to provide relief to effected people of devastating flood that annihilated dozens of villages and destroyed the road and irrigation infrastructure.

In districts Rahim Yar Khan and Ghotki, flood had crippled the lives of people of the area. FFC thus took the task of shouldering its share of responsibility and participated initially in flood relief effort for the affected natives of District Rahim Yar Khan and Ghotki.

FFC employees voluntarily made remarkable contribution at their respective plant sites which amounts to millions. Food, drinking water, beddings, shelters and clothing were provided to the flood affectees in the relief phase of the operation.

Medical teams from FFC medical units performed day night service for the flood affectees at Rahim Yar Khan and Ghotki, saving many precious lives.

FFC has taken up the challenge of reconstructing 3 villages of Districts Rahim Yar Khan and Ghotki. The intervention is planned in reconstruction of houses, education, health, shelter, water and sanitation and infrastructure. An agreement has been signed between Pakistan Red Crescent Society (PRCS) and FFC in April 2011, for the reconstruction of these flood affected villages at a cost of Rs. 102 million with completion time of 15 months.



Distribution of relief goods & employee volunteering

### Case Study: XIII – Sports for Better Community

FFC has always been encouraging healthy activities and continues to support sports events in the areas of Rahim Yar Khan and Ghotki as well as on national level.

FFC also sponsors numerous district and national level events and has assumed the role of patron in this field. This contribution has also helped in encouraging and developing new talent in Pakistan.



## ASPECT: CORRUPTION

**SO 2** Percentage and total number of business units analyzed for risks related to corruption.

Component	Response
Percentage and total number of business units analyzed for risks related to corruption.	100 % - All business segments were analyzed for risks related to corruption.

## SO 3

Percentage of employees trained in organization's anti-corruption policies and procedures.

Component	Response
Percentage of employees trained in organization's anti-corruption policies and procedures.	The Company has not carried out any specific training in organization's anti corruption policies & procedures. However, these issues are covered under the code of conduct for directors and employees. The copy of the same is provided to each employee and each employee signs the code of conduct.

## ASPECT: COMPLIANCE

## SO 8

Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations.

Component	Response
Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations.	The Company did not pay any fines for non-compliance during the reporting year and there were no non- monetary sanctions.



## Product Responsibility

FFC aims to produce only quality products, which can be used safely and are accompanied by the required information. The Company assesses its products before marketing to identify any health, safety and environmental concerns to ensure that products are compliant with applicable product safety rules and regulations. The Company regularly monitors its product's impacts throughout product life cycle to comply with legal requirements, intended use, customer expectations and health and safety of customers and communities. The Company's commitment to the environment, its employees and the communities includes dedicating resources to evaluate the safety and health aspects of Company's products and raw ingredients. The products have relevant information of material handling and safety to ensure that the products are safe for the consumers and the environment. We work closely with research centers, industry partners and Govt. to advance the best use of our products.

The product quality along with health and safety are central to Company's quality policy. The Company is aware that any deviation may cause risk of alienation of customers, damage to brand image, financial costs and non-compliance. The training on this policy is provided to all sales representatives. The Company also provides trainings to dealers on product handling.

### Quality Policy

Fauji Fertilizer Company is committed to attaining excellence in all areas of its operations.

We continue to strive for improvement through coordinated efforts, feedback, training, and employee motivation.

We are determined to ensure customer satisfaction, Company's productivity & profitability, occupational health, safety & care for our environment and continue playing our role in the industrial and agricultural development of Pakistan.

## Organizational Responsibility

The product responsibility lies with the manufacturing department. The Chief Executive & Managing Director is responsible for impacts and marketing of products.

The Company products are additive for increasing agricultural produce and are not harmful. The Company sells its products to customers through dealers, thus trainings regarding the product responsibility related aspects covers dealers and customers of the Company. The Company has a dedicated Agri Services department which provides trainings, advisory services and counseling to farmers for making effective use of fertilizer. The Agri Services department also gathers feedback from farmers about Company's products. The Farmers' Capacity Building section of the report contains more details of Company's activities. The Company adopts procedures that are compliant with ISO 9001: 2008 thus the Company ensures that the concerned staff are suitably selected, trained and resourced. It is the prime duty of concerned persons to ensure that the products and services meet the quality criteria set by the Company. The Company also provides trainings to dealers for proper handling and storage of product. The Company has dedicated staff trained on labeling as per applicable laws and regulations.

