





*Haldor Topsæe Spirit*

# endure

## it is time to dare & endure!

Looking at reality that surrounds us we at FFC aim to sustain the company we have built so passionately over the last three decades. We accept the nation's hardships, be it energy crisis or an unforeseen turmoil, we continue to survive. Our ability to deliver long term financial returns is driven by our professional competence and implementation of responsible business practices aligned with UNGC principles. Venturing into sectors of food, financial services, coal gasification and alternate energy sources, after pioneering the fertilizer industry in Pakistan, has added fuel to our passion to deliver.

For us times of recession are not an excuse in nation building but we stick out and contribute extensively towards economic advancement of the Country.

In order to march-on we must endure





## Statement

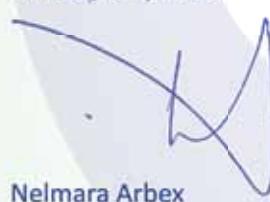
# GRI Application Level Check

GRI hereby states that **Fauji Fertilizer Company Limited** has presented its report "Endure-Corporate Sustainability Report 2012" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level A.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines. For methodology, see [www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf](http://www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf)

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 26 June 2013

  
Nelmaria Arbex  
Deputy Chief Executive  
Global Reporting Initiative



*The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance.*  
[www.globalreporting.org](http://www.globalreporting.org)

***Disclaimer:** Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 21 June 2013. GRI explicitly excludes the statement being applied to any later changes to such material.*

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## Vision

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

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

## Mission

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

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



# Corporate Strategy

Our flexible and dynamic corporate strategy strives for enhancing customer satisfaction by adding value over the long run. We aim at creating value for the stakeholders by maintaining and improving our competitive position in the market.

This is achieved by focusing on our sustainable competitive advantage that is derived by continuously assembling and exploiting an appropriate combination of resources and capabilities in response to the changing market conditions. Our organizational culture is one of our most fundamental competitive advantages. We have built and preserved an innovation-adept culture, a culture that promotes transparency and accountability through honesty, integrity and diligence in our dealing with employees, customers, financial market, government, regulatory authorities, and all other stakeholders. Diversification in business line is also being considered. Our unique corporate strategy gets aligned with the resource allocation system and flows down to the operational levels, thus ensuring its implementation at all levels along with the achievement of the intended results.





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# Chairman's Message



## We believe that our ABILITY TO DELIVER superior long term financial returns is the cornerstone of establishing ENDURING VALUE for all stakeholders.

On behalf of the FFC Board of Directors, I am pleased to share that despite prevailing social and economic challenges, FFC has continued its journey toward sustainable growth. We envisage these challenges as an opportunity for the Company to develop Sustainable Value Creation, contributing extensively towards economic development of the Country. Due to the untiring efforts of all tiers and by the grace of Almighty Allah, FFC was able to achieve great accomplishments during the calendar year 2012.

Sustainable Value Creation requires the organization to embed the sustainable practices into the core business to meet stakeholder needs of sustained returns, socio-economic development of underprivileged communities around the plant sites, quality products for better yield and mitigation of negative environmental impacts. FFC's sustainability reporting initiative is a step toward enabling balanced growth for all stakeholders and embeds sustainable practices in the core business.

During the year, FFC faced repeated gas curtailment but the Company overcame the challenge with dedication and unparalleled professionalism. The Company in line with the vision of diversification and maintaining sustained returns has ventured into new fields, resulting in the inauguration and commissioning of Pakistan's 50 Mega Watt Wind Power Project by 'FFC Energy Limited' in Jhimpir, Sindh. We envision that the Company's projects in alternate energy, coal gasification, food business and financial services will help the Company to move forward in a more robust way on Sustainable Value Creation path.

I congratulate the management and employees on 'Best Sustainability Reporting Award' for the Company's first Sustainability Report 2011. I am hopeful that the coverage of more indicators in The Corporate Sustainability Report 2012 will help the company to become more focused to deliver inclusive growth for all stakeholders.

May Almighty Allah bless you all.



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



## CE & MD's Message



I feel privileged to state that Fauji Fertilizer Company's continued progress on sustainability practices, and following policy of sharing vision with stakeholders and seek their indulgence, helped us ensuring continued sustainable growth. The social and economic instability and natural gas curtailment remained major challenges for the Company, however, having exceptional professionalism at all levels exhibiting sound engineering practices and a well managed market share helped the Company to overcome these constraints and end with stable returns.

In order to manage risks, provide sustained results and ensure inclusive growth through Sustainable Value Creation, the Company continued to upgrade its manufacturing plants, invest in the health and safety of its employees, work for the socio-economic development of plant site communities and investment in environmentally friendly green technologies. These investments helped the Company to gain a good return on investment and earn a reputation of good corporate entity with responsible business practices. As a major diversification step, the Company operationalized its first project of alternate energy. The Company focuses on its diversification plan into other industries, like food industry, coal gasification and financial services.

FFC being a member of United Nations Global Compact (UNGC) moves on a sustainable growth path following ten principles of UNGC. Resultantly we are leaders on all fronts of sustainability being fully compliant with applicable laws and regulations, quality standards, and environmental management systems. The Company achieved re-certification of all Health, Safety and Environmental systems including OHSAS 18001:2007 Occupational Health and Safety Assessment System, ISO 9001:2008 Quality Management System and 14001:2004 Environmental Management System.

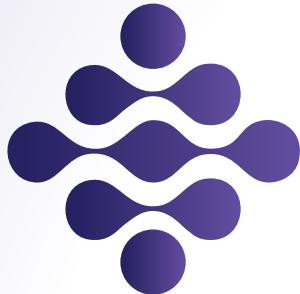
We continue to work with the small farmers to guide them on new farming techniques, balanced use of fertilizer, and advice on seeds in an effort to increase the agricultural yield leading to alleviate their poverty. We strive for productive engagement with farmers to further strengthen our concept of inclusive growth leading to sustainable value creation.

I am pleased to announce that our first Sustainability Report for 2011 received ICMAP 'Best Sustainability Reporting Award'. Now our Sustainability Report for 2012 has been compiled with more coverage of material topics, and is a level A report based on the Global Reporting Initiative (GRI) Guidelines. This report also contains our commitment to the ten principles of the UNGC.

I am grateful to all stakeholders for their support and trust reposed in us, and I assure that FFC will continue its journey towards a sustainable and responsible business, Inshallah.

**Lt Gen Naeem Khalid Lodhi, HI(M) (Retired)**  
**Chief Executive & Managing Director**





## Internal Control System & Risk Management

Risk is an element of uncertainty and risk-taking is an inherent trait of any enterprise. There can be no growth or creation of value in a company without risk-taking. However, if risks are not properly managed and controlled, they can affect the Company's ability to attain its objectives. Risk management and internal control systems play a key role in identifying, directing and guiding the company's various activities within the desired parameters of risk management.

### Vision of Risk Management

The vision of the Company is to establish and maintain enterprise wide risk management capabilities for active monitoring & mitigation of organizational risks on a continuous and sustainable basis.

### Risk Governance Strategy

FFC has a strong risk governance framework in place that enables active monitoring of business activities for identification, assessment and mitigation of potential internal or external risks, given the established processes and guidelines we have in place, along with a strong oversight and monitoring system at the Board, Board committees and senior management levels.

The Company's senior management team sets the overall tone and risk culture through defined and communicated corporate values, clearly assigned risk responsibilities and appropriate delegated authority. The Company has laid down procedures to inform the Board members about the risk assessment and risk minimization procedures. As an organization, the Company promotes strong ethical values and high levels of integrity in all our activities, which by itself significantly mitigates risk.



## Risk Governance Structure

The Company's risk governance structure is comprised of the Board of Directors and its committees at the Apex level. It is supported by policies and procedures, control activities, performance management and internal audit. The Executive Committee acts under the chairmanship of Chief Executive with members of the management and is entrusted with the tasks to review Company operations on an ongoing basis, establishing the adequacy of Company operations, administrative and control policies adopted by the Board and monitoring compliance thereof. The Business Strategy Committee works for identification & management of risks and overseeing operations.

The Audit Committee acts as a governing body to monitor the effectiveness of the internal controls framework. The internal audit activity carried out by the in-house internal audit team, who make an assessment of the Company's risk mitigating measures and provide suggestions for improvement. The Human Resource & Remuneration Committee focuses on risks in its area of oversight, including assessment of compensation programs to ensure they do not escalate corporate risk. The System & Technology Committee reviews the need for technological upgradation in various processes to reduce the risk of obsolescence and inefficiency in plant operations. The Projects Diversification Committee focuses on exploring new avenues for expansion and risk portfolio diversification.

The Committees, on a quarterly basis, advise the Board on matters of core concern for appropriate action.

## Risk Mitigation Methodology



FFC has a robust Enterprise Risk Management (ERM) system which helps to identify risks at an early stage and take appropriate steps to mitigate the same. The Company uses a risk methodology and ranking matrix to weigh the severity and likelihood of such a potential event, and establish relative risk levels from A through E to guide mitigation activities. The company identifies the risk and categorize the risk as strategic, commercial, operational and financial risk.

The Company has also strengthened controls for the organization, covering integrity and ethical values, adequacy of audit and control mechanisms and effectiveness of internal and external communication, thereby strengthening the internal control systems and processes.

## Management's Assessment of Risk

The Company identifies and evaluates several risk factors and take mitigation measures to handle these risks. Some of the significant risk identified by the management are mentioned as follows:



## Technology & Cost competitiveness

The Company believes that its utilization of state of the art technology and efficient use of resources which contributes to the low cost without compromising quality. However, being proactive, FFC mitigates this risk through balancing, modernization and replacements carried out at all the production facilities, to ensure that our production plants are state of the art and utilize latest technological developments for cost minimization and output optimization.



## Acquire and Retain Professional Talent

To acquire and retain a trained and professional talent is an uphill task and may pose a risk for the Company in case the Company fails to hire and retain sufficient numbers of qualified personnel then operational results and financial condition could be harmed. FFC has a detailed succession plan, and has a culture of employee training and development, continuously promoting and rotating employees within the departments. Furthermore, formal work procedures and work instructions are in place to provide guidance regarding any process undertaken by a new employee.

## Foreign Currency and Interest Rate Exposures

Foreign currency exposures could impact the financial results of the Company due to fluctuation in exchange rates. Foreign currency exposures arise out of company foreign currency investment and bank accounts bearing interest. The Company actively monitors the fluctuation in exchange rates and take steps to mitigate the risk. The fluctuation in exchange rates is mitigated to some extent by resultant changes in interest rates.

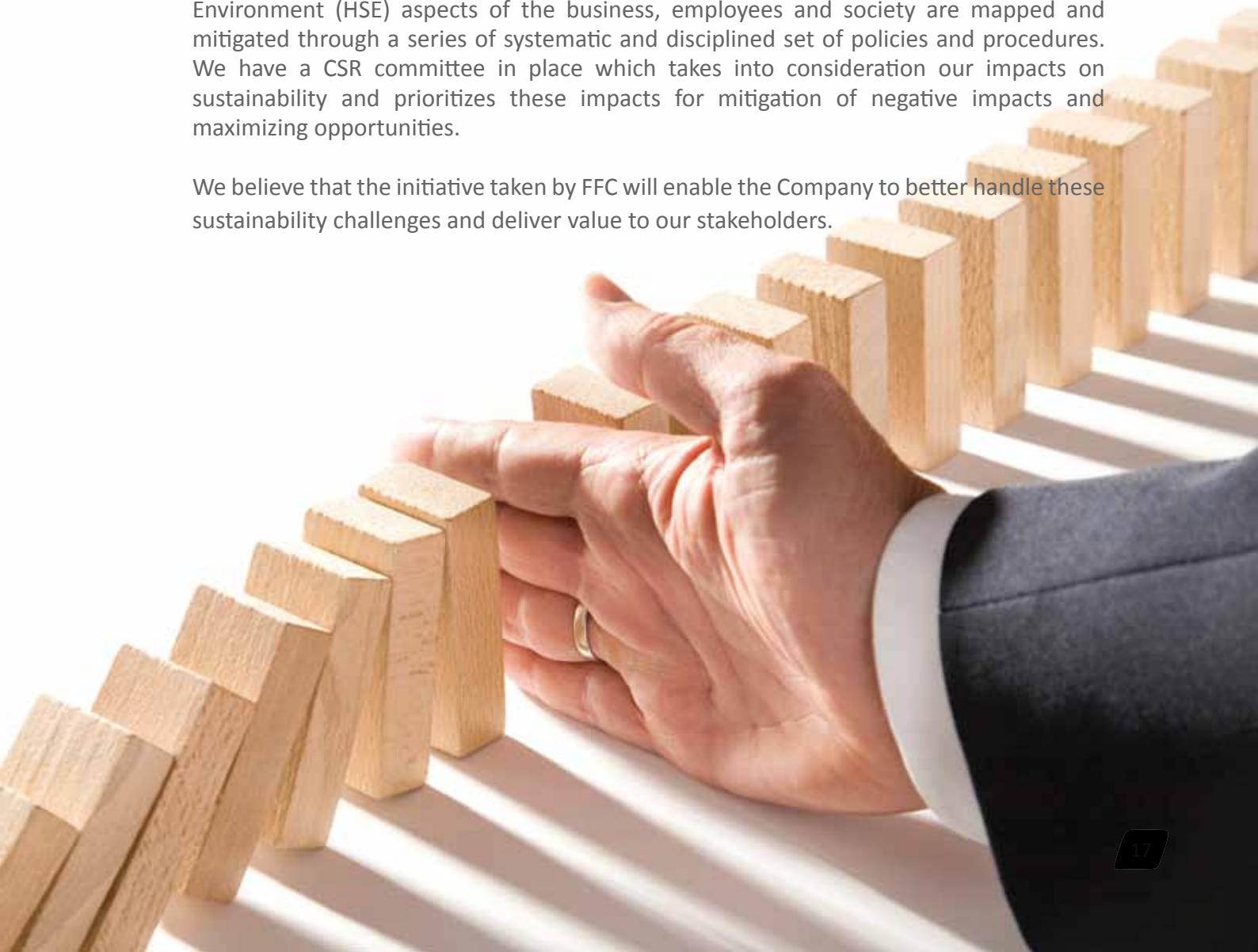
## Health, Safety & Environment Risks

In the current business climate of reputational threats and rising political reaction, companies need to proceed carefully to gain and maintain public trust. Compliance with emission standards for the manufacturing facilities and other environmental regulations may adversely affect the business.

The Company manufacturing of products involves dangerous chemicals and processes which are subject to stringent regulations. The Company anticipates that environmental laws and regulations in the jurisdictions, where it operates, may become more restrictive and be enforced more strictly in the future. The Company also anticipates that employee requirements as to the safety of operations and customer requirement for quality products with minimum environmental impact will continue to increase. In anticipation of such requirements, the Company has invested substantially and allocated other resources to proactively adapt and implement manufacturing processes to increase its adherence to environmental standards and enhance its industrial safety levels.

At FFC, the challenges due to the Company's operations related to Health, Safety and Environment (HSE) aspects of the business, employees and society are mapped and mitigated through a series of systematic and disciplined set of policies and procedures. We have a CSR committee in place which takes into consideration our impacts on sustainability and prioritizes these impacts for mitigation of negative impacts and maximizing opportunities.

We believe that the initiative taken by FFC will enable the Company to better handle these sustainability challenges and deliver value to our stakeholders.





