

Corporate
Sustainability
Report **2013**



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Visit our site for the online version of FFC Financial Report for the year 2013 to learn more about our financial performance and other developments.

FFC makes every effort to ensure the accuracy of the sustainability information reported in its sustainability reports. From time to time, however, figures may be updated or corrected. The online pdf version of the Sustainability Report will be considered the most current version and takes precedence over any previously printed version.

Symc

Energy



*“beauty of synergy is
it serves only to add,
never subtract”*

Diversity and Synergy are the two values which FFC is pursuing for its future endeavors. The combination of the two creates the excellence that is visible throughout our Organization – in the factories, in our offices, in the field and everywhere one sees a proud FFC employee.

We are leveraging the strength of diversity through the horizontal expansion of our business as well as bringing together people from all backgrounds and walks of life and giving them the platform and culture to excel and grow.

This diverse workforce has led to the creation of an environment where skills, talent and creativity come together and synergize in to one whole professional organization that we call FFC. We stand tall and we stand proud with each member of our FFC family, creating enduring bonds and sustainable livelihoods -using our values of diversity and synergy to create the best fertilizer product in Pakistan.

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About this Report

Reporting period	Financial year 2013 (January 01, 2013 to December 31, 2013)
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Report scope and boundary	The information, data and financial information related to Fauji Fertilizer Company Limited (Head office, plants and marketing offices) for the year 2013 is included. The report does not contain information on the sustainability impacts of subsidiary or associated companies.
Report content	The content of this report is based on the results of our dialogue with stakeholders and the Global Reporting Initiative G4 requirements. All material aspects, which are of interest to different stakeholders and FFC are included in this report.
Global Reporting Initiative (GRI)	<p>The report is GRI-G4 in accordance – Comprehensive and GRI checked</p>  <p>The GRI content index is available on page 107</p>
Assurance	<ul style="list-style-type: none"> • The report was externally assured by URS, an independent assurance provider, in compliance with the GRI G4 Sustainability Reporting guidelines and ISAE 3000 (2003) standard. • The statement of assurance describing the activities carried out and the expression of opinion is provided on page 103.
Contact for feedback	<p>We value your feedback. Please connect with the sustainability team for questions or suggestions. Mr. Ali Aziz Uddin Executive CSR planning Phone: +92-51- 111-332-111 Email: ah_azizuddin@ffc.com.pk</p>



VISION AND MISSION

Vision

To be a leading national enterprise with global aspirations, effectively pursuing multiple growth opportunities, maximizing returns to the stakeholders, remaining socially and ethically responsible.



Mission

To provide our customers with premium quality products in a safe, reliable, efficient and environmentally sound manner, deliver exceptional services and customer support, maximizing returns to the shareholders through core business and diversification, providing a dynamic and challenging environment for our employees.

Corporate Strategy and Values



Corporate Strategy

Maintaining our competitive position in the core business, we employ our brand name, unique organizational culture, professional excellence and financial strength diversifying in local and multinational environments through acquisitions and new projects thus achieving synergy towards value creation for our stakeholders.



Values

Honesty in communicating within the Company and with our business partners, suppliers and customers, while at the same time protecting the Company's confidential information and trade secrets.

Excellence in high-quality products and services to our customers.

Consistency in our word and deed.

Compassion in our relationships with our employees and the communities affected by our business.

Fairness to our fellow employees, stakeholders, business partners, customers and suppliers through adherence to all applicable laws, regulations and policies and a high standard of moral behavior.

“Social responsibility is another aspect of our activities that is very important to us.”

Message

Message from the Chairman

Dear Stakeholders,

On behalf of the Board of Directors, I feel honored to share our approach to sustainability issues which is widely recognized at all levels. For the third consecutive year, we are publishing our sustainability report to share our progress in the field of core issues of environmental protection, health and safety and socioeconomic development. We understand this process of measuring and sharing our performance initiates exploration, but adds transparency to our sound business practices, which is fundamental to our sustainable business success.

During the Year 2013, FFCL maintained a balanced approach to pay due attention to all parameters of responsible business. In addition to adoption of world class manufacturing standards at our plant sites, we remained focused to improve the environmental management, community awareness and emphasized decent labor practices to supply chain management. This is indicative of our awareness that the sustainable supply chain is essential for long term success of any business. FFCL also maintained a strong focus on health and safety aspects of the business, which is evident from minimal safety incidents at our plant sites.

Social responsibility is another aspect of our activities that is very important to us. We firmly believe in the values of diversity and equal opportunity and, wherever we operate, we actively contribute to the advancement of local communities. In the year 2013, an approximate amount of PRs. 446 million was committed to local communities for education, health, and disaster relief activities. For every social initiative, we helped to create jobs and strengthen social ties within communities. For this purpose, we have been giving priority to the involvement of the local community, local employees and suppliers.

Finally, the publication of this year's Sustainability Report offers me the opportunity to reinforce our message of sustainable and continuous business growth which was beneficial for all stakeholders. This year's sustainability report, based on the latest sustainability reporting guidelines, is the reinforcement of our vision of stakeholder inclusiveness for sustainable development and embedding sustainability practices in our core business.

We value the input of all stakeholders, which is vital to our success and will guide us to deliver to their high expectations. May Allah bless you all.



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



“FFC also promoted the application of sustainability principles along the entire supply chain”

Message

Message from the Chief Executive & Managing Director

Dear Stakeholders,

I am pleased to share that 2013 was another successful year of business following sound environmental, socially sustainable and non-discretionary practices. In line with our sustainability governance model, we remained focused on economic growth, stakeholder inclusiveness, better environmental management, continuous enhancement in the effective and efficient business process, better health and safety management and inclusive growth.

Despite prevailing challenges of gas curtailment, the production facilities achieved capacity utilization of 118%, while the developed dealer network and rigorous marketing efforts returned urea sales of 2,409 kilo-tons during the year, enabling substantial profits to stakeholders. The Company diversified in areas of financial sector and food processing and remained committed to exploring offshore fertilizer plants abroad for sustainable future.

The Company reduced the environmental impact of its production processes, mainly through continuous adoption of cleaner technologies and efficient plant management. During 2013, energy consumption at plant sites reduced by 353,024 GJ and water recycling improved to 62.54 % from 60.53%. In order to further reduce the environmental impact of packaging material, the company is introducing Oxo-biodegradable bags which do not require industrial recycling, thus becoming the first Fertilizer Company to deliver its product to the farmers in an environment-friendly manner.

Health and safety remained a focus area, which resulted in almost zero health and safety incidents at its plants. In line with our philosophy of inclusive growth, FFC also promoted the application of sustainability principles along the entire supply chain. The Company has 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 during the year.

Our Sustainability Report for the year 2012 secured 2nd position at ICAP and ICMAP 'Best Sustainability Reporting Award'. This year's report is based on the improved version of sustainability reporting guidelines of GRI, which will better describe our sustainability management practices and performance. This report also contains our commitment to the Ten Guiding Principles of UNGC.

Finally, we thank our stakeholders for their continued trust reposed upon us and we invite you all for your valuable feedback.



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



Strategy Management & Goals

FFC is committed to create added value and benefits for all stakeholders – in economic, environmental and social terms.

FFC's Commitment to Sustainability

Sustainable development means to create long term values, which help future generations to meet their needs. This can only be achieved by the efficient use of resources, by the development of sustainable products and solutions, and by treating the environment and people fairly and with respect. FFC conducts itself as a responsible corporate entity focused on becoming a partner in sustainable development. This attitude towards doing business opens up opportunities and is a factor which is becoming increasingly important in setting FFC apart from its competitors – the result is a higher level of customer appreciation, acceptance and increased demand.

The active approach to sustainability makes sense for companies for a number of reasons: sustainability improves a company's reputation amongst investors, be they shareholders or providers of debt capital, customers, and business partners. Investors appreciate the fact that their investment is designed to generate long-term value. At the same time, sustainability also means higher investments for companies initially. As such, sustainability needs to be planned and implemented carefully and has to generate higher revenues which offset or exceed its initial investments in the medium to long term. FFC's investment in sustainability aims to minimize the quantity of material it uses and cut overall costs, make the company qualified to appeal highly-skilled employees and to investors, and to improve product quality and the company's image amongst its customers. As such, sustainability, in its broadest sense, has become a key criterion for good corporate governance. The governance of sustainability is covered in the governance section of this report.

What is sustainability?

Sustainability is a process of change in which the use of resources, the goal of investment, the direction of technological development, and institutional change are not only in sync with each other, but also increases current and future potential to meet people's needs and desires.

Sustainability is not just an additional, separate activity which is pursued as an end in itself. Sustainability can only be effective if it is fully integrated into a company's business processes and if it is a core objective of a company's corporate activity. This is why, at FFC, sustainability is closely aligned with factors that are decisive in determining the success of the company.

Sustainability as a tool for efficient business management:

- Process efficiency and overall profitability are being improved in all areas of business, a process which requires constant optimization of the value chain.
- A focus on innovation and on research and development is a prerequisite for continuing to produce products and farming techniques for years to come and to boost revenues.
- Creating and enhancing the competitive edge in order to secure more market share.
- The company's portfolio is continually being optimized: to increase profitability, to create value, to boost growth via diversification, and to enhance the sustainability of the company's product range.

In order to successfully achieve these goals, FFC has closely aligned its products and operations with principles for sustainability. FFC has developed programs, initiatives, and long-term measures in all key areas as a means of achieving the goals which the Company has set itself whilst also increasing the benefit for all stakeholders.

Guidelines for sustainable business

Sustainability is an important element in the Company's corporate strategy. As a leading fertilizer manufacturing Company, FFC does not limit its sustainability efforts in compliance with statutory regulations, but has also committed to ethical and sustainable conduct in all of its commercial activities. All of FFC's actions comply with the applicable laws, principles laid down in the UN Global Compact, and the company's internal Code of Conduct.

FFC strives for a business culture of continuous improvement, sustainable competitiveness, and top performance in line with the company's ethical standards. FFC attaches great importance to values, and makes them the central focus of every field in which the company operates and which it can influence through its actions and ideas.

In all of its activities, FFC puts an emphasis on environmental protection and safety. The company's own policies on health, safety & environment (HSE) are in line with the best practices. In addition, FFC's plants are certified with ISO 9001, ISO 14001 and OHSAS 18001 certifications. The company is continually striving to improve in terms of economic, environmental and social sustainability. FFC is also setting standards in employee support and development in order to attract a motivated and competent workforce.

Sustainability governance model

Corporate governance principles define the managerial structure, organization and processes of the Company in order to provide transparency and guaranteed sustainable long-term success. The Company is committed to abide itself by the Code of Corporate Governance and other best available practices. FFC conducts its business in compliance with the applicable laws and rules and rejects corruption in any form. FFC avoids conflicts of interest and ensures that corporate assets are not misused. The Company has a policy in place to avoid conflict of interest among the highest governance body members as well as among employees. Extensive information regarding code of conduct and related matters can be found in the 2013 FFC Annual Report.

Balanced management structure

The Board of Directors of FFC is the highest management body. The Directors are re-elected after three years. The Board of Directors of the Company is comprised 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 and one Board member is female.

The Chairman of the Board of Directors is independent. His only relationship to FFC, aside from the fact that he is also a shareholder of FFC, is his role as Chairman of the Board of Directors. Neither he nor any person related to him is employed by FFC or a company that does business with FFC or is affiliated through a consultancy or similar agreement.

The Board of Directors selects from within its ranks the chairman and members of the Board Committees. The Board of Directors has constituted Committees of Directors with the adequate delegation of powers to effectively focus on the issues and ensure expedient resolution. 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, Human Resource & Remuneration Committee and Management Committees i.e. Executive Committee, Business Strategy Committee and CSR committee.

The Board of Directors meets at least once a quarter. The CE & MD, CFO and other members of the Executive Committee and/or other employees or third parties regularly attend the meetings of the Board of Directors at the invitation of the Chairman for the purpose of reporting or imparting information. Each committee has a written charter outlining its duties and responsibilities. The committees report on their activities and results to the Board of Directors. They also prepare the business of the Board of Directors in their assigned areas.

The Board of Directors has delegated the executive management of the Company to the CE & MD for smooth operation of the Company's business.

Management personnel

In 2013, the Board of Directors of FFC consisted of twelve Pakistani citizens and one Danish citizen. The members of the committees were members of the Board of Directors. The members of the Board of Directors were all at least 50 years old except one. FFC has not introduced any specific quotas for women, specific nationalities, ethnic minorities or special age groups for the Board of Directors. The members of the Board of Directors also hold significant positions in other companies, the details can be found in the Annual Report of the company for the year ended on December 31st, 2013.

The members of the FFC Board of 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. 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 a 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.

FFC employs 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 CSR committee

FFC is committed to acting ethically and sustainably in all of its business activities. In order to be able to evaluate and guide all sustainability efforts as efficiently and effectively as possible at every level of the organization, FFC has delegated key structural and control issues related to sustainability to a CSR Committee. This Committee involves all concerned in order to promote the sustainable development of business activities in line with the FFC approach toward sustainability.