The quality policy of the Company is mentioned in the report.

## Additional Contextual Information

The Company has a dedicated Research & Development cell with the mandate to carry out research on effective use of Company products and customer health and safety. The R&D cell is very active and has won many awards. The scientific research papers of R&D section have been published in many journals of international repute. The detail of some of the awards is as follows:



Award Title	Award Holder	Awarding Agency/Government	Host Organization
Endeavour Research Fellowship (Australian Government)	Dr. Munir Hussain Zia (R&D Coordinator)	Department for Education, Employment, and Workplace Relation, Australia	Cooperative Research Centre for Contamination Assessment and Remediation of the Environment, Australia; & Centre for Environmental Risk Assessment and Remediation, University of South Australia
Fulbright Scientist Award (US Government)	Dr. Munir Hussain Zia (R&D Coordinator)	United States Department of State, Washington DC	US Department of Agriculture - Agricultural Research Service, Beltsville, MD

The detail of some of the scientific research papers published in journals of internal repute is mentioned below:

Research Paper	Year of Publication	Journal
In-vitro and In-vivo approaches for the measurement of oral bioavailability of lead (Pb) in contaminated soil: A critical review.	2011	Environmental Pollution
Relative efficiency of different extractants for available boron estimation in alkaline calcareous soils	2011	Communications in Soil Science and Plant Analysis
Boron Concentration in Soil and its Relation to Some Soil Properties and B in Cotton and Wheat Plants on Selected Soils of Punjab, Pakistan.	2011	Journal of Plant Nutrition
Effect of aging biosolids with soils of contrasting pH on subsequent concentrations of Cu and Zn in pore water and on their plant uptake.	2011	Environmental Science and Pollution Research

The Company organized sixteen dealers training programs during the year for capacity building of its dealers on various fronts. More than 2,500 dealers actively participated in the programs.



## GRI G3.1 Performance Indicators

## ASPECT: CUSTOMER HEALTH &amp; SAFETY

## PR 1

Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.

Component	Response	
	Life cycle stage	Response
Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	Development of product concept	The Company's products are additive for enhancing agricultural produce and due care had been given to health and safety impact.
	Research & Development	Products are already developed and the Company does not conduct in house research and development.
	Certification	No certification is required. However, the Company has obtained IMS certification of ISO 9001, 14001 and 18001.
	Manufacturing & production	Yes.
	Marketing & promotion	The products do not have any health and safety impact. The Company actively promotes best use of fertilizer through its Agri Services department.
	Storage, distribution & supply	The products do not have any health and safety impact.
	Use & Service	The products do not have any health and safety impact. However, the Company promotes best use of fertilizer through its Agri Services department.
	Disposal	Not applicable as the products are dissolved into soil and increases productive potential.
	Reuse/ recycling	Not applicable as products are dissolved into soil and increases productive potential.
	All products of the Company are subject to health and safety analysis.	

**ASPECT: PRODUCT & SERVICE LABELING**

**PR 3** Type of product and service information required by procedures and percentage of significant products and services subject to such information requirements.

Component	Response
Type of product and service information required by procedures and percentage of significant products and services subject to such information requirements.	<p>The Company's products are in compliance with labeling requirements specified by the laws and regulations. The Provincial Fertilizer Control Order requires printing of information about net weight of the bag, the chemical name of the fertilizer inside the bag, chemical composition of the fertilizer, the manufacturer and marketer.</p> <p>All products of the Company are subject to labeling requirements and are in compliance with these requirements.</p> <p>The Agri Services department provides guidance to the farmers by holding farmer meetings, crop seminars, blitz program, village meeting, group trainings, group discussion, field days, crop experiments and seminars. The Company prints and distributes booklets containing guidance on fertilizer dosage. The Company also advises farmers on fertilizer use &amp; dosage after carrying out soil and water analysis and micronutrient analysis.</p>

**ASPECT: COMPLIANCE****PR 9**

Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services.

