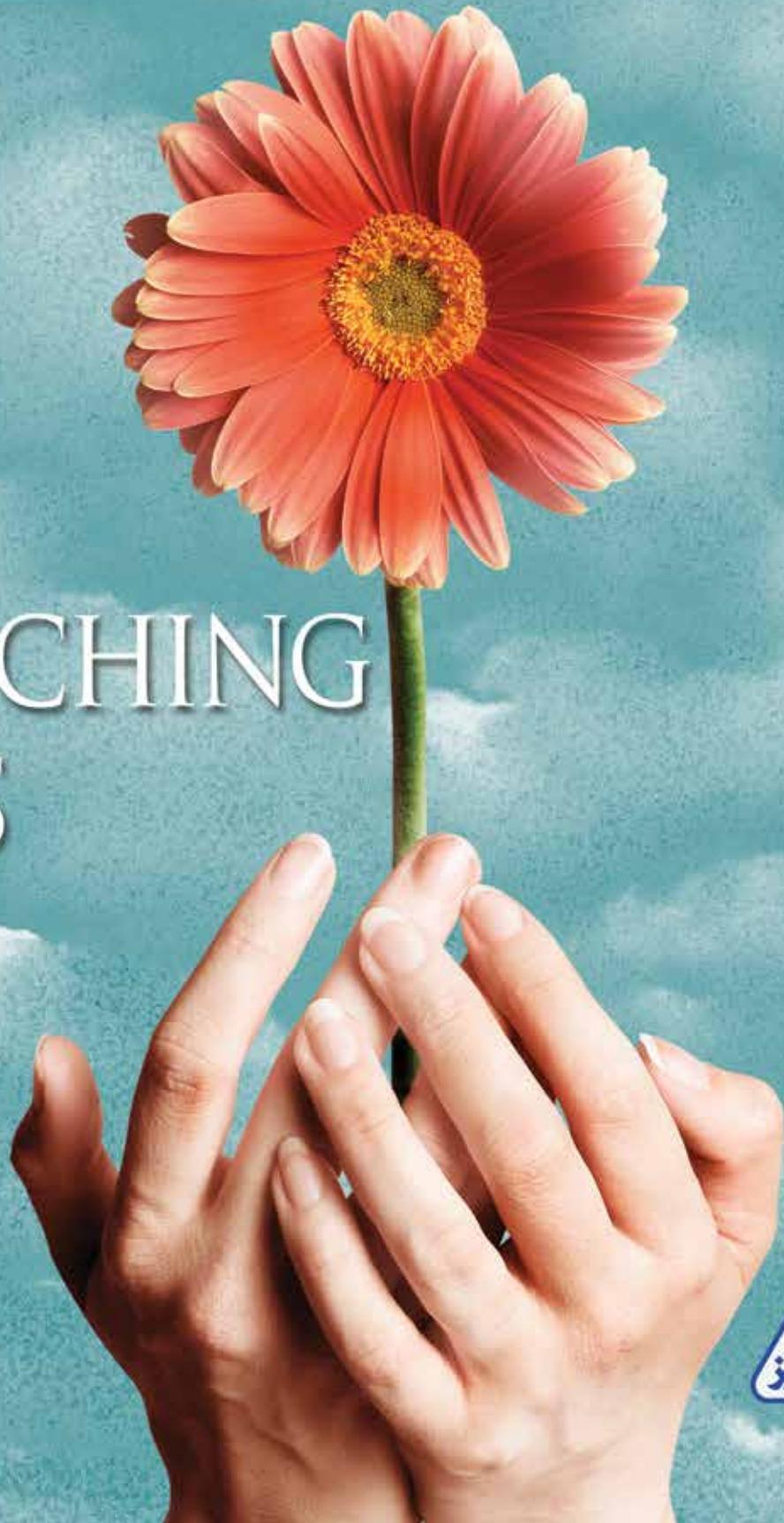


SUSTAINABILITY REPORT 2013



ENRICHING LIVES





CONTENTS

VISION & MISSION	02
CHAIRMAN'S MESSAGE	04
CEO'S MESSAGE	05
WHY SUSTAINABILITY?	06
FATIMA FERTILIZER AT A GLANCE	07
EXECUTIVE SUMMARY	09
REPORTING PARAMETERS	10
AWARDS	11
CORPORATE GOVERNANCE	12
CORPORATE STRUCTURE	13
CULTURING BUSINESS DNA	15
FINDING CHALLENGES TO CONQUER	16
COMMITMENT TO EXTERNAL INITIATIVES	17
STAKEHOLDER ENGAGEMENT	19
ECONOMIC PERFORMANCE	27
ENVIRONMENTAL PERFORMANCE	29
SOCIAL PERFORMANCE	39
TOMORROW, AS WE SEE IT	53
GRI APPLICATION LEVEL DECLARATION	58
GRI CONTENT INDEX	59
ANNEXURES	68
ACKNOWLEDGEMENTS	72
FEEDBACK FORM	73

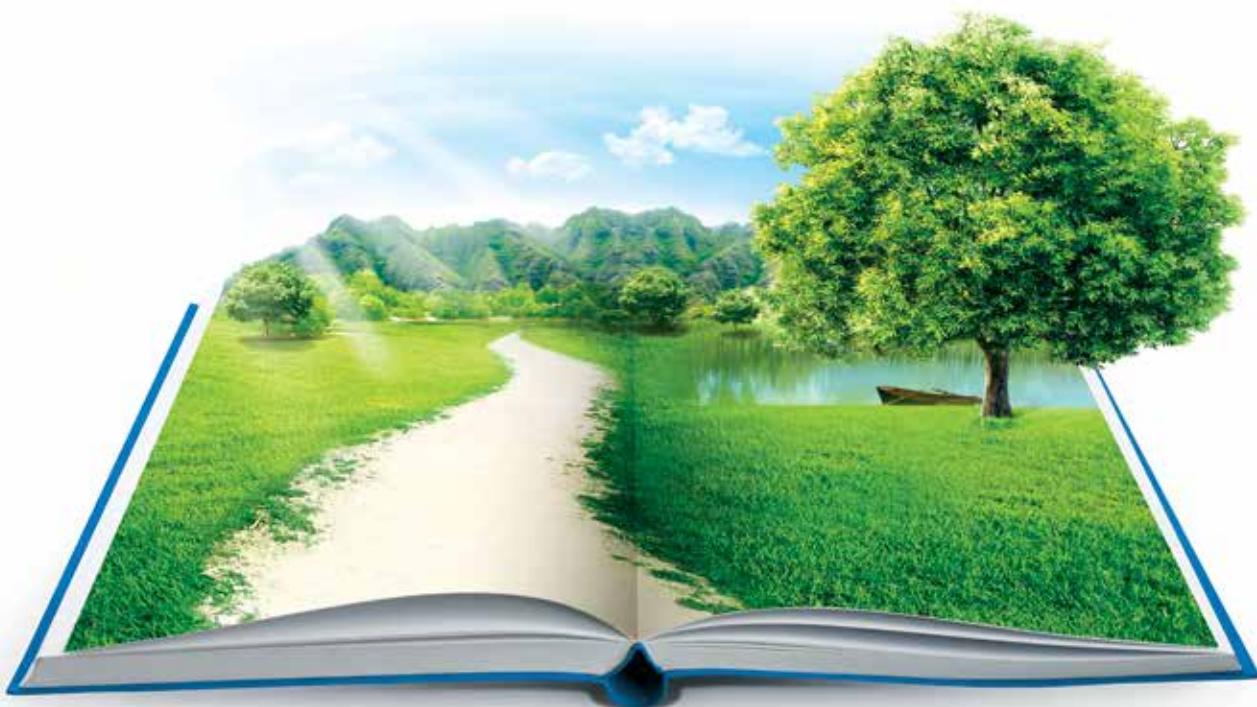
SUSTAINABILITY REPORT 2013



 **Fatima**
Fertilizer Company Limited

VISION

To be a world class manufacturer of fertilizer and ancillary products, with a focus on safety, quality and positive contribution to national economic growth and development. We will care for the environment and the communities we work in while continuing to create shareholders' value.



MISSION

- To be the preferred fertilizer company for farmers, business associates and suppliers by providing quality products and services.
- To provide employees with an exciting, enabling and supportive environment to excel in, be innovative, entrepreneurial in an ethical and safe working place based on meritocracy and equal opportunity.
- To be a responsible corporate citizen with a concern for the environment and the communities we deal with.

CHAIRMAN'S MESSAGE

Nourishing Soils, Enriching Lives...



Arif Habib
Chairman, Board of Directors

On behalf of Fatima Fertilizer Company's Board of Directors, I take this opportunity to share the Company's commitment to sustainable growth. We believe that sustainable growth is a desire to create a symbiotic relationship among our business practices, the stakeholders we directly impact, our country and the planet we live on.

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

While pursuing profitable activities, we will continue to identify and implement sustainable ways for growing our businesses. Our strategy revolves around achieving greater eco-efficiency through efficient use of natural resources; stewarding product safety; increasing commitment to climate change with a focus on an environmental management system that continues to lower costs and increase efficiencies.

This is the first sustainability report for our stakeholders. We approach this report with the same commitment as we approach all our responsibilities, and through it we aim to show you a clear, transparent picture of what we are doing as a company to achieve our economic, social and environmental objectives. We hope to receive your feedback and views in order to help us build on our strengths today, and create a more sustainable tomorrow for all.



CEO'S MESSAGE



Fawad Ahmed Mukhtar
Chief Executive Officer (CEO)

Social responsibility is central to our vision, mission and core values. In the light of our vision, we decided to publish our first sustainability report to share with our stakeholders.

Inspite of growing challenges in our operational environment, Fatima Fertilizer has done well in 2013 and plans to excel in years ahead.

Our social investments in national disaster management, health and education sectors are benefiting thousands of people. Our health sector interventions in shape of a free vaccination center at the Fatima Fertilizer plant site and annual support to institutions such as Shaukat Khanum Memorial Cancer Hospital and Research Center, and Aga Khan Hospital brought relief to the less fortunate people. The education sector investments in the shape of scholarships for financially disadvantaged students at Lahore University of Management Sciences (LUMS), University of Engineering and Technology (UET) and Institute of Business Administration (IBA) as well as school adoption program in collaboration with CARE Foundation have provided quality education to large number of students.

We, at Fatima Fertilizer are committed to continuous improvement in Health, Safety and Environment. We have achieved certifications for OHSAS 18001:2007 Occupational Health and Safety Assessment System, ISO 9001:2008 Quality Management System, 14001:2004 Environmental Management Systems and WWF's Green Office certification for our Head Office. Our fertilizer manufacturing facilities achieved a remarkable record of lowest injury rate in the country. We shall continue to achieve excellence in Health, Safety and Environment areas.

Finally, I thank all our stakeholders for their continued trust reposed in us and I invite you all to provide your valuable feedback through forums made available to you.



WHY SUSTAINABILITY?

We firmly believe that a successful business is a responsible business.



Contributing to sustainable development means consciously balancing short and long-term interests, integrating economic, environmental and social considerations (triple bottom line) into business decisions, and regularly engaging with its many stakeholders.

Fatima Fertilizer Company Limited (Fatima) is proud to present its first Sustainability Report. This report covers key performance indicators, annual and long-term targets, and the work done so far by the Company in the realm of sustainability.

The Company's motivation for adopting the triple bottom line approach is simple: in modern times, no company can ignore the fact that its operations have an impact not just on the welfare of its shareholders, but also on the lives of the people in its host communities, as well as the environment of the planet. The Company strongly believes that the interest of its broader stakeholder community, as well as the environment, is as important as the interests of the shareholders.

At Fatima, sustainability is at the heart of corporate values along with Integrity, Teamwork, Innovation, Excellence, Valuing People, Customer Focus, Health Safety Environment (HSE) and Corporate Social Responsibility (CSR). The Company seeks to ensure that these values are upheld by all employees and partners in order to build and secure a sustainable future.

In all, Fatima is committed to taking a wider view of what constitutes success and how it chooses to define it for its business. The Company is committed to delivering profits to its shareholders, but will do so while ensuring that it is able to invest in the needs of the broader stakeholder community as well as the planet.



FATIMA FERTILIZER AT A GLANCE



Fatima Fertilizer was incorporated on December 24, 2003, as a joint venture between two major business groups in Pakistan namely, Fatima Group and Arif Habib Group.

Fatima is the first and the only green field project which has materialized under the 2001 Fertilizer Policy of the Government of Pakistan, aiming to encourage investors in this field, in view of growing demand for fertilizer in the country.

The foundation stone was laid on April 26, 2006, by the then Prime Minister of Pakistan, Mr. Shaukat Aziz. The construction of the Complex commenced in March 2007 on 947 acres of land in Sadiqabad, Rahim Yar Khan. It is one of the largest fertilizer complexes in Pakistan.

The Fertilizer Complex is a fully integrated production facility, capable of producing two intermediate products, i.e. Ammonia and Nitric Acid, and three final products which are Urea, Calcium Ammonium Nitrate (CAN), and Nitro Phosphate (NP).

The Complex has a 56MW captive power plant in addition to off-sites and utilities. The Complex has been allocated 110 MMCFD (millions of cubic feet per day) of gas from the Mari Gas Fields.

The Company successfully completed the project phase during 2009 and the Plants became operational under trial run in 2010. Ammonia, Urea, Nitric Acid, and CAN Plants started trial production towards the end of March 2010. Nitro Phosphate Plant was commissioned in the second quarter of 2011.