The Committee evaluates challenges and trends, sets the company's medium and long-term objectives and initiates sustainability initiatives accordingly. The committee is entrusted with the responsibility of steering the direction of CSR activities from donations and welfare activities to mainstream sustainability initiatives aligned with international guidelines and standards. The CSR Committee ensures that the Company, being a member of the United Nations Global Compact, strictly adheres to its principles and makes a notable contribution to society.

The Committee, which is responsible for all decisions relating to economic, environmental and social sustainability issues, is chaired by the Chief Executive Officer (CEO). In addition to the CE&MD, the Committee also includes Heads of the following key functions: Coordination, Finance, Marketing, Production, Human Resource and CSR. This is designed to ensure that all relevant strategic sustainability initiatives and activities are agreed with FFC's corporate governance bodies.

Management's role in shaping sustainability

Management's role in shaping sustainability policy

The Board's role in shaping sustainability policy is performed through the Executive Committee and CSR Committee, which provides the guidelines for sustainable operation and effective control thereof, and has the power to define guidelines. The frameworks and measures are monitored by FFC's Risk Management System, a system to identify, evaluate and manage (relevant) risks to the company's operations.

FFC corporate risk management is designed to:

- Coordinate and develop the entire organization's risk management activities and integrate risk management into the business process. A differentiation is made between strategy, operational business, finance, tax, law and other corporate areas;
- Clearly allocate risk management responsibilities;
- Inform, train and motivate employees to effectively implement the risk management system;
- Identify and analyze risks reliably, carefully draw up meaningful reports, and avoid risks;
- Ensure that all significant risks and avoidance/counteractive measures are indeed reported to the Executive Committee via the relevant managerial levels, and serious risks are presented to the Board of Directors via the CE&MD for appraisal.

The Board of Directors has delegated the responsibility to respective committees for ensuring that the Enterprise Risk Management (ERM) system is operational and working. The Committees therefore have managerial responsibility for the implementation and performance of the ERM system. For more information on the Risk Management System of FFC please refer to the Annual Report 2013.

Monitoring sustainability efforts

FFC has in place systems specifically for ensuring production safety in order to limit the impact of its business activities on health safety and environment (HSE) as far as possible. Though the fertilizer product is environment friendly, however, the company is now focused on making the packaging as well as other materials and processes more environment friendly. One of the most important corporate goals is to ensure human safety and protect the environment. FFC has therefore developed an extensive set of policies and measures as part of HSE management. Employee training sessions are held regularly in this connection, and processes, procedures and measures are continually monitored, both in-house and by external audits of management systems.

All production plants are scrutinized for potential risks and optimization opportunities. The results of these activities are included in the risk control system, analyzed for urgency and relevance, and then implemented, if possible. The Company is also making efforts to include HSE criteria in its business relationship with suppliers, contractors and service providers. The selection procedure that is part of procurement management takes into account only economic and UNGC principles related aspects at the moment, but the Company intends to include broader sustainability criteria in its evaluation. The Company is eager to work with its supply chain to improve the entire process chain.

FFC is aware that HSE is a component of process and strategy planning and includes an ongoing compliance audit of the corresponding rules and regulations. All employees are responsible for the efficiency of the HSE management system as it relates to their particular job, position, and qualifications. FFC observes and analyzes all areas that could affect the environment and the efficient use of resources.

These include:

- Raw materials consumption;
- Energy and water consumption;
- Wastewater management;
- Handling dangerous materials;
- Greenhouse gas emissions;
- Waste removal;
- The potential environmental aspects of activities being planned.



Reporting to management

As the CEO chairs the CSR Committee and Executive Committee, FFC's management receives extensive information about the potential dangers and opportunities with regard to health, safety and the environment. The Committee uses the HSE risk management system to record, analyze and present all relevant risks for consideration and action. This is then used to develop feasible corrective measures. The reporting is carried out throughout the year and discussed in the relevant committees. The HSE related risks are communicated through the HSE department while other risks are reported separately through the Risk Management System of the Company.

The Audit Committee reviews major issues regarding the status of compliance with laws and regulations and the Code of Conduct. The internal audit department reports annually to the Audit Committee with regard to the status of the compliance with laws, but also with regard to the Code of Conduct violations that occurred in the course of the year, how they were investigated and, if necessary, how violators were disciplined and organizational measures were implemented to avoid similar violations in the future.

Evaluation and development of corporate performance

The Human Resource and Remuneration Committee of the Board of Directors evaluates on an annual basis the degree to which the objectives of the company as a whole and those of the Executive Committee have been met. Based on the evaluation of the performance against operational and sustainability related goals, it then makes its recommendations for approval to the Board of Directors. This procedure ensures that bonus payments to employees, including executives, are also in line with the Company's overall performance and objectives.

The members of the Board of Directors and especially the Executive Committee have expertise in economic, environmental and social issues. To ensure they keep abreast of current trends and developments in the aforementioned areas, FFC ensures participation of its management and staff in relevant trainings and involvement in international and national conferences and meetings.

Management pay

The Company's Remuneration policy is focused to provide remuneration which is competitive and in line with market conditions, high performance high reward, transparent and goal oriented. The 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 director's fee.

In order to retain the best talent, the compensation policies of the Company's executives are structured in line with the current industry standards and business practices. The Company is a good employer with a meager turnover rate despite industry expansion. The appraisal system practiced is comprehensive in nature and includes a performance review on financial and nonfinancial parameters. The company does not disclose some of the information, being sensitive and proprietary in nature, i.e. ratio of annual compensation within the organization and the ratio of percentage increase in annual compensation within the organization.

The Human Resource and Remuneration Committee analyzes and discusses market developments and their possible impact on FFC for providing recommendations to the Board. Our decision-making processes are very open and also involve key stakeholders in important decisions. The stakeholders input with respect to the remunerations is collected through annual meetings as well as Collective Bargaining Agents (CBA).

Financial assistance received from the government

Sustainable development means sustainable production, nondependent on any subsidy or other public funding. In 2013, FFC did not receive any direct or indirect transfer payments from the Government.

Shareholder and employee recommendations

FFC values the concerns/recommendations of its investors and shareholders. Each share entitles the holder to one vote at the Annual General Meeting. Shareholders have the basic right to payment of dividends and also have other rights under the Companies Ordinance 1984. However, only shareholders entered in the FFC's share register may exercise their voting rights. The shareholders can give their feedback/recommendation in the General Meetings of the Company. The shareholders can also 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.

All employees may submit requests or recommendations at any time to the company, its management, or the appropriate bodies through their supervisors or managers. The Board of Directors has delegated the collection of recommendations to the Executive Committee. The Company values the concerns of its employees with the aim to provide a balanced working environment for achieving the Company's objectives. Due consideration and suitable actions are taken on the suggestions/ideas of the shareholders and employees. However, this is subject to being found practicable, appropriate and in the interests of the Company.

The HR department at head office and plant level is available to provide support in connection with issues relating to the ethically correct and legally compliant conduct of employees as per the code of conduct and company policies. In this regard, regular checks and inquiries are carried out by the HR department depending on the number of queries received in relation to compliance topics, as well as particular issues and measures. The company is planning to develop a dedicated system on the intranet to further facilitate the process. In addition to the reporting of breaches of the Code of Conduct, this will provide employees with the opportunity to ask questions anonymously via an intranet portal. These questions will then be answered by the concerned officers responsible within a reasonable period of time.

Stakeholder engagement & materiality analysis

Stakeholder engagement is essential for FFC to ensure continuous progress to its commitment to sustainability. The engagement and dialogue with internal and external stakeholders aids the Company to understand their expectations and concerns. As a responsible business entity, it is our responsibility to be aware of expectations/concerns, anticipate changes and detect emerging trends.

FFC identified important stakeholders for consultation based on the influence of the Company operations and the impact of the Company operations on them. The stakeholder groups were consulted by relevant departments for getting their input. Following major stakeholder groups were consulted throughout the year as well as for the Sustainability Report 2013.



Stakeholder Group	Mode of Consultation
<p>Shareholders, investors, and providers of capital</p>	<p>The shareholder/investors and providers of capital are engaged through the Corporate Relations department for timely dissemination of all information that directly or indirectly affects the financial and operational performance of the Company, and can have a material impact on the share price. The quarterly and annual report of the Company are also circulated to all the shareholders, investors and other providers of capital. The stakeholder can give their input through the Corporate Relations department as well as through general meetings.</p>
<p>Employees</p>	<p>The Company interacts with employees in the shape of the Annual Marketing Conference (AMCON), Zonal Meetings, Annual Recreation Day, Annual Dinner and meetings with employee representative groups like CBAs.</p>
<p>Customers</p>	<p>The Company engages with its customers through marketing networks, unique & quality farm advisory services and a dedicated team of professionals. FFC conducts customer satisfaction measurement surveys to get insights for product and service quality. The company also interacts with farmers through Kashitkar desk available on the Company website.</p>
<p>Local community</p>	<p>The Company engages with the plant site community through its CSR department as well as employees working at the plant. This engagement helps to identify needed interventions in the field of education, health and uplift of the society.</p>
<p>Social development organizations</p>	<p>The social development organizations are engaged under company CSR program on an as needed basis for implementing programs for the local community and other identified areas.</p>
<p>Govt. and other regulatory bodies</p>	<p>The Company engages the Government and other regulatory bodies on issues concerning the Company's business, especially Natural Gas curtailment. The company also engages with the Government in relation to community development programs on an as needed basis.</p>
<p>Media</p>	<p>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.</p>

There is no fixed frequency of engagement with the stakeholders. However, the departments engage with their specific stakeholder groups on an as needed basis. This continuous engagement helps the company to timely identify the expectations and concerns of stakeholder group and the related sustainability impacts for taking appropriate action on the identified material topics.

Sustainability focused stakeholder engagement for Sustainability Report 2013

In line with the previous practice of stakeholder engagement for sustainability reports, the Company carried out a sustainability focused 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 acumens for inclusion in the sustainability report. The Company followed available best practices for stakeholder engagement and global reporting initiative guidelines. The stakeholder groups were engaged through surveys, email, phones and focus group meeting. Details of some of the activities are mentioned on the next page.



Stakeholder meetings with Transporters & Local community at GM plant



Stakeholder meetings with farmers Mirpur Mathelo plant



Stakeholder meetings with distributors at Lahore



Stakeholder meetings with farmers at Lahore

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

Stakeholder group	Topics identified by stakeholders	Our response
Farmers	<ul style="list-style-type: none"> • Product innovation • Introduction of new farming techniques and crops to increase farmer income • Availability of genuine product • Farmers' capacity building 	<ul style="list-style-type: none"> • Focus on innovation for sustainable earnings • Introduced new technology for provision of genuine product • Increased initiatives for coverage of wider area for cultivating new farming techniques and farmer capacity building
Distributors	<ul style="list-style-type: none"> • Dealers capacity building on product developments • Reduction in distributors investments blockage • Environmental interventions at warehouses • Health and safety at warehouses 	<ul style="list-style-type: none"> • Effective marketing communication & outreach • Better management of economic impacts • Plantation for positive environmental impact • Continuous investment on health & safety
Investors	<ul style="list-style-type: none"> • Economic performance • Environmental impacts • Labor practices • Human rights • Local community 	<ul style="list-style-type: none"> • Diversification and up gradation of plants • Better resource management & cleaner technologies • Decent labor practices across the board • Respect for human rights • Intervention through CSR program
NGOs	<ul style="list-style-type: none"> • Energy conservation measures • Emissions and effluents • Occupational health and safety • Human rights • Local community 	<ul style="list-style-type: none"> • Continuous improvement in energy consumption • Better emissions and effluents management • Continuous investment on health & safety • Respect for human rights • Intervention through CSR program
Local Community	<ul style="list-style-type: none"> • Market presence • Water usage • Health and safety • Non-discrimination • Local community 	<ul style="list-style-type: none"> • Provision of opportunities to local vendors • Recycling and reuse of water • Continuous investment on health & safety • Non-discrimination policy in place • Intervention through CSR program