Fauji Fertilizer Company Limited is a premier fertilizer manufacturing and marketing company listed on all three stock exchanges. The Company has a 46% Urea market share and is one of the largest urea manufacturing company in Pakistan with a total combined capacity (Goth Machhi & Mir Pur Mathelo Plants) of 2,048 thousand tonnes per annum. The Company produces and markets Sona Urea (Prilled), and also markets Sona Urea (Granular) and Sona DAP produced by FFBL. In addition to these products , FFC also markets imported DAP, imported SOP and imported Boron with the brand names of FFC DAP, FFC SOP and Sona Boron respectively.

FFC is headquartered in Rawalpindi with marketing group office at Lahore and manufacturing plants at Goth Machhi, and Mirpur Mathelo. The marketing group office controls all marketing distribution offices which are located all over Pakistan. The Company is well positioned in fertilizer market and offers premium fertilizer products to its valued customers. The Company has market presence in the whole of Pakistan with major emphasis in Sindh, Punjab and Khyber Pukhtoonkhwa provinces.

There has been no significant change regarding size, structure or ownership during the reporting period. The total headcount of FFC was 2,303 at the end of the financial year 2012. The bifurcation of the total headcount includes executives & workers for the manufacturing units, marketing offices and head office.

The Company has a strong asset base and is gaining financial strength day by day fueled by efficient production facilities, extensive distribution network and optimum fund utilization. The net assets of the Company were 13 % above last year assets at the end of the financial year. The Company's total turnover for the year reached Rs 74,323 million, an all time record, 35% higher than the turnover of last year. FFC's urea market share was recorded at 46% as compared to last year market share of 41 %. The Company production during the year was 2,405 thousand tonnes at 117% utilization of nameplate capacity of 2,048 thousand tones despite of continuing gas curtailment.

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



		
<b>Products</b>	<b>Urea (Nitrogen)</b>	<b>DAP (Phosphate)</b>
<b>Usage</b>	<p><b>Fertilizer</b> In grain and cotton crops, at the time of last cultivation before planting. In irrigated crops, urea can be applied dry to the soil. During summer, often spread just before or during rain to minimize losses from vitalization process.</p>	<p><b>Fertilizer</b> Increases the soil pH temporarily. Highly soluble and dissolves quickly in the soil to release phosphate and ammonium available in plants. Speeds up ripening of fruits and berries. Also applied to grain crop at the time of planting.</p>
<b>Industrial</b>	<p>Raw material in manufacture of plastics, adhesives and industrial feedstock.</p>	<p><b>Industrial</b> Is a fire retardant and is used in commercial firefighting products.</p> <p>Other uses are as metal finisher, yeast nutrient, nicotine enhancer in cigarettes and sugar purifier.</p>
<b>Production Process</b>	Produced from synthetic ammonia and carbon dioxide	Produced from ammonia and phosphoric acid.
		Produced from potassium chloride and sulfuric acid

## FFC's Subsidiary & Associated Companies

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

### Fauji Fertilizer Bin Qasim Limited (FFBL).

Fauji Fertilizer Bin Qasim Limited is a fertilizer manufacturing company producing Granular Urea and Di-Ammonium Phosphate (DAP) fertilizers. The Company is a sole producer of DAP fertilizer with a current market share of 52 %. FFBL has a 5 % market share of Granular Urea. FFC carries out the marketing activities of the products produced by FFBL. The manufacturing plant is located in the Eastern Zone of Bin Qasim, Karachi.

### Fauji Cement Company Limited (FCCL).

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

### FFC Energy Limited (FFCEL) .

FFC Energy Limited is a subsidiary company established to run and manage a wind power project of 50 MW at Jhampir, Thatta, Sindh. The project has been completed in the year 2012 and the supply of electricity to National Grid has commenced with planned commercial supply from first quarter of 2013 on issuance of Commercial Operations Date by NEPRA. It is country's signature project and major milestone towards achievement of self sufficiency in energy production through indigenous resources.







## Awards

In line with the continued focus on sustainability of the business, the Company aims at improving stakeholder value through improved Eco efficient use of capital and natural resources. The approach to sustainable development focuses on the triple bottom line of Economics, Environment and Social performance. The company is committed and working on various areas for energy conservation and climate change mitigation. The Company has started to report the sustainability efforts through a Sustainability Report based on Global Reporting Initiative (GRI) guidelines from the previous year. This reflects the Company's commitment towards sustainable development and continued efforts directed towards protecting the environment wherever we operate. Corporate Social Responsibility is an integral part of how the Company conducts the business and the efforts are directed towards community development through a focus on primary education, basic Healthcare Service, and Livelihood generation programs focused on improving the employability of local youth.



- ICAP & ICMAP Best Corporate Report Award 2011 – FFC secured 1st place in the Fertilizer & Chemical sector and also the overall winner in Best Corporate Report Awards 2010.
- South Asian Federation of Accountants Corporate Governance Disclosure Award 2011 – FFC got 2nd position in corporate governance disclosure award 2011.
- ICAP & ICMAP Best Sustainability Report Award 2011 – FFC secured 3rd position in Best Sustainability Report Awards held by the joint committee of ICAP and ICMAP. Although FFC has been a consistent patron of corporate social responsibility it is only in 2011 that a comprehensive Sustainability Report was compiled, encompassing all activities of the Company.
- KSE Top Companies 2011 – FFC grabbed the 1st position in KSE top 25 companies list. Moreover, FFC was included in the list for an 18th consecutive time.
- Pakistan Centre for Philanthropy - Corporate Philanthropy Award 2011 – FFC emerged 4th position by volume of donations.
- National Excellence Award 2011 by CSR Association of Pakistan.
- CSR Business Excellence Award 2012 by National Forum for Environment and Health.
- Annual Environmental Excellence Award 2012 by NFEH.
- Best CSR Practice Award by UN Global Compact Pakistan Local Network.
- Annual Environmental Excellence Award by UN Global Compact (Pakistan Chapter).

## Best Corporate Report Awards 2011

The annual report of the Company for the year ended on December 31, 2011 bagged 1st place in the Fertilizer & Chemical sector and was also the overall winner in Best Corporate Report Awards 2011 declared by the joint committee of the Institute of Chartered Accountants of Pakistan and the Institute of Cost & Management Accountants of Pakistan in a ceremony held in Karachi on October 08, 2012.



## KSE Top Companies 2011

FFC did not only ensure its inclusion in the top 25 companies list annually published by the Karachi Stock Exchange for the 18th consecutive time, but stood 1st for the year 2011. These companies are selected based on a comprehensive criterion covering various aspects of performance including company's dividend distribution, trading pattern of its shares, capital efficiency, profitability, free float and turnover of shares and participation in corporate social responsibility.

## Corporate Philanthropy Awards 2011

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



# report profile

A graphic element consisting of three main icons: a magnifying glass focusing on a blue letter 'P', a black electronic calculator displaying '123456789', and a stack of gold coins with a green upward-pointing arrow growing from them.

The Economic, Environment and Social performance of the period of 1<sup>st</sup> January, 2012 to 31<sup>st</sup> December, 2012 of the Company is reported in this Sustainability Report.

This is the 2<sup>nd</sup> Sustainability Report of the Company. The last Sustainability Report was published in June 2012 which covered the Economic, Environment and Social performance of the Company for the period of 1<sup>st</sup> January, 2011 to 31<sup>st</sup> December, 2012. The Sustainability Report of the Company will be published annually and will be distributed to its key stakeholders.

The Sustainability Reporting team is involved in the compilation of the data and report from manufacturing plants, marketing offices and head office. These details are collected on a regular basis from the concerned departments and recorded through Management Information System (MIS). The data presented is carefully compiled by applying GRI reporting principles as mentioned in GRI guidelines and technical protocols. However, for clarifications or queries the contact person of the Company is Brig. Munawar Hayat Khan Niazi Tbt, SI (M), (Retd.), Senior Manager CSR & Corporate Communications. The address for communication/feedback is as follows;

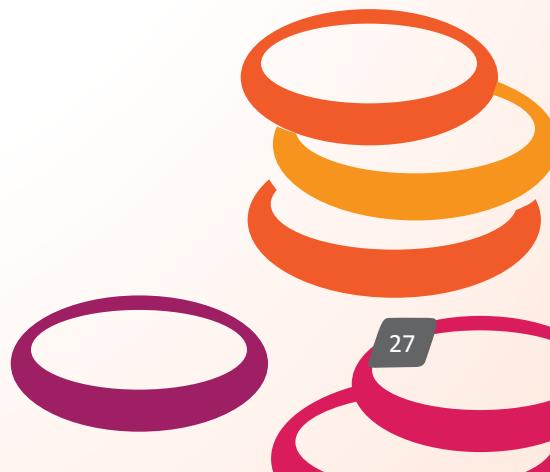
**Fauji Fertilizer Company Limited**

SONA Tower 156 - The Mall,

Rawalpindi Cantt.

Phone: +92-51- 111-332-111

Email: munawar\_hayat@ffc.com.pk





## Report Scope & Boundary

The Company has applied GRI G3.1 guidelines for determining the report contents ad material issues for the Sustainability Report. The Company has reported on all core indicators and some additional indicators based on stakeholder consultation and materiality analysis. While determining the materiality issues for the Company, both internal & external stakeholders have been considered. These include stakeholders who can affect the operations/ performance of the Company and others who are affected/ impacted by the Company. Based on the materiality analysis and stakeholder consultation, the Company decided to report on all fifty five (55) core indicators and eighteen (18) additional indicators out of 28 additional indicators.

The Company reporting has also provided information on the Principles of United Nations Global Compact (UNGC) as per GRI Reporting Framework. The economic, environmental and social data presented in the report include data on FFC's manufacturing plants located at Goth Machhi and Mirpur Mathelo, marketing offices and head office. The report does not include information on subsidiaries or associated companies.

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

The Company opted to get a GRI application level check for this year's Sustainability Report in order to get global recognition and bring more transparency and reliability of the report. The plan to get external assurance from an external party has been delayed and will be implemented for the next reporting period.

The data measurement techniques are same as previous year. Quantified values as well as estimated values have been used for representing the data. Standard protocols/ guidelines have been used for calculation of specific data. There has been no change in the reporting period scope, boundary or measurement methods applied in the Report. There is no change that can significantly affect the comparability from period to period for the Company. There are some re-statements of information provided in the previous report. Previous years' figures have been regrouped/ rearranged wherever found necessary to conform to this year's classification.





# **governance, commitments & engagements**

## Corporate Governance

Corporate governance broadly refers rules, processes or laws by which organization is operated, regulated and controlled. Corporate governance is also about relationships between different stakeholders. The stakeholder groups include, shareholders, creditors, employees, suppliers, customers, regulators and community at large. The efficient and effective management of the organization can be carried out through a well defined system of corporate governance.

At FFC, Corporate governance is a system of structuring, operating and controlling the Company, with a view to achieving long term strategic goals, aimed at satisfying the shareholders, creditors, employees, customers and suppliers. Compliance with applicable legal and regulatory requirements, in a manner that is environment friendly and supports local community needs, has also been prioritized.

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

- Well represented Board of executive, non-executive and independent directors;
- Several Board Committees for Audit, Human Resource and Remuneration, System and Technology, Project Diversification and Management Committees i.e. Executive Committee, Business Strategy Committee and CSR Committee;
- Code of conduct for employees, senior management and directors;
- Robust risk management framework;
- Regular communication with shareholders;

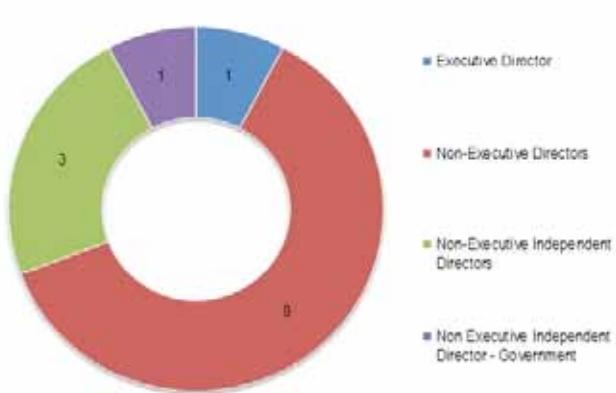




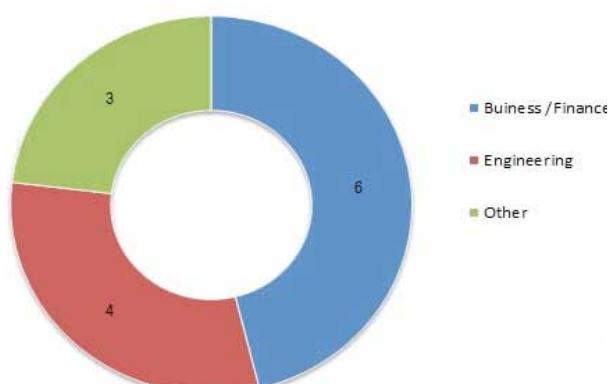
Further, the operational powers have been delegated to the Chief Executive & Managing Director for smooth operation of the Company's business. The Board of Directors of the Company comprises of thirteen directors; 1 executive director and 12 non-executive directors. Out of the 12 non executive directors 4 are non executive independent directors. The independent directors do not have any material pecuniary relationship with the Company. Twelve members of the Company's Board are male, one board member is female.

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

**Balance of Directors**



**Directors' Qualifications**





FFC values its investors and shareholders immensely and continuously strives to improve the quality of services to its investors and shareholders. The shareholders can give their feedback by sending letters or email to the address available on the Company's website. The shareholder feedback is regularly evaluated by the concerned officials and action is taken as per the need. The Company also convenes Annual General Meeting (AGM) of shareholder in addition to Extraordinary General Meetings (EGM) as per statutory requirements. The shareholders also have an opportunity to share their valuable suggestions /ideas with directors during the Meetings.

The Company values the concerns of its employees with the aim to provide a balanced working environment for achieving the Company's objectives. The employees can forward their concerns to the management through Collective Bargaining Agents (CBAs) and through formal meetings held during the year. Due consideration and suitable actions are taken to the suggestions/ideas of the shareholders and employees. However, this is subject to being found practicable, appropriate and in the interests of the Company.

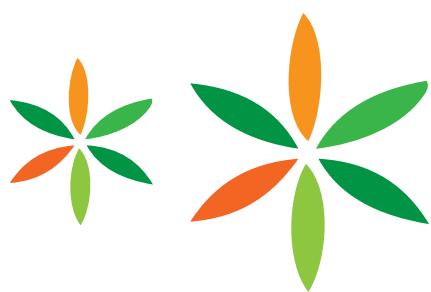




With a view to communicating on a timely basis, the Company provides quarterly results to all shareholders and also places the results on its website. The Company forwards the hard copy of Notice of Annual General Meeting and Annual Report to all shareholders.

Directors' Remuneration Policy aims at encouraging and rewarding good performance/contribution to the Company's objectives. The Directors' performance is evaluated by setting specific, measurable, achievable and realistic goals for the year and evaluating the performance of each member against these goals. The remuneration of CE & MD is paid as recommended by the Human Resource and Remuneration Committee and approved by the Board of Directors and Shareholders. A fee is paid to the directors to meet the expenses incurred by them in attending the Board meetings, which is also approved by the Board of Directors and is in accordance with applicable guidelines. The Company does not pay remuneration to non-executive directors, except for the directors fee.

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



There is a formal code of business ethics and anti corruption measures in place to avoid conflict of interests at Board and executive level. The code clearly refrains from conflict of interest and incase conflict of interest is not avoidable; it requires to be reported to the highest governing body for resolution.