Commercial production of the Complex was declared on 1 July 2011. The designed production capacity of the complex is as follows:

Product	Amount Produced (In Metric Tons per Annum)
Urea	500,000
CAN (Calcium Ammonium Nitrate)	420,000
NP (Nitro Phosphate)	360,000



Fatima Fertilizer Company Limited is a “Public Limited Company” and listed on all the three stock exchanges of Pakistan through a successful Initial Public Offering (IPO) in January 2010. 200 million ordinary shares were offered to the public bringing the issued Share Capital from 1,800 million to 2,000 million shares. The performance figures and ratios for the year 2013 are given below:

	2013
Sales Revenue	33,496 PKR in million
Profit after Tax	8,022 PKR in million
Dividend	2.50 Rupee per share
Earnings per share Basic and Diluted	3.82 Rupee
EBITDA	53.80%
Net Profit	23.95%
Return on Equity	24.49%
Return on Total Assets	10.12%

EXECUTIVE SUMMARY



This report is a review of the Company's growth and performance with a special emphasis on environmental and social performance. This executive summary identifies the Company's stakeholders' needs, initiatives taken to satisfy these needs and any future plans and opportunities that it wishes to take advantage of.

The report is designed as per guidelines given by Global Reporting Initiative (GRI) (3.1), ACCA-WWF¹ PERA² requirements and Fatima Fertilizer Company's vision and mission statements and its core values.

Sustainability shifts the focus from the Company's economic performance to the triple bottom line of people, planet, and profit. This report gives an in-depth and detailed description of Fatima's social, environmental, and economic performance for the year 2013 as required by both core and additional GRI indicators for each parameter.

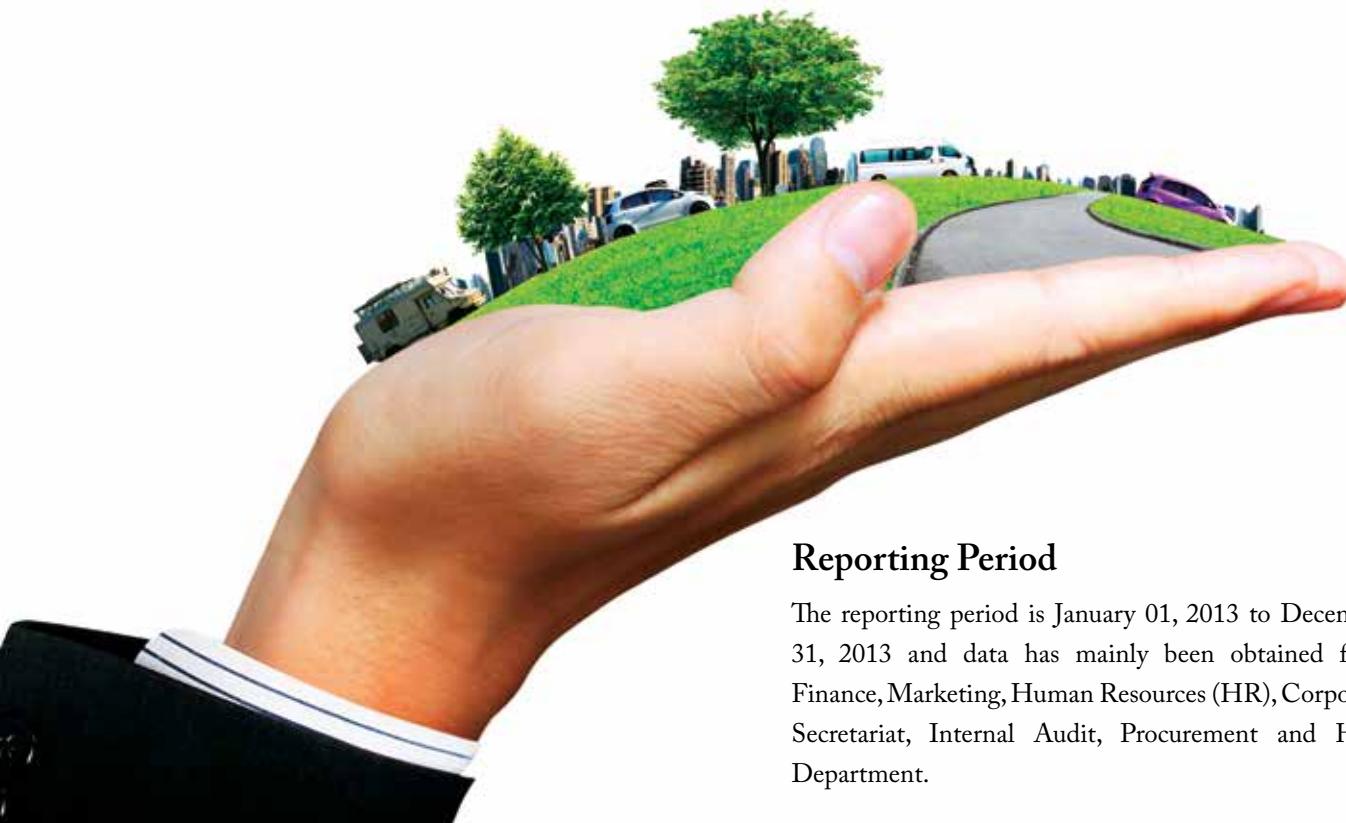
The Company firmly believes that a successful business is a responsible business, and long-term growth for all stakeholders goes hand-in-hand with Fatima's wider commitment to the communities, employees and the environment. Various initiatives have been taken to fulfill the Company's Corporate Social Responsibility (CSR) in disaster management, health and education sectors. These include setting up scholarship funds for brilliant and financially disadvantaged students at Lahore University of Management Sciences (LUMS), University of Engineering and Technology (UET), Institute of Business Administration (IBA) Karachi,

school adoption programs in collaboration with CARE Foundation, Infrastructural support at LUMS and Ghulam Ishaq Khan Institute (GIKI), and providing free books and stationery at Fatima School. Support in disaster management includes Fatima Model Village at Mehmoodkhot in Muzaffargarh district; 50 houses were constructed (at a cost of approximately 20 million) and handed over to the flood affectees of the area. Support in health sector includes running a free vaccination center at Fatima, annual support of Multan Diabetic Foundation, Sindh Institute of Urology and Transplantation (SIUT), Shaukat Khanum Cancer Memorial Trust and the Patients' Behbud Society at Agha Khan University Hospital (AKUH). Other welfare activities include annual support of Progressive Education Network (PEN) and the Rising Sun School for Special Children. Various initiatives have been taken on the environment front for the year 2013; plantation of 12,000 trees and shrubs at Fatima site, certification to Integrated Management System (IMS) which includes ISO 14001:2004-environment management, ISO 9001-quality management and OHSAS 18001-Occupational Health and Safety System, certification to Green Office Initiative, treatment of Green House Gases (GHGs) through Clean Development Mechanism (CDM) etc. In addition to this, rigorous communication and awareness campaigns about the importance of environmental preservation (such as World Environment Day) were organized.

¹ Association of Chartered Certified Accountants - World Wide Fund

² Pakistan Environmental Reporting Awards

REPORTING PARAMETERS



This is the first voluntary reporting on sustainability and will be published as a separate and stand-alone report. It uses the G3.1 Reporting Framework issued by the Global Reporting Initiative (GRI) and are aiming for a B Level report as per this framework. The Company also considered the requirements of ACCA-WWF (Association of Chartered Certified Accountants-World Wide Fund) PERA (Pakistan Environment Reporting Awards) in order to adopt best sustainability reporting practices within the country.

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

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

Report Boundary

This report covers the fertilizer production facility in Sadiqabad and the Corporate Head Office in Lahore. The text and statistics in this Report cover sites owned and operated wholly by Fatima Fertilizer Company.

Reporting Period

The reporting period is January 01, 2013 to December 31, 2013 and data has mainly been obtained from Finance, Marketing, Human Resources (HR), Corporate Secretariat, Internal Audit, Procurement and HSE Department.

Contact Us

Feedback on the Company's Sustainability Report is encouraged. If you would like to comment on the report or find out more about the Company's Sustainability Strategy and programs, please contact the Corporate HSE / Corporate Communications Department at: sustainability.reporting@fatima-group.com.

Report content

The Company identified key issues to be responded on as corporate strategy by using its materiality matrix. The purpose of the engagement was to prioritize the materiality of outcomes for management attention and further actions. All the issues which are significant in nature considering the concerns of the stakeholders and the Company are analyzed and covered in detail in the report.

Data Measurement Techniques

All numeric indicators are reported on actual basis except for a few environmental KPI's which are reported on management best estimates in accordance with international standards and best practices.

AWARDS



"The Company has received awards from renowned institutions for its outstanding performance on social and environment fronts."



Shaukat Khanum Social Responsibility Award

Shaukat Khanum Memorial Hospital (SKMH) acknowledged Fatima's generous support and contribution of being a socially responsible corporate entity. The award was presented by Mr. Imran Khan, Founder and Chairman, SKMH.

Fire Safety Excellence Award

In order to acknowledge the Company's effort in the field of safety, National Forum for Environment and Health (NFEH) presented Fatima Fertilizer with the Annual Fire Safety Excellence Award 2013.

Environment Excellence Award

Acknowledging the Company's efforts for a sustainable environment, National Forum for Environment and Health (NFEH) presented Fatima Fertilizer with the Annual Environment Excellence Award 2013.

CORPORATE GOVERNANCE



“Management is nothing more than motivating other people.”

Lee Iacocca

CORPORATE STRUCTURE

Fatima's Board consists of eminent individuals with diverse business experience and expertise. It comprises of eight directors, seven of whom have been elected by the shareholders for a term of three years. One director is nominee of National Bank of Pakistan. Other than the Chief Executive Officer (CEO), there are two executive director and five non-executive directors including the Chairman and nominee director.

The Board provides leadership and strategic guidance to the Company, oversees the conduct of business and promotes the interests of all stakeholders. It reviews corporate policies, overall performance, accounting and reporting standards and other significant areas of management, corporate governance and regulatory compliance. It also reviews and approves the annual budget and long term strategic plans.

The Board is headed by the Chairman who manages the Board's business and acts as its facilitator and guide. The Board is assisted by an Audit Committee and a Human Resource and Remuneration Committee while the CEO carries responsibility for day-to-day operations of the Company and execution of Board policies.

The Board of Directors

Fatima Fertilizer Company Limited's Board of Directors consists of 8 individuals including the Chairman of the Board, Mr. Arif Habib. These gentlemen are:

- Mr. Arif Habib
- Mr. Fawad Ahmed Mukhtar
- Mr. Fazal Ahmed Sheikh
- Mr. Faisal Ahmed Mukhtar
- Mr. M. Abad Khan
- Mr. Jørgen Nergaard Gøl
- Mr. Muhammad Kashif Habib
- Mr. Tariq Jamali

Board Committees

The Standing Committees of the Board of the Company are:

Audit Committee

Composition

The Audit Committee consists of five members of the Board. Majority of the members of the Audit Committee are nonexecutive including the Chairman³. The members are:

1. Mr. Muhammad Kashif Habib (Chairman)
2. Mr. Fazal Ahmed Sheikh
3. Mr. M. Abad Khan
4. Mr. Faisal Ahmed Mukhtar
5. Mr. Tariq Jamali

Human Resource and Remuneration Committee

Composition

The Human Resource and Remuneration Committee consist of four members of the Board. Majority of the members of the Committee are non-executive directors⁴. The members are:

1. Mr. M. Abad Khan (Chairman)
2. Mr. Jørgen Nergaard Gøl
3. Mr. Muhammad Kashif Habib
4. Mr. Faisal Ahmed Mukhtar

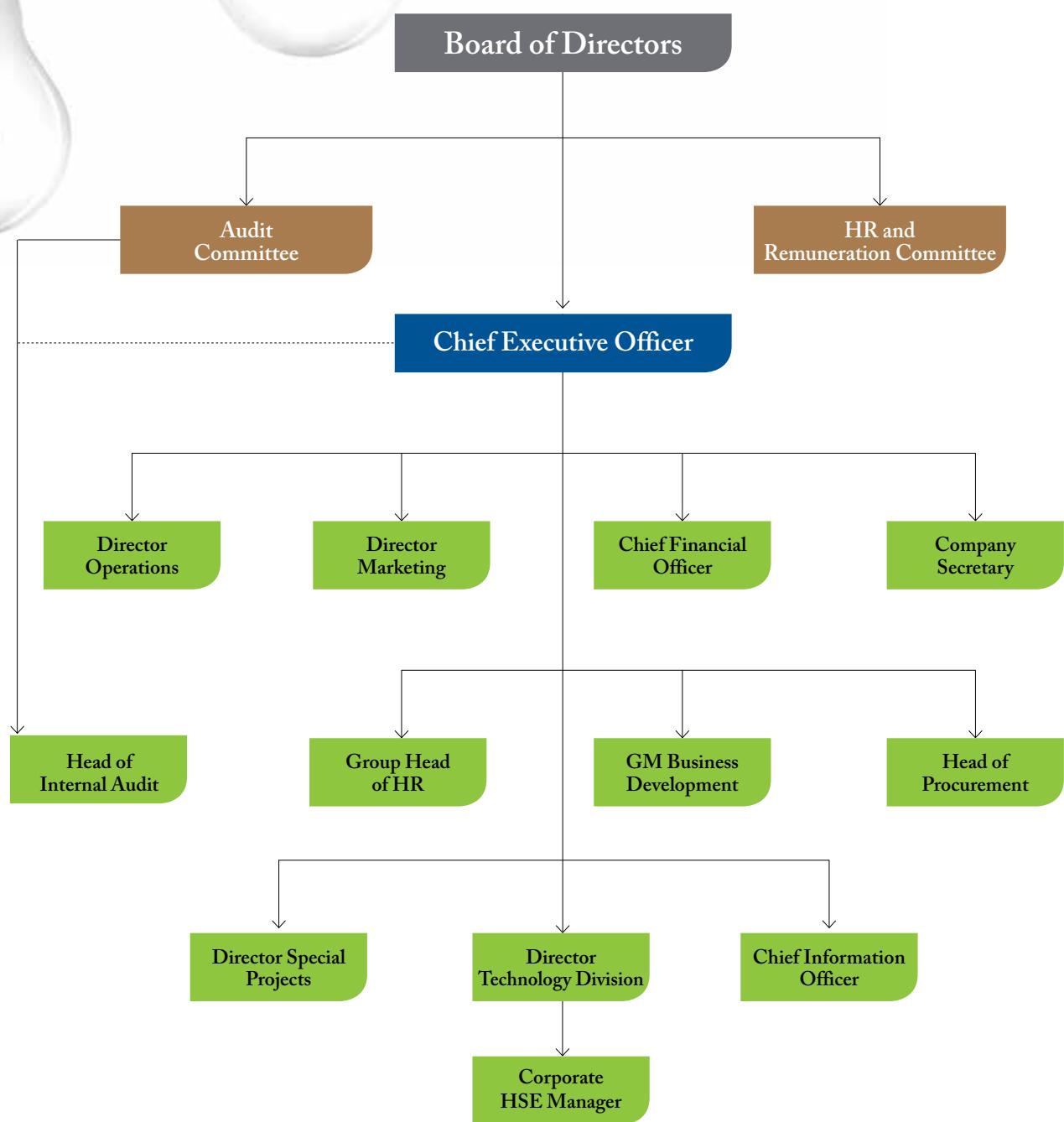
Board and Committees' Meetings

During the year under review, five meetings of the Board of Directors, one meeting of the Human Resource and Remuneration Committee and four meetings of the Audit Committee were held from January 01, 2013 to December 31, 2013.