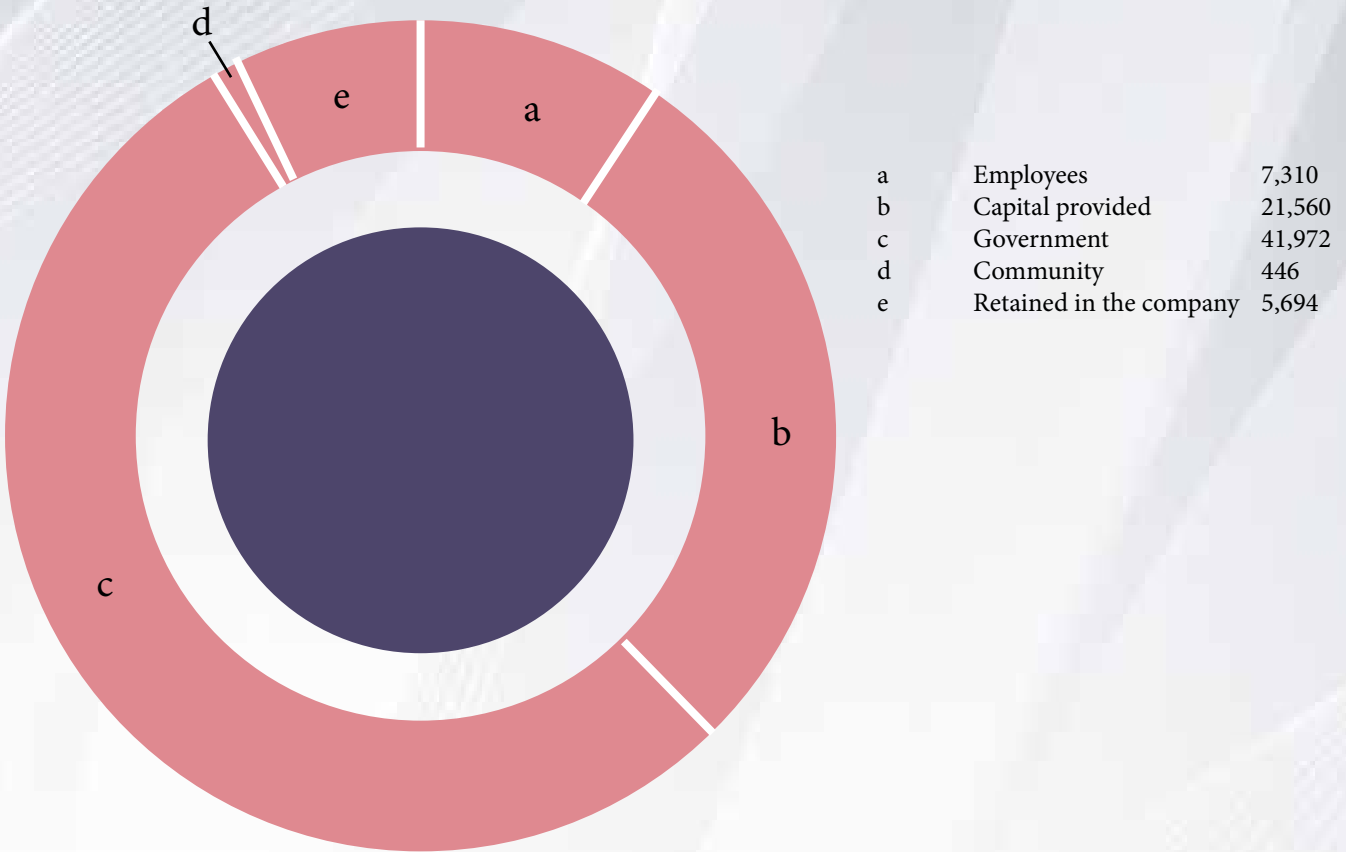
We conducted a materiality analysis to produce a matrix containing the material issues; the first edition is to be published in this year's Sustainability Report. This analysis has allowed us to identify the most relevant aspects that reflect significant economic, environmental and social impacts and that greatly influence the assessments and decisions of stakeholders. The materiality matrix containing the material topics based on the stakeholder dialogue is produced on the next page under impacts, risks and opportunities section.

Breakdown of value added

The value added through the activities of FFC and distributed to its various stakeholders in 2013 totaled Rs. 85,716 million (84% of revenues).

Direct economic value generated

FFC (Rs. in millions)	2013
Revenues	91,410
Direct economic value generated	91,410
Operating cost	14,428
Value added	76,982



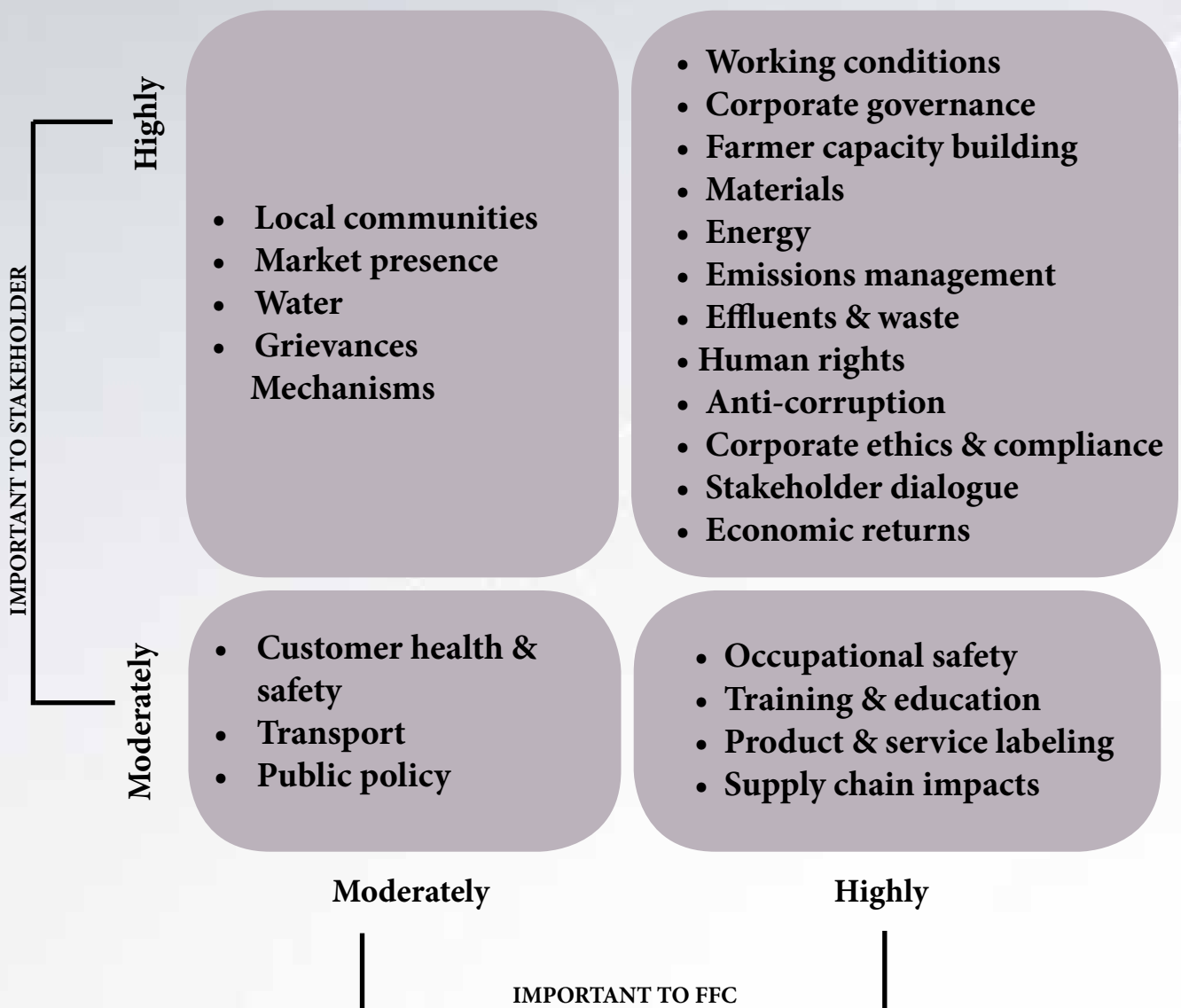
Employees	7,310
Capital provided	21,560
Government	41,972
Community	446
Retained in the company	5,694

Sustainability impacts,

FFC aims to create value addition and benefits to all stakeholders through timely identification, prioritization and management of the sustainability impacts, risks and opportunities. The Company's sustainability efforts focus on areas relating to typical kind of activities which successful chemical companies engage, such as plant, process and product safety, environmental protection, health and safety and corporate governance. Although the Company is a leader in all these areas in its sector, still it is focused on moving ahead for playing its role in sustainable development.

FFC's sustainability effort focuses on areas which have been defined as important during consultation with various stakeholders. These areas includes work in the community as part of the company commitment to corporate social responsibility, emissions reduction, water management, energy management and market presence. These sustainability topics are regularly reviewed by the CSR committee and are adapted where necessary.

Materiality Matrix



risks and opportunities

The materiality matrix lists the areas of sustainability topics identified by the company in consultation with stakeholders. The matrix is the result of topics identified by the Enterprise Risk Management system and material risks and opportunities identified through stakeholder consultations especially the stakeholder engagement for sustainability report 2013. The matrix divides up the areas to show those which are highly relevant and those which are moderately relevant to FFC's business and its stakeholders. The content and scope of this report are also derived from this matrix. (G4-18)

The prioritization of the risks is based on the materiality analysis for non-financial risk as per sustainability reporting guidelines. Through the materiality analysis, we weigh the severity and likelihood of such a potential risk, and establish relative risk levels to guide our mitigation activities. The CSR Committee analyses the risk identified and recommends action to the relevant departments for prevention and mitigation of the negative impacts of the operations and maximization of opportunities.

Compliance with laws, international standards, internal regulations, and FFC's Code of Conduct is a basic requirement for all activities as part of the precautionary approach. FFC also welcomes voluntary initiatives and provides suitable support to develop effective and efficient safety, health, and environmental standards. One of the most important objectives is safety and the protection of people and the environment. FFC continually takes initiatives to reduce the environmental load of its operations through extensive balancing and modernization and monitors that this objective is being followed and that all safety aspects related to its activities are reviewed.

FFC has witnessed positive progress on sustainability issues identified in its previous sustainability reports of the years 2011 and 2012 through reduction in emissions, more efficient water usage, improvement in energy consumption, better health and safety facilities and intervention in the field of health, education and poverty alleviation for local communities. FFC is strongly focused on mitigating the financial impact of these risks and creating shared value through focusing on opportunities.

About the Company

Fauji Fertilizer Company Limited is a public company listed on all three stock exchanges of the country. The company is headquartered in Rawalpindi with a Marketing Office at Lahore and manufacturing plants at Goth Machhi and Mirpur Mathelo.



FFC is engaged in activities of manufacturing and marketing of fertilizers in Pakistan. FFC markets its own products as well as of its subsidiary company. In addition to marketing of local brands, FFC also markets imported DAP, imported SOP and imported Boron with the brand names of FFC DAP, FFC SOP and Sona Boron respectively.

FFC holds shares in fertilizer, cement, energy, financial sector and food sector companies.

Group at a Glance

Subsidiaries

Associates

Fertilizer



Fertilizer



Renewable energy



Financial sector



Foods



Cement



This sustainability report only covers operations of FFC and does not include any financial, environmental and social data of its subsidiaries or associated companies.

A leading fertilizer manufacturing and marketing company

During the year, the Company carried out manufacturing and marketing of premium fertilizer products in the domestic market. FFC urea sales in 2013 were 2,409 thousand tonnes, with a net revenue equal to Rs. 74,481 million. The Company closed 2013 with a net profit of 20,135 million, total capitalization standing at Rs. 67,829 million with owner equity of Rs. 25,151 million.



The Company acquired 100 % shareholding in Al-Hamad Foods Limited and a 43.15 % shareholding in Askari Bank Limited during the reporting period in pursuance of its diversification strategy. These diversifications will lead to strengthen its economic front, being one of the important pillars of sustainable development including environmental, health & safety, social performance and governance.

Products & Markets



Urea

Used 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, it is often spread just before rain to minimize losses from volatilization process.

Urea has the highest nitrogen content of all solid nitrogenous fertilizers in common use.

Raw material in manufacture of plastics, adhesives and industrial feedstock.

Produced from synthetic ammonia and carbon dioxide.



DAP

Di-ammonium Phosphate (DAP) belongs to a series of water-soluble ammonium phosphate salts that is produced through a reaction of ammonia and phosphoric acid.

'Sona' DAP is the most concentrated phosphatic fertilizer containing 46% P₂O₅ and 18% Nitrogen. The solubility of DAP is more than 95%, which is highest among the phosphatic fertilizers available in the Country.

Fire retardant used in commercial firefighting products. Also used as metal finisher, yeast nutrient, nicotine enhancer in cigarettes and sugar purifier.

Produced from ammonia and phosphoric acid.



SOP

Sulphate of Potash (SOP) is the most commonly used non-chloride potash fertilizer in the world.

Being an important source of Potash, SOP is utilized mainly for sensitive, high-value crops including fruits, vegetables, tobacco and tree crops, such as nuts. FFC SOP contains 50% K₂O in addition to 18% sulfur, which is an important nutrient especially for oil seed crops with an ameliorating effect on salt-affected soils. Potash is an important nutrient for activation of enzymes in the plant body and helps increase sugar and starch contents in cultivation. Potash improves the resistance of plants against pests, diseases and stresses like water / frost injury etc.

Occasionally used in the manufacture of glass.

Produced from potassium chloride and sulfuric acid.