Component	Response
Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services.	There has been no incident regarding non-compliance of regulatory or voluntary codes concerning any aspect of Product Responsibility. The Company had no monetary fine regarding non-compliance.



## 13.0

### The Way Forward

The Company's endeavor is to improve the sustainability & reporting by moving toward more coverage of indicators in its coming reports and go beyond compliance to focus on opportunities and challenges. The Company has a firm belief in sharing its strategy to the key stakeholders in order to make stronger the continued relationship. The Company intends to integrate economic development, environmental care and social equity into its core business practice and contribute to improve its performance on all three areas. FFC's plan to move forward toward sustainability includes followings.

1. **Maintaining Sustainable Economic Growth:** The Company believes that the sustainability of the business leads to sustainability of the stakeholders. The Company is focused to maintain the sustained predictable earnings for its stakeholders. Keeping in view, the acute shortage of natural gas, raw material for the Company's product, the Company is exploring opportunities for commercial scale conversion of coal to coal gas.
2. **Effective Environment Management:** The Company aims to put minimal impacts on climate by continuously investing in efficient technologies. The Company is also investing in wind energy projects to reduce its environmental footprint.
3. **Capacity Building:** The Company aims to attract and retain high quality workforce of diverse nature, nurture them and develop a culture of belonging by encouragement, support and reward. The Company's workforce will drive the mission of sustainable growth.
4. **Good Corporate Governance:** The Company aims to demonstrate good corporate governance by being accountable & transparent to enhance stakeholder's confidence.

5. **Stakeholder Engagement:** The Company commits to regularly interact with key stakeholders on the Company's sustainability agenda for getting their insights and involve stakeholders on wider scene for the awareness on environmental issues.
6. **Agri-Services:** Recently company has established a separate independent Agri Services department to alleviate poverty through empowerment of small and medium farmer communities. The Company commits to improve standard of living of farmers through farmer's capacity building. The Agri Services department will expand its outreach program to reach larger number of farmers for capacity building leading to poverty alleviation and bringing socio economic stability.
7. **Voluntary Initiatives:** The Company is committed to continue to work for,
  - Ethical business principles as defined by the United Nations Global Compact,
  - Socio-economic development in the plant sites in line with Millennium Development Goals of United Nations,
  - Provision of assistance in case of emergencies
  - Conservation of scarce resources
  - Conservation of bio-diversity in areas of operation

The Company is committed to move forward in line with its vision and mission and strives for sustainable growth by focusing on all three fronts i.e. Economic, Environment and Social.

## GRI Content Index

Application Level				Assured by	
STANDARD DISCLOSURE PART 1: Profile Disclosures					
1. Strategy & Analysis					
Profile Disclosure	Description	Reported	Cross reference/Direct Answer	Reason for Omission	Explanation
1.1	Statement from the most senior decision-maker of the organization.	Fully	5		
1.2	Description of key impacts, risks, and opportunities.	Fully	7		
2. Organizational Profile					
2.1	Name of the organization	Fully	10		
2.2	Primary bonds/products, and or services	Fully	10		
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	Fully	10		
2.4	Location of organization’s headquarters.	Fully	10		
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Fully	10		
2.6	Nature of ownership and legal form.	Fully	10		
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Fully	10		
2.8	Scale of the reporting organization.	Fully	10, 11		
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	Fully	14		
2.10	Awards received in the reporting period.	Fully	11		



## 3. Report Parameters

3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	Fully	13		
3.2	Date of most recent previous report (if any).	Fully	13		
3.3	Reporting cycle (annual, biennial, etc.)	Fully	13		
3.4	Contact point for questions regarding the report or its contents.	Fully	13		
3.5	Process for defining report content.	Fully	14		
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	Fully	14		
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	Fully	14		
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	Not	14. The report covers only FFC operations.		
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.	Fully	14 There were no deviations from GRI.		
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	Not	14 This is first sustainability report hence the content is not applicable.		
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Not	14 This is first sustainability report hence the content is not applicable		
3.12	Table identifying the location of the Standard Disclosures in the report.	Fully	60		