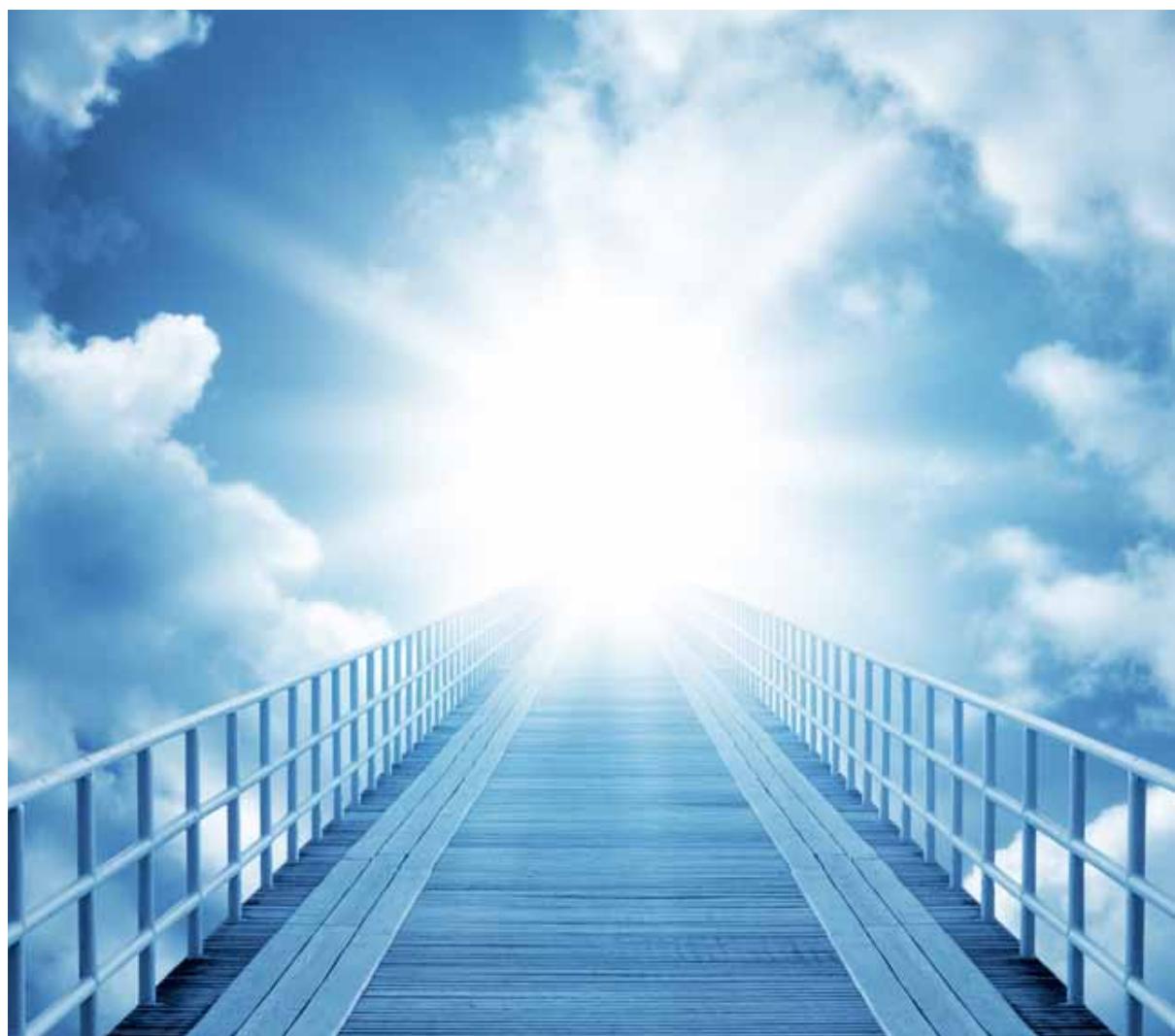
The directors are elected through an election at a general meeting. The nominated directors are appointed by the sponsoring body and financial institutions. The applicable legal and regulatory framework which defines parameters regarding qualification and composition of the Board of Directors for smooth running of business and promotion of good corporate culture is followed. There is no consideration of gender or any other indicators of diversity. The Company is an equal opportunity employer and members of the highest governing body are selected on merit. The Company has on its Board highly competent and committed personnel with vast experience, expertise, integrity, and strong sense of responsibility required for safeguarding of shareholders' interest. The Board is comprised of qualified directors with diverse backgrounds in the field of business and finance, engineering and other disciplines.

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

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

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

To effectively focus on the issues and ensure expedient resolution, the Board of Directors has constituted Committees of Directors with the adequate delegation of powers. The committees are appointed by the Board. These committees meet as often as required to oversee the performance in respective areas. Each committee has own charter with goals and responsibilities. The committees of the Board are the Audit Committee, System and Technology Committee, Project Diversification Committee and Human Resource & Remuneration Committee.



## Commitments to External Initiatives

Pakistan is a party to key international protocols / forums on the precautionary approach (Ozone depleting substance phase out, climate change etc.) and Pakistani laws & regulations are also based on these aspects. The Company follows all applicable regulations encouraging a precautionary approach. The Company is continually taking initiatives to reduce the environmental load of its operations by regularly improving processes through R&D and extensive balancing, and modernization to reduce emissions. Few examples of the Company's commitment to external initiatives are;





Keeping in view the curtailing gas reserves, the Company has given prime importance to energy conservation. Energy conservation measures did not only offset the impact of gas curtailment, but also considerably improved plant energy index resulting in Rs 111 million savings in gas bills compared to previous years. Additional production gain from saved natural gas approximates 32 tonnes per day.

The Company carried out various activities during the year to improve the processes as a precautionary approach. This includes 10th maintenance turnaround for Plant II and Plant III. The objective of the activities was to improve the processes in order to save energy, bring process improvement and reduce emissions. Some of the actions taken and implemented during the reporting year are as follows.

- Urea reactor relining was carried out plant turnaround with urea grade material to sustain the highly corrosive process environment.
- Ammonia converter shell crack repairs were carried out for long term reliability and safe operations.
- Primary reformer burner block replacement / refractory repair for operational reliability of reformer.
- Plant-II Emergency Shut Down (ESD) system project completed to replace PLC based HIMA emergency shutdown system with state of the art “Triconex” ESD System, for enabling successful commissioning and a smooth plant start-up.
- Medium Temperature Shift catalyst was replaced by the pre-reduced copper oxide catalyst for the first time, to decrease the reduction time of the catalyst by around 2 days.
- Overhauling of CO<sub>2</sub> Compressor’s Turbine as per preventive maintenance schedule.
- High pressure stage rotor and damaged seals of CO<sub>2</sub> Compressor were replaced to improve reliability, safety and energy efficiency.
- Couplings & bearings of ammonia compressors were inspected and damaged components were replaced.
- The leaking segment of waste heat steam production coil was replaced with new insulated tube to improve reliability.
- Urea reactor outlet control valve was repaired to optimize performance.

The Company follows several externally developed voluntary initiatives in the areas of economic, environment and social performance. The Company got its plants re-certified to ISO 9001:2008, ISO 140001:2004 and OHSAS 18001:2007 i.e. Quality Management System, Environmental Management System and Occupational health and Safety system.

As per Company's commitment to sustainability, the Company is an active member of United Nations Global Compact (UNGC) network and continue to abide by the ten principles of the UNGC.

As a focus area for the social initiatives, the Company continually engages with the plant site community for intervention in the field of education, health and livelihood. The Company tries to align its efforts with the Millennium Development

Goals (MDGs) of the United Nations and makes contributions in whatever way possible for the social and economic uplift of the people.

FFC is a member of several national and international associations. The Company does not provide substantial funding to these associations. However, events like exhibitions / seminars / workshops are sponsored by the Company. The Company is a member of the Marketing Association of Pakistan, Fertilizer Manufacturers of Pakistan Advisory Council (FMPAC), Fertilizer Industry Public Relation Committee (FIPRC), International Fertilizer Industry Association, Arab Fertilizer Association, and WWF.



# Stakeholders Engagement

The Company engaged following stakeholder groups on a regular basis.

- Shareholders
- Employees
- Customers
- Vendors & Suppliers
- Regulators
- Local communities
- Academia
- NGO's
- Media
- Contractors
- Financial institutions and investors

FFC identified and prioritized stakeholders for consultation with them based on the influence on the Company operations and the impacts of the Company operations on them. The stakeholder groups were consulted by relevant departments for getting their input.

There is no fixed frequency of engagement with the stakeholders though there are annual events like annual management conference, vendor meetings, exhibition for customers etc. However, the departments engage with their specific stakeholder groups on need basis. Performance Management System is another tool for engagement with employees of the Company. The engagements with various stakeholder groups were carried out during the year. The details of some of the engagements are as follows:



## Shareholders, Investors, and Providers of Capital

The Company works towards excellent stakeholder communication. It believes in sharing all information that directly or indirectly affects the financial and operational performance of the Company that can have a material impact on the share price. The corporate relations/investor relations department regularly update the shareholders and investors on major developments in the Company. Regular updates are provided to shareholders about the performance of the Company on a quarterly basis. The Annual Report of the Company is also circulated to all the shareholders, investors and other providers of capital to the Company.

## Employees

The Company regularly engages with its employees for gaining their insights and bringing improvements in work and personal life of the workforce. The Company interacts in the shape of (Annual Marketing Conference) AMCON, Zonal Meetings, Annual Recreation Day, Annual Dinner and meetings with employee representative groups like CBAs.



## Customers

The Company interacts with farmers for sharing the farming techniques for efficient production and gaining their insights. The Company engages with its customers through marketing network, unique & quality farm advisory services and a dedicated team of professionals.

FFC conducts Customer Satisfaction Measurement Surveys annually. These surveys help Company to interact with customers for taking their inputs and improve product and service quality. Customers' satisfaction about the product and service is analyzed on a number of parameters which includes: product quality, product packaging, product delivery, product pricing, complaints handling and Agri Services provided by the Company. This annual survey enables the Company to properly incorporate the customers' concerns on different aspects and achieve customer satisfaction leading to higher agricultural productivity. The Company also caters the farmers' queries online. A Kashitkar desk is available on Company's website [www.ffcsona.net.pk](http://www.ffcsona.net.pk) for farmers' facilitation. It also contains all the technical literature being disseminated by the Company.

## Local Community

FFC being a responsible corporate entity considers the Corporate Social Responsibility as a value addition in the life

of the community. The Company engages with the plant site community though it's CSR department as well as employees working at the various plants. Various programs are implemented for local communities in the field of education, health and uplift of the society. These are explained in the social section of the report.

## Social Development Organizations

FFC is a leader in philanthropic activities and the Company makes donations to different NGO's working in the field of health, education, sports and environmental protection. The NGO's are involved in community related activities as and when the need arises. The engagement with Pakistan Red Crescent Society for building houses for flood affected people in Sindh is underway. The Company also engaged with other NGO's for betterment of primary education in the plant site localities.

## Government & Other Regulatory Bodies

The Company has engaged Government and other regulatory bodies on issues concerning the Company's business especially Natural Gas curtailment. The Company's project of adopted schools for the improvement of basic education located in proximity to plant sites is also carried out in partnership with the Government and Pakistan Poverty Alleviation Fund.



## Media

Engagement with media (Print & Electronic) is one of the focus areas of the Company. The Company engages with the media fraternity on an on-going basis through an integrated media outreach program that encompasses print publications, electronic media, digital media and radio. Besides this the local journalists are well informed about developments and activities for farmers

The Company continued its media outreach through sharing press releases of the major developments like quarterly release, collaborations etc. to print, radio services and electronic media. The Company also follows the Standard Operating Procedure (SOP) of sharing all material information with the stock exchanges before sharing it with the media. The Company extended its visibility on electronic media during the year. Many TV Channels aired briefing about Company activities relating to pre and post activities of various farmer meetings and pre season meetings. The Company's experts participated in radio talks of various agricultural programs of different radio channels.



## Stakeholder Engagement for Sustainability Report 2012

In addition to the regular stakeholder engagement as discussed above the Company carried out a report specific stakeholder engagement activity during the year. The Company identified important stakeholder groups, prioritized these groups for engagement, identified communication methodologies for each group and carried out dialogue with them for gaining insights for inclusion in the Sustainability Report. The stakeholder groups were engaged through meetings, surveys, email, phones and focus group meeting. The detail of some of the activities is as follows:





Stakeholder sessions at Goth Machhi plant & Mirpur Mathelo plant for Sustainability Report 2012



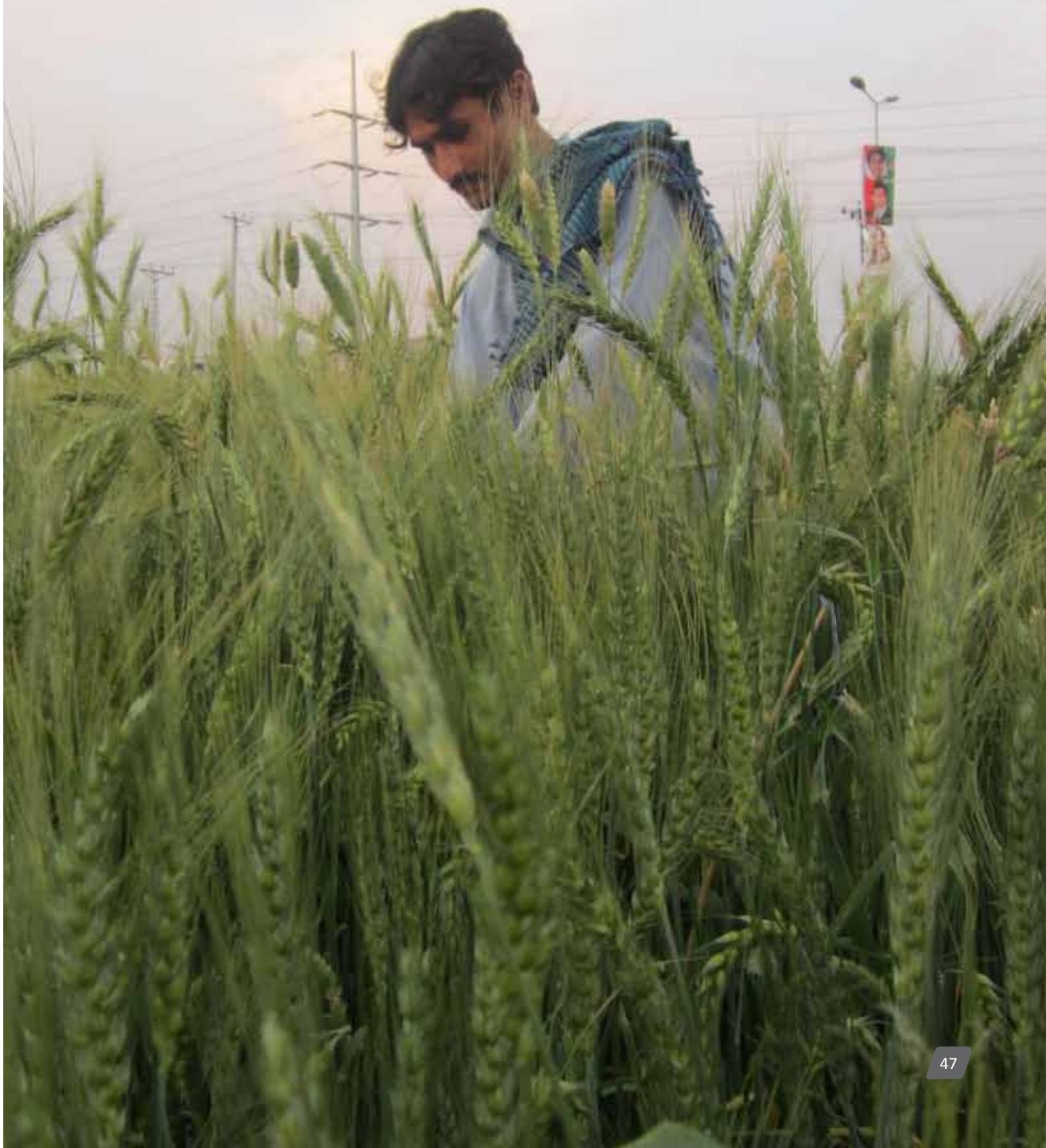
Meeting with CBA representatives for Sustainability Report 2012



Meeting with local community, contractors & farmers for Sustainability Report 2012

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

<b>Farmers</b>	Asked to report on initiatives on product innovation, product responsibility, introduction of new farming techniques and crops to increase farmer income and overcome crop losses.
<b>Distributors</b>	Asked the company to report on health and safety and community related investments.
<b>Bankers</b>	Asked to report on economic performance, indirect economic impacts, environmental initiatives, labor/ management relations, equal remuneration, human rights, society and product responsibility.
<b>Investors</b>	Asked to report on economic performance, environmental impacts of produces, compliance, labor practices, human rights, local community, corruption, public policy and product responsibility.
<b>NGO's</b>	Asked to report on energy conservation measures, emissions and effluents, occupational health and safety, child labor and local community.
<b>Local Community</b>	Asked to report on market presence, water usage, health and safety, non-discrimination and community.
<b>Academia</b>	Asked to report on environmental initiatives, social interventions and product responsibility .