Products

Usage as Fertilizer

Industrial usage

Production Process

Markets

The Company has market presence in all four provinces of the country. It has fifteen regional offices and five farm advisory centers across the country to cater to product sales and farm advisory services. The company operates 166 warehouses out of which 22 are permanent, while others are acquired on an as needed basis. The major sales area in 2013 was Punjab, being the biggest cultivation region in the country, followed by Sind, KPK and Baluchistan.

Supply chain

Suppliers are strategic allies who support our success and performance to our customers. We believe that cooperation is what makes the difference. Our supplier relationships go beyond the purely commercial sphere and include a mutual understanding of what it takes to promote good practices and pursue responsible and sustainable development.

Today, the business environment requires leading supply chain management methods that ensure the widespread incorporation of sustainability criteria in the selection and engagement of suppliers; in so doing, these practices help to limit exposure to unexpected events and supply disruption while building long-term core competence.

The ultimate governance of strategy in relation to supplier management lies at the highest level of the management organization. The Company evaluates the effectiveness of its management approach through feedback from various stakeholders. The surveys conducted by the Company provides feedback for effective management of this important component.

FFC produces and markets fertilizer for its customers. To this end, it requires raw materials, packaging, capital equipment, services, and other inputs, such as energy, transportation services, etc. FFC procures most of its requirements directly from the relevant producers. FFC is not particularly dependent on any of its suppliers. The Company suppliers consist of local as well as foreign suppliers. The major raw material and other components which can be easily purchased from Pakistan are procured locally while the materials and components which are not available in Pakistan are purchased from abroad. The Company purchases comprise of 84% purchase from local suppliers and 16% from foreign suppliers. The Company ships its products to Company dealers, institutional customers and direct customers. The Company has a network of 3,700 dealers operating at 1,800 sales points for provision of product to customers at their nearest point. There were no major changes in the structure of the supply chain during the year.

Commitments & Memberships

The Company being the responsible corporate entity not only follows the legal obligations but also strives to follow several externally developed voluntary initiatives in the areas of economic, environment and social performance. The Company got certification and re-certifications of its plants for ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007 i.e. Quality Management System, Environmental Management System and Occupational Health and Safety system. The Company is also working to achieve Integrated Management Systems (IMS) certification for all locations.

The Company is an active member of the United Nations Global Compact (UNGC) network and continues to abide by the ten principles of the UNGC. In 2013 FFC further rectified its commitment to the United Nations Global Compact forum by signing up for the newly initiated Business for Peace (B4P) group. The vision behind B4P is to build a sustained network among participating members to carry their CSR interventions into High Risk Areas and work in collaboration to build peace across the globe. The platform was launched during the 2013 Global Compact Leader Summit held in September where FFC had the honor of being the only participant from Pakistan.

Moreover, the company continuously engages with the stakeholders residing around plant sites to resolve the basic issues of health, education 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 following associations:

- United Nations Global Compact (UNGC)
- Marketing Association of Pakistan (MAP)
- Fertilizer Manufacturers of Pakistan Advisory Council (FMPAC)
- Fertilizer Industry Public Relation Committee (FIPRC)
- International Fertilizer Industry Association
- Arab Fertilizer Association
- Farmer Association of Pakistan
- WWF

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 helps the Company to give its input in public policy development in addition to other forums.

Awards

The Company has received the following awards which bears testament to the commitment towards operational excellence, innovation, corporate governance and social responsibility.

- ICAP & ICMAP Best Corporate Report Award 2012 – FFC secured 1st place in the Fertilizer & Chemical sector for the eleventh time.
- ICAP & ICMAP Best Sustainability Report Award 2012 – FFC secured 2nd position in Best Sustainability Report Awards held by the joint committee of ICAP and ICMAP. This was a significant improvement from 3rd position in the 2011 awards.
- KSE Top Companies 2012 – FFC grabbed the 1st position in KSE top 25 companies list for the 3rd consecutive year. This was the nineteenth successive placement in the list.



Investment for Better Farm Productivity



“Help the farmer to optimize utilization of his resources to rejuvenate farm productivity and increase his income”



Investment for better farm productivity

The Company's relationship with its customers represents one of the significant focal points of every activity undertaken by the company: from market research to product improvement, to the manufacturing process, through the purchase and after-sales experience. It is essential to the long term viability of FFC that we engage with our current and potential future customers to ensure that their expectations are met or exceeded. Through life-long relationships with satisfied customers, the Company builds a loyal customer base which promotes the brand in the marketplace and contributes to the overall success of the company.

Keeping in mind the concept that fertilizer business cannot be profitable without profitable farming, the company is working with farmers to provide them advisory services leading to sustainable farming. 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.

In order to ensure incessant support to the farming community, the Company is continuously investing in its farm advisory services. The company operates five (5) farm advisory centers and eighteen (18) regional agri service offices. Farm advisory centers comprise a team of professionals fully equipped with a modern and sophisticated computerized soil & water testing laboratory and a demonstration van with high tech audio visual equipment. It operates for 4-5 years in an area providing guidance in line with area crops and socio-economic position of the farmers.

The Company maintains a close liaison with research organizations and transfers the latest findings to the farming community through its farm advisory centers. The experts and professionals from agricultural institutions and Government departments are invited to deliberate on the farming community problems. The detail of activities performed during the year are as follows:

Activity	Purpose	Number of activities	Number of Participants
Crop demonstration plots	Modern crop production technology is practically demonstrated to the farmers at their own farms for showing its positive impact on crop yield and economic returns in comparison with the conventional practices.	152	152



Activity	Purpose	Number of activities	Number of Participants
Field days	To show the visual impact of modern crop production technology adopted on the demonstration plot.	122	12,337



Activity	Purpose	Number of activities	Number of Participants
Crop seminar/ Special farmer meetings	To disseminate area specific latest agriculture knowledge about particular crop or related issues, to progressive farmers and allied stakeholders.	29	4,816



Activity	Purpose	Number of activities	Number of Participants
Farmer meetings	Area specific agriculture technology is transferred (before or during the crop season) to a group of farmers to enhance their farm income by increasing crop production.	167	15,028



Activity	Purpose	Number of activities	Number of Participants
Blitz programs	Latest knowledge is disseminated about a crop/issue in a particular area by launching an intensive campaign during a specific time period. Through this activity farming community of a particular area is updated about crop production technology/ solution of a certain prevailing issue.	42	25,386



Activity	Purpose	Number of activities	Number of Participants
Group discussion	Area specific agricultural technology is disseminated to a small group of farmers through this activity.	1,015	7,658

Activity	Purpose	Number of activities	Number of Participants
Farm visits	On-site farm problems of individual farmers are identified and specific recommendations /solutions are provided.	1,539	1,539

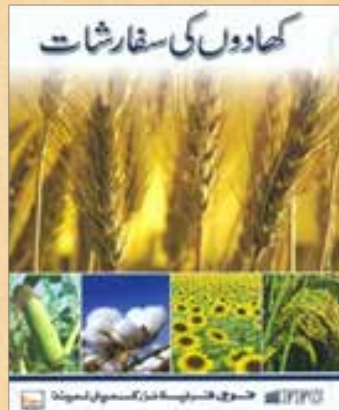
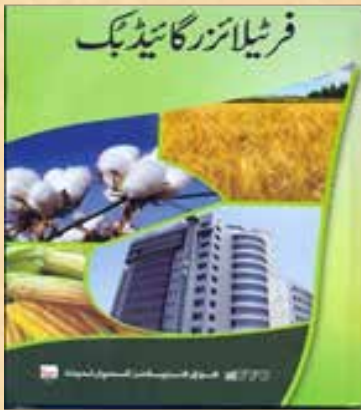
Activity	Purpose	Number of activities	Number of Participants
Collection of soil, water and plant samples	Soil, plant and water samples are collected for carrying out analysis and developing fertilizer/reclamation recommendations. Our experts themselves collect soil samples from farmers' fields for analysis in FFCL labs. We deliver fertilizer/reclamation recommendation reports at their doorstep and educate them on best management practices to achieve better yields and profits.	24,032	4,194



Activity	Purpose
Literature distribution	Literature is distributed to disseminate technical information among the farming community for their ready reference. Farmers benefit from the complete package of technology in written and pictorial form.

The Company develops and regularly updates crop literature covering complete production technology of all major crops, vegetables and fruits grown in the country in national and regional languages. The two comprehensive books namely “Fertilizer Guide Book” and “Fertilizer Recommendation Book” are valuable assets for disseminating information about fertilizers and their use for different crops. Agriculture newsletters are published quarterly in Urdu and Sindhi Languages, to refresh farmers’ knowledge regarding seasonal/on-going crop operations.

The company has developed crop production documentaries to educate the farmers on different farming techniques. FFC has a professional, trained and experienced team to render advisory services in different agro-ecological zones and the company is committed to playing a leading role in the economic uplift of its key stakeholder.



Summary of outreach programs 2013

FFC has performed a large number of capacity building activities during the year. The Company reached 75,265 farmers through these activities which helped in capacity building leading to the economic uplift of the farmers.

Program	Number of Programs	Farmers Contacted
Special Farmer Meetings	29	4816
Farmer Meetings	167	15,028
Village Meetings	42	3,858
Blitz Programs	42	25,386
Group Discussions	1,015	7,658
Farm Visits	1,539	1,539
Training Programs	6	285
Crop Demonstration	152	152
Field Days	122	12337
Crop Experiments	12	12
Soil & Water Sample Tested	24,032	4,194
Micronutrient Samples Tested	580	-
Total for the year 2013		75, 265
Total for the year 2012		68,720

Environmental Management Approach





Environmental Management approach

The Company is continually striving for protection of nature and the environment through adoption of cleaner technologies and efficient processes. The reducing reserves of gas in the country, in addition to sustainable management approach, is also leading to intensive raw materials management to ensure that resources are handled as cautiously as possible. The Company's efficiency programs ensure a continuous improvement in energy and water efficiency and lead to lower levels of (pollutant) emissions and waste. Bio-degradable packing material along with renewable resource utilization are also allowing for the establishment of a widely sustainable value chain.

Against this backdrop, FFC is improving its processes and production procedures on an ongoing basis. As a result, not only the absolute volumes of resources, waste, waste water and air emissions are being steadily reduced, but also the relative volumes, i.e. in relation to the scale of production. The Company has an integrated Environmental, Health & Safety 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 GGM M&O is responsible for performance & regulatory affairs and monitors the compliance across the manufacturing plants for Health, Safety & Environment (HSE). FFC regularly conducts trainings for senior management of manufacturing units as well as for employees working on line functions. The company has specifically designed training modules for different internal trainings and employees are nominated for external trainings as well.

The Company regularly monitors the HSE system for ensuring compliance with the internal HSE policies and applicable laws and regulations. The Company's manufacturing plants are certified for ISO 14001:2004 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 find out the gaps on a regular basis.

As a result of these efforts and stringent voluntary commitments, FFC was not aware of any cases in the year under review in which it has been accused of not having acted essentially in compliance with laws, regulations and voluntary codes of practice in connection with nature and environmental protection. As such, FFC did not have to pay any substantial fines or non-monetary penalties for non-compliance with environmental laws and regulations in 2013. FFC has an environmental grievances mechanism in place where complaints regarding negative environmental impacts of operations can be filed. The Resident Manager at the Plant site deals with such complaints and necessary actions are taken as per need. During the year, no complaint was filed.

To date, FFC has been unable to detect any noteworthy effect that climate change may have had on its business, whether of a physical, regulatory, or financial nature. Nevertheless, FFC is aware of this important issue and has set itself priorities by making sustainability an integral part of its corporate strategy, regardless of economic or seasonal fluctuations and exceptions. However, the Company is focused on reducing the environmental load of its operations to further reduce any possible impact in the future.

Resource requirement

FFC is focused on efficient resource utilization to reduce the quantity of raw materials in both absolute and relative terms. The quantity of the natural gas used as a feed gas has fallen due to gas load management plan of the Government which diverted the gas from plants to other areas.

Material	Unit	2013	2012	2011
Natural gas	MMSCF	43,897	45,708	44,339
Lubricant	Liter	177,205	168,786	175,855
Chemicals	KG	9,224,965	7,534,815	Not reported
Packing bags (150 gm each)	Bags	48,163,000	47,757,240	48,149,600
Packing bags (95 gm each)	Bags	773,000	650,000	Not reported

Natural gas figures for the years 2012 and 2013 are restated to exclude fuel gas which is separately accounted for in EN 3. The packing bags of 95 gm each were used on GM plant during the year. The figures of packing bag of 95 gm are restated to exclude the 150 gm bags mistakenly included last year.

The natural gas consumption varies between the years due to gas curtailment by the Government. The chemical consumption figures for the year 2013 are on higher side as it contains some of the information relating to previous year, which was included in 2013 due to the implementation of SAP during the period. There was no actual abrupt increase in the chemical consumption during the year.