³ See Annex. I for Terms of Reference

⁴ See Annex. II for Terms of Reference

CORPORATE STRUCTURE



“CULTURING THE BUSINESS DNA”

Our Corporate Values

The Company believes in creating a culture and an environment that encourages individuals to cooperate with each other and work as a social organism that functions in all ways to create value. At the core of Fatima's social organism lies its Values DNA which governs every aspect of its business.

“The foundation stones for a balanced success are honesty, character, integrity, faith, love and loyalty.”

Zig Ziglar



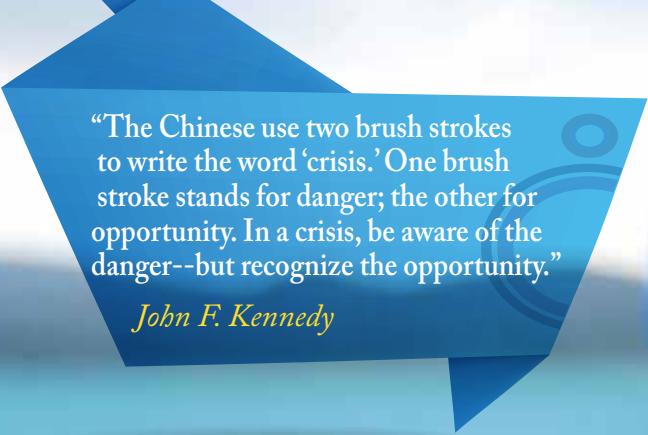
Code of Conduct⁵

All employees understand and live by the Company's Values and Code of Conduct .

These two are the benchmarks for all the Company's actions, are adopted by all its functions and steer the Company towards achieving all its goals.

⁵ See Annex. III for Code of Conduct

FINDING CHALLENGES TO CONQUER



“The Chinese use two brush strokes to write the word ‘crisis.’ One brush stroke stands for danger; the other for opportunity. In a crisis, be aware of the danger--but recognize the opportunity.”

John F. Kennedy



COMMITMENT TO EXTERNAL INITIATIVES

Fatima Fertilizer is continually taking initiatives to reduce environmental load of its operations by regularly improving processes through Research and Development (R&D), extensive balancing and modernization in an attempt to reduce emissions, waste and energy consumption. A few examples of Company's commitment to external initiatives are:

- In Annual Turnaround-2013, miscellaneous exchangers were attended for improvement in energy efficiency.
- Various modifications were made to improve the Plant energy indices and capacity.
- At Nitro Phosphate (NP) Plant, the scrubbing system has been improved which has reduced the wastage of raw materials to nearly zero.
- A De-dusting unit has been installed at Calcium Ammonium Nitrate (CAN) Plant, which markedly reduced lime wastage.

In addition to the above, the Company is also in the process of implementing Process Safety Management (PSM) at the plant site. This program is comprehensive and consists of 22 elements which are in line with international standards. It aims to make plant operations reliable and safe.

Fatima Fertilizer Plant site is IMS (Integrated Management System) certified. Under the IMS umbrella, the Plant is ISO 9000, ISO 140001 and OHSAS 18001 certified, covering Quality Management System,



Environmental Management System and Occupational Health and Safety System. The Head Office of Fatima Fertilizer is certified under the Green Office Initiative. This certification by World Wide Fund for Nature (WWF) is a testimony of the Company's commitment to the environment.

Fatima Fertilizer is a member of International Fertilizer Industry Association, British Safety Council and National Safety Council.

ENRICHING LIVES



"We're all working together;
that's the secret."

Sam Walton



STAKEHOLDER ENGAGEMENT

Fatima Fertilizer is committed to safeguarding interest of all stakeholders, namely its employees, community, investors, suppliers, dealers and regulatory authorities. Some of the activities undertaken to actively engage the said stakeholders are mentioned below:

The Investors and Shareholders

The Company engages with its investors and shareholders through the following means:



- Quarterly financial reports
- Financial Calendar shared on the website
- Stocks' status shared on website for investors' convenience
- Annual Financial Report and General Meetings

The Employees

The Company has initiated various programs to keep its strongest asset, the employees, engaged, motivated and up to date through:

- Employee Trainings
- Employee Volunteer Program
- Newsletter (thrice a year)
- Annual long service awards
- HSE awareness programs and activities
- Self-service counters for tea and coffee
- Themed activities (colour days, galas etc.)

Dealers

Fatima's work on improving channel health and increasing channel loyalty continued in 2013. Though the Company increased penetration by another 6% in its dealer network, the main thrust was in developing a balanced portfolio in line with the mission to be the preferred fertilizer brand for its customer network. To bolster their commitment, the Company has taken various initiatives to fulfill their needs:

- Contact Center for Complaint Management and Query Resolution
- SMS Alert services upon order generation, shipment delivery and dealer promotion
- Feedback surveys through call center to gauge dealer satisfaction with the company in general and customer service in particular

Over the years, the Customer Satisfaction Index has seen a steady rise and is gauged at several levels. In-house customer surveys and independent researches are conducted to monitor and improve the customer focus. This has resulted in an increase in repeat buyers as well as new customers. Surveys conducted by Nielsen Pakistan, have shown positive trend as the customer top of the mind brand and brand recall improving along with overall brand health over past years.

A survey, conducted in-house, was used to set the target of assessing customer response to all the customer centered initiatives. To the Company's profound satisfaction, the customers are very appreciative of the initiatives taken by Fatima. The Call Center has proved to be a one stop solution for them with the multiple facilities that are being offered from Ledger Balance inquiries to complaint management to general queries etc. The fact that turnaround time has been defined for complaint handling has helped bolster customer trust in the Company's initiatives and helped cement its relationship with the customer.

STAKEHOLDER ENGAGEMENT



Regulatory Bodies

Fatima Fertilizer Company Limited is listed on all stock exchanges. 14% of its equity is held by the general public. The Company maintains transparency in all its operations and business affairs. Complying with all the regulatory requirements and implementing them is a part of the Company's best practices philosophy and clearly mandated by its corporate values.

The regulatory bodies that impact Fatima are:

1. Securities and Exchange Commission of Pakistan (SECP)
2. Karachi Stock Exchange Limited (KSE)
3. Lahore Stock Exchange Limited (LSE)
4. Islamabad Stock Exchange Limited (ISE)
5. Central Depository Company of Pakistan Limited (CDC)
6. State Bank of Pakistan (SBP)

Local Community

Involvement with surrounding communities is inevitable for an organization with a scale such as Fatima Fertilizer. As a responsible corporate entity, the Company is well aware of its role and does its best to enhance the quality of life of the people living in communities around the Plant site. Through its CSR Department and as individuals, it engages with them on multiple levels through a series of programs focusing on education, health and social uplift. The Company believes that its small incremental steps towards bringing them at par with the rest of Pakistan will succeed soon⁶.

⁶ Further efforts and plans for the same communities are outlined in the section, "Tomorrow as we see it"

Fatima Families



Fatima Fertilizer believes in going beyond engaging with just its employees. It believes in connecting with its employees' families as well. To achieve this, various activities were arranged in 2013. These included:

- Weekly Friday Night BBQs were arranged at the Fatima Plant for employees and their families.
- Eid Milan Get-togethers
- Family get-togethers were arranged for employees and their families at the Plant.
- Annual Funfair: The event comprised of colorful stalls, games activities, skits, and a sumptuous food court.
- Annual Musical Night: This was another excuse for

employees to get together and enjoy the performance along with their families.

Following activities and facilities have been also provided to the wives of the Fatima employees:

- Regular yoga classes
- Salon services
- Medical awareness sessions
- Household safety sessions for women and children
- Health awareness sessions
- Annual Sports Gala
- Dars-e-Quran classes

STAKEHOLDER ENGAGEMENT

Research and Development Partners

Technical Team collaborates with various local and international organizations for research and development projects to harness latest technologies and facilitate transfer of knowledge to its farmers.

Collaborations	Activity
Government Research Program Approval Meeting 2013-14	Fatima Fertilizer has been selected as a regular member of committees to review Departmental research programs.
International Potash Institute	Fatima organized an international symposium on “Balanced Fertilizer Use” in collaboration with Soil Sciences Society of Pakistan and the International Potash Institute, Germany.
Dawn SARSABZ Pakistan Agri Expo 2013	Fatima Fertilizer was the prime sponsors of the “Dawn SARSABZ Agri Expo 2013”, Pakistan’s largest agriculture exposition, attended by farmers and all major stakeholders from the Government and the Private Sector. The Company is deeply committed to connecting with the agriculture community and to understand their needs and expectations.
Crop Production Plans of the Agriculture Department	Nitro Phosphate and Calcium Ammonium Nitrate fertilizer recommendations were incorporated in rice, wheat, sugarcane, cotton, fodder and potato production plans.
Pakistan Standard Quality Control Authority (PSQCA)	Fatima was opted as Regular Member of National Standards Committee on Fertilizer, under the umbrella of the Pakistan Standards and Quality Control Authority. Since Dec 9, 2013, Fatima Fertilizer has permanent the Chairmanship of the Committee.
Collaborative Research with public research bodies	Potato Research Institute, Central Cotton Research Institute, Ayub Agriculture Research Institute , National Agriculture Research Center, Islamabad, University of Agriculture, Faisalabad, Rice Research Institute, Kala Shah Kaku and Dokri.
Site Specific NP and CAN Recommendations	Nitro Phosphate and Calcium Ammonium Nitrate recipes were incorporated in software developed for fertilizer use.
“SARSABZ PAKISTAN – KHUSAAL PAKISTAN”	Fatima is the only fertilizer company to produce a television program “SARSABZ Pakistan, Khushaal Pakistan” in collaboration with PTV, featuring top agricultural experts and scientists.



DEALERS' TRAINING 2013



All of Fatima's Dealer Network was covered during these Dealers' Trainings across all sales regions and districts. A wide range of topics were comprehensively covered to educate the Company's dealers.

The dealers were also educated about the efficient and effective distribution and usage of Fatima's products. The Product Stewardship element was covered in great detail to ensure that the products are dealt responsibly at all times. Business Ethics and Policies were also imparted during these sessions, along with a detailed workshop on customer service initiatives and Channel Support Plan. The dealers were also briefed on the brand SARSABZ, the packaging, the launch activities, and the subsequent campaigns to ensure that they can ably communicate the brand to the customers.

“Network marketing is based purely on relationship selling, which is the state of the art in selling today. Small and large companies throughout the country and the world are realizing that individuals selling to their friends and associates is the future of sales, because the critical element in buying is trust.”

Brian Tracy

FARMERS TRAINING



The Company is deeply committed to improving the lives of its farmers. Throughout the year, across all regions, Fatima Fertilizer's teams interact with farmers to share the latest researches and developments in agriculture. These activities help strengthen the existing relationship the Company has with its end-users while helping it reach out to new ones. These activities also keeps the Company updated with the latest challenges that farmers face while helping it develop new strategies and tools to overcome these challenges.

The activities include:

- High Profile Meetings
- Farmer's meetings
- Farm Visits
- Group Discussions
- Soil Sampling Visits
- Field Days
- Sugar Mills' Staff Trainings
- Public Services' Staff Trainings

These activities create an open and friendly environment for farmers to air their problems and it also paves the way for a mutually beneficial collaboration to take root as well.

INTRODUCING EMPLOYEE VOLUNTEER PROGRAM



It is the duty of every employee to give back to the community by contributing to various social and developmental causes both on individual and collective levels.

The Employee Volunteer Program (EVP) provides the employees with an opportunity to contribute to various social causes that they support under the Company's sponsorship. Through this initiative, the Company is not just addressing various social issues by facilitating employee interest in helping their communities, but, also providing its employees to grow as individuals.

“Our environment, the world in which we live and work, is a mirror of our attitudes and expectations.”

Earl Nightingale

THE TRIPLE BOTTOM-LINE PERFORMANCE



“The time is always right
to do what is right.”