3.13	Policy and current practice with regard to seeking external assurance for the report.	Fully	14		
<b>4. Governance, Commitments and Engagements</b>					
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	Fully	15		
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	Fully	15		
4.3	For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.	Fully	15		
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Fully	16		
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	Fully	16		
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Fully	17		
4.7	Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity.	Fully	17		
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	Fully	2, 17		
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	Fully	17		

4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	Fully	17		
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	Fully	18		
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	Fully	18		
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic.	Fully	19		
4.14	List of stakeholder groups engaged by the organization.	Fully	20		
4.15	Basis for identification and selection of stakeholders with whom to engage.	Fully	22		
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Fully	22		
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	Fully	23		

### STANDARD DISCLOSURES PART II: Disclosures on Management Approach (DMAs)

G 3.1 DMAs	Description	Reported	Cross reference/Direct Answer	Further comments
DMA EC	Disclosure on Management Approach EC	Fully	29	
DMA EN	Disclosure on Management Approach EN	Fully	33	
DMA LA	Disclosure on Management Approach LA	Fully	38	

DMA HR	Disclosure on Management Approach HR	Fully	45	
DMA SO	Disclosure on Management Approach SO	Fully	46	
DMA PR	Disclosure on Management Approach PR	Fully	54	

### STANDARD DISCLOSURES PART III: Performance Indicators

Performance indicators	Description	Reported	Cross reference/Direct Answer
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#### Economic Performance

EC 1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	Fully	31
EC 2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	Fully	31
EC 3	Coverage of the organization's defined benefit plan obligations.	-	
EC 4	Significant financial assistance received from government.	Fully	31

#### Market Presence

EC 5	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	-	
EC 6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	-	
EC 7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation.	-	

#### Indirect Economic Impacts

EC 8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in	Fully	32
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	kind, or pro bono engagement.		
EC 9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	-	
<b>Environmental</b>			
<b>Performance indicators</b>	<b>Description</b>	<b>Reported</b>	<b>Cross reference/Direct Answer</b>
<b>Material</b>			
EN 1	Materials used by weight or volume.	Fully	34
EN 2	Percentage of materials used that are recycled input materials.	-	
<b>Energy</b>			
EN 3	Direct energy consumption by primary energy source.	Fully	35
EN 4	Indirect energy consumption by primary source.	-	
EN 5	Energy saved due to conservation and efficiency improvements.	Partially	35
EN 6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	-	
EN 7	Initiatives to reduce indirect energy consumption and reductions achieved.	-	
<b>Water</b>			
EN 8	Total water withdrawal by source.	Fully	35
EN 9	Water sources significantly affected by withdrawal of water.	-	
EN 10	Percentage and total volume of water recycled and reused.	-	
<b>Biodiversity</b>			
EN 11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	-	

Performance indicators	Description	Reported	Cross reference/Direct Answer
EN 12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	-	
EN 13	Habitats protected or restored.	-	
EN 14	Strategies, current actions, and future plans for managing impacts on biodiversity.	-	
EN 15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	-	
<b>Emissions, Effluents, and Waste</b>			
EN 16	Total direct and indirect greenhouse gas emissions by weight.	Fully	35
EN 17	Other relevant indirect greenhouse gas emissions by weight.	-	
EN 18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	-	
EN 19	Emissions of ozone-depleting substances by weight.	-	
EN 20	NO, SO, and other significant air emissions by type and weight.	-	
EN 21	Total water discharge by quality and destination.	Fully	36
EN 22	Total weight of waste by type and disposal method.	Fully	36
EN 23	Total number and volume of significant spills.	-	
EN 24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	-	
EN 25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	-	