FFC tries, wherever possible, to use recycled materials. However, due to the nature of the production process, recycled raw materials cannot be used. Moreover, the cleanliness requirements do not allow the use of such materials. FFC uses almost only fresh raw materials for direct precursors for the reasons mentioned above. However, FFC does use the recycled materials in other support operations, where possible.



Better Energy Management

FFC's plants primarily need energy in the form of steam, electricity and natural gas. FFC uses natural gas for heating, firing crack furnaces and generating electricity and steam in its own power plants. What is recorded is total energy consumption, which includes internally produced energy. FFC does not purchase electricity or steam from external sources. Thus, only direct emissions such as CO₂ from electricity-generating power plants are accounted for. There is no indirect energy use resulting from purchase of electricity, heat or steam. However, other indirect energy use from operations is measured and recorded, where possible. The Company has identified that the indirect energy used by FFC is not significant in the overall context and has therefore not produced the complete response as required by the indicator. For example, energy consumption caused by the travelling of FFC employees is insignificant in relation to the overall consumption. Moreover, with

more than 2,000 staff, the cost of determining the indirect energy consumption by employees traveling to the company would not be appropriate given the level of insight this would provide. As such, an investigation of this kind will not be conducted. However, the company has made an effort in determination of energy consumption relating to the fuel used in company vehicles at plant sites during the year. The energy consumption due to the fuel used in company vehicles at plant sites is 27,686 GJ.

Direct energy consumption, i.e. the use of primary energy sources, takes place at FFC's plant sites and primarily for process heat and steam generation purposes. The main primary energy source is natural gas. FFC endeavors, however, to explore the possibilities of renewable energy generation and increase the share of energy obtained from renewable sources on an ongoing basis.

	2013	2012	2011
Energy Consumption in GJ	31,793,657	32,346,825	32,673,461

The energy consumption figures are restated for the year 2011 and 2012 to include only fuel gas and diesel figure in the calculations.

FFC product is dissolved in the soil during usage and is not energy intensive. However, the Company is striving to reduce the energy consumption requirement during production process. For FFC, energy is an important production and cost factor. With this in mind, FFC has already initiated programs and projects aimed at reducing energy consumption for a number of years. The aim is to secure permanent resources and cost savings and reduce greenhouse gas emissions. These measures are bearing fruit and FFC’s production is becoming significantly more energy-efficient over the years. The energy consumption has decreased by 553,168 GJ in the year 2013 as compared to the previous year. The Company uses the previous year as a base factor for measuring energy efficiency.

The energy intensity ratio is introduced in G 4 guidelines for the first time, which will help identify the energy intensive products and help the Company take steps to reduce energy intensity. FFC runs three plants located at two manufacturing sites. The plants having different technologies have different energy intensity ratios. The overall energy intensity ratio was 25.68 GJ/Met urea.

	2013	2012	2011
Energy savings in GJ	553,168	326,636	548,798

The company uses previous year as a base year to measure energy savings.

FFC records the data of energy consumption in the relevant conventional unit, for instance m³ in the case of natural gas and kWh for electricity. These units are converted into the consolidation unit, gigajoules (GJ), to obtain the mean energy content. This is then used as a standard measure for representing energy consumption. The energy consumption and energy sources in this report have been determined from the data provided by the production sites. They therefore provide a consolidated and comprehensive picture of FFC’s energy usage in manufacturing operations. The heating values were calculated on the basis of laboratory analysis and standard heating values for natural gas and diesel from GREET, The Greenhouse Gases, Regulated Emissions, and Energy Use In Transportation Model, GREET 1.8d.1, developed by Argonne National Laboratory, Argonne, IL, USA.



Water & Water use

Water is an important factor in the processes FFC uses in its Plants. FFC mainly needs it for production of steam and cooling purposes. The water requirements are met for the most part by canal water. Before the water flows into the piping system of the Plant, the canal water is cleaned according to its intended purpose using various filter systems. Both of FFC's plants withdraw canal water up to a maximum of 18 cusec during the year. The canal is managed by the Irrigation department and this withdrawal is not significant keeping in view the annual flow of the canal. The Company has an agreement with Irrigation department and the meters installed by the department measures the water inflow. Tubewells are used occasionally when the canal water is not available. The Company has a large area where tubewells are installed and the water withdrawal from tubewells does not significantly impair the water system either.

FFC uses state of the art machinery to continuously circulate and capture water after use in order to re-cool the water for reusing. This environmentally friendly cooling method is used where technically possible, and in 2013 saved almost 1,293,452 m³ of water, which would otherwise have had to be additionally extracted.

Water use in m ³ /year	2013	2012	2011
Water used	13,237,892	14,531,344	14,537,860

Water as a scarce resource

The decreasing level of fresh water is creating a risk to the future of society and economy. Some regions of the world, including Pakistan, are on the brink of a water crisis, which will have an impact on the business of companies operating in these regions. FFC, being aware of the water shortage has already implemented a wide range of water management activities to decrease its water foot print.

Water recycled/ reused	2013	2012	2011
%age of water recycled/reused	62.54%	60.52%	-

Waste Water

FFC uses water for a variety of purposes in the production process, and the water is partly polluted as a result. Therefore, the production wastewater is treated to reduce the pollutant to acceptable limits, prescribed by NEQS, before using and discharging in to the canal. The company uses oil skimming and neutralization method for waste water treatment. In the season, when the canal is closed, the water is stored in evaporation ponds. In contrast, cooling water along with rain water can be fed into the canal without cleaning as it does not come into contact with chemicals. The wastewater is used for horticulture purposes at the Plant sites.

Wastewater in m ³ /year	2013	2012	2011
Waste Water	2,631,990	2,819,790	2,533,097

The waste water figures are estimated figures.

FFC's Plant sites are certified for complying with the Environmental standard ISO-14001:2004. All the emissions are within the prescribed NEQS limits and regularly reported to EPA under a SMART reporting program. The wastewater discharged by FFC is largely cleaned and therefore does not burden the environment.

GHG Emissions

The emissions of greenhouse gases have a major environmental impact which cannot be completely avoided, despite all environmental protection efforts. These gases are side effects of the production processes like waste, waste water, etc. The emissions are subject to the control limits laid down by the Environmental Protection Agency of the country. FFC monitors compliance with these limits by taking environmental protection measures.

FFC determines the total emissions for each Plant site at regular intervals and makes regular checks to control variations, if any. The direct carbon dioxide (CO₂) emissions are the result of the combustion processes for the generation of electricity, heat and steam. The greenhouse gases emissions are directly proportional to the amount of carbon in the employed fuels. The emissions of the greenhouse gases mainly CO₂ is measured on continuous basis at each plant site and then integrated to reach total figure. Emissions of other greenhouse gases like methane and nitrous oxide (N₂O) are measured and integrated into the consolidated calculation of greenhouse gas emissions. The global warming potential of the respective gaseous emissions were sourced from United Nations Framework Convention on Climate change (UNFCCC).

Direct greenhouse gases emissions (Met)

	2013	2012	2011
CO ²	1,870,489	1,867,672	2,028,646

The emissions figures for the year 2011 and 2012 have been revised to remove calculation error.

FFC does not have any indirect greenhouse gas emissions which are predominantly generated by external energy procurement, usually in the form of electricity and steam. Emissions per metric ton of product is a new measure introduced in the guidelines which helps to measure the intensity of the emission per Met of produced prod-

uct leading to better decision making. The emission per metric ton of the Urea produced for the year were 0.778Met CO₂/Met of Urea produced.

FFC reduces carbon dioxide emissions by continuously optimizing production processes to make them more environmentally friendly. The Company is reducing air emissions by using innovative technologies and modernizing its Plants. The results of the emissions reduction are small but in total lead to significantly lower emissions of pollutants.

The Company has identified that the indirect greenhouse gas emissions caused by FFC is not significant in the overall context and is therefore not reporting a complete response to the indicator. For example, CO₂ emissions caused by the travelling of FFC employees are insignificant in relation to overall emissions. Moreover, with more than 4000 staff, the cost of determining the CO₂ emissions generated by employees traveling to the company would not be appropriate given the level of insight this would provide. As such, an investigation of this kind will not be conducted. However, the company has made an effort in determination of energy consumption relating to the fuel used in company vehicles at plant sites during the year. The indirect emissions (scope 3) due the fuel used in company vehicles is 1,937 Met of CO₂. The company does not have systems in place for identification, accounting for and reporting of upstream or downstream emission. However, keeping in view the supply chain impact of emissions, the company is considering to develop and implement the systems, where possible. The Company products are environmental friendly products and are additive for increasing farm productivity. The only environmental impact of transporting products, material and members of the organization is emission of greenhouse gases. As discussed above that the company does not have a system in place to identify, measure and report the total environmental impact of these activities. However, the company is considering developing a system for identification, measurement and reporting of such impacts in the future.

The greenhouse gases reduction initiatives are practiced on a continuous basis for controlling and reducing harmful emissions. The greenhouse gas emissions (CO2) have been reduced by 3,635 Met in total, attributed to variations in production level. There were no emissions of ozone depleting substance during the year. The company is committed to non-use of ozone depleting substances as a part of its Environmental Management policy.

Emission of gases in Met

	2013	2012	2011
Nitrogen Oxide	1651	2977	Not reported
Ammonia NH ₃	-	1970	Not reported

Since 2012, significant emissions of other inorganic pollutants such as NOX have been reduced overall by almost 44 %, and NH₃ has been reduced by almost 100 %. The Company uses previous year for comparison as a general practice.

Particulate emissions in Met

	2013	2012	2011
Particulate matter	908	1079	Not reported

Particulate emissions in the air fell in 2013 by 19% compared to the previous year.

Effluents and waste

FFC focuses on the prevention of waste as a priority over recovery or disposal. The Company makes every effort to ensure that as little waste is generated as possible. However, unavoidable production waste is recycled or disposed of properly. The Company procedures require that each type of waste is recorded and precisely analyzed and described. The waste is properly documented in internal records, including where the waste originated, what quantities have arisen during the year, the classification of the waste as hazardous and the possible disposal method. The waste is accumulated and dumped at the Plant site and when the quantity reaches a significant level, it is disposed off according to the best available option.

Material	Unit	2013	2012	2011
Recycling				
Urea dust solution	MeT	-	19,766	10,418
Landfill				
CaCO ₃	MeT	4,150	4,100	2,340
Incineration (mass burn)				
Papers, cloths, etc	MeT	593	646	646
On-site storage				
Waste water	M ³	350,000	591,582	425,000
Other				
Damaged urea bags, iron scrap etc.	MeT	511	3,946	13,460

The urea dust solution is excluded from the recycling figure after deliberation that recovery is part of normal manufacturing process. However, the dust solution sold to external parties is reported under others.

The first priority is to recycle or treat the waste, and only unsuitable waste is disposed off in landfills, which is then sold to a carefully selected supplier. The company carries out incineration under controlled conditions. Waste totaling 550 Met was sold to local vendors during the year for recycling and reuse purposes. The Company does not transport waste across borders.

FFC strives to prevent spills at its plant sites as spills not only lead to waste generation but further costs in shape of cleaning measures. There was one incident of oil spill at Goth Machhi plant site involving oil quantity of 200 liters out of which 185 liters were recovered while 15 liters were lost. The Company treats waste handling very carefully and no incident has been recorded, where the waste was not disposed of properly, leading to adverse impact on the biodiversity and habitat around Plant sites.

Investing for future generations

The investments and expenses occurred on environmental protection and mitigation of the impacts is recorded at respective units, where it occurs. The figures are consolidated at the end of each year under two broad heads i.e. prevention and management costs. The environmental expenditures are of recurring nature and often require new construction or changes to existing facilities. The investments in the area are made as cost-effectively as possible; it is an integral part of general investment planning and subject neither to a cost-benefit analysis nor a specific return on- investment period.

The environmental investment totaled about Rs. 592.76 m in 2013, of which 97 % was spent on environmental protection, approximately 1.93 % on monitoring and 1.07 % on certification and trainings. The environmental expenditures mainly related to Goth Machhi plant and are on estimated basis . The company is working hard to provide actual figures and more detail about environmental expenditures.

Social Responsibility





Social responsibility

FFC assumes ethical responsibility for sustainable, economic, environment, and fair business transactions. FFC employees are educated and trained to take responsibility in line with their function, authority and qualifications. The Rio Declaration requires that countries take a precautionary approach, according to their capabilities, in order to protect the environment. Thus measures to prevent environmental degradation must not be postponed where there are threats of (serious or irreversible) environmental damage. Nevertheless, such measures should not pose an excessive financial burden as Principle 15 of the declaration combines environmental protection with a cost-benefit analysis. FFC applies this principle to the company. In order to protect the environment, the precautionary approach is applied accordingly. 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.

FFC had signed the UN Global Compact in 2010. The United Nations Global Compact is a strategic initiative for companies that voluntarily commit to ensuring that their business activities and strategies are in line with ten universally recognized principles relating to human rights, labor standards, environmental protection and the fight against corruption. By becoming a signatory, FFC has underscored its comprehensive commitment to sustainable development and responsible corporate governance.