Dr. Martin Luther King Jr.

ECONOMIC PERFORMANCE

The Company is committed to playing a leading role in industrial and agricultural progress by standing above the competition, providing premium quality fertilizer products to customers and producing healthy and anticipated returns to the investors.

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

The Company, in the year 2013, delivered strong growth in earnings and dividends, with focus on sales, cost optimization and effective cash utilization.

EC1

Direct Economic Value Generated (2013)	Rs. in million
Revenues	39,516
Economic Value Distributed	
Operating Costs	13,732
Employee wages and benefits	1,944
Payments to providers of Capital	8,369
Payments to Government (e.g. taxes or penalties)	10,073
Community investments	48
Economic Value Retained :	
Economic Value Generated - Economic Value Distributed	5,350



EC2

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

Risks:

- Risk of timely or excess rainfall, delayed sowing, changes in soil fertility.
- Changes in government levies, support prices of agricultural products, falling Rupee exchange parity, changes in markup rates, import subsidies and general law and order situation etc.

Opportunities:

- For environmental protection through reduction in greenhouse gas emissions, Fatima has installed Clean Development Mechanism (CDM). The reduced emissions also generate economic benefits as certified emission reduction certificates are tradable on international exchanges. To date Fatima has generated 813,780 Certified Emission Credits (CERs) which value USD 569,646 at prevalent rate of 0.7USD/CER.

EC3

Coverage of the organization's defined benefit plan obligations.

- The Company operates a funded gratuity scheme (defined Benefit Plan) for all employees according to the terms of employment, subject to a minimum qualifying period of service. Annual provision is made on the basis of actuarial valuation to cover obligations under the scheme for all employees eligible to gratuity benefits.

The latest actuarial valuation for gratuity scheme was carried out as on December 31, 2013. Projected unit credit method is used for valuation of the scheme.

EC4

Significant financial assistance received from Government.

No significant financial assistance received.

Aspect: Indirect Economic Impacts

EC8

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 surveys to determine infrastructure and other services needed. Fatima Fertilizer works in the community around manufacturing plant of the Company. Several initiatives have been undertaken to improve the health infrastructure, education and poverty alleviation for the plant site community. These initiatives are covered in details in "Commitment to our Community" section of the report.

ENVIRONMENTAL PERFORMANCE



ENVIRONMENTAL PERFORMANCE

Health, Safety and Environment Policy

Fatima Group considers “Safety of its employees, stakeholders, contractors and the community” equal to its production targets.

Fatima Group believes that all injuries, occupational illnesses, safety & environment incidents are preventable.

Fatima Group will endeavor to maintain high standards of health, safety & environment in all aspects of its business conduct and continuously improve in these fields. Through this, the Group reaffirms global corporate organization.

Fatima Group is committed to:

- Conduct its business in a manner that protects the health and safety of employees, contractors and others involved in our operations and the community in which we live and operate.
- Conform to the requirements of all legislations, regulations and codes of practice pertaining to health safety and environment.
- Implement environment protection measures that address pollution prevention in all aspects of our business.
- Practice transparent public reporting of the HSE performance.
- Ensure that HSE is a major responsibility of appropriately trained, empowered & accountable employees & management.
- Encourage and promote a culture where best HSE practices and learnings from own and other incidents will be transparently shared with its employees and contractors.
- Maintain a constant vigilance and readiness to prevent, and where required, respond to and effectively manage any incident.
- Encourage off the job HSE awareness among employees and their families.
- Recognize and reward outstanding HSE performance.



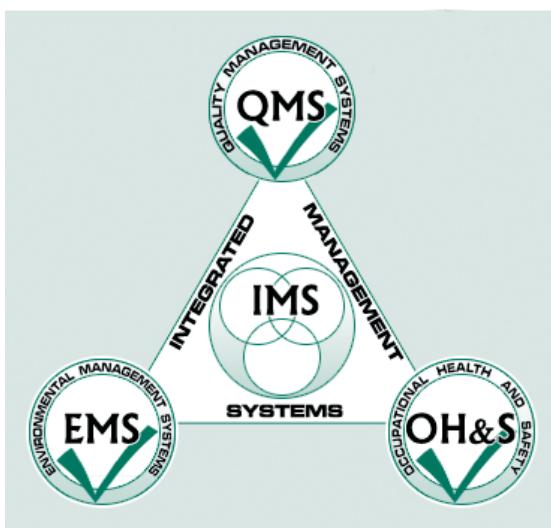
Fawad Ahmed Mukhtar
CEO

Management Approach

The ever-increasing environmental degradation, with challenges of energy deficiency, food shortages, deforestation, and rapidly increasing carbon footprints indicate an alarming need for a sustainable and comprehensive management of the environment. Fatima is committed to preserving the environment and the prevention of pollution from its activities and operations, and to protect the employees and workplaces from hazards of pollution. The Management strongly believes in following environmentally sustainable practices pertaining to the management of gaseous emissions, particulate matter, noise levels, effluents (sewage) and solid waste. The Company strives to bring continuous improvement in its environmental management system to enhance the health, safety, and environmental performance.

Certifications

- Integrated Management System (IMS) certification of the Fatima Fertilizer Plant site. The IMS includes certifications to ISO 9001 (Quality Management), ISO 14001 (Environment Management), OHSAS 18001 (Occupational Health and Safety System)
- WWF's Green Office Certification for Fatima Head Office



Aspect: Energy

Environmental Performance Indicators (GRI 3.1)

Aspect: Material

EN1 Materials used by weight or volume

Material	Unit	Quantity
1. Natural Gas	Metric ton	602267
2. Ammonia	Metric ton	412110
3. Nitric Acid	Metric ton	396529
4. Packaging Material	Metric ton	2957

EN3 Direct energy consumption by primary energy source

Energy Consumption	Unit	Quantity
1. Energy consumed for production		
• Natural Gas	GJ	16789229
2. Energy consumption for power generation		
• Natural Gas	GJ	2367265
• Diesel	GJ	4459205

ENVIRONMENTAL PERFORMANCE

EN5 Energy saved due to conservation and efficiency improvements

Energy Efficiency

Fatima Fertilizer has been involved in various initiatives to reduce its energy consumption. Some of the initiatives taken are as follows:

- In Annual Turnaround-2013, miscellaneous exchangers were attended to bring improvement in energy efficiency.
- Besides this, various modifications were made to improve plant energy indices and capacity.

The Company aims to develop Site Energy Conservation Plans for the coming years in which it will continue to look at technology upgrades, equipment modernization, and asset maintenance to achieve its objective.

Aspect: Water

EN8 Total water withdrawal into the organization by source

The ground water pumped out for the year 2013 is 6,436,660 cubic meters to meet the water requirements at Fatima Fertilizer. The water utilized on site is approximately 945m³/hour, out of which 98m³/hour is potable water consumption.

Going forward the Company remains resolute in reducing its water consumption on a relative basis and for this, it plans to conduct a Water Conservation Study.

Aspect: Biodiversity

EN11 Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.

The area covered by the Fatima plant site is 505 acres. As per the Environment Impact Assessment (EIA) report for the site, there is no unique or natural habitat of internationally or locally recognized rare, threatened, or endangered species in or around the vicinity of the operational site. There are no forests within about 100 km radius of the plant site.

EN12 Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.

There is no significant impact of the Company's activities on the biodiversity of the surrounded area as there are no unique, threatened or endangered species or protected areas around the vicinity of the operational site.

Aspect: Emissions, effluents and waste

EN16 Total direct and indirect Greenhouse emissions by weight

The energy that the Company uses today is primarily produced by burning fossil fuels which produces Greenhouse Gases (GHGs). Carbon dioxide (CO₂) is the only GHG which is mainly present in its flue gases. The figure below for CO₂ is based on site specific data (fuel composition analysis).

Emissions	Unit	Quantity
CO ₂	Metric Tons	133103

EN18 Initiatives to reduce Green House Gas emissions and reductions achieved

The pioneering installation of a Clean Development Mechanism (CDM) unit at the Nitric Acid (NA) plant results in significant reductions of Green House Gases (GHGs). This project has successfully treated 443,380 tCO₂ for the year 2013.

EN20 NO_x, SO_x, and other significant air emissions by type and weight

Fatima Fertilizer has an Air Quality Measurement Program to identify the limits of pollution parameters in the ambient air in and around the Fatima Plant. The stack emissions monitoring is done on monthly basis for the priority parameters in compliance with the requirements of National Environment Quality Standards (NEQS) (Self-Monitoring and Reporting) Rules, 2001.

Emissions from Power Generation Process

Natural gas is the fuel primarily utilized for power generation. The levels of carbon monoxide, Sulphur dioxide and oxides of nitrogen are monitored from the stacks of power generation engines by a reputable third party laboratory. All of the parameters monitored are well below their respective limits specified in the NEQS.

Following is an extract from the result of independent testing conducted during December 2013 at Fatima plant:

S. No	Parameters	Units	NEQS Limits	HRS-A	HRS-B
1	Carbon monoxide	Mg/Nm ³	800	31.3	26.2
2	Sulphur Dioxide	Mg/Nm ³	1700	0.0	0.0
3	Oxides of nitrogen	Mg/Nm ³	400	59.4	68.5

Emissions from Fertilizer Manufacturing Process Stacks

Similarly, the levels of emissions from stacks for particulate matter, carbon monoxide, Sulphur dioxide, and oxides of nitrogen are well below their respective limits specified in the NEQS.

Following is an extract from the result of independent testing conducted during December 2013 at Fatima plant:

S. No	Parameters	Units	NEQS Limits	Ammonia Plant	Nitric Acid (NA) Plant ⁷	Prilling Tower
1	Carbon monoxide	Mg/Nm ³	800	48.6	19.7	-
2	Sulphur Dioxide	Mg/Nm ³	1700	0.0	0.0	-
3	Oxides of nitrogen	Mg/Nm ³	400 ⁷	180.2	15.8	-
4	Particulate Matter (PM)	Mg/Nm ³	300	-	-	97.5



⁷ For Nitric Acid (NA) manufacturing unit, limiting value of NOx (oxides of nitrogen) is 3000.0 Mg/Nm³.

ENVIRONMENTAL PERFORMANCE

EN21 Total water discharge by quality and destination

Year	Effluent Water Discharge to Evaporation Pound (cubic meter/hour)	Wastewater (# of times exceeded)
2013	580	0

Fatima Fertilizer has installed waste water treatment facilities in the form of equalization basin and evaporation ponds to ensure that any water that is discharged from the facility is safe and does not pollute the region's water table. The monitoring of waste water from the final discharge point is done on a monthly basis for the priority parameters in compliance with the requirements of NEQS (Self-Monitoring and Reporting) Rules, 2001.

Following is an extract from the result of independent testing conducted during December 2013 at Fatima plant. All of the parameters monitored are well below their respective limits specified in the NEQS:

Sr. No.	Parameter	Units	NEQS Limits	Final Discharge Point
1	pH	-	6-9	7.48
2	Temperature	degree C	=<3 degree C	20 (This is the lab temperature)
3	Biological Oxygen Demand(BOD) at 20 degree C	mg/l	80	57.9
4	Chemical Oxygen Demand (COD)	mg/l	150	75
5	Total Suspended Solids (TSS)	mg/l	200	60
6	Total Dissolved Solids (TDS)	mg/l	3500	1007
7	Fluoride as F	mg/l	10	1.42
8	Ammonia as NH3	mg/l	40	9
9	Cadmium	mg/l	0.1	0.013
10	Chloride	mg/l	1000	118
11	Iron	mg/l	2.0	0.1
12	Sulphate	mg/l	600	507
13	Oil and Grease	mg/l	10	1.63



EN22 Total weight of waste by type and disposal method

Following is a breakdown of non-hazardous waste produced as a result of the production process:

Year	Solid Waste Generation (in tons)		
2013	Lime	Silica	Urea Fines
	93667	10833	2500

The Lime and Urea Fines are being recycled back in to the process, whereas the silica is being stored on-site. The Company is in the process of locating scrap purchasers who are certified by the Environmental Protection Agency (EPA), who dispose-off the scrap through approved methods.

The following measures have been taken during 2013 in order to minimize waste production:

- At the Nitro Phosphate (NP) Plant, the scrubbing system has been improved which reduced the wastage of raw materials to nearly zero.
- A De-dusting unit has been installed at Calcium Ammonium Nitrate (CAN) Plant, which reduced the wastage of lime

EN23 Total number and volume of significant spills

No significant spills have been reported on Fatima Fertilizer plant site in 2013.

EN27 Percentage of products sold and their packaging materials that are reclaimed (by category)

- UREA - 0% • CAN - 0% • NP - 0%

The Company does not reclaim packaging material.

Aspect: Compliance

EN28 Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations.

There were no monetary fines on Fatima Fertilizer for any non-compliance related to environmental laws during the reporting year

Aspect: Overall

EN30 Total environmental protection expenditures and investments by type

Total expenditure on HSE activities at Fatima Fertilizer plant was PKR 57 million for the year 2013.

ENVIRONMENTAL PERFORMANCE

Other Initiatives



WWF's Green Office Initiative

As a commitment to a greener environment, the Company's Head office has undergone Green Office certification. To ensure the implementation of this program, several initiatives have been applied that will continue to reduce the electrical consumption, paper usage and carbon footprint of this facility. By reducing the Company's carbon footprint, energy consumption, and use of natural resources, Fatima Fertilizer is helping preserve the planet and its resources for future generations.