**farmer's**  
**capacity**  
**building**

The word "farmer's" is in blue, "capacity" is in blue, and "building" is in blue. The word "farmer's" has a sunflower above it and grass behind it. The word "capacity" has a book with flowers above it. The word "building" has a horse-drawn cart to its right and a sack of grain with wheat stalks above it. To the left of "capacity" is a yellow door set in a green hill, with a black pipe above it from which water is flowing.

FFC believes that fertilizer business cannot be successful without profitable farming. It, therefore, offers a package than just products. The Company actively serves the farming community for educating on efficient and effective farming practices through its Agri Services Officers and Farmer Advisory Centers. The mission statement of advisory services is "Help the farmer to optimize utilization of his resources to rejuvenate farm productivity and increase his income".

The company is delivering quality farm advisory services all over the country through its 5 Farmer Advisory Centers and 14 Regional Agri Services Officers. This provides the extensive spread of our extension services throughout the country for transferring modern agriculture technology to the farmers. These centers are fully equipped with modern and sophisticated computerized soil & water testing laboratories, demonstration vans and high tech audio visual equipment. It operates for a period of 3-4 years in an area providing guidance in line with area crops and socioeconomic position of the farmers.



The Company also invites experts and professionals from agriculture institutions and Government departments to deliberate upon the problems confronting by the farming community.

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

The activities undertaken during 2012 for the awareness and benefit of the farmers and getting their valuable insights are as follows:

## Crop Demonstration Plots

FFC laid out 148 crop demonstration plots on various crops including orchards. Fertilizers and all other agronomic operations on these demonstrations were carried out as per recommendations after the soil and water analysis. Modern crop production technology was practically demonstrated to the farmers at their own farms for showing its positive yield and economic returns in comparison with the conventional practices.



## Special Farmer Meetings

The Company conducted eighteen special farmer meetings and ten pre-season meetings on different crops/agricultural issues. The area specific latest agriculture knowledge about particular crop or related issues is transferred to progressive farmers and allied stakeholders. These meetings were attended by progressive growers of the area as well as different officials like researchers, scientists, and extension workers, representative of pesticide companies, sugar mills and media. Guest speakers and FFC experts offered lectures on various aspects of crop production and addressed farmers' queries.



## Field Days/Meetings/Training Programs

The Company celebrated 117 field days to show the visual impact of modern crop production technology adopted on the demonstration plot. The economic advantage of the improved

package of technology over conventional farming practice was also highlighted during the field days. The Company conducted 170 farmer meetings and 41 village meetings to educate the farmers about the area specific required agriculture technology to enhance their farm income by increasing crop production.



FACs arranged 10 training programs for farmers and officers of different organizations like; Agriculture Extension Department, sugar mills, pesticide companies and staff of different projects etc. The Agri Services Officers visited 1,497 farms of progressive growers to discuss and advise for on-site farm problems of individual farmer and farm specific recommendations /solutions were provided. The Agri Services Officers conducted 991 group discussions throughout the country to disseminate the area specific agricultural technology to a small group of farmers through

this activity. FACs and regions jointly conducted 40 blitz programs (a series of meetings in a small area).

## Soil & Water Analysis

The nature of soil and water is the prime factor for the quality of crops. The fertilizer use enhances the productivity in significant quantity provided it is used in balanced quantity. The Company being fully aware of the importance of balanced fertilizer use has established state of the art soil and water analysis labs to promote balanced fertilizer use for maximizing farm production. FAC labs analyzed 23,024 soil/water samples collected by the field officers. Fertilizer/reclamation recommendations were developed and delivered to the farmers to promote balanced fertilizer use. FAC Shahkot also analyzed 670 soil samples for micronutrient status.

## Literature Distribution /Digital Media

FFC realizes the importance of literature and digital media and has proactively distributed literature to disseminate the technical information among the farming community for their ready reference. Farmers benefit from the complete package of technology in writing and pictorial form used these means to create awareness among farmers for better use of fertilizers. The Company distributes crop brochures among farmers through different

Agri Services' activities. Moreover, FFC experts participate in radio talk shows during agricultural programs of different Radio Channels and TV Channels.

The Company also publishes "Fertilizer Guide Book" and "Fertilizer Recommendation Book" which are valuable assets for disseminating information about fertilizers and their use for different crops. The Company refreshes farmers' knowledge regarding seasonal/on-going crop operations through quarterly Agriculture Newsletters (Urdu & Sindhi). The newsletter provides current information and interesting articles on modern agriculture. The Company's pragmatic approach of developing crop production documentaries is also one of its own kind in the country.



## Summary of Outreach Programs 2012

FFC has performed a large number of capacity building activities since its inception. The Company reached 68,720 farmers through these activities which helped in capacity building leading to the economic uplift of the farmers.

Program	Number of Programs	Farmers Contacted
Crop Seminars	10	1820
Farmer Meetings	18	3038
Village Meetings	41	3739
Blitz Programs	40	23050
Group Discussions	991	6814
Farm Visits	1497	1493
Training Programs	10	482
Crop Demonstration	148	147
Field Days	117	12437
Crop Experiments	10	10
Soil & Water Sample Tested	23024	1745
Micronutrient Samples Tested	670	0
Total		68,720



TOGETHER WE SHARE  
TOGETHER WE GROW  
TOGETHER WE WIN



# economic performance



## Policy, Goal & Performance

FFC's vision, mission and corporate objectives act as a guiding policy for economic performance. In struggling economy of the country, FFC maintained its leadership through contribution towards economic advancement of the country. FFC is committed to play the same leading role in industrial and agricultural advancement by standing above the competition, providing premium quality fertilizer products to customers and producing a healthy and a predictable return to investors.

FFC is aware that its operations have major direct and indirect impacts and is taking steps to increase the positive direct and indirect impacts and reduce the possible negative impacts, if any. The Company actively carried out a due diligence of each investment decision to consider its positive and negative direct and indirect impacts. The Company direct impacts include shareholder returns in the shape of dividend or payment to investors in shape of return on loans, payment of taxes, duties to the Government, payment of salaries and benefits to employees, payment to suppliers etc. while the indirect impacts include the economic betterment of local communities through improvements in business environment and investments in infrastructure projects at the localities where the Company operates.

The Company aims to be the growth partner for all by providing trainings to dealers, utilizing local suppliers where possible, employing local staff where applicable and contributing to the local community.

The financial and operational results for the year depict that the Company operates in a continually evolving market with ample opportunities for future growth. Despite a shortage of gas, efficient production facilities resulted in 117% capacity utilization. Although facing a tough competition from imported fertilizer and other local competitors, FFC managed to sell 2,399 thousand tonnes of 'Sona' urea, improving market share to 46%. The Company delivered strong growth in sales and cost optimization. The Company earned net profit of Rs 20, 840 million, 7% below of the profit earned last year. The return on equity declines by 18%, while earning per share decreased by 7% as compared to last year. The decline in net profit and return on equity was primarily due to 207% increase in feed gas cost, the most prominent component of production cost, amid imposition of GIDC and general gas price revisions.

The total turnover was recorded at Rs 74,323 million, an all time record, 35 % higher than the last year turnover. FFC's urea market share was recorded at 46% compared to last year share of 41 %.

## Additional Contextual Information

### Orientation Seminar Supply Chain Vendors and Companies

An orientation seminar was organized by FFC in collaboration with Global Compact Pakistan Local Network and Lahore Chamber of Commerce and Industries in May 2012, for the Supply chain vendors and companies associated with FFC on 18th March 2012 to highlight the principles of UN Global Compact and FFC steps toward their implementation into the company's operations.



## GRI G3.1 Performance Indicators

ASPECT : ECONOMIC PERFORMANCE		
<b>EC1 Direct economic value generated and distributed.</b>		
Component	Data 2012	Data 2011
<b>Direct economic value generated (Rs. in millions)</b>		
Revenues	90,483	69,283
<b>Economic value distributed (Rs. in millions)</b>		
Major operating costs	15,253	14,456
Employee wages and benefits	5,475	4,932
Payment to providers of capital	18,865	15,729
Payment to Govt.	43,189	28,081
Community investments	220	178
<b>Economic value retained (Rs. in millions)</b>		
Retained earnings	7,481	5,907
<b>EC2 Financial implications and other risks and opportunities for the organization's activities due to climate change.</b>		

Financial implications due to climate change include the economic costs of the adverse effects of climate change and risk and opportunities related to actions to reduce GHG emissions.

The Company has no major financial implication posed due to climate change. All the operations are safe from the impacts however; extreme weather change may affect the operations. The weather patterns are evolving and sudden changes in weather are no more a novelty or one off incidences. The financial implications due to climate change include economic costs related to changes in fertilizer consumption and its patterns. The Company has a system in place to assess such risks and opportunities and monitor and mitigate the risks. Cognizant of the fact of water shortage in a changing climate, the Company is propagating drip or trickle irrigation system, sprinkler method of irrigation and laser land levelling for optimum water conservation. The Company has not quantified the impacts in monetary terms.

**EC3 Coverage of the organization's defined benefit plan obligations.**

Component	Response 2012	Response 2011
Coverage of the organization's defined benefit plan obligations.	The Company apart from providing benefits like medical insurance, house rent allowance, travel and communication expenses provides the Provident Fund Gratuity and pension to permanent employees. Provident fund is paid by the employee at the rate of 10 % of basic salary and the Company also makes an equal contribution for all the employees. Provident fund may be reimbursed after an employee leaves the organization or may be transferred, as per the convenience of an employee. Gratuity is non transferable and is awarded to an employee after certain years of employment with the Company. Pension is paid to the company eligible employees after their retirement from the Company. The participation in the funds is mandatory.	Not reported

**EC4 Significant financial assistance received from government.**

Component	Response 2012	Response 2011
Significant financial assistance received from government.	No significant financial assistance received during the year.	No significant financial assistance received during the year.

**ASPECT : MARKET PRESENCE**
**EC5 Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.**

The company strictly follows the Minimum Wages Law at all significant locations of operations. The standard entry level wage is higher than the minimum wages as defined by Minimum Wages Law at all significant locations of operations.

### **EC6 Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.**

Locally based suppliers are defined by the Company as supplier within the country. All imported materials are considered as being supplied by other suppliers. The Company prefers to purchase from local suppliers. Procuring material from locally-based suppliers will benefit the organization by reducing the huge transportation cost which would have otherwise occurred if the material was procured from vendor far from the Plant. As per practice preference is given to quality, timely delivery of supplies. The Company purchases comprise of 86% purchase from local suppliers and 14% from foreign suppliers.

### **EC7 Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation.**

According to the policy of the company all kinds of recruitment are made on merit and no preference whatsoever is accorded to any other aspect. However, as a common practice, while hiring junior level staff / apprentices at plants minor relaxation is given to the local population to encourage the locals. Likewise, in the marketing group, preference to post locals from among the selected ones is also given due consideration to resolve communication issues/ language problems. No senior management employee at locations of significant operation is hired on the basis of location or domicile.

## **ASPECT : INDIRECT ECONOMIC IMPACTS**

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

The net economic impact is usually viewed as the expansion or contraction of an area's economy, resulting from changes like opening, closing, expansion or contraction of a plant, project or program. Assessing the indirect economic impact is viewed in terms of the livelihood generation for the local community, impact on the families of the workers in local community etc. Such measures actually represent the gross effect i.e. the plant's or project's role in contributing to the area economy. That is not necessarily the same as the net impact.

The Company CSR department identifies and conducts community needs assessment survey to determine infrastructure investments and other services needed near the plant sites . Based on the needs identified through community development initiatives, various projects are undertaken by the Company to improve the health infrastructure, education and poverty alleviation for the plant site community. The Company spent Rs. 220 million during the year on different initiatives. The summary of initiatives taken in year 2012 is as follows.

#### **Initiatives during the year 2012**

<b>Initiative</b>	<b>Brief</b>
School Improvement Program (SIP)	School improvement program at 10 adopted schools (Mirpur Mathelo) at a cost of Rs. 60 million over a 3 year period in participation with Pakistan Poverty Alleviation Fund (PPAF).
Up-gradation of Municipal Committee Girls High School (Sadiqabad)	Up-gradation of MC Girls High School Sadiqabad at a cost of Rs. 5 million completed by December 2012.
Educational Infrastructure Uplift Program at 4 FFC Adopted Schools	Infrastructure improvement and uplift program at 4 FFC adopted schools, located in the proximity of the FFC plant site Goth Machhi at a cost of Rs. 2.25 million.

Initiative	Brief
Scholarship Program	5 Merit Scholarships for Students of Sona Public School at Cadet College Ghotki. FFC Scholarship to 2 Students at LUMS for a period of 4 years amounting to Rs 4.8 million.
Empowerment and Support of Children with Functional Limitation	The construction of Special Children School at Sukkur and establishment of a Technical Training Center for Deaf in Lahore, in partnership with Deaf Welfare Awareness Foundation.
Free Medical Camps	14 free medical camps were organized in 2012.
Community Uplift and Support Program at Jhimpir	The Company has launched a community uplift and support program at Jhimpir during 2012, focusing on villages surrounding FFC Wind Energy Farms at a cost of PKR 9.4million in partnership with NORDEX.
Reconstruction of 3 Villages Affected by Floods	The project includes construction of 207 houses in these 3 villages in partnership with the Pakistan Red Crescent Society (PRCS)

Please refer to Social Performance Indicators section for details.

# **environmental** **performance**



## Goals & Performance

The overall objective of the Company is to continually improve on environmental performance as per the Company's policies. Efforts are made to adopt cleaner & latest technologies for environmental impact abatement.

## Policy

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

## Organizational Responsibility

The operational responsibility for the environmental aspects is merged with manufacturing operations and the Group General Manager Manufacturing & Operations (GGM M&O) holds overall responsibility of Manufacturing and Health, Safety & Environment (HSE). The GGM M&O is responsible for performance & regulatory affairs and monitors the compliance across the manufacturing plants.