FFC commits that, within its sphere of influence, it will work for protection of human rights, create working conditions which at minimum meet the legal requirements, protect the environment and combat corruption. FFC views joining the UN Global Compact as the logical extension of its sustainability activities and reporting. The membership also enables the Company to share information and ideas with other stakeholders on sustainability efforts.

Last year, the Company has further ratified its commitment to UNGC by signing up for the newly initiated Business for Peace (B4P) group. The vision behind B4P is to build a sustained network among participating members to carry their CSR interventions into High Risk Areas and work in collaboration to build peace across the globe. The platform was launched during 2013 Global Compact Leader Summit held in September 2013.

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. 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 on a continuous basis.

Broad Voluntary Commitments

FFC sustainability efforts are committed to the common good at locations of its operations, acting with corporate responsibility in all its activities. Acting as an employer, as a consumer of local products and services, as well as a payer of taxes, FFC is playing an active role in the sustainable development in its areas of operations and support local economic development. FFC thus raises the living standards of the population in its areas of operations, both directly and indirectly, by creating added value. The FFC approach is driven by the needs of the targeted community, carried out through surveys, focal groups and so on. Based on these guidelines, the interventions are devised to deliver maximum benefit & impact. The Company regularly engages with local communities to identify any negative effect of its operations on local communities and as a result of these engagements it identified in 2013 that there were no significant negative effects on local communities during the year.

In the 2013 reporting period, FFC donations and expenditure related to its corporate citizenship activities were Rs. 446 million. The spendings were in the areas of medical services, clean drinking water and education services especially to under privileged communities. The detail of the activities performed during the year are produced below under three broad heads i.e. education, health and projects.

Education

Initiative	Description	Impact
Upgradation of Govt schools at Goth Machhi & Sadiqabad.	In 2013 FFC undertook sizable upgradation activities at different schools including;	The interventions will provide better facilities at these schools leading to admission of new students and uplifting of education of underprivileged and deserving communities across Pakistan, especially female segment of the Plant site community, which is a neglected area at the moment.
	Construction of 12 new class rooms and repair & maintenance of 6 existing class rooms.	
	Construction of Sona Block comprising of 12 new class rooms at Govt MC Girls High School (Sadiqabad).	
	Provision of furniture at Govt MC Girls High School (Sadiqabad).	

Initiative	Description	Impact
FCC-Forman Christian College (Lahore) signs agreement for scholarship for talented & deserving students .	FFC and FC College Lahore have joined hands for the provision of scholarship to 7 students in 2013. FC College is one of the renowned institutions in Pakistan contributing to Pakistan's development through quality and professional educational services.	The interventions will provide opportunities to the talented and deserving students to pursue their education at leading institutions and play their role in the development of the country.
	FFC sponsorship to the students will cover their entire degree program including boarding/ lodging and additional expenses. The scholarship from FFC has been extended to 3 Post Graduate students and 4 Under Graduate students.	

Initiative	Description	Impact
<p>Sponsorship for International Mathematical Olympiad (IMO) 2013</p>	<p>FFC sponsored a brilliant student to represent Pakistan at 54th International Mathematical Olympiad (IMO) held at Santa Marta, Columbia USA on 18th to 28th July 2013. IMO is organized every year since 1959 to recognize exceptional mathematicians from across the globe. The selection of competitors is made through National Science Talent Contest (NTSC) with Abdus Salam School of Mathematical Studies (GCU Lahore) being the focal institute for selection and student preparation in Pakistan.</p>	<p>The sponsorship enabled the brilliant student to be part of the International Mathematical Olympiad and will provide opportunities to the talented students to gain insights from world level competitions.</p>

Health

Initiative	Description	Impact
FFC - Al Shifa Eye Trust collaborated for 5 free eye camps	FFC in collaboration with Al Shifa Eye Trust hospital arranged 5 free eye camps in 2013, reaching out to the remote and far flung communities in district Rawalpindi. The total outreach of these eye camps was 4000 eye patients from the remote and far flung communities.	The collaboration helped the need-ing communities of far flung areas to avail the best available health treatment facilities in their area.

Initiative	Description	Impact
Donation to Shaukat Khanum Cancer Hospital Peshawar	Fauji Fertilizer Company Limited has contributed Rs 20 million for the construction of Shaukat Khanum Cancer Hospital and Research Center, Peshawar. FFC assistance to the cancer facility is for the construction of Radiation Department.	The donation will help the estab-lishment of a state of the art cancer hospital for the treatment of needy cancer patients in Pakistan.
Donation to Autism Society of Pakistan	FFC donated Rs. 0.5 million to Autism Society of Pakistan for the expansion of Autism Resource Center.	The donation will help in creating awareness on autism and facilities at Autism Resource Centre.

Initiative	Description	Impact
Donation of patient electric cart to National Institute of Heart Diseases	National Institute of Heart Diseases (NIHD), situated in Rawalpindi is a quality coronary health facility, which is providing lifesaving treatment to hundreds of patients on daily basis. Heart patients, un-dergoing treatment at the facility in routine, require transportation between different health facilities situated within the premises of the facility. For this, FFC has extended donation for an electric cart vehicle for the transportation of patients within NIHD. Being electric, the cart is also environmental friendly.	This will help the smooth and has-sle free transportation of patients between different departments for treatment.



Initiative	Description	Impact
Upgradation of Pediatric Department at Military Hospital Rawalpindi	Pediatric Department at Military Hospital (Rwp) is the only center performing gastrointestinal endoscopies and colonoscopies in district Rawalpindi. The facility required major upgradation including replacement of medical equipment. In view of the lifesaving service provided by the department to hundreds of patients on daily basis, FFC donated Rs 12 million for the procurement of state of the art medical equipment including fully operational Endoscopy Operational Theater.	This upgradation will enhance the efficiency and capacity of the Pediatric Department with service to underprivileged patients from across the district.

Initiative	Description	Impact
Provision of State of the Art Medical Facilities at Sheikh Zayed	FFC donated Rs 25 million to Sheikh Zayed Medical College (RYK) for the establishment of Cardiac Center and Operation Theater. SZMC (RYK) is a quality health care facility providing medical care to hundreds of patients on daily basis.	The provision of state of the art medical facilities will help the needy people of Rahim Yar Khan district to avail quality health facilities.

Projects



Initiative	Description	Impact
<p>Community Welfare Complex (CWC) Kot Wahidabad</p>	<p>FFC in collaboration with Fauji Foundation Trust has commenced the construction of a Community Welfare Complex (CWC) at Kot Ghulam Muhammad, Sindh. Stone laying ceremony for the CWC was held on April 14th, 2013 which was attended by Chairman Fauji Foundation Lt Gen M Mustafa Khan (Retd) and CE & MD FFC Lt Gen Naeem Khalid Lodhi (Retd).</p> <p>The multifaceted complex will feature a model school, separate male and female vocation training/ skill development center, basic health unit and dispensary, mosque and residential area. Kot Ghulam Muhammad is a part of the district of Mirpurkhas, which has approximately 1.6 million inhabitants. Kot Ghulam Muhammad is one of the most remote communities in rural Sindh.</p> <p>FFC will be contracting Rs 350 million for the welfare complex as part of its CSR program. CWC signifies the commitment of FFC and Fauji Foundation Trust towards the uplift and wellbeing of underprivileged communities across Pakistan.</p>	<p>The facility will greatly contribute in the uplift of education, health and poverty alleviation for Kot Ghulam Muhammad and areas in the proximity.</p>

Initiative	Description	Impact
Construction of road and provision of renewable energy at Sona Public School and Sona Welfare Hospital	FFC initiated the project of construction of a link road at BastiKhai, a village in close proximity to the FFC Ghot Machi plant for resolving the transport issue of the people.	The project will help to resolve the transportation issue of the people around plant site.
	FFC has initiated the installation of 9 Kilo Watt Solar Energy System to power the energy needs of Sona Public School and Sona Welfare Hospital. The project also includes conversion of conventional lights to LED for energy conservation.	The initiative will help in continuous provision of electricity to these entities for provision of education and health facilities.
Collaboration with Rescue 1122 (Rahim Yar Khan)	FFC has collaborated with Rescue 1122 for the safety and awareness campaign in Rahim Yar Khan District through publication of 1000 safety books to be distributed to the participants and citizens.	This initiative will help to create awareness on safety among participant and citizens.

Initiative	Description	Impact
FFC handover newly constructed houses to 207 flood affected families	The floods in 2010-2011 affected hundreds of villages including sweeping away houses, crops and livestock in the proximity of FFC plants. In coordination with the District Administration of the respective areas, FFC initiated the reconstruction of 3 villages including Mohib Shah, Muaza Chacharan (Rahim Yar Khan) and Chuttoo Chachar (Ghotki). The projects include construction of 207 model houses, customary designed as per the requirement of the native families and all associated facilities for the affected population of the respective villages. FFC was joined by Pakistan Red Crescent Society for this project. FFC contributed Rs 102 million, being 50% contribution.	<p>The multifaceted rehabilitation program also involved community participation to a large extent so that the families become part of the entire project and benefit from the expertise of skilled workforce, serving as a learning program for the unskilled labor force from the targeted villages and the surrounding areas.</p> <p>The multifaceted rehabilitation program provided houses to the affected people of the area and returned the life to the previously heart-rending streets of the said villages.</p>

Continuous Support to Human Rights

FFC puts great emphasis on upholding human rights in its sphere of influence. FFC has in place a number of internal policies as well as its commitment toward international charters ensures to safeguard the basic human rights as defined in the legislation and international charters. Some of the policies in relation to human rights management have been listed below:

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

Once again, the Company is not aware of any activity, work related incidents or business transactions in the Company in this reporting year concerning the violation of human rights. The Code of Conduct for employees provides basic guidance on human rights, non-discrimination and freedom of association. A varied workforce is of great value to the company, consequently, FFC does not tolerate any discrimination based on race, ethnicity, sex, religion, disability, age or sexual identity of employees. Keeping in view the non-occurrence of any violation, the company has not carried out any specific training on human rights. The Company has not received any complaint of discrimination during the reporting period.

FFC has a notification and reporting system in place for taking action on complaints with respect to human rights violations. The most senior officer responsible for managing human rights issues and implementation of various policies of the Company related to human rights is the General Manager (GM) -HR. FFC adopts a culture of trust and feedback. Complaints are received via line managers or Work Councils within the relevant statutory framework. Beyond this, if the aforementioned procedure does not achieve the desired outcome, complaints can also be made through the HR department. The Legal department reviews the complaints filed for amicable solution and possible legal impacts. In 2013, FFC received no internal complaints of breaches of human rights issues.

All significant investment agreements have been scanned for human rights issues 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. However, the screening of new suppliers was not carried out for human rights criteria company has not carried out any screening of significant suppliers, contractors and other business partners during the year.

FFC respects the freedom of association right of entitled employees. The entitled employees have a right to join unions and be represented by these unions internally and externally in accordance with the prevailing national or local laws and practices. FFC knows of no cases in which freedom of association or the right to collective bargaining have been seriously endangered or even breached – not even by suppliers.

FFC rejects any form of child labor and strictly complies with local regulations concerning legal minimum age requirements for work permits. FFC is not aware of cases of child labor in the company or with its suppliers. Similarly, FFC rejects any form of forced labor or slavery. Nor is FFC aware of any cases of forced labor or slavery in the company.

FFC is aware of the fact that the non-compliance with minimum human rights regulations by the supply chain partners may have a material impact and FFC supports and encourages its supply chain partner to obey the human right laws and adapt best available practices in this area.