The Green Office initiative called for a reduction in three major areas; energy, paper and waste. Some of the key efforts to live the philosophy of Green Office are:

- Monitoring electricity, paper, and waste data;
- Employee awareness through sessions, emails, screen savers and stickers displaying a variety of messages with regard to environment conservation;
- Turning off lights and electrical appliances during lunch breaks;
- Phase-wise replacement of energy savers and other lights with LED lights;
- Moving to secure, traceable and controlled printing;
- Encouraging the use of multimedia and video conferencing;
- Placing recycle paper trays where employees drop paper used only on one side. Others pick this and reuse the other side;
- Encouraging the use of recycled materials (like envelopes and carry bags);
- Segregating and recycling waste. The Company has signed a contract with Waste Busters to ensure that all its waste is dealt with in an environmentally-friendly manner;

The initiative has been undertaken to inculcate a culture

of environmental responsibility within the Company so that the employees can become ambassadors of responsible behavior, with respect to climate change, within their own communities. In turn, Fatima hopes that the effects of global warming and increased carbon footprint will be mitigated on much larger scale.

This partnership with WWF is meant to serve as an external check on the Company's internal commitments. The collaboration with WWF is an example of transparency, openness and fulfilling environmental and social responsibilities.

"It is indeed challenging to ensure environmental sustainability in a developing country, but WWF-Pakistan is helping organizations to minimize their ecological footprints by reducing consumption of natural resources, thus contributing to slowing down the climate change impact. Fatima Fertilizer got certified by WWF-Pakistan as a Green Office in December 2013, by not only having a systematic environmental management program with well-defined actions but also an environmentally aware management and employees. They are committed to improve continuously and intend to inculcate environmental spirit in their employees."

Ali Hassan Habib
Director General
WWF-Pakistan

Awareness Sessions

In order to improve the environment, health and safety consciousness among the families residing in the Residential Colony at Fatima Fertilizer, various awareness sessions have been conducted for the Management Ladies and children. The purpose of these sessions is to create a pro-active safety realization and environmental and health awareness among the families. Various topics have been covered, such as water conservation, waste segregation, effects of re-use of edible oil, unhealthy effects of soft drinks, hazards of extensive use of mobile phones, and types and classification of fires. Fire-fighting training along with a practical demonstration was also conducted for the Management Ladies.



Tree Plantation

The Company's aim is to continue planting and sustaining more and more trees in and around the plant site and housing areas to support the cause of a cleaner and greener Pakistan. In this regard, approximately 12000 trees and shrubs were planted in the year 2013.



ISO 14001:2004 and OHSAS 18001

A major feather in the Company's cap is achieving ISO 14001: 2004 (Environment Management) and OHSAS 18001 (Occupational Health and Safety Management) certification. Attaining these international environmental and occupational health and safety standards is just one step in proving the Company's eco-friendly and safety conscious credentials.

World Day for Safety and Health 2013

This day was observed in the Company's Head Office on 26th April, 2013. Various activities were held during this day; screening of a safety video, interactive presentation sessions, quiz competitions along with the sharing of relevant literature. The objective of observing this day was to increase the awareness among employees about the best occupational health and safety practices.

ENVIRONMENTAL PERFORMANCE

World Environment Day 2013

Fatima organized World Environment Day (WED) both at the Head Office in Lahore and Plant Site in Sadiqabad. A number of activities were conducted which included Environmental Commitment activity, Pledge-a-thon activity, WED Video Clip, talks on water, food, paper and energy conservation, quiz competitions, Best Green Dress Competition, Walk-for-a-Cause, Poster Competition and an art exhibition.



**Together
WE Stand
to Save Our
Environment!**



SOCIAL PERFORMANCE



“What every business needs
is more people who think.”

Thomas J. Watson

SOCIAL PERFORMANCE

Human Resource Policies and Practices

A. OBJECTIVE

The objective is to recruit competent and high caliber professionals in the Company, through a fair, transparent and systematic process, thereby ensuring that the Company meets its strategic goals and objectives.

B. POLICY

This Policy⁸ shall cover recruitment and selection of both management and staff employees.

Our People

As of December 2013, the Company has 866 employees working in the organization. This number includes both permanent employees and contractual employees. The focus is not just on bringing on board experienced professionals to lead the organization but also to induct young blood into the Company. For this purpose, Fatima Fertilizer has the Graduate Trainee Engineer (GTE) and the Management Trainee Officer (MTO) programs in place to groom fresh graduates into future leaders for the organization. Following is a breakdown of employees as per their employment status:

Social Performance Indicators (GRI 3.1)

Labor Practice and Decent Work

Aspect: Employment

LA1 - Total workforce by employment type, employment contract, and region, broken down by gender.

Employment contract	Male	Female	Total
Permanent employees	800	27	827
Contractual employees	38	1	39
Total	838	29	866

Classification of permanent employees by employment type

Employment type	Male	Female	Total
Full time	838	28	866
Part time	NA	NA	NA
Total	838	28	866

Regional breakdown of employees

Region / location	Male	Female	Total
Head Office (Lahore)	89	22	111
Plant (Rahim Yar Khan)	746	6	752
Marketing regions	3	0	3
Total	868	28	866

Breakdown of employees by age groups

Age Group	No. of employees
Less than 30 years	407
Between 30 - 50 years	399
50 years and above	60
Total	866

Breakdown of employees by length of association with Company

Period of association	No. of employees
Less than 5 years	591
Between 5 - 10 years	273
More than 10 years	2
Total	866

⁸ See Annex. III for Human Resources Policies and Practices

LA2 - Total number and rate of new employee hires and employee turnover by age group, gender, and region.⁹

S. No.	Factor	No. of Incoming employees	No. of Outgoing employees
1	Age		
	Less than 30 years	101	80
	Between 30 - 50 years	28	26
	50 years and above	7	13
	Total	136	119
2	Gender		
	Male	130	114
	Female	6	5
	Total	136	119
3	Location		
	Head office (Lahore)	34	20
	Rahim Yar Khan	102	99
	Marketing regions	0	0
	Total	136	119

Outsourced not included.

LA3

Aspect	Response
Benefits provided to full time employees that are not provided to temporary or part-time employees, by significant locations of operations.	<ul style="list-style-type: none"> • Annual Leaves • Medical for Family • LFA • Gratuity • Provident Fund • Bonus • Increments
% of employees receiving regular performance and career development reviews by gender.	All permanent Management Employees receive regular performance reviews and career development reviews.
No of grievance complaints lodged, addressed and resolved through formal grievance mechanisms. Please provide gender-wise break up of no. of such instances.	No grievance policy as yet.
Names of recipients of long service awards.	No long service awards.
Any other initiative taken to engage with employees.	<ul style="list-style-type: none"> • Color Days • Eid Milan • Corporate Values & Behaviors Launch • Fun Fairs • World Environment Day • World Day for Safety & Health • Independence days • Sports Events

⁹ Note: Outgoing employees include those who resign / dismissed / left due to disability or death.

SOCIAL PERFORMANCE

Aspect: Labor / Management Relations

LA4 Percentage of employees covered by collective bargaining agreements:

100% of permanent employees are covered under collective bargaining agreements.



Aspect: Occupational Health and Safety

Workplace Health and Safety

The Occupational Health (OH) Program at Fatima Fertilizer includes industrial hygiene and occupational medicine aspects, focusing primarily on reducing health risk of employees. The Company monitors its employees regularly vis-à-vis the risks they are exposed to, and taking all necessary precautions to reduce these exposures.

Risk Management and Emergency Preparedness

The Company's direction on emergency response and planning is to strengthen systems and procedures according to international safety standards. Fatima Fertilizer has deployed comprehensive emergency plans at its plant site and Head Office which includes defining key roles in case of release of hazardous chemicals, fire etc.; simulation exercises to ensure preparedness and surprise emergency drills





LA7 Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender.

At Fatima Fertilizer site, reporting of incidents and near misses is encouraged and its concealment is considered a cardinal sin. During the year 2013, the site suffered no lost-work injury, achieving 10.908 safe million man-hours for employees and contractors.

No lost work injury and fatality reported during the year 2013.

Total Recordable Incidence Rate (TRIR) is the primary indicator of safety performance measurement. TRIR in 2013 stood at 0.07 for Fatima Fertilizer employees. Combined TRIR (employees and contractors) was at 0.12. These TRIR figures are one of the best in the industry in Pakistan.

LA8 Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.

The Company has various education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, and community members regarding serious diseases. In the year 2013, Vaccine Awareness, Skin Protection Awareness, Obesity Awareness Camp, Diabetes Education and Bone Mineral Density Camp were held. Moreover, trainings on ergonomics were held to ensure employees are safer and are aware of possible ergonomic hazards.

There is also an Off the Job Committee in place to deal with health and safety issues of families and ladies residing at the Company's Plant Residential Colony.

SOCIAL PERFORMANCE

Aspect: Training and Education

Still a relatively young organization, the Company places great importance on the professional development and productivity enhancement of all its employees. A separate Training and Development (T&D) Department oversees trainings on both soft and management skills as well as technical and functional skills.

LA10 Average hours of training per year per employee by gender, and by employee category

Description	Male	No. of employees Female	Total No. of People	Total No. of hours trained
Highest governance bodies	7	0	7	NIL
General Managers	14	0	14	NIL
Department managers, senior executives and executives	91	3	94	340
Officers and below	361	40	401	2372
Total	473	43	516	2712

Aspect: Diversity and Equal Opportunity

LA13 Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity

Factor	Highest management		Senior Management		Middle Management	
	Male	Female	Male	Female	Male	Female
Gender Diversity	6	0	62	1	117	0
Age Group	<30	30-50	>50	<30	30-50	>50
	0	0	6	0	44	19
					47	70
Other minority groups	No		No		No	

LA15- Return to work and retention rates after parental leave, by gender.

Gender	No. of employees entitled	No. of employees availed	No. of employees who rejoined
Female	28	1	1
Total	28	0	0

Human Rights

To Fatima Fertilizer, respect for human life is paramount. The Company subscribes to all laws and regulations which bar exploitation of people through discrimination, based on caste, creed, religion, race, or language, and through forced and child labor practices.

Fatima aims to implement the best practices throughout the company while procuring goods and services from its vendors. 80% of the Company's procurement is from the top 20 international leading firms in the world. These firms have their own published sustainability reports which the Company takes at face value. The Company, however, now plans to develop a Green Purchase Policy according to which it will favor energy efficient equipment and devices in purchases.



Aspect: Investment and Procurement Practices

HR1 Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening

All significant investment agreements have been scanned for human rights dimension while performing due diligence for that specific agreement.

Aspect: Non-discrimination

HR4 Total number of incidents of discrimination and corrective actions taken

There were no incidents of discrimination in the Company during the year. The Company has a policy that strictly adheres to the guidelines given in the Act of Parliament on Sexual Harassment, 2010.

Aspect: Freedom of Association and Collective Bargaining

HR5 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

No such incident has been identified for Fatima Fertilizer operations.

Aspect: Child Labor

HR6 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 incidents of Child Labor were reported for Fatima Fertilizer operations. The Company shall at all times comply with laws relating to child labor for direct hiring as well as for third party contracts as per the Recruitment Policy. Additionally, the Company has a minimum age limit of 18 years for all its employees.

SOCIAL PERFORMANCE

Aspect: Forced and Compulsory Labor

HR7 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

No operation in 2013 had risk of forced and compulsory labor. Fatima Fertilizer strictly adheres to the Factories Act 1934. The information of suppliers has not been included in the review.

Aspect: Security Practices

HR8 Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations

Security services have been outsourced to the contractors and the contractors have been guided to strictly follow human rights and Labor Laws.

Aspect: Indigenous Rights

HR9 Total number of incidents of violations involving rights of indigenous people and actions taken

No violations were reported in the year 2013.





The Society

Management Approach

The Company believes that it owes everything to the environment and the people it works with. It feels responsible towards the communities and aims to contribute for their betterment in every way possible. Fatima Fertilizer strives to contribute for the well-being of the local communities. The Company's initiatives in health, environment, and other social sectors are a proof of its commitment. Fatima believes that the growth of its business depends on the growth of the communities around it.

The Company has outlined six key initiatives to smoothly carry out its corporate social responsibilities:

1. Community Development
2. Environment Protection
3. Governance and Ethical Practices
4. Employee Growth and Well-being
5. Customers Service
6. Working relationship with Shareholders and Investors
7. Employee Volunteer Program (EVP)

Society Performance Indicators

Aspect: Local Communities

SO1 Percentage of operations with implemented local community engagement, impact assessments, and development programs.

The Company believes that the growth of its business depends on the growth of the communities around it. Though there are several areas that require corporate support in Pakistan, but for the time being Fatima has identified three sectors where its activities are focused on. These are:

1. Education:

Fatima Fertilizer is committed to playing its role in ensuring access of quality education to deserving students in the country. The Company, in this regard, has set up scholarship funds at various reputable educational institutions, collaborated with NGO's to adopt government schools and invested in infrastructure of these entities.

2. Health:

The Company is providing financial support to several hospitals for treatment of deserving patients by running free vaccination center and welfare dispensary for employees and local community.

3. Disaster Management and Relief:

The Company has always stood by its fellow countrymen in troubled times, especially when hit by natural calamities. The Company has provided generous financial support in recent times to the earthquake and flood affectees across Pakistan.

SOCIAL PERFORMANCE



Case Study

SARSABZ School Adoption Program

Fatima Fertilizer Company Limited and CARE Foundation signed an agreement on 30th November, 2012 for adoption of 3 Government Primary Schools in Sadiqabad, District Rahim Yar Khan. In line with the Company's vision and mission, Fatima Fertilizer is continuously working on the improvement of society in general and the local communities in specific. The SARSABZ School Adoptions Program with CARE Foundation is another step in providing quality education to the surrounding communities.