## Training & Awareness

The Company regularly conducts Health, Safety & Environment trainings for senior management of manufacturing units as well as persons responsible for line functions at manufacturing plants. The new employees including executives and workmen are provided training and awareness on HSE aspects related to the nature of their work before they take charge of their responsibilities at their respective manufacturing location. The Company has designed specific training modules for specific work. Employees are also nominated for external trainings on environmental awareness & current topics of concern.

The Company continually takes steps for awareness about the importance of environment and its related issues amongst employees across the organization through different programs. The internal energy efficiency programs which are currently practiced are the best examples where Company involves employees for energy conservation activities by providing trainings and guidance.

## Monitoring & Follow-up

The Company's manufacturing plants are certified for ISO 140001:2004 Environmental Management System and OHSAS 18001:2007 Occupational Health & Safety Assessment Series (OH&S Management System). These management systems enable the Company to identify the risks and potential opportunities, improved internal data management, building

the confidence of stakeholders and identify energy management spots. The SOC & EMR forums perform an internal check to identify the gaps on a regular basis.

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

## Additional Contextual Information

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

The Company continued with the necessary investments in its production facilities, aimed to sustain profitability, improve plant efficiency and maintain its position as the leading fertilizer manufacturer in the Country. The Company carried out BMR Natural Gas compression Phase-III at Deh Shahbazpur to increase the well head pressure and reduce production losses. The Goth Machhi plant has safely undertaken the 10th maintenance turnaround of Plant-II in March 2012 to improve energy efficiency and reliability. The Goth Machhi plant has successfully completed plant-II Emergency Shutdown (ESD) system project for an efficient plant startup.

The Company carried out considerable improvements in the plant energy index which resulted in gas saving to the tune of Rs 111 million during the year compared to previous years. The additional production gain from natural gas saving is estimated at 32 tonnes per day.

The Company successfully carried out repair and maintenance of diesel storage tank for stand-by power generator for the first time since plant commissioning. Inspection and repairs of ammonia sphere were performed to ensure integrity of the most hazardous storage vessel under special safety arrangements. The company is continually working to improve the environment footprint and has planned projects with an overall estimated investment of Rs 547 million during the coming year. These include up-gradation of the ammonia condenser to minimize ammonia losses, revamping of the urea process condensate treatment section to recover the condensate as boiler feed water and installation of ammonia recovery unit to recover ammonia from the synthesis loop purge stream.

Safety was given due importance in overall business functions, resulting in the achievement of 12.20 million man hours of safe operation at its Mirpur Mathelo plant. Integrated Management System surveillance audits by the IMS certification agency (Bureau Veritas Certification) were carried out during the year. All management systems and procedures were found conforming to IMS standards ensuring proper health and safety system in place at all manufacturing locations.

## ASPECT : MATERIAL

### EN 1 Materials used by weight or volume.

Component		Data 2012	Data 2011
Material	Unit	Quantity	Quantity
Natural gas	MMSCF	92,683	90,945
Lubricant	Liter	168,786	175,855
Chemicals	KG	7,534,815	Not reported
Packing bags (150 gm each)	Bags	17,234,400	48,149,600
Packing bags (95 gm each)	Bags	31,172,840	Not reported

Natural gas figure includes both feedstock and fuel gas. The packing bags of 95 gm each were used on GM plant during the year.

### EN 2 Percentage of materials used that are recycled input materials.

Component	Data 2012	Data 2011
Percentage of materials used that are recycled input materials	0 %	0 %

## ASPECT : ENERGY

### EN 3 Direct energy consumption by primary energy source.

Component	Unit	Quantity 2012	Quantity 2011
Direct energy consumed by primary energy source (non-renewable)			
Natural gas	GJ	72,075,658	58,002,156
Diesel	GJ	5,087	8,663

The Company does not consume renewable energy.

#### EN 4 Indirect energy consumption by primary source.

Component	Response 2012	Response 2011
Indirect energy consumption by primary source.	Nil	Not reported

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

Component	Response 2012	Response 2011
Energy saved due to conservation and efficiency improvements.	280671 GJ. Energy saved is based on Energy index improvement from 6.31 (Year-2011) to 6.23 (Year-2012) Gcal/MeT of Urea. The response to this indicator covers only Mirpur Mathelo plant.  The Goth Machhi plant energy saving efforts at plant II were offset by increased energy consumption at plant I. There was no net improvement at Goth Machhi plant.	548,798 GJ. Energy saved is based on energy index improvement carried out during the year from 6.51 to 6.31 Gcal/MeT of Urea. The response to this indicator covers only Mirpur Mathelo plant. Goth Machhi plant does not maintain separate data of energy savings. The Company intends to maintain separate data of energy savings at the Goth Machhi plant from this year.

#### EN 7 Initiatives to reduce indirect energy consumption and reductions achieved.

The Company has taken many initiatives to reduce indirect energy consumption. These initiatives include efforts to reduce paper usage by advocating paper free communication (SAP, email server and online data repository), reducing plastic usage (introduction of biodegradable edi-flex plastic bags and using re-usable canvas bags), Use of paper bags instead of plastic bags at plant site, reducing transportation fuel (preference for bulk product transportation for lower specific transportation energy), replacement of fused bulbs with energy saver bulbs in Township, education of Township inhabitants through circulars about energy saving by switching off lights, AC etc while leaving home,

The Mirpur Mathelo Plant has reduced indirect energy consumption by approximately 10% compared to the previous year while Goth Machhi Plant has reduced indirect energy consumption by approximately 12% as compared to the previous year. The estimation is based on a representative sampling from annual departmental consumption figures (adjusted on a per capita basis).

#### ASPECT : WATER

#### EN 8 Total water withdrawal by source.

Source	Unit	Quantity 2012	Quantity 2011
Surface water	m <sup>3</sup> /year	7,875,587	7,353,253
Ground water	m <sup>3</sup> /year	6,655,757	7,184,607

**EN 10 Percentage and total volume of water recycled and reused.**

Component	Mirpur Mathelo Plant	Goth Machhi Plant
Volume of water recycled/reused by the organization & %age of water recycled/reused.	3,657,300	67.94 %

**ASPECT : BIODIVERSITY**

**EN 11 Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.**

The company does not have any biodiversity facility at its plant sites neither it has conducted any biodiversity study to measure the biodiversity value around plant sites. The Company plans to conduct a biodiversity study and report the information in next Sustainability Report.

**EN 12 Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.**

The company does not have any biodiversity facility at its plant sites neither it has conducted any biodiversity study to measure the biodiversity value around plant sites. The Company plans to conduct a biodiversity study to identify the impacts of activities, products and services on biodiversity around plant sites. The company intends to report the information in next Sustainability Report.

**ASPECT : EMISSIONS, EFFLUENTS, AND WASTE**

**EN 16 Total direct and indirect greenhouse gases emissions by weight.**

Material	Unit	Quantity 2012	Quantity 2011
CO <sub>2</sub>	MeT	1,148,067	1,689,811

CO<sub>2</sub> emission figures cover CO<sub>2</sub> emissions from combustion processes for the generation of electricity, heat and steam. Moreover the figures are based on site specific data (fuel composition analysis). CO<sub>2</sub> is the only greenhouse gas which is mainly present in flue gases. The figures for the year 2011 has been revised to present the correct figures. The revision is carried out to remove a calculation error.

**EN 17 Other relevant indirect greenhouse gas emissions by weight.**

Component	Unit	Quantity 2012	Quantity 2011
Other relevant indirect greenhouse gas emissions by weight.	MeT	Not measured	Not reported

The Company has not measured the other relevant indirect greenhouse gas emissions. However, the Company has taken steps to reduce employee commuting and business travel through the use of electronic media i.e. emails. The company intends to measure the other indirect greenhouse gas emissions from coming year and take steps to further reduce the other relevant indirect emissions.

### **EN 18 Initiatives to reduce greenhouse gas emissions and reductions achieved.**

The Company is aware of the impact of greenhouse gas emissions on the environment and continuously take initiatives to reduce the emissions. The initiatives taken during the year include continual efforts for decreasing steam consumption via the use of efficient machines and process optimization, preferential selection & investment of environmentally friendly machines and combustion air optimization at boilers and furnaces.

These initiatives led to reduction in Green House Gas (GHG) emission by 35,387 MeT of CO<sub>2</sub>.

### **EN 19 Emissions of ozone-depleting substances by weight.**

Component	Unit	Quantity 2012	Quantity 2011
Freon-22	MeT	1.235	Not reported

### **EN 20 NO, SO, and other significant air emissions by type and weight.**

Component	Unit	Quantity 2012	Quantity 2011
NOx	MeT	2977	Not reported
NH <sub>3</sub>	MeT	1970	Not reported
Particulate matter (PM)	MeT	1079	Not reported

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

Destination	Unit	Quantity 2012	Quantity 2011
Canal/ Horticulture			
Waste Water	m <sup>3</sup> /year	1,974,990	2,014,697
Evaporation			
Waste water	m <sup>3</sup> /year	844,800	518,400

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

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

Material	Unit	Quantity 2012	Quantity 2011
Recycling			
Urea dust solution	MeT	19,766	10,418
Landfill			
CaCO3	MeT	4,100	2,340
Incineration (mass burn)			
Papers, cloths, etc	MeT	646	646
On-site storage			
Waste water	m3	591,582	425,000
Other			
Damaged urea bags,urea dust solution and iron scrap	MeT	3,946	13,460

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

**EN 23 Total number and volume of significant spills.**

There were two incidents of oil spillage occurred in the year-2012 at Mirpur Mathelo plant. The lubricating oil of approx. 100 liter spilled in the paved area of Urea plant. The oil contained by soaking with cloth/sponge and absorbing on sawdust. In another incident lubricating oil of approx. 1200 liter spilled in the paved area of Ammonia plant. The oil contained by soaking with cloth/sponge and absorbing on sawdust. There was no incident of oil spill at the Goth Machhi plant during the year.

**ASPECT : PRODUCT AND SERVICES****EN 26 Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.**

The Company products do not have any adverse impact on the environment. However, the company continually strives for efficient use of material and water during production phase. The company also took steps to reduce the emission effluents. The Company at its Goth Machhi plant has started a project for water treatment and conservation. The phase-I of the project cover evaporation ponds lining with Geomembranes to avoid any sub-soil seepage scenario in future. The Phase-II is planned for the year 2013. A water conservation forum was established for Plant and Township. In township water leakages rectification campaign has been started to curtail water consumption. Installation of water flow rate measuring devices for the township is in progress.

### **EN 27 Percentage of products sold and their packaging materials that are reclaimed by category.**

No product or packaging material is being reclaimed. The Urea is consumable product which dissolves into the soil and increases the productive potential while packaging material is used by the consumer for other purposes.

### **ASPECT : COMPLIANCE**

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

There were no monetary fines on the Company for any noncompliance related to environmental laws during the reporting year.

### **ASPECT : OVERALL**

### **EN 30 Total environmental protection expenditures and investments by type.**

Response (Cost incurred in millions of Rupees)		
Component	2012	2011
Waste disposal, emission treatments and remediation costs	8.887	6.925
Prevention and environmental management costs	48.535	0.806

The environmental protection incurred is approximated. The Company plans to devise a system for accurate measurement of the relevant environmental expenditure in the future.

# social performance

## 10. 1 Labor Practices

### Goals & Performance

The Company aims to maintain good labor management relations through implementation of good labor practices. The Company's values human resources as an important capital and believes in treating employees fairly, promoting diversity and inclusion, providing open feedback and ensuring compliance with laws, regulations and Company's own code of conduct. The Company always endeavors to educate employees and ensure their health and safety.

### Policy

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

The Company aims to bring the most talented and imaginative people on board, nurture their talent and provide the best facilities to them, has developed a range of employee centric policies. There are several policies in place to achieve the above objective. Some of the policies are given below:

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

### Organizational Responsibility

The most senior officer responsible for labor practices in the Company is General Manager Human Resource. The HR head at the manufacturing unit level reports to the GM-HR.

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

### Monitoring & Follow-up

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

## Additional Contextual Information

The Company recognizes human capital as a competitive advantage and plans employees career management through utilizing a multidimensional approach. Performance management and annual appraisals are an important part of career management. Technical as well as managerial trainings, offered both locally and internationally, are provided to make employees aware of the latest trends in their respective areas and to better equip them to perform their assigned responsibilities. Additionally, job rotation and job enrichment are continuously done to enhance employees' exposure across different functions.

The Company provides training to various disciplines and with a view to extend support to the Accounting & the Finance profession. As part of Corporate Social Responsibility, the Company has also undertaken Management Training of ACCA Affiliates enabling them to obtain their certification as qualified members of ACCA under the Platinum (Top) Category of "Approved ACCA Employer Program".

The Company being a caring employer generously rewards its employees for its success. The total employee cost for the year, comprising of salaries, wages and other benefits amounted to Rs 5,475 million, 11% higher than last year. Apart from monetary benefits, FFC provides free medical care to all its permanent employees and their eligible dependents, through its medical department comprising of qualified and experienced doctors. The Company also offers its employees multiple retirement benefit plans, through which total of Rs. 282 million were paid to outgoing employees during the year. The retirement benefit plans of the Company were valued at Rs. 5,553 million showing an increase of Rs. 1,008 million compared to last year.

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

- Safety Culture Reinforcement (Management & Staff)
- Emergency Response & Rescue Handling
- Defensive Driving for Plant Employees & Haulage Contractor
- Safety Orientation for Internees and Apprentices
- Safety Orientation for Plant Visitors & Guests
- Prevention from Hazardous chemical exposure
- Training on Job Safety Analysis
- Hazard Identification Risk Assessment and Determining Control (HIRADC) and Excavation safety

As a commitment to Health & Safety, the Company has initiated a compulsory safety orientation for visitors. The Company also provided training to contracted out employees and Haulage contractor drivers during the year.

The Company understands the importance of human capital and strives to retain them for a better future. The Company's efforts to make the Company a desired place to work have resulted in a meager turnover of less than 5% per annum over the last 7 years despite of expansion in the industry.

## International Labor Day

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UN international day on April 28th, organized by International Labor Organization in remembrance of the workers killed, disabled, injured or made ill by their work, was celebrated with a large number of employees from all departments.



## FA Survey on Occupational Health & Safety – 2012

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FFC stood 20th among the 64 participant in the International Fertilizer Association (IFA) survey 2012 on Occupational Health and Safety.

## GRI G3.1 Performance Indicators

### LABOR PRACTICES & DECENT WORK

#### ASPECT : EMPLOYMENT

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

Component	Data 2012		
Workforce by employment type broken by gender			
Employment type	Male	Female	Total
Management	805	17	822
Non- Management/Staff	1,461	20	1,481
		Total	2,303

##### Workforce by employment contract broken by gender

Employment contract	Male	Female	Total
Regular	2,231	35	2,266
Contract	35	2	37
		Total	2303

##### Workforce by region broken by gender

Region	Male	Female	Total
Head office – Rawalpindi	313	12	325
Goth Machhi Plant	963	10	973
Mirpur Mathelo Plant	643	5	648
Lahore	313	9	322
Karachi	34	1	35
		Total	2303

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

**Attrition by age group**

Gender	Headcount on Dec 31st			Attrition			Attrition %age		
	Exec.	Worker	Total	Exec.	Worker	Total	Exec.	Worker	Total
< 30	178	294	472	10	27	37	5.62%	9.18%	7.84%
30-50	424	784	1208	9	11	20	2.12%	1.40%	1.66%
> 50	220	403	623	1	1	2	0.45%	0.25%	0.32%

**Attrition by gender**

Gender	Headcount on Dec 31st			Attrition			Attrition %age		
	Exec.	Worker	Total	Exec.	Worker	Total	Exec.	Worker	Total
Male	805	1461	2,266	19	38	57	2.36%	2.60%	2.52%
Female	17	20	37	1	1	2	5.88%	5%	5.40%

**Attrition by gender**

Region	Headcount on Dec 31st			Attrition			Attrition %age		
	Exec.	Worker	Total	Exec.	Worker	Total	Exec.	Worker	Total
Head office – Rawalpindi	193	132	325	7	1	8	3.63%	0.76%	2.46%
Goth Machhi Plant	249	724	973	4	18	22	1.61%	2.49%	2.26%
Mirpur Mathelo Plant	168	480	648	4	19	23	2.38%	3.96%	3.55%
Lahore	200	122	322	5	1	6	2.50%	0.82%	1.86%
Karachi	12	23	35	0	0	0	0	0	0

### LA 3 Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.

The Company provides following benefits to full-time employees.