Performance indicators	Description	Reported	Cross reference/Direct Answer
<b>Products and Services</b>			
EN 26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	-	
EN 27	Percentage of products sold and their packaging materials that are reclaimed by category.	-	
<b>Compliance</b>			
EN 28	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations.	Fully	36
<b>Transport</b>			
EN 29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	-	
<b>Overall</b>			
EN 30	Total environmental protection expenditures and investments by type.	Fully	37
<b>Social: Labor Practices and Decent Work</b>			
<b>Employment</b>			
Performance indicators	Description	Reported	Cross reference/Direct Answer
LA 1	Total workforce by employment type, employment contract, and region, broken down by gender.	Fully	40
LA 2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	Fully	41
LA 3	Benefits provided to full-time employees that are not provided to temporary or part time employees, by significant locations of operation.	-	

Performance indicators	Description	Reported	Cross reference/Direct Answer
LA 15	Return to work and retention rates after parental leave, by gender.	-	
<b>Labor/Management Relations</b>			
LA 4	Percentage of employees covered by collective bargaining agreements.	Fully	41
LA 5	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements.	-	
<b>Occupational Health and Safety</b>			
LA 6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	-	
LA 7	Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender.	Fully	42
LA 8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	Fully	44
LA 9	Health and safety topics covered in formal agreements with trade unions.	-	
<b>Training and education</b>			
LA 10	Average hours of training per year per employee by gender, and by employee category.	Fully	44
LA 11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	-	
LA 12	Percentage of employees receiving regular performance and career development reviews, by gender.	-	
<b>Diversity and Equal Opportunity</b>			

Performance indicators	Description	Reported	Cross reference/Direct Answer
LA 13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	-	
<b>Equal Remuneration for Women and Men</b>			
LA 14	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	-	
<b>Human Rights</b>			
<b>Investment and Procurement Practices</b>			
HR 1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening.	Fully	45
HR 2	Percentage of significant suppliers, contractors, and other business partners that have undergone human rights screening, and actions taken.	-	
HR 3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	-	
<b>Non-discrimination</b>			
HR 4	Total number of incidents of discrimination and corrective actions taken.	Fully	45
<b>Freedom of Association and Collective Bargaining</b>			
HR 5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights.	-	
<b>Child Labor</b>			
Performance indicators	Description	Reported	Cross reference/Direct Answer

HR 6	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	Fully	46
<b>Forced and Compulsory Labor</b>			
HR 7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	Fully	46
<b>Security Practices</b>			
HR 8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	-	
<b>Indigenous Rights</b>			
HR 9	Total number of incidents of violations involving rights of indigenous people and actions taken.	-	
<b>Assessment</b>			
HR 10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	-	
<b>Remediation</b>			
HR 11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms.	-	
<b>Society</b>			
<b>Local Communities</b>			
SO 1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	Fully	47
SO 9	Operations with significant potential or actual negative impacts on local communities.	-	
<b>Performance indicators</b>	<b>Description</b>	<b>Reported</b>	<b>Cross reference/Direct Answer</b>

SO 10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	-	
<b>Corruption</b>			
SO 2	Percentage and total number of business units analyzed for risks related to corruption.	Fully	53
SO 3	Percentage of employees trained in organization's anti-corruption policies and procedures.	Fully	53
SO 4	Actions taken in response to incidents of corruption.	-	
<b>Public Policy</b>			
SO 5	Public policy positions and participation in public policy development and lobbying.	-	
SO 6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	-	
<b>Anti-Competitive Behavior</b>			
SO 7	Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes.	-	
<b>Compliance</b>			
SO 8	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations.	Fully	53
<b>Product Responsibility</b>			
<b>Customer Health and Safety</b>			
PR 1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	Fully	56
<b>Performance indicators</b>	<b>Description</b>	<b>Reported</b>	<b>Cross reference/Direct Answer</b>
PR 2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts	-	

	of products and services during their life cycle, by type of outcomes.		
<b>Product and Service Labeling</b>			
PR 3	Type of product and service information required by procedures and percentage of significant products and services subject to such information requirements.	Fully	57
PR 4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	-	
PR 5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	-	
<b>Marketing Communications</b>			
PR 6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	-	
PR 7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	-	
<b>Customer Privacy</b>			
PR 8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	-	
<b>Compliance</b>			
PR 9	Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services.	Fully	57