CARE Foundation is a leading NGO that has pioneered a unique Private-Public sector concept for providing free quality education to the masses. Their model of adopting Government-run schools has proven that a cost effective sustainable model can be put in place for improving quality of education while serving number of students. Sharing her passion for nurturing talent, Mrs. Seema Aziz, Chairperson, CARE Foundation, said that her foundation believes in "Empowerment through Education". She added that what started as pilot project with 1 school in Lahore in 1998, today the CARE Foundation runs 225 schools nationwide and provides quality education to more than 150,000 children. Under the agreement, Fatima Fertilizer will bear all expenses for the 3 Schools.

"Education is amongst our basic needs like food, clothes and shelter. Educated children have the ability to not only open their mind and expand their horizon, but also to understand duties as a citizen and encourage other to follow them.

Education has the power to change the world."

Mr. Fawad Ahmed Mukhtar, CEO Fatima Fertilizer Company Limited.



Aspect: Corruption

SO2

No. of units analyzed for risk related to corruption.	% of such units.
<ul style="list-style-type: none"> • HR • Marketing • Finance • Corporate Secretariat • Manufacturing • IT • Procurement • Admin • IR • HSE 	100% - All business segments were analyzed for risk related to corruption.

SO3 Percentage of employees trained in organization's anti-corruption policies and procedures

The Company has not formally launched an anti-corruption policy. However, these issues are covered under the Code of Conduct¹⁰ for directors and employees. The copy of the same is provided to each employee.

SO4 Actions taken in response to incidents of corruption

Category	Total no. of cases
Total no. of cases of corruption by employees reported	0
Total no. of above cases in which disciplinary action against employees taken	0
Total no. of cases in which contracts with partners terminated due to corruption	0

No case of corruption has been reported to date. However, the Company plans to develop an anti-corruption policy to maintain transparency and honesty throughout the business.

¹⁰ See Annex III

SOCIAL PERFORMANCE

Aspect: Anti-competitive Behavior

SO7 Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes

NIL

Aspect: Compliance

SO8 Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations

Fatima Fertilizer did not pay any fines for non-compliance during the reporting year and there were no non-monetary sanctions.

Organizational and Product Responsibility

The Company serves its markets through a streamlined channel, the breakdown of which (in terms of regions, sectors served, and types of customers and beneficiaries) is given below. Fatima Fertilizer is marketing its products in the entire country through:

03 ZONES,
10 REGIONS
58 SALES DISTRICTS

- Finished products are manufactured and marketed for agricultural use only.
- Main customers are the dealers located throughout the country.
- Institutional Buyers like ginners, rice mills and large farms are also the Company's direct customers.
- Ultimate beneficiary is the farmer using Fatima Fertilizer products.

The Company is keen to take initiatives that mitigate environmental impacts of its products and services.

Aspect: Customer Health and Safety

PR2 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

No health and safety incident has been reported.

Aspect: Product and Service Labeling

PR3 Type of product and service information required by procedures and percentage of significant products and services subject to such information requirements

The Company's products are in compliance with labeling requirements specified by Pakistani laws and regulations. The Provincial Fertilizer Control Order requires printing of information about net weight of the bag, the chemical nature of the fertilizer inside the bag, chemical components of the fertilizer, and the manufacturer.

All the products of the Company are subject to labeling requirements and are in compliance with the requirement.

PR4 Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes

No non-compliance incident reported.

PR5 Practices related to customer satisfaction, including results of surveys measuring customer satisfaction

Regular surveys are conducted with dealers to measure service levels and satisfaction (Dealer Emotional Quotient study). Farmer studies conducted to monitor awareness and usage, and product feedback (Farmer Usage and Attitude Study). Dealer and farmer call center are in operation to monitor complaints and feedback.

Aspect: Marketing Communications

PR7 Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes

Nil

Aspect: Customer Privacy

PR8 Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data

No complaints were received.

Aspect: Compliance

PR9 Monetary value of significant fines for non-compliance 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. Fatima Fertilizer had no monetary fines regarding non-compliance.

SOCIAL PERFORMANCE

Fatima Fertilizer Is The First Fertilizer Company To Introduce Product Stewardship Concept

Fatima is the first fertilizer company to have launched a comprehensive Product Stewardship program, under which more than 2,000 dealers have been trained on the safe handling and use of fertilizers. The Company has taken a lead in being part of the International Fertilizer Association's (IFA) 'Protect and Sustain' initiative. Product stewardship is a concept whereby environmental, health, safety and security protection centers around the product itself, and everyone involved in the lifespan of the product is called upon to take up responsibility to reduce its adverse environmental, health and safety impacts along with inhibiting its unauthorized, illegitimate and irrational use.

The Company is committed to ensuring that fertilizer is used in an economically and environmentally responsible way so that it is applied in a manner that maximizes benefit to the society and the possibility of adverse impact is minimized. In addition, fertilizer stewardship provides people uninterrupted access to adequate supplies of nutritious food.

The main objectives of Product Stewardship are:

- Ensure proper storage at the Plant site;
- In-transit safety of the product;
- Proper handling, record keeping of the product at warehouses and dealer outlets;
- Traceability of the product at warehouses, dealer

shops, consumers to avoid misuse of product;

- Balanced and efficient use of fertilizer through proper dosage and timely application.

For the execution of this program, the following measures have been taken:

- Ensure the maintenance of proper record at the Plant and warehouses;
- Dealers are required to maintain proper and credible sales record through stock registers already issued by the Company;
- Training and coaching dealers and their staff to ensure traceability of the product sold by them;
- Inspection of dealers sales records by District Sales Managers, Regional Sales Managers and Warehouse In-charges;
- Premises (Dealer shops and Warehouses) that store or handle fertilizer products will be subject to third-party audit to ensure effective management of risks to environment, occupational health and safety and security.

Dealers are required to ensure that the product is sold only to farmers and sub-dealers for agricultural use only and are strictly prohibited from selling the product for non-agricultural use.



TOMORROW, AS WE SEE IT



TOMORROW, AS WE SEE IT

Fatima Fertilizer stands for excellence in everything it does, be it business operations or following through on its commitment to contribute to social, economic, and environmental growth as well as nurturing Pakistani talent. Together with its unflinching commitment and the passion of its people the Company has come a long way in putting its business on a growth trajectory.

The Company's endeavor is to improve sustainability and reporting mechanisms by moving towards coverage of more indicators in future reports and go beyond compliance to focus on opportunities and challenges.

Fatima Fertilizer Company Limited is very much conscious of the fact that it owes a lot to the society that it operates in.

How we see ourselves as corporate citizens

The Company seeks to develop and support the local community and deal with a host of social issues that societies in Pakistan face in general.

Where we stand and where we want to be

Sustainable growth

As an organization thriving on improving agricultural output, Fatima believes that it must not myopically focus on servicing the market. The Company must do its utmost to ensure that all its activities and practices fall in line with its commitment to creating a long term strategy that yields dividends for all the stakeholders and the environment.

Effective Environmental Management

As a responsible organization, Fatima is committed to continuous improvement on the environmental front and have achieved certifications for ISO 14001:2004 Environmental Management Systems at its Plant site and WWF's Green Office certification for its Head Office. The Company has also been honored with NFEH's (National Forum for Environment and Health) Environment Excellence Award for its environmental efforts.

Fatima Fertilizer has planned some major environmental initiatives in the coming years. These include:

- Identification of environmental KPI's and calculation of carbon footprint;
- Development of Energy Efficiency Plan and a system to log and quantify energy efficiency measures;
- A water conservation study to identify areas for effective water conservation;
- Development and implementation of an effective waste management plan (for both hazardous and non-hazardous waste);
- A system for the introduction of a new chemical on-site;
- Integrated Management System (IMS) certification which will include OHSAS 18001:2007 Occupational Health and Safety System, ISO 9001:2008 Quality Management System and 14001:2004 Environmental Management System for the Company's Head Office
- Green Office certification for Fatima Fertilizer Plant site

Internal Capacity Building

As a responsible organization, Fatima Fertilizer has proven its commitment to inform, educate, and train its staff in enhancing performance by adopting sustainable practices.

In this regard, trainings are conducted throughout the year at Fatima, with the objective of either introducing new skills and capabilities or improving and upgrading the existing capabilities and skills. Varying in nature, based on performance objectives and human resource capabilities, these trainings have ensured improvement in:

- Occupational safety and health
- Environmental quality
- Employee motivation
- Process safety improvement

The Company hopes to continue up-grading its skillsets and knowledge by adopting industry-wide best practices and benchmarks. Fatima Fertilizer aims to attract and retain high quality workforce of diverse nature, nurture them and develop a culture of belonging through encouragement, support and reward. The Company's workforce will drive the mission of sustainable growth.

Excellent Corporate Governance

Fatima Fertilizer will continue to demonstrate good corporate governance by being transparently accountable for all its actions and enhance stakeholders' confidence.

Stakeholder Engagement

Fatima Fertilizer is committed to keeping all stakeholders informed about its sustainability agenda and will continue to appraise and involve them as the Company moves along the path to a sustainable future. The Company will continue its efforts to raise awareness about environmental issues and the impacts of its actions on the environment and communities.

Society Performance Plan for Jindoo ki Marhi

The Company has planned some major initiatives in the upcoming years. One such development initiative is the Fatima Fertilizer Model Village. Jindoo ki Marhi is a village adjacent to the Company's facility and is directly affected by its operations. The Management plans to transform this community into a model village for which a survey has already been conducted by the Plant administration, the CSR team and CARE Foundation representatives. Fatima plans to set up clean drinking water facility and to adopt a school, in collaboration with the CARE Foundation, in its vicinity.

The estimated cost of this project is Rs.5 million.

Commitment to Our Community

The Company sees itself as "enablers" for those who are yet to leave their mark on this world. With this in mind, Fatima Fertilizer is doing its best to provide facilities and funding to those aspiring to make this world a better place. Following is a list of Corporate Social Activism partners which help Fatima in doing its share for humanity through cash contributions.

- **University of Pennsylvania (UPENN): Rs.12,094,000/-**
The University of Pennsylvania is one of the oldest Ivy League universities in the US and one of the most prestigious institutions in the world.
- **Institute of Business Administration (IBA) Karachi: Rs.10,000,000/-**
(IBA) Karachi is one of the oldest business schools outside of North America. According to the Higher Education Commission of Pakistan, IBA is one of the best business and IT institutions in Pakistan.
- **University of Engineering and Technology (UET): Rs.191,788/-**
Established in 1921, UET is the oldest Engineering Educational Institution of Pakistan. It offers 25 Undergraduate Programs and 55 Postgraduate Programs.
- **CARE Foundation: Rs.6,086,000/-**
CARE Foundation is a charitable organization established in 1988 with the goal of providing quality marketable education to every child in Pakistan. CARE has evolved to provide free education to over 150,000 students in 225 schools across the nation.
- **Lahore University of Management Sciences (LUMS): Rs.6,000,000/-**
(LUMS) is one of the most prestigious educational institutions in Pakistan. According to the Higher Education Commission of Pakistan, LUMS is the top ranked Pakistani university.

- Memon Health And Education Foundation: Rs.1,200,000/-**

Memon Medical Institute is a project of the Memon Health and Education Foundation. Their vision is to establish a community for the betterment of the nation. The largest project undertaken by the Memon community is to provide accessible and affordable quality healthcare and education to all with dignity, respect, and empathy and to become a role model for caring, curing, education, training, research, and employment.

- Shaukat Khanum Cancer Hospital: Rs.1,500,000/-**

Over the past decade, Shaukat Khanum Memorial Cancer Hospital and Research Centre has established itself as a center of excellence providing comprehensive care free of cost to thousands of indigent cancer patients. As a charitable institute, it is funded predominantly from the donations of friends and well-wishers from around the country and across the world.

- Ghulam Ishaq Khan Institute of Engineering Sciences and Technology (GIKI)**

Fatima Fertilizer signed a MoU with GIKI in 2013, pledging to donate Rs.70 million over a period of 5 years to set up multiple laboratories for its newly launched Faculty of Chemical Engineering. GIKI is one the most prestigious engineering institutes of Pakistan and is known the world over for setting a standard of excellence in the field of engineering. Over the years, the institute has produced brilliant graduates employed by some of the most respectable organizations all over the world.

- Multan Diabetic Foundation: Rs.1,000,000/-**
- Patients Behbud Society (Agha Khan University Hospital): Rs.500,000/-**
- Sindh Institute of Urology and Transplantation (SIUT): Rs.1,000,000/-**
- Balochistan Earthquake Disaster Relief Program: Rs.3,383,695/-**
- Layton Rehmatullah Benevolent Trust (LRBT) : Rs.1,000,000/-**
- Vaccination Center: Rs.1,200,000/-**

This Medical Centre has been facilitating neighboring communities as well third party employees at plant, who

are not eligible for medical coverage, since May 2011. The Center provides awareness, screening, and diagnostic facility for Hepatitis B and C along with vaccination for Hepatitis B. In 2013, 3, 238 persons were screened and vaccinated against Hepatitis B.

- Mukhtar A. Sheikh Memorial Welfare Hospital, Multan: Rs.3,009,000/-**

A contribution of Rs 3.009 million was made to Mian Mukhtar A. Sheikh Trust for construction of Worker Welfare Board Hospital, Multan.

- Fatima Fertilizer School: Rs.1,000,000/-**

An annual budget of Rs.1,000,000 is forwarded to Fatima School for up gradation and providing free books to children of Staff Employees.

Other Donations:

- LABARD (Lahore Businessmen Association for Rehabilitation of the Disabled): Rs.500,000/-**

- Rising Sun School for Special Children: Rs.300,000/-**

- Khawaja Muhammad Safdar Medical College: Rs. 200,000/-**

Khawaja Muhammad Safdar Medical College (Formerly Sialkot Medical College) is a public medical college in Sialkot, Pakistan.