Benefits	Management	Staff
Life Insurance	Yes	Yes
Health Care	100%	100%
Disability/invalidity Coverage	Yes	Yes
Parental leave	Only females	Only females
Retirement provision	Yes	Yes
Stock Ownership	No	No

These benefits are not provided to temporary or part time employee.

### LA 15 Return to work and retention rates after parental leave, by gender.

Gender	Return to work rate	Retention rate
Male	N/A	N/A
Female	100%	100%

All female employees are entitled to maternity leave out of which one staff person took leave for 66 calendar days and is still employed in the company.

### ASPECT : LABOR / MANAGEMENT RELATIONS

#### LA 4 Percentage of employees covered by collective bargaining agreements.

Category	No. of Employees as on December 31st	No. of Employees covered under collective bargaining agreement	% age
<b>Goth Machhi Plant</b>			
Executives	249	0	0%
Workers	724	723	99.86%
<b>Mirpur Mathelo Plant</b>			
Executives	168	0	0%
Workers	481	481	100%
<b>Head office/Marketing Lahore/Karachi</b>			
Executives	405	0	0%
Workers	277	263	95%

**LA 5 Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements.**

The Company gives 15 days notice period on relocation within inter division/ units. A 3 days of joining period are also given on relocation. This information is not specified in CBA agreements.

**ASPECT : OCCUPATIONAL HEALTH & SAFETY**

**LA 6 Percentage of total workforce represented in formal joint management–worker health and safety committees that help monitor and advise on occupational health and safety programs.**

A Works Council Committee under the Industrial Relation Act exists in which workers' representation is 50%. The functions of the committee include promotion of security of employment for workers and monitoring condition of safety health and job satisfaction. Meetings of Works Council Committee are organized as per Law, Moreover, Health & Hygiene Committee also exists and the committee visits area periodically to improve the standards. As per industrial act, this council operates at the facility level.

**LA 7 Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender.**

Total workforce (employees)	
Whether first aid injury included in injury rate	Yes
Lost days means	'Scheduled work days'
Lost day count begins	Lost days count begins the day after the incident

**Rate of Injury by region and gender**

	Organization		Contractor	
	Male	Female	Male	Female
Mirpur Mathelo plant	0.35	Nil	Not recorded	Not recorded
Goth Machhi plant	0.16	Nil	Nil	Nil
Other locations	Nil	Nil	Not recorded	Not recorded

**Occupation disease rate by region and gender**

Component	Response
Occupation disease rate by region and gender at plant sites	Not recorded

**Lost days rate by region and gender**

	Organization		Contractor	
	Male	Female	Male	Female
Mirpur Mathelo plant	1	Nil	Not recorded	Not recorded
Goth Machhi plant	2.81	Nil	Nil	Nil
Other locations	Nil	Nil	Not recorded	Not recorded

**Absenteeism rate by region and gender**

	Organization		Contractor	
	Male	Female	Male	Female
Mirpur Mathelo plant	Nil	Nil	Not recorded	Not recorded
Goth Machhi plant	Nil	Nil	Nil	Nil
Other locations	Nil	Nil	Not recorded	Not recorded

**Works related fatalities by region and gender**

	Organization		Contractor	
	Male	Female	Male	Female
Mirpur Mathelo plant	Nil	Nil	Not recorded	Not recorded
Goth Machhi plant	Nil	Nil	Nil	Nil
Other locations	Nil	Nil	Not recorded	Not recorded

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

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

**LA 8 Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.**

#### Assistance Program

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

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

## Education/Training

Safety culture reinforcement (Management & Staff), Emergency response & rescue handling, Defensive driving for Plant employees, Defensive driving for haulage contractor, Defensive driving for township ladies, Safety Training for school children & parents, General safety training for contracted out employees, Contractor supervisor training, Safety culture reinforcement training (Contractor employees), Safety orientation for interns and apprentices, Safety orientation for Plant visitors & guests, Training on HIRADC and BBS, Training on OHSAS 18001:2007 from BVC, Training on job safety analysis, Hazard Identification Risk Assessment and Determining Control (HIRADC) and Excavation safety, Fire fighting training for Management and Staff employees and Training of fire squad members from Rescue 1122 Rahim yar Khan.

## Counseling

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

## Prevention/Risk Control

Periodic health surveillance of employees above 40 years annually. Job specific health assessment for critical job positions. Hearing conservation program. Prevention from heat stress. Prevention from Hazardous chemical exposure. Workplace lighting surveys. Ergonomics Program. Health and hygiene audits.

## Health Awareness Program

World day for safety and health at work, World Environment Day, CAER program (Community Awareness and Emergency Response), No smoking seminar and Kitchen safety for food handlers.

## LA 9 Health and safety topics covered in formal agreements with trade unions

The health and safety provisions have not been explicitly covered in the agreement with the CBA apart from the clause regarding 'the entitlement of the employees to be hospitalized', however, all the employees of the company come under the umbrella of an extensive medical policy which has been formulated in the light of the Health and Safety requirements of the Factory Act, 1934.

### ASPECT : TRAINING & EDUCATION

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

##### Average hours of training per year per employee

Number of employees trained	645
Training hours	3225
Average hours of training	5

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

Category	Average No. of employees	Man-hours	Avg. training (Man hr/Emp.)
Male	640	3200	5
Female	5	25	5

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

Category	Average No. of employees	Man-hours	Avg. training (Man hr/Emp.)
Management	605	3025	5
Staff	40	200	5

#### LA 12 Percentage of employees receiving regular performance and career development reviews, by gender.

100% male and 100% female employees were given performance reviews during the year.

## ASPECT : DIVERSITY AND EQUAL OPPORTUNITY

**LA 13 Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.**

% age of employees per employee category by gender, minority group and age group

Employee Category	Gender		Minority Group		Age group		
	Male	Female	Muslim	Non-Muslim	<30	30-50	>50
Management	97.93%	2.07%	98.78%	1.22%	21.59%	51.70%	26.71%
Staff	98.65%	1.35%	99.32%	0.68%	19.48%	50.75%	29.77%

% age of employee by gender for minority and age group

Gender	Minority Group		Age group		
	Muslim	Non-Muslim	<30	30-50	>50
Male	99.20%	0.80%	20.26%	50.02%	29.72%
Female	94.59%	5.41%	18.92%	54.05%	27.03%

% age of individual in governance bodies by gender, minority and age group

Governing Body	Gender		Minority Group		Age group		
	Male	Female	Muslim	Non-Muslim	<30	30-50	>50
Board of Directors	99.03%	0.07%	99.03%	0.07%	0%	0.07%	99.03%

## ASPECT : EQUAL REMUNERATION FOR WOMEN AND MEN

**LA 14 Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.**

There is no discrimination between the salaries of men and women by employee category and significant locations of operations. The ratio of the basic salary and remuneration of women to men is one to one.

# human rights

## 10. 2 Human Rights

### Goals & Performance

The company aims to encourage the protection of human rights through organization wide policies.

### Policy

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

- Non Discrimination Policy
- Forced and Compulsory labor
- Child Labor

### Organizational Responsibility

The most senior officer responsible for managing human rights issues and implementation of various policies of the Company related to human rights is General Manager - Human Resource (GM - HR). The responsibility of each manufacturing unit rests with the HR head of the respective unit. Individual HR Heads at the manufacturing unit level report the human rights issues to GM - HR.

### Training & Awareness

The awareness on human rights is necessary to prevent violation of human rights. The policies related to human rights are included in the code of conduct which circulated to all employees. The HR department designs training modules on issues related to human rights, if it is of any significant concern.

### Monitoring & Follow-up

The Company complies with all relevant legislations, rules and regulations related to human rights, safety and security. The monitoring of human rights exploitation is carried out on a quarterly basis and the findings are shared with the responsible officer to take appropriate action, if required.

## GRI G 3.1 Performance Indicators

### ASPECT : INVESTMENTS AND PROCUREMENT PRACTICES

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

All significant investment agreements have been scanned for human rights issue while performing due diligence for that specific agreement. FFC is a member of UNGC and strictly adheres to the human rights charter and applicable laws.

### ASPECT: IN

**HR 2 Percentage of significant suppliers, contractors, and other business partners that have undergone human rights screening, and actions taken.**

The Company has not carried out any screening of significant suppliers, contractors and other business partners during the year. However, the Company plans to carry out human rights screening in the future.

**HR 3 Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.**

	Component	Response
Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	<b>Total hours of training</b>	<b>% age of employees trained</b>
	Not recorded	Not recorded

The Company has not carried out any specific training in the organization's policies & procedures concerning human rights that are relevant to operations. However, these issues are covered under the code of conduct for directors and employees. The copy of the same is provided to each employee and each employee signs the code of conduct.

### ASPECT : NON- DISCRIMINATION

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

There were no incidents of discrimination in the Company during the year. The Company strictly follows non-discrimination policy.

### ASPECT : FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

**HR 5 Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights.**

The employees' right to exercise freedom of association and collective bargaining has never been violated by the Company or contractors'. The permanent employees of the Company have their own registered trade union whereas the contractors' employees also have their own registered trade unions.

## ASPECT : CHILD LABOR

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

No operation has risk of child labor. The Company strictly complies with Labor Laws. The information of suppliers has not been included in the review.

## ASPECT : FORCED & COMPULSORY LABOR

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

No operation has risk of forced and compulsory labor. The Company strictly complies with the labor laws and human rights. The information of suppliers has not been included in the review.

## ASPECT : SECURITY PRACTICES

**HR 8 Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.**

The Company has not carried out any specific training in the organization's policies & procedures concerning human rights that are relevant to operations. However, these issues are covered under the code of conduct for directors and employees. The copy of the same is provided to each employee and each employee signs the code of conduct.

## ASPECT : ASSESSMENT

**HR 10 Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.**

The Company has not carried out any human rights review and/or impact assessments during the year. However, the Company plans to carry out human rights screening in the future.

## ASPECT : REMEDIATION

**HR 11 Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms.**

No grievance related to human rights filed during the year.

# society

## 10.3 Society

### Goals & Performance

The Company believes that profitable growth of the company depends on the economic, environmental and social sustainability of the communities around the plant site. The Company has implemented various programs & projects in consultation with local community; the details of projects are included in the report.

### Policy

The Company has a CSR policy in place with clearly defined objectives. The CSR policy states the importance of inclusive growth as one of the key areas for sustainable development and covers community investments, rural development, relief activities and environmental protection.

### Organizational Responsibility

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

### Monitoring & Evaluation

The Company uses various tools to monitor and follow-up performance and commitments to society. These include independent monitors as well as in house reviews. Progress is reported to the senior management.

### Training and Awareness

All training and awareness programs on selected topics relevant to social issues such as disease prevention and awareness are organized by the Company at all locations at regular intervals.

### Additional Contextual Information

The Company implements CSR program through its CSR department as well as through Sona Welfare Foundation (SWF), a non profit entity. The SWF regularly interacts with local community members for bringing a change in socioeconomic environment. The Sona Welfare Foundation (SWF) along with Sona Welfare Society carry out implementation activities of Company CSR programs. The Company has also a dedicated CSR department within the organization for managing all of its social investment related activities through SWF and Sona Welfare Society (SWS).

## National Global Compact Conference 2012

FFC has co-hosted National Global Compact Conference, held on 18th July 2012 at PC Lahore. The conference attracted business experts, entrepreneurs and executives from across Pakistan.

Honoring FFC commitment to sustainable and responsible development for the past 3 decades, UN Global Compact has selected FFC for its case study on sustainable business practices in Pakistan. This case study on FFC will be made part of curriculum/ reference in academia and institutes across the globe.

## World Anti-Corruption day on 25th March 2012

FFC CSR collaborated with UN Global Compact (Pakistan Local Network) and Responsible Business Initiative in organizing a walk to celebrate World Anti-Corruption day on 25th March 2012 in Lahore.

## National Conference on Responsible Education in Pakistan

FFC sponsored the National Conference on Responsible Education in Pakistan held at Karachi in October 2012. The conference was organized by Global Compact Pakistan to bring all stakeholders together in promoting education and implementation of modern curriculum in place of traditional mode of teaching. The conference was presided by Sindh Minister for Education Pir Mazhar ul Haq.

## GRI G 3.1 Performance Indicators

### ASPECT : Local Community

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

Component	Response
Percentage of operations with implemented local community engagement, impact assessments, and development programs.	<p>The local community is engaged by the Company in identifying the needs of the community, impacts of Company operations on the Community and development of programs towards creating value in the life of the community around the plant site. The activities for long term sustainable social interventions have been carried out in these main areas as listed below.</p> <ul style="list-style-type: none"> <li>• <b>Community Investment</b> – Education uplift, strengthening basic health care facilities, sports promotion, empowering physically disabled people.</li> <li>• <b>Rural Development</b> – Technical training and vocational training for livelihood generation, Agri support to farmers.</li> <li>• <b>Environmental Protection</b> – renewable energy solutions for community projects.</li> </ul>

## Community Investment

### Education

The Company has been running and managing schools for the provision of educational facilities for the children of the local community. The company run schools include Sona Public Institute and Sona Public School. Some of the initiatives under educational uplift program 2012 are as follows:

#### School Improvement Program

FFC in partnership with the Pakistan Poverty Alleviation Fund (PPAF) launched School Improvement Programme (SIP) in April 2012 at 10 adopted schools around FFC Plantsite, Mirpur Mathelo. This is a 60 million (Rs) project of 3 year time period. This SIP is the most intensive intervention till date by any business corporation in the targeted districts, which will comprise of a comprehensive strategy to upgrade the targeted schools and align them as per international education standards

In the 1<sup>st</sup> phase PPAF through its partner organization has focused its attention on the social mobilization in the community as well as activities to spread awareness among the community about imparting education to their children. The 2<sup>nd</sup> phase, in progress features up gradation of infrastructure at adopted schools, provision of resources to students, schools, and teachers to aid them in education.

Extensive training programs are underway for teachers, supervised by experts to train teachers on modern and objective based education. In addition to this, teachers are provided on the job training by experts to assist them on the spot.

During the year 1,150 school bags, uniform, shoes, stationery item, and resource kit for teachers for classroom support have been distributed. In the next phase the emphasis will be on the educational practices in the school and capacity building training for teachers.

#### Construction of education block for Municipal Committee Girls High School – Sadiqabad

Girls High School Sadiqabad is currently serving the educational needs of 1,100 students from surrounding communities. The school administration was facing severe issues to accommodate the increasing number of students, due to limitation of classrooms.

FFC filled the deficiency by constructing a double storey building, with 12 additional classrooms at an investment of Rs 5 million, fulfilling its obligation as a responsible corporate citizen.