## UNGC - The Ten Principles



# United Nations Global Compact

UNGC “The Ten Principles”			
Principle	Statement	Page No.	GRI G 3.1 Indicator
Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights.	41, 42, 45, 46, 56, 57	LA 4, LA 7, HR 1, HR 4, HR 6, HR 7, PR 1, PR 8
Principle 2	Businesses should make sure that they are not complicit in human rights abuses.	45, 46	HR 1, HR 4, HR 6, HR 7
Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	41, 45	LA 4, HR 1
Principle 4	Businesses should uphold the elimination of all forms of forced and compulsory labor.	45, 46	HR1, HR 7
Principle 5	Businesses should uphold the effective abolition of child labor.	45, 46	HR1, HR 6
Principle 6	Businesses should uphold the elimination of discrimination in respect of employment and occupation.	42,45	LA 2, HR1, HR 4
Principle 7	Businesses should support a precautionary approach to environmental challenges.	31, 37	EC 2, EN 30
Principle 8	Businesses should undertake initiatives to promote greater environmental responsibility.	34, 35, 36, 57	EN 1, EN 3, EN 5, EN 8, EN 16, EN 21, EN 22, EN 28, PR 3
Principle 9	Businesses should encourage the development and diffusion of environmentally friendly technologies.	35	EN 5
Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.	53	SO 2, SO 3

## GRI Application Level Declaration

Report Application Level		C	C+	B	B+	A	A+
Standard Disclosures	<b>G 3.1 Profile Disclosure</b> 	Report on: 1.1 2.1-2.10 3.1-3.8, 3.10-3.12, 4.1-4.4, 4.14-4.15		Report on all criteria listed for Level C plus: 1.2, 3.9, 3.13, 4.5-4.13, 4.16-4.17 		Same as requirement for Level B	
	<b>G 3.1 Management Approach Disclosure</b> 	Not Required		Management Approach Disclosure for each Indicator Category 		Management Approach Disclosure for each Indicator Category	
	<b>G 3.1 Performance Indicators</b> 	Report on minimum of 10 Performance Indicators, including at least one from each of: Economic, Social and Environmental.	Report Externally Assured	Report on minimum of 20 Performance Indicators, including at least one from each of: Economic, Environmental, Human Rights, Labor, Society, Product Responsibility. 	Report Externally Assured	Report on each core G3.1 and Sector Supplement* Indicator with due regard to the Materiality Principle by either: a) reporting on the Indicator or b) explaining the reason for its omission.	Report Externally Assured

\*Sector supplement in final version

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## Feed Back Form

### Sustainability Report 2011

Details of information provided on issues covered in the report

☐ Comprehensive    ☐ Adequate    ☐ Not adequate

Clarity of the information provided in the report

☐ High    ☐ Medium    ☐ Low

The quality of design and layout of the report

☐ Excellent    ☐ Good    ☐ Average

Your comments for adding value to the report

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Name :

Designation :

Organization :

Contact Details :

Tel :

Please mail your feed back to:

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## Glossary and Acronyms

CBA	Collective Bargaining Agent
DAP	Di-ammonium phosphate, a chemical composition of Nitrogen (18%) and Phosphorus (46%) fertilizers
CSR	Corporate Social Responsibility
GRI	Global Reporting Initiative
GHG	Green House Gases
HSE	Health Safety and Environment
ICAP	Institute of Chartered Accountants of Pakistan
ICMAP	Institute of Cost & Management Accountants of Pakistan
KSE	Karachi Stock Exchange
MW	Mega watt
NEQS	National Environmental Quality Standards
MEID	Mountain Institute of Educational Development
NGO	Non Government Organization
OHSAS	Occupational Health and Safety Management System
SOP	Sulphate of Potash. Primarily a Potassic fertilizer

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Awais Baig	Financial Reporting
Ali Azizuddin	CSR
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