- Progressive Education Network (PEN): Rs.150,000/-**

Established in 2005, PEN provides quality education to underprivileged children all over Pakistan. PEN adopts under-served public schools in which it intervenes to improve academic standards, increase student enrolment, and upgrade infrastructure. In addition, it initiates co-curricular activities that foster character-building and develop life skills among the students.

Fatima Fertilizer is committed to developing progressive and need based CSR program with an aim to contribute to education and health sector, to support the cause of nation-building in general and the needs of the local communities in particular. The Company aims to continuously understand and address the socio-economic needs of all its stakeholders.

HOW OUR PARTNERS VALUE US

Lahore University of Management Sciences (LUMS)

"LUMS is extremely grateful to Fatima Fertilizer for the scholarships they support and the donation for the auditorium. It is because of donors like them that LUMS is able to provide state of the art facilities to its students, as well as making sure that deserving students get here in the first place.

"Fatima Fertilizer has been associated with LUMS since 2011, and in that time our relationship has been a great one. Fatima Fertilizer is truly one of the companies that care about educating young Pakistanis and basically 'giving back' to society."

By Rabia Shahab,
Deputy Manager,
Alumni and Fundraising Department

CARE Foundation

"CARE Foundation is working tirelessly to build a happier, more prosperous Pakistan by empowering our children with education. Today, CARE runs 240 schools, providing high quality education to approximately 170,000 students. None of this would have been possible without the support of socially responsible people and corporate entities like Fatima Fertilizer Limited.

Their commitment to help organizations like CARE to make quality education accessible to the deserving children is commendable.

"CARE Foundation is truly grateful to Fatima Fertilizer for their generous support and for joining hands with CARE Foundation in its mission to Empower Through Education."

Seema Aziz, Chairperson

Ghulam Ishaq Khan Institute (GIKI)

"Since my first dealing with Fatima Fertilizer Company Limited in 2011, we have found them to be very professional and courteous. This is the main reason why the company has been one of those most preferred employers chosen by GIKI graduates over the past few years. Recently, a MoU was signed between the two parties, whereby Fatima Fertilizer has pledged to provide financial support of Rs.70 million for setting up multiple laboratories for the newly launched Faculty of Chemical Engineering."

"However, we have experienced that when it comes to the Fatima Fertilizer, satisfying corporate social responsibility is not just about financial support; they believe in going a step further. Mr. Arif-ur-Rehman, Director Operations, has very kindly offered his services and has been selected as a member of the International Advisory Board at GIK Institute, thereby taking the responsibility to help in improving the newly launched Chemical Engineering Program. GIKI is truly grateful to Fatima Fertilizer for their continuous financial and intellectual support."

By Mohsin Akhtar,
Deputy Director/Manager University Industry
Linkages & Technology Transfer



GRI APPLICATION



STANDARD DISCLOSURES PART I: Level Declaration

This Sustainability Report has been prepared using the G3.1 Reporting Framework issued by the Global Reporting Initiative (GRI) and are applying the GRI Reporting Framework at Application Level B. The requirements of AAC-WWF Pakistan Environment Reporting Awards (PERA) were also in consideration during the preparation of this report.

GRI CONTENT INDEX

STANDARD DISCLOSURES PART II: STRATEGY ANALYSIS

Disclosures	Description	Location	Reporting Level
1.1	Statement from the most senior decision-maker of the organization	Pg. 4 to 7	Included
1.2	Description of key impacts, risks, and opportunities	Pg. 8	Included
Organizational Profile			
2.1	Name of the organization	Pg. 9	Included
2.2	Primary brands, products, and/or services	Pg. 9	Included
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures	Pg. 9	Included
2.4	Location of organization's headquarters	Pg. 9	Included
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	Pg. 12	Included
2.6	Nature of ownership and legal form	Pg. 9	Included
2.7	Markets served (including geographic breakdown, sectors served and types of customers/beneficiaries)	Pg. 12	Included
2.8	Scale of the reporting organization	Pg. 12	Included
2.9	Significant changes during the reporting period regarding size, structure, or ownership	N/A	
2.10	Awards received in the reporting period	Pg. 13	Included
Report Parameters			
3.1	Reporting period (e.g., fiscal/calendar year) for information provided	Pg. 12	Included
3.2	Date of most recent previous report (if any)	N/A	
3.3	Reporting cycle (annual, biennial, etc.)	Annual	Included
3.4	Contact point for questions Sustainability Performance	Pg. 12	Included
Report Scope and Boundary			
3.5	Process for defining report content	Pg. 12	Included
3.6	Boundary of the report (e.g. countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers)	Pg. 12	Included
3.7	State any specific limitations on the scope or boundary of the report	Pg. 12	Included
3.8	Basis for reporting on joint ventures	N/A	
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	Pg. 12	Included
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)	N/A	
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	N/A	
GRI Content Index			
3.12	Table identifying the location of the Standard Disclosures in the report	This table	

GRI CONTENT INDEX

STANDARD DISCLOSURES PART II: STRATEGY ANALYSIS

Disclosures	Description	Location	Reporting Level
Assurance			
3.13	Policy and current practice with regard to seeking external assurance for the report	Pg. 12	Included
Governance, Commitments and Engagements			
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	Pg. 15	Included
4.2	Indicate whether the Chair of the highest governance body is also an executive officer	Pg. 15	Included
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	Pg. 15	Included
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	Annexure II	Included
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives	Annexure II	Included
4.6	Processes in place for the highest governance body to ensure conflicts of interests are avoided.	Pg. 15	Included
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	Annexure II	Included
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	Pg. 2 - 3 Annexure II	Included
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	Annexure II	Included
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental and social performance.	Annexure II	Included
Commitment to External Initiatives			
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization	Pg. 19	Included
4.12	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or endorses	Pg. 19	Included

GRI CONTENT INDEX

STANDARD DISCLOSURES PART III: PERFORMANCE INDICATORS

Disclosures	Description	Location	Reporting Level
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations	Pg. 18	Included
Stakeholder Engagement			
4.14	List of stakeholder groups engaged by the organization	Pg. 21	Included
4.15	Basis of identification and selection of stakeholders with whom to engage	Pg. 21	Included
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	Pg. 21	Included
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	Pg. 21	Included
Economic Performance			
EC1	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	Pg. 29	Included
EC2	Description of key impacts, risks, and opportunities	Pg. 30	Included
EC3	Coverage of the organization's defined benefit plan obligation.	Pg. 30	Included
EC4	Significant financial assistance received from government.	Pg. 30	Included
Market Presence			
EC5	Range of ratios of standard entry level wage to local minimum wage at significant locations of operations.		Not Included
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.		Not Included
EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation.		Not Included
Indirect Economic Impacts			
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	Pg. 30	Included
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts		Not included
Environment Performance			
Materials			
EN1	Material used by weight and volume	Pg. 33	Included
EN2	Percentage of materials used that are recycled input materials.		Not Included
Energy			
EN3	Direct energy consumption by primary energy source.	Pg. 33	Included
EN4	Indirect energy consumption by primary source.		Not Included
EN5	Energy saved due to conservation and efficiency improvements.	Pg. 33	Included

GRI CONTENT INDEX

STANDARD DISCLOSURES PART III: PERFORMANCE INDICATORS

Disclosures	Description	Location	Reporting Level
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	Pg. 34	Included
EN7	Initiatives to reduce indirect energy consumption and reductions achieved		Not Included
Water			
EN8	Total water withdrawal by source.	Pg. 34	Included
EN9	Water sources significantly affected by withdrawal of water		Not included
EN10	Percentage and total volume of water recycled and reused		Not included
Biodiversity			
EN11	Location and size of land owned, leased, managed in or adjacent to protected and areas of high biodiversity value outside protected areas	Pg. 34	Included
EN12	Description of significant impacts of activities, products and services on biodiversity in protected areas of high biodiversity value outside protected areas	Pg. 34	Included
EN13	Habitats protected or restored		N /A
EN14	Strategies, current actions, and future plans for managing impact on biodiversity		N /A
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk		N /A
Emissions, effluents and waste			
EN16	Total direct and indirect greenhouse gas emissions by weight.	Pg. 34	Included
EN17	Other relevant indirect greenhouse gas emissions by weight.		Not included
EN18	Initiatives to reduce Green House Gas emissions and reductions achieved	Pg. 34	Included
EN19	Emissions of ozone-depleting substances by weight.		N/A
EN20	NOx, SOx, and other significant air emissions by type and weight.	Pg. 34	Included
EN21	Total water discharge by quality and destination	Pg. 37	Included
EN22	Total weight of waste by type and disposal method.	Pg. 36	Included
EN23	Total number and volume of significant spills.	Pg. 37	Included
EN24	Weight of transported, imported, exported or treated waste deemed hazardous under the terms of Basel Convention Annex I, II, III and VIII, and the percentage of transported waste shipped internationally		Not included

GRI CONTENT INDEX

STANDARD DISCLOSURES PART III: PERFORMANCE INDICATORS

Disclosures	Description	Location	Reporting Level
EN25	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		Not included
Products and services			
EN26	Initiatives to mitigate the environmental impacts of products and services and extent of impact mitigation		Not included
EN27	Percentage of products sold and their packaging materials that are reclaimed by category	Pg. 37	Included
Compliance			
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Pg. 37	Included
Transport			
EN29	Significant environmental impacts of transporting products, and other goods and materials used for organization's operations, and transporting members of the workforce		Not included
Overall			
EN30	Total environmental protection expenditures and investments by type	Pg. 37	Included
Social: Labor Practice and Decent Work			
Employment			
LA1	Total workforce by employment type, employment contract, and region broken down by gender	Pg. 42	Included
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	Pg. 43	Included
LA3	Benefits provided to full time employees that are not provided to temporary or part-time employees	Pg. 43	Included
Labor / Management Relations			
LA4	Percentage of employees covered by collective bargaining agreements	Pg. 44	Included
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.		Not included
Occupational Health and Safety			
LA6	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		Not included
LA7	Rates of injury, occupational diseases, lost days and absenteeism and number of work related fatalities by region and gender	Pg. 45	Included
LA8	Education, Training, Counseling, prevention and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases	Pg. 45	Included
LA9	Health and safety topics covered in formal agreements with unions		Not included

GRI CONTENT INDEX

STANDARD DISCLOSURES PART III: PERFORMANCE INDICATORS

Disclosures	Description	Location	Reporting Level
Training and education			
LA10	Average hours of training per year per employee by gender and by employee category	Pg. 46	Included
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings		Not included
LA12	Percentage of employees receiving regular performance and career development reviews		Not included
Diversity and Equal Opportunity			
LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	Pg. 46	Included
LA14	Ratio of basic salary of men to women by employee category		Not included
Human Rights			
HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening.	Pg. 47	Included
HR2	Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening, and actions taken.		Not included
HR3	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		Not included
Non-discrimination			
HR4	Total number of incidents of discrimination and corrective actions taken	Pg. 47	Included
Freedom of association and collective bargaining			
HR5	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.	Pg. 47	Included
Child Labor			
HR6	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.	Pg. 47	Included
Forced and compulsory labor			
HR7	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	Pg. 46	Included