#### Educational Infrastructure Uplift program at FFC adopted schools – Goth Machhi

FFC has initiated an infrastructure improvement and an uplift program at four FFC adopted schools, located in the proximity of the FFC plant site Goth Machhi. This program includes construction of a student hall at Sona Goth Machhi Boys School and up-gradation of Government Girls Primary School along with the provision of educational aids and resources at an estimated cost of Rs 2.25 million.

## FFC Educational Scholarship Programs

### 5 Merit Scholarships for Students of Sona Public School at Cadet College Ghotki

FFC CSR has initiated a scholarship program for the talented and deserving students of Ghotki. 5 students selected from Sona Public School (Mirpur Mathelo) who have qualified to Cadet College Ghotki in April 2012 through the entry test have been sponsored by FFC for their complete education at CCG for a period of 5 years.

### FFC Scholarship to 2 Students at LUMS

FFC CSR is sponsoring 2 students at LUMS for a complete Bachelors Degree program at LUMS. The sponsorship will cover all lodging and educational expenses for a period of 4 years and amounts to Rs 4.8 million (PKR).

### FFC Wards of Farmer (WOF) Scholarship Program 2012

61 seats on merit basis are awarded to students from all Pakistan on merit basis. Stipend for 2012 WOF has been revised to Rs 3,000/- per month for Higher Education and Rs 2000/- per month for Post Matric students. In 2013, the Company plans to expand WOF for medical students by giving 12 annual scholarships to MBBS students as well.

### Increase in FFC Scholarship Amount for the Student of Sadiqabad and Mirpur Mathelo

FFC awards 20 merit scholarships to the students of Mirpur Mathelo and Sadiqabad every year to assist them in acquiring quality education. The scholarship is awarded under Post Matric and Professional Study categories. In 2012, FFC had revised the monthly stipend for students by increasing Post Matric stipend from Rs 500 to Rs 2,000 (Per Month) and Professional Study stipend from Rs 900 to Rs 3,000 (Per Month).

## Health Care

The Company has been running and managing hospital for the provision of quality health care facilities to the local community. The company run medical facilities for the community include Sona Welfare Hospital and Hazrat Bilal Trust Hospital. Some of the initiatives under Health Care program 2012 are as follows:

### Free Medical Camps

A team of doctors from Sona Welfare Hospital organized 14 free medical camps in remote areas of Mirpur Mathelo to provide medical facilities to the natives, treating 3,000 patients.

## Sports

The Company is committed to the promotion and development of sports and nurture new talent around our plant sites. FFC has a rich history of being a patron of various regional and national sports across Pakistan. Some of the sports activities carried out during the year are as follows;

### Pakistan Touch Ball National Championship

In collaboration with the Pakistan Touch Ball Federation, FFC organized National Championship from September 10 - 12 at Rahim Yar Khan.

### National Athletic Championship Sponsorship

FFC sponsored 44<sup>th</sup> National Athletic Championship held in Lahore.

### Miscellaneous Activities

To promote healthy competition among students of FFC's adopted schools, the annual sports gala was celebrated, featuring cricket cup between teams of the respective schools.

Numerous other sports activities and competitions in District Ghotki and District Rahim Yar Khan were also sponsored by FFC during the year.

## Empowerment of Physically Disabled

### Empowerment and Support of Children with Functional Limitation

FFC channeled its resources to the much needed assistance of children with disability, in order to empower them in becoming a constructive member of our society. FFC initiated the construction of the Special Children School at Sukkur in July 2012 which will be completed by January 2013. The intervention includes construction of boarding rooms, a training hall and general uplift. The facility was badly damaged by floods in 2010 and is the sole education facility for special children in Sukkur and Ghotki.

In Nov 2012 FFC financed the establishment of a Technical Training Center for Deaf at Lahore, in partnership with the Deaf Welfare Awareness Foundation. The facility has currently 70 deaf students enrolled which are receiving training in Information Technology and skill development. FFC support to the TTC is for 2012 - 13 session.

## Relief Activities for Disaster Affected People

### FFC assistance to locals affected by heavy rains – Goth Machhi

During September 2012 Goth Machhi and the surrounding areas received unprecedented rains, inundating the area and damaging houses and standing crops. FFC promptly launched an assistance program for the locals to dewater their villages and farms, helping them in the rehabilitation process. A monetary assistance of Rs 5 million was also provided to the deserving and needy people to help them resume their normal lives.

## Reconstruction of 3 Villages of District Rahim Yar Khan and Ghotki

FFC has taken up the challenge of reconstructing 3 floods affected villages of Districts Rahim Yar Khan and Ghotki. An agreement has been signed between the Pakistan Red Crescent Society (PRCS) and FFC in April 2011, for the reconstruction of these floods affected villages at a cost of Rs. 102 million with completion time of 15 months.

## Rural Development

### Technical & Vocational Trainings

#### FFC Technical Training Centre (TTC) Goth Machhi

TTC in Goth Machhi, currently offers various courses including apprentice engineer training, staff apprentice training, skill improvement courses, professional courses for engineer fertilizer technology courses and other customized trainings. TTC not only provides skilled manpower to FFC, but the increasing availability of trained workers in other industries as well.

#### Sona Vocational Center –Mirpur Mathelo

Sona Vocational Center at Mirpur Mathelo empowers women belonging to underprivileged communities. The center offers free courses in tailoring, stitching, embroidery, cooking and beauty care. The center has 130 new enrollments in 2012.

#### Sona Computer Institute

Sona Computer Institute (SCI) imparts quality computer skills to the students and makes a contribution toward economic uplift through the provision of employable skills. The institute has qualified IT experts with highly equipped computer lab. SCI has been recognized for its excellence and has the honor of providing a 6 month course in the reduced time frame of 3 months, credited to its faculty and facilities available at SCI.

## Agri Support to Farming Community

FFC provides extensive support to the farming community through farmer capacity building and research and development. The activities relating to Agri services are covered Farmer Capacity Building Section of this report. The activities relating to research and development are covered in product responsibility section discussed under the social category of the report.

### Fertilizer Distribution & Assistance to farming Community Thatta

FFC has distributed 400 Sona Urea Bags in collaboration with district government Thatta, among 60 farmers to assist them in poverty alleviation and overhaul the existing farming practices prevailing in the area. The distribution was held at BHU Jhimpur on 6th September 2012.

## Community Uplift and Support Program

FFC has launched a community uplift and support program, in partnership with NORDEX, at Jhimpir during the year, focusing on the villages surrounding FFCEL wind energy farm. The program, with an estimated cost of US\$ 100 thousand, is focused on up-gradation of health facilities, rehabilitation of educational infrastructure, provision of clean and safe drinking water and uplift of the native farming community in the surrounding villages.

## Environmental Protection

### Renewable Energy Solution for FFC Sona Public School

Keeping the commitment to UNGC Principles, the first phase of installation of the solar power energy solution at FFC Sona Public School, Mirpur Mathelo, has been completed, which will power 20 computers and 40 lights through a 6.5 KW system.

#### **SO 9 Operations with significant potential or actual negative impacts on local communities.**

The Company operations have no significant potential or actual negative impacts on local communities as the Company is fully compliant with applicable laws. The Company operations have a number of positive impacts on the local community such as provision of work and business opportunities for local community and CSR intervention in the field of health, education, livelihood, sports and infrastructure developments.

#### **SO 10 Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.**

The Company operations have no significant potential or actual negative impacts on local communities. The Company strictly follows the applicable laws and regulations. However, the Company operations have a number of positive impacts on the local community such as provision of work and business opportunities for local community and CSR intervention in the field of health, education, livelihood, sports and infrastructure developments. The Company regularly interacts with local communities to highlight the issues, if any, and take corrective action, if required.

### ASPECT : CORRUPTION

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

100 % - All business segments were analyzed for risks related to corruption.

#### **SO 3 Percentage of employees trained in organization's anti-corruption policies and procedures.**

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

#### **SO 4 Actions taken in response to incidents of corruption.**

The Company's internal audit department identified two incidents of corruption relating to employees during the year. The Company took strict action, dismissal from service or disciplinary proceedings, against employees involved in corrupt practices. No legal proceeding was concluded during the year nor in process against the Company or any of its employees.

**ASPECT : PUBLIC POLICY****SO 5 Public policy positions and participation in public policy development and lobbying.**

The Company is an active member of the Marketing Association Of Pakistan (MAP), Fertilizer Manufacturers of Pakistan Advisory Council (FMPAC), Fertilizer Industry Public Relation Committee (FIPRC). The Company actively participates in these organizations and gives input to Government to formulate the Fertilizer Act. In addition to the above all Agri. Services Officers are members of the Soil Science Society of Pakistan and the annual subscription for each officer is borne by the Company. The active participation of the Company in Soil Science Society through its Agri. Services Officers help the Company to give its input in public policy development in addition to other forums.

**SO 6 Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.**

The Company has not provided any financial or in-kind contribution to political parties, politicians and related institutions. The applicable laws strictly prohibit companies from making any financial contribution to political parties.

**ASPECT : ANTI COMPETITIVE BEHAVIOR****SO 7 Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes.**

There were no legal actions for anticompetitive behavior, anti-trust, and monopoly practices during the year. However, the Company was held to have violated section 3 (3) (a) of the Competition Act and the maximum penalty of 10 % of the revenue in the relevant period was imposed on the Company on April 1st, 2013. Being aggrieved by the impugned order of the Competition Commission of Pakistan, the Company is appealing under section 42 of the Act.

**ASPECT : COMPLIANCE****SO 8 Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations.**

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

**product  
responsibility**

## 10.4 Product Responsibility

### Goal & Performance

FFC aims to produce only quality products, which can be used safely and are accompanied by the required information. This is addressed as ‘With greatest care for the environment and safety, the company will always strive to excel in the quality of its processes, products and services to attain excellence in all areas of operation’.

### Policy

#### Quality Policy

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

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

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

### Organizational Responsibility

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

### Training & Awareness

The Company is aware that any deviation may cause risk of alienation of customers, damage to brand image, financial costs and non-compliance. As a preventive measure, the Company regularly conducts training covering aspects related to product quality to the relevant staff for ensuring quality production. The training on this policy is provided to all sales representatives. The Company also provides trainings to dealers for product handling. The Company has dedicated staff trained on labeling as per applicable laws and regulations.

## Monitoring & Follow-up

The Agri Services department of the Company gathers feedback from farmers about the Company's products. The Farmers' Capacity Building section of the report contains more details of the Company's activities. The Company adopts procedures that are compliant with ISO 9001: 2008 thus the Company ensures that the concerned staff is suitability selected trained and resourced to ensure quality products. It is the prime duty of concerned persons to ensure that the customer feedback is regularly gathered, evaluated and appropriate steps taken.

## Additional Contextual Information

FFC has a dedicated Research & Development (R & D) section working with the vision of improvement of the farming community through better access to latest agriculture info and technological developments for enhancement of their farm production and profitability. The R&D Cell is now recognized by Ministry of Science & Technology, Government of Pakistan and also by International Food Policy Research Institute, Washington DC.

Some of the activities carried out by R&D cell during the year are as follows;

- FFC R&D has developed first ever GIS based soil iodine map for Pakistan in collaboration with British Geological Survey. This will help in devising future strategies related to environmental micronutrient interventions.
- R&D published its research book for farmer's titled "Brackish Water Management" that was distributed among progressive growers and agricultural institutes across Pakistan.
- R&D has also launched an online fertilizer suggestion system which can be used by farmers to have the recommendations by agriculture experts on the use of fertilizer in their respective Tehsil. The system also provides soil fertility and salinity maps to farmers for complete guidance and assistance for farming in respective areas.

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

Research Paper	Year of Publication	Journal
"Boron deficiency in soils and crops: A Review"	2012	Croatian research journal Crop Plant
"Zinc deficiency in soils, crops and humans: A Review"	2012	Italian research journal Agrochimica

## Dealers Training Program

The Company organized a number of dealer training programs during the year for capacity building of its dealers on various fronts. The dealers actively participated in the programs.

## GRI G3.1 Performance Indicators

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

**PR 2 Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.**

The Company does not record incidents of non-compliance with the regulations and voluntary codes concerning health and safety impacts of its products and services during their life cycle. The company intends to start recording of these incidents in the future.

**ASPECT : PRODUCT & SERVICE LABELING**

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

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

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

The Agri Services department provides guidance to the farmers by holding farmer meetings, crop seminars, blitz program, village meeting, group trainings, group discussion, field days, crop experiments and seminars. The Company prints and distributes booklets containing guidance on fertilizer dosage. The Company also advises farmers on fertilizer use & dosage after carrying out soil and water analysis and micronutrient analysis.

**PR 4 Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.**

There has been no incident regarding non-compliance of regulatory or voluntary codes concerning any aspect of product information and labeling. The Company has had no monetary fines regarding non-compliance.

**PR 5 Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.**

The Company conducts customer satisfaction survey on a biannual basis. The survey comprises of questionnaire and measures the level of customer satisfaction on aspects of quality, operations and products offered. The customers respond the survey through answers to the questionnaire. The Survey focuses the entire product portfolio of the organization across the marketing area network of Pakistan.

**ASPECT : MARKETING COMMUNICATIONS**

**PR 6 Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.**

The Company adheres to laws, standards and voluntary codes related to advertising, promotion and sponsorship. The voluntary codes include but not limited to fair competition ethics, social norms, cultural values and honest disclosure of benefits/features of the product. The Company reviews its compliance with the laws, standards and voluntary codes on a regular basis which are dependent on the nature of the activity.

**PR 7 Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.**

The Company has no incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes. The Company is committed to the commonly agreed ethical codes for marketing fertilizer in all the markets covered by the company's operations.

**ASPECT : CUSTOMER PRIVACY****PR 8 Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.**

The Company has not received any substantial complaint regarding breaches of customer privacy during the year. The Company aims to further strengthen the complaint filing and resolution mechanism for complaints regarding breaches of customer privacy and losses of customer data.

**ASPECT : COMPLIANCE****PR 9 Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services.**

There has been no incident regarding non-compliance of regulatory or voluntary codes concerning any aspect of Product Responsibility. The Company had no monetary fine regarding non-compliance.



The Company aims at further strengthening the sustainability practices on all sustainability fronts and promote integrating thinking through incorporating economic development, environmental care and social equity into its core business practices. FFC's plan to move forward towards sustainability while working on the followings.

- 1. Economic Sustainability:** Economic sustainability is critical for sustainability on other fronts. Keeping in view the shortage of natural gas, the raw material for the company products, the company is planning to further explore the coal gasification project, which is already in progress. To further strengthen the economic front and maintain the sustained predictable earnings for its stakeholders, the company aims to diversify in food, agricultural equipment, financial services and alternate energy business.
- 2. Environmental Sustainability:** The Company is aware that environmental impacts are crucial and can hamper the license to operate. To mitigate the environmental footprint of its operations, the Company aims to continuously invest in the efficient and green technologies and take steps for emission reductions. The Company is eager to further excel in alternate energy business to promote environmental sustainability.
- 3. Human Resource Management:** Workforce being the essential capital for successful organization need effective management. The Company aims to hire and retain a high quality workforce of diverse nature, develop them and cultivate a culture of belonging by encouragement, support and reward. The well managed and happy workforce drives the mission of sustainable growth.
- 4. Governance & Engagements:** The Company aims to surpass the applicable corporate governance codes/laws to become more transparent to enhance stakeholders' confidence. The Company also plans to continue regular interaction with key stakeholders on the Company's sustainability agenda and Sustainability Report for getting their input/feedback. The Company plans to involve key stakeholders to create awareness on important sustainability issues and devising strategies for effective management of these issues in consultation with stakeholders.
- 5. Better Farming:** The Company believes that the success of the Company lies in the success of farmers. In order to alleviate poverty through empowerment of small and medium scale farming communities and to improve the standard of living of farmers, the Company focuses on provision of farmer's capacity building services. The Company will expand its outreach program to reach a larger number of farmers for capacity building on efficient farming leading to poverty alleviation and bringing socioeconomic stability of the farming community.
- 6. Voluntary Initiatives:** The Company is committed to participate and support;
  - United Nations Global Compact ten principles of sustainability;
  - Corporate Social Responsibility Voluntary Guidelines 2012 by Securities & Exchange commission of Pakistan (SECP);
  - Socioeconomic development in the plant sites in line with Millennium Development Goals of United Nations and its CSR policy;
  - Provision of assistance in case of natural calamities.