Avoiding Corruption

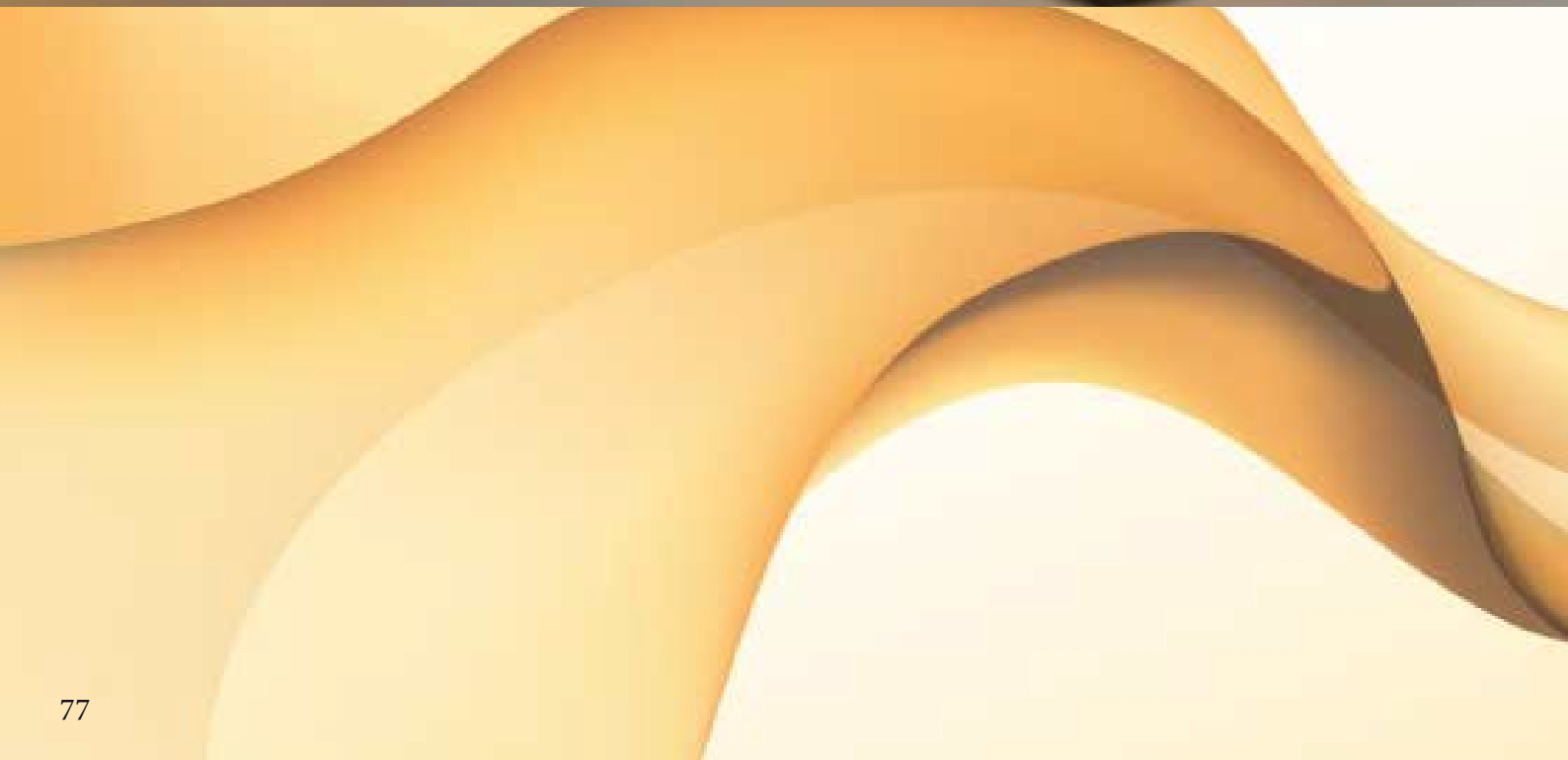
Corruption leads to distortions in the economic system and creates social imbalances in Society. FFC is strict on combating corruption in all of its business areas including in dealings with the suppliers. The Company has a strict Code of Conduct containing organizational policy on corruption and an effective risk management system for identification of corruption risks. FFC investigates corruption risks through ongoing internal auditing activity. The Company carried out a risk assessment for corruption risk covering all of its operations and there were no incidents of corruption identified or reported during the year. The Company has not conducted any specific training on anticorruption policies and procedures during the year.

Breaches of Code of Conduct and Law

FFC did not make donations to parties, politicians or associated institutions. The Companies Ordinance 1984 explicitly prohibits donations to political parties. FFC was not aware of any cases in the year under review in which FFC was accused of not having acted essentially in compliance with laws, regulations and voluntary codes of practice. Consequently, no corresponding fines or non-monetary penalties for failure to comply with legal regulations are known either. FFC attaches particular importance to fair interaction with competitors, suppliers and customers. In the year under review, there was one legal case of anti-competitive conduct, the forming of cartels or monopolies. 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 has filed an appeal under section 42 of the Act and the case is pending in the court. In 2013, FFC did not have to pay significant fines or suffer non-monetary penalties for failure to comply with legal regulations on the environment.

In the year in question, FFC was not aware of any complaints by interest groups or institutions at the relevant locations regarding issues of public or social concern. For this reason there is no formal procedure in place for dealing with such complaints. Nevertheless, interest groups may contact the managers of the relevant location at any time. Bodies also exist to deal with specific issues, e.g. Work Councils, which address workforce concerns.

Health & Safety Management





Health & Safety Management

The safety of the people and processes is the top priority for FFC. FFC always endeavors to educate employees on health and safety topics to ensure maximum level of health and safety of its labor force. The protection goals as well as health and safety aspects are monitored and reviewed on an ongoing basis. The health and safety 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. The company has in place a system for risk assessment of operations. FFC is committed to preserving its employees' health by avoiding accidents as much as possible. The Company has in place a long standing safety culture at Plant sites along with a detailed reporting of process and plant safety. The Company carefully tracks incidents, complaints received from stakeholders and takes prompt action for resolution in justified cases. During the year no such complaint was recorded.

Continuous efforts to prevent accidents at work are an essential part of FFC's production activities and require constant motivation of employees by line managers. As a result of the high commit-

Continuous efforts to ensure health and safety

ment to health and safety, incidents concerning health and safety issues have decreased over a number of years and the Company Plants are producing records safe man hours over the years. 2.15 million man-hours of safe operations were also achieved as of December 31, 2013 through employees' commitment and safety first strategy

The company accounts first aid injury in the injury rate and the lost days means schedule work days; the lost day count begins the day after the incident.

Rate of Injury by region and gender

	Organization		Contractor	
	Male	Female	Male	Female
Mirpur Mathello plant	Nil	Nil	0.33	Not applicable
Goth Machhi plant	Nil	Nil	0.07	Not applicable
Other locations	Nil	Nil	Not recorded	Not recorded

Occupation disease rate by region and gender

Occupation disease rate by region and gender at plant sites	Not recorded
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Lost days rate by region and gender				
	Organization		Contractor	
	Male	Female	Male	Female
Mirpur Mathello plant	Nil	Nil	Not recorded	Not applicable
Goth Machhi plant	Nil	Nil	Nil	Not applicable
Other locations	Nil	Nil	Not recorded	Not recorded

Absenteeism rate by region and gender				
	Organization		Contractor	
	Male	Female	Male	Female
Mirpur Mathello plant	Nil	Nil	Not recorded	Not applicable
Goth Machhi plant	Nil	Nil	Nil	Not applicable
Other locations	Nil	Nil	Not recorded	Not recorded

Work related fatalities by region and gender				
	Organization		Contractor	
	Male	Female	Male	Female
Mirpur Mathello plant	Nil	Nil	Nil	Not applicable
Goth Machhi plant	Nil	Nil	Nil	Not applicable
Other locations	Nil	Nil	Not recorded	Not recorded

Urea manufacturing is a clean, safe and close process. Workers only come in to contact with the finished product when it's ready for shipment and there is no risk of occupational diseases. However, the regular technical controls and measurements are carried out at the workplace to ensure safe working conditions and regular health checks conducted for employees.

The health of employees is a primary concern for FFC. For this reason, FFC offers discounted health programs and attaches great importance to protecting employees from workplace accidents. The employment policy governs the rules for such programs. The managers plays a pivotal role to safety at workplace. They are responsible for training employees in Safety and identifying the extent to which employees are familiar to the safety procedures at processes.

Appropriate trainings to managers and staff are a basic step for the necessary changes in safety culture. The Company regularly conducts various trainings including safety culture reinforcement training for management & staff, emergency response & rescue handling, 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 job safety analysis, hazard identification risk assessment and determining control (HIRADC) and evacuation safety. The implementation of trainings of these types is also a clear signal by the management that it wishes to improve workplace safety. Not only do employees learn how to behave more safely and prevent accidents through targeted training courses, but – by also involving managers in the process – a strong emphasis is placed. Safety is first and foremost a question of sensitivity to the dangers surrounding one's own work. For that reason, exemplary conduct and regular training is a must for managers and all employees.

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. To promote health and safety at plant site, in addition to minimum legal requirement, the company has in place different forums and committees to discuss and take action on health and safety issue. All the worker get representation in these committees through their supervisors and line managers. The detail of the forums/committees along with participation level is as follows.

- SOC-Departmental forum attended by the top management
- MR-Attended by top management.
- Sub SOC-Inter unit forum attended primarily by middle management. Members of staff may also participate depending upon requirement. The representation level varies ~ 10%
- Safety committees established at all units/section. Members of this committee range from most junior staff up to top management.
- HORC committees- Function at unit level and participated by at least one staff member. Representation varies from 10-20 %.

CBA relations on Health & Safety

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.

Personnel Development





Personnel Development

Better Human Capital Management

FFC values human resources as an important capital and believes in fair treatment and ensuring compliance with laws, regulations and the Company’s own code of conduct. Employees are the most important factor for a company’s success not only in the current market environment but also in the future, as their performance alone determines the economic strength and competitiveness of FFC. FFC has therefore drawn up numerous employee advancement and development programs, with a wide range of services. The Company has a well-defined Human Resource (HR) policy to manage the HR priorities, succession planning, recognizing and rewarding prestigious talent, and leadership development. The Company aims to bring the most talented and imaginative people on board, nurture their talent and provide the best facilities to them. To achieve this goal the HR department has developed a range of employee centric policies.

The most senior officer responsible for labor practices in the Company is the General Manager Human Resources. The HR head at the manufacturing unit level reports to the GM-HR. All the aspects of labor practices, i.e. trainings, diversity and equal opportunity etc. are closely monitored at the manufacturing unit level as well as at the corporate level. Any breach of these aspects is monitored by the HR department and adherence to laws and regulations is discussed frequently and reported quarterly to the HR Committee of the Board.

Both attracting qualified employees and ongoing employee training and development are of great importance to FFC. FFC provides its employees with the skills and resources they need to work in an even more efficient and innovative way. The Company has already set exemplary standards in this area with numerous (training) programs. FFC also aims to become more attractive as an employer and keep employees within the company for as long as possible through better management of this precious capital.

The substantial portion of the Company’s work is performed by full time employees. At the end of 2013, FFC had 2,321 full time employees. There were no significant variations in numbers of employees during the year.

Changes in the number of full time employees as on December 31, 2013



Structure of the FFC Workforce in 2013

Structure of the FFC Workforce in 2013

Structure	Total	% age	Employee category	Total	% age
Employees					
Male	2274	98	Male	803	97
Female	47	2	Female	26	3
Employment contract			Staff	2274	98
Regular			Male	1471	99
Male	2226	98	Female	21	1
Female	45	2	Employees Type	Total	% age
Contract			Full time		
Male	48	96	Male	2274	98
Female	2	4	Female	47	2
			Supervised workers	-	-

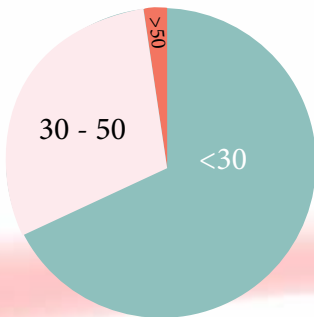
Employees or supervised workers	Total	% age
Employees		
Male	2274	98
Female	47	2
Supervised workers	-	-

Total Workforce by region and gender

Region	Total	% age
Head office		
Male	329	95
Female	16	5
Goth Machhi		
Male	976	98
Female	15	2
Mirpur Matehlo		
Male	644	99
Female	5	1
Lahore		
Male	281	96
Female	11	4
Karachi		
Male	44	100
Female	-	

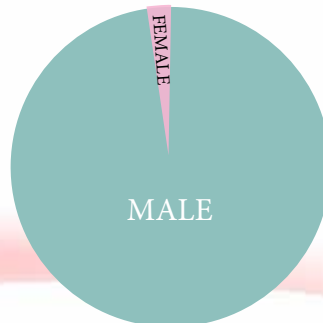
Attrition by age group, gender and location

ATTRITION BY AGE GROUP



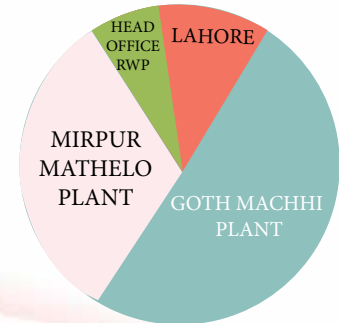
<30	60
30-50	23
>50	1

ATTRITION BY GENDER



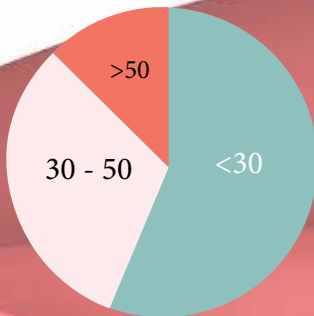
Male	83
Female	1

ATTRITION BY LOCATION



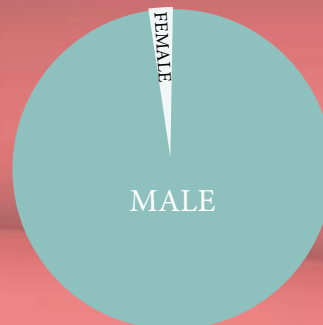
Head office – RWP	7
Goth Machhi Plant	44
Mirpur Matchlo Plant	25
Lahore	08
Karachi	-

HIRING BY AGE GROUP



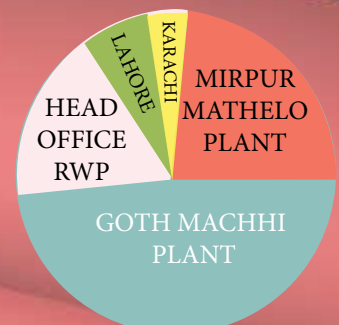
<30	123
30-50	70
>50	27

HIRING BY GENDER



Male	210
Female	10

HIRING BY LOCATION



Head Office – RWP	43
Goth Machhi Plant	107
Mirpur Matchlo Plant	50
Lahore	17
Karachi	3

FFC is generally committed to paying its employees fair and appropriate compensation in the form of wages and salaries, bonus components and other perks. This compensation should meet minimum statutory standards and in principle exceed them in each area in which FFC is active.