GRI CONTENT INDEX

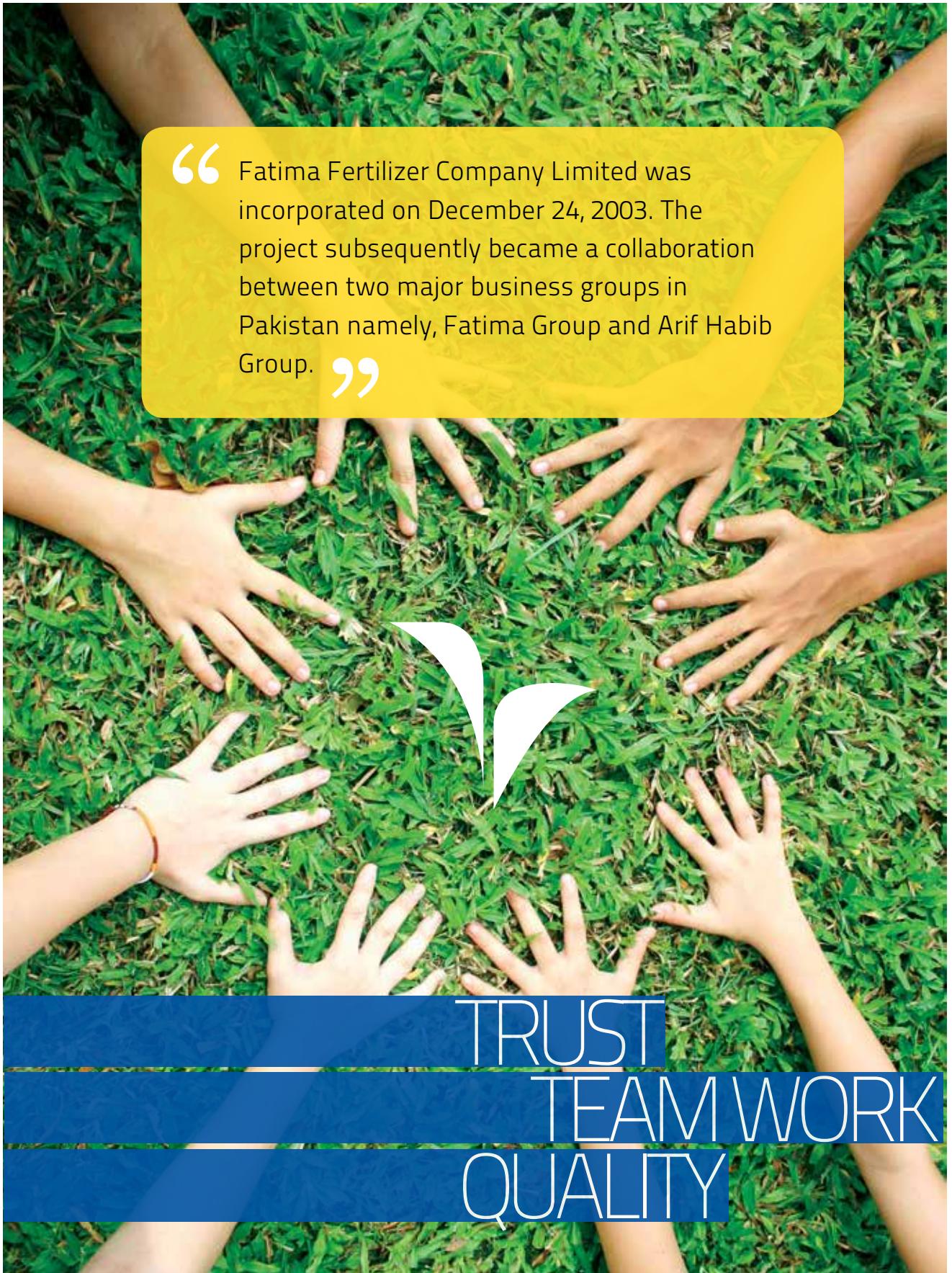
STANDARD DISCLOSURES PART III: PERFORMANCE INDICATORS

Disclosures	Description	Location	Reporting Level
Security practices			
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	Pg. 48	Included
Indigenous Rights			
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	Pg. 48	Included
Assessment			
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.		Not included
HR11	Remediation		Not included
Society			
SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	Page 49	Included
SO9	Operations with significant potential or actual negative impacts on local communities.		Not included
SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.		Not included
Corruption			
SO2	Percentage and total number of business units analyzed for risks related to corruption.	Page 51	Included
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	Page 51	Included
SO4	Actions taken in response to incidents of corruption.	Page 51	Included
Public Policy			
SO5	Public policy positions and participation in public policy development and lobbying.		Not included
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.		Not included
Anti-competitive Behavior			
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	Page 52	Included
Compliance			
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	Page 52	Included

GRI CONTENT INDEX

STANDARD DISCLOSURES PART III: PERFORMANCE INDICATORS

Product Responsibility			
PR1	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.		Not included
PR2	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.	Page 53	Included
Product and Service Labeling			
PR3	Type of product and service information required by procedures and percentage of significant products and services subject to such information requirements.		Not included
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	Page 53	Included
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Page 53	Included
Marketing Communication			
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.		Not included
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	Page 53	Included
Customer Privacy			
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Page 53	Included
Compliance			
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	Page 53	Included



“ Fatima Fertilizer Company Limited was incorporated on December 24, 2003. The project subsequently became a collaboration between two major business groups in Pakistan namely, Fatima Group and Arif Habib Group. ”

TRUST
TEAM WORK
QUALITY

ANNEXURES

Annex. I

Terms of Reference of the Audit Committee of the Board

In addition to any other responsibilities which may be assigned from time to time by the Board, the main purpose of the Audit Committee is to assist the Board by performing the following main functions:

- to monitor the quality and integrity of the Company's accounting and reporting practices;
- to oversee the performance of Company's internal audit function;
- to review the external auditor's qualification, independence, performance and competence; and
- to comply with the legal and regulatory requirements, Company's by-laws and internal regulations.

The Terms of Reference of the Audit Committee have been drawn up and approved by the Board of Directors in compliance with the Code of Corporate Governance. In addition to compliance with Code of Corporate Governance, the Audit Committee carries out the following duties and responsibilities for the Company as per its Terms of Reference:

- a) determination of appropriate measures to safeguard the Company's assets;
- b) review of preliminary announcements of results prior to publication;
- c) review of quarterly, half-yearly and annual financial statements of the Company, prior to their approval by the Board of Directors, focusing on:
 - major judgmental areas;
 - significant adjustments resulting from the audit;
 - the going-concern assumption;
 - any changes in accounting policies and practices;
 - compliance with applicable accounting standards; and
 - compliance with listing regulations and other statutory and regulatory requirements.

- d) facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the management, where necessary);
- e) review of management letter issued by external auditors and management's response thereto;
- f) ensuring coordination between the internal and external auditors of the Company;
- g) review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company;
- h) consideration of major findings of internal investigations and management's response thereto;
- i) ascertaining that the internal control system including financial and operational controls, accounting system and reporting structure are adequate and effective;
- j) review of the Company's statement on internal control systems prior to endorsement by the Board of Directors;
- k) instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the Chief Executive and to consider remittance of any matter to the external auditors or to any other external body;
- l) determination of compliance with relevant statutory requirements;
- m) monitoring compliance with the best practices of corporate governance and identification of significant violations thereof; and
- n) consideration of any other issue or matter as may be assigned by the Board of Directors.

ANNEXURES

Annex. II

Terms of Reference of the Human Resource and Remuneration Committee of the Board

The Human Resource Committee is a means by which the Board provides guidance on human resources excellence. The specific responsibilities, authorities, and powers that the Committee carries out on behalf of the Board are as follows:

Duties and Responsibilities

The Committee shall carry out the duties below for the Company:

- to review and recommend the annual compensation strategy with focus on the annual budget for Head count and Salaries and wages;
- to review and recommend the annual bonus and incentive plan;
- to review and recommend the compensation of the Chief Executive and Executive Directors;
- to assist the Board in reviewing and monitoring the succession plans of key positions in the company;
- to review and monitor processes and initiatives related to work environment and culture;
- to perform such other duties and responsibilities as may be assigned time to time by the Board of Directors.

Reporting Responsibilities

- the Committee Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities;
- the Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed;
- the Committee shall, if requested by the Board, compile a report to shareholders on its activities to be included in the Company's Annual Report.

Authorities and Powers

The Committee is authorized and empowered:

- to seek any information it requires from any employee of the Company in order to perform its duties;
- to obtain, at the Company's expense, outside legal or other professional advice on any matter within its terms of reference; and
- to call any employee to be questioned at a meeting of the Committee as and when required.

Annex. III

Code of Conduct

Fatima Fertilizer Company Limited conducts its business with the highest ethical standards in full compliance with all applicable laws. Honesty and integrity take precedence in all relationships including those with customers, suppliers, employees and other stakeholders.

Ethics and Business Practices

WE believe in conducting the Company's business in a manner that respects, protects and improves the environment and provides employees with a safe and healthy workplace. We conduct our business in an environmentally responsible and sustainable manner. Employees must be completely familiar with the permits, Health Safety and Environment policy, local laws and regulations that apply to their work.

All employees are expected to understand the laws and business regulations related to their work and comply fully so that our shareholders, employees, customers, suppliers, stakeholders and the Government have complete faith in the way we operate and that our business decisions are made ethically and in the best interests of the Company.

Employees are obligated to act in accordance with the Company's code of Ethics and Business Conduct and are restricted to using only legitimate practices

ANNEXURES

in commercial operations and in promoting the Company's position on issues before governmental authorities. Inducements intended to reward favorable decisions and governmental actions are unacceptable and prohibited.

Employees are prohibited from using their positions, Company property or information for personal gain, and from competing with the Company. Employees are also prohibited from taking advantage from opportunities that become available through the use of Company information, property or their position.

Assets and Proprietary information

WE consider our Company's assets, both physical and intellectual, very valuable. We have, therefore an obligation to protect these assets in the interest of the Company and its shareholders.

Protection of the Company's information is important for our business. All employees are expected to know what information is proprietary and which must not be disclosed to unauthorized sources. Employees are responsible for applying all available tools to manage the Company's information resources and records.

Relations with Business partners

WE seek to do business with suppliers, vendors, contractors and other independent businesses who demonstrate high standards of ethical business behavior. Our Company will not knowingly do business with any persons or businesses that operate in violation of applicable laws and regulations, including employment, health, safety and environmental laws. We shall take steps to assure that our suppliers, vendors and contractors understand the standards we apply to ourselves, and expect the same from them.

Our Employees

WE believe that highly engaged employees are the key ingredient in professional development and business success. Therefore, we invite our employees to contribute their best and to avail the opportunities for

improvement and growth. We are an equal opportunity employer and promote gender diversity, self-development and innovation. We provide employees with tools, techniques, and training to master their current jobs, broaden their skills, and advance their career goals.

The Audit Committee of the Board ensures the compliance of above principles.

Annex. IV

Human Resource Policies and Practices

C. OBJECTIVE

To recruit competent and high caliber professionals in the Company, through a fair, transparent and systematic process, thereby ensuring that the Company meets its strategic goals and objectives.

D. POLICY

This Policy shall cover recruitment and selection of both management and staff employees.

1. Equal Opportunity Employment/ Non-Discrimination in Employment

We are an equal opportunity employer. The overall requirements, relevant qualification and experience will be the determining factors in selection of employees.

2. General Conditions for Employment

a. Qualification

i. Management Employees

Candidates for management cadre shall be qualified in relevant fields from recognized institutions. This means that only degrees awarded by a university/ degree awarding institution granted charter by Government of Pakistan and accredited by the Higher Education Commission (HEC) shall be accepted.

The competency criteria for each job shall be as per individual "Position and Person Profile".

ANNEXURES

ii. Staff Employees

Candidates for staff cadre shall have a minimum qualification of matriculation with three years' diploma in relevant discipline or higher secondary education certificate. This can be relaxed only in exceptional cases, jointly by Functional Head and Head of HR.

b. Age

All Candidates between the age of 18 and 55 years shall be hired for permanent employment.

Candidates above the age of 55 years shall be hired on contract employment, unless otherwise specifically approved by the Competent Authority, as described in 'Section-3' of Contract Employment Policy.

c. Child Labor

The Company shall at all times, comply with the Laws related to child labour for direct hiring as well as through third party contracts.

d. Medical Fitness

All selected candidates shall be required to clear pre-employment medical tests. Medical tests can be conducted at the Plant Site Medical Centre or at designated centers, if any.

The expense of all pre-employment medical tests shall be borne by the Company.

e. Universities/ Institutions

The Company shall prefer to recruit employees having completed their professional qualification from HEC recognized 'A' class universities in the discipline of Engineering, Agriculture and Business/ Social Sciences, as defined in Annexure - "HEC Recognized A-Class Universities."

At Fatima, we place great value on the recruitment and retention of our talent. As a result the health and safety of our employees is of paramount importance to us. We have systems and processes in place which ensure that we hire the best and safeguard our employees.

We seek to develop, empower, and engage our employees; allow them to build on their strengths and provide them with the best career growth opportunities.

The secret behind our success is our people. Hence, we aim to achieve our strategic and business goals through the recruitment, retention, and development of top talent.

o Organizational Responsibility

The continued importance towards the recruitment of top talent has ensured that we have in place, the best HR policies, and practices. Hence it is imperative that the role of HR is in line with our corporate values. The HR at Fatima Fertilizer is not just responsible for the recruitment of top talent but also to ensure that we develop that talent so that they too can grow with the organization.

Necessary processes and procedures have been set in place to ensure that selection is made on merit regardless of gender, religion, or ethnicity. We, at Fatima, encourage diversity and try our utmost to create equal opportunities for all. We have been successful in increasing the number of female engineers and officers both at the plant site and at the head office as well. Additionally, we have a good mix of employees from diverse ethnic and religious backgrounds.

The command structure at Fatima has been divided into 4 levels to ensure smooth functioning and decision-making. These levels are:

- Level 1: M – 5 to M – 8 (MTO/GTE, Officer III, Officer II, Officer I and Senior Officer)
- Level 2: M – 9 to M – 11 (Executive, Senior Executive and Unit Manager)
- Level 3: M – 12 (Department Manager)
- Level 4: M – 13 (General Manager and above)

ACKNOWLEDGEMENTS

Ali Qureshi
Arif-ur-Rehman
Anil Zia
Arshad Bajwa
Asad Murad
Asghar Naveed
Ausaf Ali Qureshi
Humayun Shahzad
Farrukh Sheikh
Haroon Waheed
Hina Kabir
Hussain Imam Bukhari
Javed Akbar
Kashif Mustafa
M. Abad Khan
M. Abdul Wahab
Maira Zubair
Majid Khan
Mohammad Nasir
Muhammad Ahmed
Muhammad Zahir
Muhammad Usman
Mudassir Amin
Muneeb Anjum
Nisha Aftab
Noor-ul-Huda
Saima Khurshid
Samar Shoaib
Shams-ur-Rehman
Syed Ahsen-ud-Din
Syed Ali Nasir
Umar Yasin
Usman Sohail
Zainab Ahmed

FEEDBACK FORM

Sustainability Report 2013

1. Details of information provided on issues covered in the report:

Comprehensive Adequate Not adequate

2. Clarity of the information provided in the report:

High Medium Low

3. The quality of design and layout of the report:

Excellent Good Average

4. Your comments for adding value to the report:

Name: _____

Contact Information: _____

Designation: _____

Telephone No: _____

Organization: _____

Fatima Fertilizer Company Limited
Corporate Communication & CSR Department,
E-110, Khayaban-e-Jinnah, Lahore Cantt., Pakistan.
or

Fatima Fertilizer Company Limited
Corporate HSE Department
Office 28-30, 2nd Floor, Park Lane Tower (The Mall of Lahore),
172 - Tufail Road, Lahore Cantt. Pakistan.
Email: sustainability.reporting@fatima-group.com

www.fatima-group.com



Fatima Fertilizer Company Limited
E 110, Khayaban-e-Jinnah,
Lahore Cantt. Lahore 54000
Pakistan.