## G3.1 Content Index

Application Level		Assured by									
STANDARD DISCLOSURE PART 1: Profile Disclosures											
1. Strategy & Analysis											
Profile Disclosure	Disclosure	Level of reporting	Location of disclosure	For partially reported disclosures, indicate the part not reported	Reason for omission	Explanation for the reason for omission					
1.1	Statement from the most senior decision-maker of the organization.	Fully	11								
1.2	Description of key impacts, risks, and opportunities.	Fully	13								
2. Organizational Profile											
2.1	Name of the organization.	Fully	19								
2.2	Primary brands, products, and/or services.	Fully	20								
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	Fully	21								
2.4	Location of organization's headquarters.	Fully	19								
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Fully	19								
2.6	Nature of ownership and legal form.	Fully	19								
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Fully	19								

Profile Disclosure	Disclosure	Level of reporting	Location of disclosure	For partially reported disclosures, indicate the part not reported	Reason for omission	Explanation for the reason for omission
2.8	Scale of the reporting organization.	Fully	19			
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	Fully	29			
2.10	Awards received in the reporting period.	Fully	24			

### 3. Report Parameters

3.1	Reporting period (e.g., fiscal/ calendar year) for information provided.	Fully	27			
3.2	Date of most recent previous report (if any).	Fully	27			
3.3	Reporting cycle (annual, biennial, etc.)	Fully	27			
3.4	Contact point for questions regarding the report or its contents.	Fully	27			
3.5	Process for defining report content.	Fully	28			
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	Fully	28			
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	Fully	28			

Profile Disclosure	Disclosure	Level of reporting	Location of disclosure	For partially reported disclosures, indicate the part not reported	Reason for omission	Explanation for the reason for omission
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	Fully	28 The report covers only FFC operations.			
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.	Fully	29 There were no deviations from GRI.			
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	Fully	29			
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Fully	29			
3.12	Table identifying the location of the Standard Disclosures in the report.	Fully	104			
3.13	Policy and current practice with regard to seeking external assurance for the report.	Fully	29			

Profile Disclosure	Disclosure	Level of reporting	Location of disclosure	For partially reported disclosures, indicate the part not reported	Reason for omission	Explanation for the reason for omission
<b>4. Governance, Commitments, and Engagement</b>						
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	Fully	31			
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	Fully	32			
4.3	For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.	Fully	32			
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Fully	33			
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	Fully	34			
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Fully	35			

Profile Disclosure	Disclosure	Level of reporting	Location of disclosure	For partially reported disclosures, indicate the part not reported	Reason for omission	Explanation for the reason for omission
4.7	Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity.	Fully	35			
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	Fully	4 - 6, 35			
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	Fully	36			
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	Fully	36			
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	Fully	37			

Profile Disclosure	Disclosure	Level of reporting	Location of disclosure	For partially reported disclosures, indicate the part not reported	Reason for omission	Explanation for the reason for omission
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	Fully	39			
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic.	Fully	39			
4.14	List of stakeholder groups engaged by the organization.	Fully	40			
4.15	Basis for identification and selection of stakeholders with whom to engage.	Fully	40			
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Fully	40, 44			
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	Fully	46			

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

G3.1 DMAs	Disclosure	Level of reporting	Location of disclosure	For partially reported disclosures, indicate the part not reported	Reason for omission	Explanation for the reason for omission	To be reported in
<b>DMA EC Disclosure on Management Approach EC</b>							
Aspects	Economic performance	Fully	57				
	Market presence	Fully	57				
	Indirect economic impacts	Fully	57				
<b>DMA EN Disclosure on Management Approach EN</b>							
Aspects	Materials	Fully	63				
	Energy	Fully	63				
	Water	Fully	63				
	Biodiversity	Fully	63				
	Emissions, effluents and waste	Fully	63				
	Products and services	Fully	63				
	Compliance	Fully	63				
	Transport	Fully	63				
	Overall	Fully	63				
<b>DMA LA Disclosure on Management Approach LA</b>							
Aspects	Employment	Fully	72				
	Labor/management relations	Fully	72				
	Occupational health and safety	Fully	72				
	Training and education	Fully	72				
	Diversity and equal opportunity	Fully	72				
	Equal remuneration for women and men	Fully	72				

G3.1 DMAs	Disclosure	Level of reporting	Location of disclosure	For partially reported disclosures, indicate the part not reported	Reason for omission	Explanation for the reason for omission	To be reported in
<b>DMA HR Disclosure on Management Approach HR</b>							
Aspects	Investment and procurement practices	Fully	84				
	Non-discrimination	Fully	84				
	Freedom of association and collective bargaining	Fully	84				
	Child labor	Fully	84				
	Prevention of forced and compulsory labor	Fully	84				
	Security practices	Fully	84				
	Indigenous rights	Fully	84				
	Assessment	Fully	84				
	Remediation	Fully	84				
<b>DMA SO Disclosure on Management Approach SO</b>							
Aspects	Local communities	Fully	88				
	Corruption	Fully	88				
	Public policy	Fully	88				
	Anti-competitive behavior	Fully	88				
	Compliance	Fully	88				
<b>DMA PR Disclosure on Management Approach PR</b>							
Aspects	Customer health and safety	Fully	97				
	Product and service labelling	Fully	97				
	Marketing communications	Fully	97				
	Customer privacy	Fully	97				
	Compliance	Fully	97				

### STANDARD DISCLOSURES PART III: Performance Indicators

Economic							
Indicator	Disclosure	Level of reporting	Location of disclosure	For partially reported disclosures, indicate the part not reported	Reason for omission	Explanation for the reason for omission	To be reported in
<b>Economic performance</b>							
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.	Fully	59				
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	Fully	59				
EC3	Coverage of the organization's defined benefit plan obligations.	Fully	59				
EC4	Significant financial assistance received from government.	Fully	59				
<b>Market presence</b>							
EC5	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	Fully	59				
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	Fully	60				
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	Fully	60				

Indicator	Disclosure	Level of reporting	Location of disclosure	For partially reported disclosures, indicate the part not reported	Reason for omission	Explanation for the reason for omission	To be reported in
<b>Indirect economic impacts</b>							
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	Fully	60				
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	-					
Environmental							
<b>Materials</b>							
EN1	Materials used by weight or volume.	Fully	65				
EN2	Percentage of materials used that are recycled input materials.	Fully	65				
<b>Energy</b>							
EN3	Direct energy consumption by primary energy source.	Fully	65				
EN4	Indirect energy consumption by primary source.	Fully	66				
EN5	Energy saved due to conservation and efficiency improvements.	Fully	66				
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	-					
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	Fully	66				

Indicator	Disclosure	Level of reporting	Location of disclosure	For partially reported disclosures, indicate the part not reported	Reason for omission	Explanation for the reason for omission	To be reported in
<b>Water</b>							
EN8	Total water withdrawal by source.	Fully	66				
EN9	Water sources significantly affected by withdrawal of water.	-					
EN10	Percentage and total volume of water recycled and reused.	Fully	67				
<b>Biodiversity</b>							
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	Partially	67	Location and size of the land adjacent to protected areas.	Not available	FFC does not have a biodiversity facility neither conducted any study on biodiversity.	2014
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Partially	67	Impacts on biodiversity	Not available	FFC does not have a biodiversity facility neither conducted any study on biodiversity.	2014
EN13	Habitats protected or restored.	-					
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	-					
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	-					

Indicator	Disclosure	Level of reporting	Location of disclosure	For partially reported disclosures, indicate the part not reported	Reason for omission	Explanation for the reason for omission	To be reported in
<b>Emissions, effluents and waste</b>							
EN16	Total direct and indirect greenhouse gas emissions by weight.	Fully	67				
EN17	Other relevant indirect greenhouse gas emissions by weight.	Fully	67				
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Fully	68				
EN19	Emissions of ozone-depleting substances by weight.	Fully	68				
EN20	NOx, SOx, and other significant air emissions by type and weight.	Fully	68				
EN21	Total water discharge by quality and destination.	Fully	68				
EN22	Total weight of waste by type and disposal method.	Fully	69				
EN23	Total number and volume of significant spills.	Fully	69				
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	-					
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.	-					

Indicator	Disclosure	Level of reporting	Location of disclosure	For partially reported disclosures, indicate the part not reported	Reason for omission	Explanation for the reason for omission	To be reported in
<b>Products and services</b>							
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Fully	69				
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	Fully	70				
<b>Compliance</b>							
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Fully	70				
<b>Transport</b>							
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	-					
<b>Overall</b>							
EN30	Total environmental protection expenditures and investments by type.	Fully	70				
<b>Social: Labor Practices and Decent Work</b>							
<b>Employment</b>							
LA1	Total workforce by employment type, employment contract, and region, broken down by gender.	Fully	75				

Indicator	Disclosure	Level of reporting	Location of disclosure	For partially reported disclosures, indicate the part not reported	Reason for omission	Explanation for the reason for omission	To be reported in
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	Partially	76	Total number of new hires by age group, gender and location	Not available	The company location currently does not record the data in desired manner.	2014
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	Fully	77				
LA15	Return to work and retention rates after parental leave, by gender.	Fully	77				
<b>Labor/management relations</b>							
LA4	Percentage of employees covered by collective bargaining agreements.	Fully	77				
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	Fully	78				
<b>Occupational health and safety</b>							
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.	Fully	78				
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender.	Fully	78				

Indicator	Disclosure	Level of reporting	Location of disclosure	For partially reported disclosures, indicate the part not reported	Reason for omission	Explanation for the reason for omission	To be reported in
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	Fully	80				
LA9	Health and safety topics covered in formal agreements with trade unions.	Fully	81				

#### Training and education

LA10	Average hours of training per year per employee by gender, and by employee category.	Fully	81				
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	-					
LA12	Percentage of employees receiving regular performance and career development reviews, by gender.	Fully	81				

#### 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.	Fully	82				
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Indicator	Disclosure	Level of reporting	Location of disclosure	For partially reported disclosures, indicate the part not reported	Reason for omission	Explanation for the reason for omission	To be reported in
<b>Equal remuneration for women and men</b>							
LA14	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	Fully	82				
<b>Social: Human Rights</b>							
<b>Investment and procurement practices</b>							
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.	Fully	85				
HR2	Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening, and actions taken.	Fully	85				
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.	Fully	85				
<b>Non-discrimination</b>							
HR4	Total number of incidents of discrimination and corrective actions taken.	Fully	85				

Indicator	Disclosure	Level of reporting	Location of disclosure	For partially reported disclosures, indicate the part not reported	Reason for omission	Explanation for the reason for omission	To be reported in
<b>Freedom of association and collective bargaining</b>							
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.	Fully	85				
<b>Child labor</b>							
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.	Fully	86				
<b>Prevention of forced and compulsory labor</b>							
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.	Fully	86				
<b>Security practices</b>							
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	Fully	86				

Indicator	Disclosure	Level of reporting	Location of disclosure	For partially reported disclosures, indicate the part not reported	Reason for omission	Explanation for the reason for omission	To be reported in
<b>Indigenous rights</b>							
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	-					
<b>Assessment</b>							
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	Fully	86				
<b>Remediation</b>							
HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms.	Fully	86				
<b>Social: Society</b>							
<b>Local communities</b>							
SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	Fully	89				
SO9	Operations with significant potential or actual negative impacts on local communities.	Fully	94				
SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	Fully	94				

Indicator	Disclosure	Level of reporting	Location of disclosure	For partially reported disclosures, indicate the part not reported	Reason for omission	Explanation for the reason for omission	To be reported in
<b>Corruption</b>							
SO2	Percentage and total number of business units analyzed for risks related to corruption.	Fully	94				
SO3	Percentage of employees in organization's anti-corruption policies and procedures.	Fully	94				
SO4	Actions taken in response to incidents of corruption.	Fully	94				
<b>Public policy</b>							
SO5	Public policy positions and participation in public policy development and lobbying.	Fully	95				
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	Fully	95				
<b>Anti-competitive behavior</b>							
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	Fully	95				
<b>Compliance</b>							
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	Fully	95				

Indicator	Disclosure	Level of reporting	Location of disclosure	For partially reported disclosures, indicate the part not reported	Reason for omission	Explanation for the reason for omission	To be reported in
<b>Social: Product Responsibility</b>							
Customer health and safety							
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.	Fully	99				
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.	Fully	100				
Product and service labelling							
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	Fully	100				
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	Fully	100				
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Fully	100				

Indicator	Disclosure	Level of reporting	Location of disclosure	For partially reported disclosures, indicate the part not reported	Reason for omission	Explanation for the reason for omission	To be reported in
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### Marketing communications

PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	Fully	100				
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.	Fully	101				

### Customer privacy

PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Fully	101				
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### Compliance

PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	Fully	101				
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## UNGC - The Ten Principles



**United Nations** Global Compact

UNGC “The Ten Principles”			
Principle	Statement	Page No.	GRI G 3.1 Indicator
Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights.	77, 78, 81, 82, 85, 86, 99, 101,	LA 4, LA 7, LA 9, LA 13, LA 14, HR 1, HR 4, HR 6, HR 7, PR 1, PR 8
Principle 2	Businesses should make sure that they are not complicit in human rights abuses.	86	HR 7, HR 10, HR 11
Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	77, 78, 85	LA 4, LA 5, HR 1
Principle 4	Businesses should uphold the elimination of all forms of forced and compulsory labor.	85, 86	HR1, HR 2, HR 7
Principle 5	Businesses should uphold the effective abolition of child labor.	85, 86	HR1, HR 2, HR 6
Principle 6	Businesses should uphold the elimination of discrimination in respect of employment and occupation.	76, 77, 82	LA 2, LA 14, LA 15, HR1, HR 4
Principle 7	Businesses should support a precautionary approach to environmental challenges.	58, 70	EC 2, EN 30
Principle 8	Businesses should undertake initiatives to promote greater environmental responsibility.	65-70, 100	EN 1, EN 2, EN 3, EN 4, EN 5, EN 7, EN 8, EN 10, EN 11, EN 12, EN 16, EN 17, EN 18, EN 19, EN 20, EN 21, EN 22, EN 23, EN 26, EN 27, EN 28, PR 3, PR 4
Principle 9	Businesses should encourage the development and diffusion of environmentally friendly technologies.	66	EN 5
Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.	94	SO 2, SO 3

# Feed Back Form

## Sustainability Report 2012

Details of information provided on issues covered in the report

Comprehensive

Adequate

Not adequate

Clarity of the information provided in the report

High

Medium

Low

The quality of design and layout of the report

Excellent

Good

Average

Your comments for adding value to the report

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Name : \_\_\_\_\_

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## Glossary and Acronyms

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

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