No intentional differentiation is made in the company benefits provided by FFC according to the type of employment contract. All male and female employees employed in any employment level receive the same level of salary or remuneration. Only women employees are given maternity leave. One staff employee and one management employee availed maternity leave in 2013. Both of the employees returned to work after availing their maternity leave.

Employees are promptly informed of all significant operational changes by the Company. In addition to the regular and ad hoc information provided to all employees via the intranet as well as information letters from the management, the company complies with all local statutory and operational requirements in regard to the provision of information to employee representatives and employees.

Information is also disseminated about the reporting lines for the relevant hierarchical levels. Moreover, voluntary corporate information sessions are regularly held.

Training & education

FFC considers it important that its employees have the opportunity to realize their potential and develop a successful career. Moreover, FFC believes that motivating and training its employees will contribute significantly to the company’s success. Based on this thinking and principle of equal treatment and equal rights, FFC offers its employees internally and externally conducted specialist and interdisciplinary training and qualification opportunities.

At FFC, 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 these gaps; ensuring the right people are in the right jobs for ensuring long term sustainability of the Company.

FFC also provides its employees opportunities for enhancing their skill set and get lifelong learning through management skill development program throughout their career, provision of long term leave for improving professional qualifications, off-shore technical services of engineers and deputation to diversified businesses.

Training hours per employee in 2013

Number of employees trained	681
Training hours	3405
Average hours of training	5

Training hours per employee by gender in 2013

Category	Average No. of employees	Man-hours	Avg.training hours
Male	640	3200	5
Female	-	-	-

Training hours per employee by employee category in 2013

Category	Average No. of employees	Man-hours	Avg.training hours
Management	632	3160	5
Staff	49	98	2

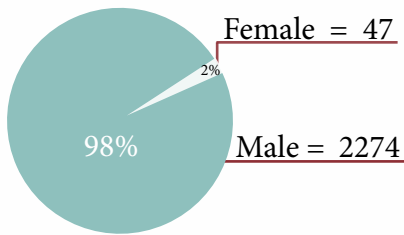
Diversity and equal opportunities

At FFC 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.

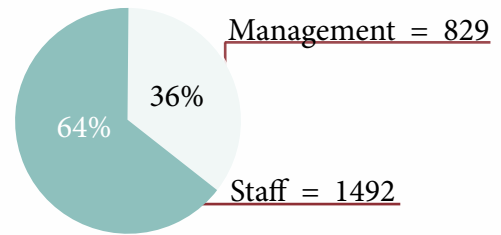
In 2013, the Board of Directors of FFC consisted of 12 Pakistani citizens and one foreigner. The members of the committees were members of the Board of Directors. The members of the Board of Directors were all above 50 years old except one.

FFC has not introduced any specific quotas for women, specific nationalities, ethnic minorities or special age groups for the Board of Directors and Executive Committee. All the candidates are evaluated and selected on the basis of the same list of criteria. Twelve out of thirteen members of the Board of Directors are male while one member is female.

Employee Gender
Total 2321 – 100%



Employee Category
Total 2321 – 100%



Employees by gender, minority group and age group

GENDER	MINORITY GROUP		AGE GROUP		
	MUSLIM	NON-MUSLIM	<30	30-50	>50
MALE	99.08%	0.92%	21.55%	52.77%	25.68%
FEMALE	91.49%	8.51%	31.91%	46.81%	21.28%

Employees by employment category, gender, minority group and age group

EMPLOYEE CATAGORY	GENDER		MINORITY GROUP		AGE GROUP		
	MALE	FEMALE	MUSLIM	NON-MUSLIM	<30	30-50	>50
MANAGMENT	97%	3%	98.55%	1.45%	21.47%	53.32%	25.21%
STAFF	99%	1%	99.12%	0.88%	21.92%	52.28%	25.80%

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%

FFC’s employment policy strives for a diverse workforce and aims to find the candidates best suited for an open position. FFC is a non-discriminatory employer, hiring and promoting employees based solely on the qualifications and skills required for the work. The recruitment of employees is based only on their suitability for the open position and their individual potential for a successful future at FFC – in line with the corporate strategy and objectives.

Wages and minimum pay

FFC pays wages and salaries that are determined by local relevant competitive markets rather than by legally defined minimum wages. However, the company exceeds the minimum wages threshold at all of its operational sites.

No sex discrimination on pay

FFC does not discriminate basic salary or remuneration on the basis of sex. The employees are rewarded on the basis of performance and their role in the advancement of company objectives. All male and female employees employed at any employment level receive the same level of salary or remuneration. The ratio of basic salary and remuneration is one to one at FFC. All FFC employees including male and female received performance appraisals in 2013.

Coverage of the defined benefit plan obligations

The Company regularly monitors the benefit plan obligations for relevance, compliance, costs and stability to ensure that the benefits are in line with operating environment. FFC is aware of the significance of these benefit plans as a way of retaining staff.

The Company maintains separate funded pension and gratuity schemes. All obligations of funds are financed by the employer. The estimates are based on actuarial valuation. The defined funded gratuity, pension scheme is for all eligible employees, who complete qualifying period of service and age. These funds are administered by trustees. The annual Contribution to gratuity and management staff pension funds are based on actuarial valuation. The defined contributory provident fund is for all eligible employees for which the Company's contributions are charged at the rate of 10 % of basic salary. The employees also contribute 10 % of basic salary to a provident fund. The provident fund may be reimbursed after an employee leaves the organization or may be transferred, as per the convenience of an employee. The Company spent an amount of Rs. 427 million on defined benefit plan obligations in 2013.

The Company also provides the following benefits to full time employees including management and staff. These benefits are not offered to part time or contractual 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

CBA relations on employee management

FFC supports the rights of freedom of association. The entitled employees are free to join unions and to be represented by these unions internally and externally in accordance with applicable laws. All staff employees are covered by CBA, which comes to 64.29% of total strength. The Company gives 15 days' notice period on relocation within inter division/ units. A 3 day break in the joining period is also given on relocation. This information is not specified in CBA agreements.

Product Responsibility





Product Responsibility

FFC attaches particular importance to protecting the environment and nature. The Company aims to produce only quality products that correspond to the international environment and safety standards and are accompanied by the required information. Product responsibility lies with the manufacturing department. The Chief Executive & Managing Director are responsible for the impact and marketing of products.

FFC makes sure that employees, customers, the general public and the environment can rely on the safety of its products throughout the entire product lifecycle. The Company's products are an additive for enhancing agricultural produce and the Company gives due care to health and safety impact. The Company regularly conducts training covering aspects related to health & safety to the relevant staff for ensuring quality production. The Company made an assessment of the health and safety impact of its products during the year in order to identify improvements to further support its commitment of producing customer friendly products. The Company has dedicated staff trained on labeling as per applicable laws and regulations.

FFC constantly monitors and carries out regular reviews on all business aspects and processes in order to ensure that they continue to conform to the company's commitment to sustainability. Quality and performance monitoring is an integral part of the company's business processes and strategic planning. FFC maintains contact with customers at all times, thus ensuring that they receive support in the use of FFC products. The service offering also features comprehensive product information in the shape of booklets for optimum fertilizer use, farm advisory services for advising on fertilizer use & dosage after carrying out soil and water analysis and micronutrient analysis. . 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. The Company's products are in compliance with labeling requirements specified by laws and regulations.

FFC is convinced that a company cannot enjoy economic success on a sustained basis without knowing the exact needs of its customer base. The Company gathers feedback from farmers on the Company's products through its extended Agri Service department. The Company conducts customer satisfaction surveys on a biannual basis. The survey comprises of questionnaires and measures the level of customer satisfaction on aspects of quality, operations and products offered. The customers respond to the survey through answers to the questionnaire. The Survey focuses on the entire product portfolio of the organization across the marketing area network of Pakistan. Innovation and customer focus are extremely important in this respect. FFC is constantly developing new and improved farming techniques and services to add value for its customers and the environment.

In the year under review, there have been no incidents – neither offenses nor criminal investigations – related to product-related health and safety issues.

The Company adheres to laws, standards and voluntary codes related to advertising, promotion and sponsorship. The voluntary codes include but are 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.

There were no incidents – neither offenses nor criminal investigations – on account of breaches against applicable laws and voluntary codes of practice in relation to information about the labeling of products and services. Similarly, FFC is not aware of any incidents in which there have been infringements of laws/regulations in terms of the procurement, use or supply of products and services.

There have also been no complaints regarding breaches of data protection laws in the year under review, nor has there been any loss or theft of customer data.

Sustainability in the Supply Chain





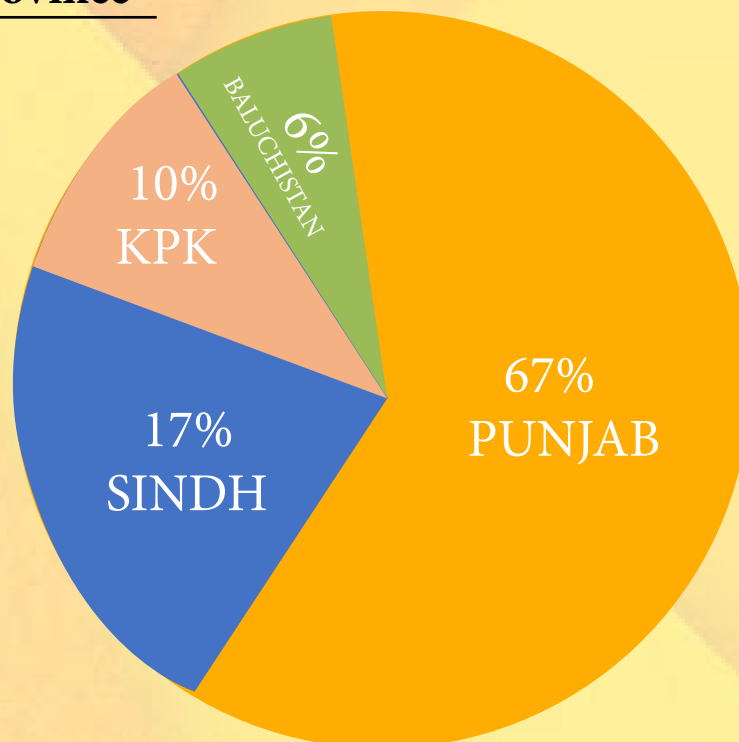
Sustainability in the Supply Chain

FFC is aware of Supply Chain's role in the sustainability of the Company. The Company has a soft sustainability criteria at the moment which forms a part of FFC's business relationships. FFC developed and has deployed a set of criteria to select and manage its suppliers, outsourcing partners, and service providers. This selection is not only based on economic criteria, but on non-financial aspects as well, taking sustainability aspects clearly into account in the selection process. In addition, FFC intends to work with its suppliers and partners to improve the entire supply chain from a sustainability perspective as well. This includes, for instance, optimized energy and transport management, respect for human rights, decent labor practices and active waste management.

Extended Sales Markets

FFC markets and sells its products across Pakistan. The Company sells products in Punjab, Sindh, KPK and Baluchistan. The major sales are in Punjab followed by Sindh, KPK and Baluchistan. The Company ships its products to Company dealers, institutional customers and direct customers. The Company has a network of 3,700 dealers operating at 1,800 sales points for provision of product to customers at their nearest point.

FFC sales by province



Diversified procurement

FFC produces and markets fertilizers for its customers. To this end, it requires raw materials, packaging, capital equipment, services, and other inputs, which are sourced from suppliers located in the country and globally. The Company procures most of its requirements directly from the relevant producers. FFC is not particularly dependent on any of its suppliers except the supplier for natural gas which is the basic raw material for fertilizer manufacturing.

FFC prefers to procure goods and services from the location in which its respective operating facilities are located, as far as qualitatively compatible, technically feasible, and economically justifiable. 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 a vendor far from the Plant. Moreover, this way, FFC's activities support the economic development of the areas concerned. Locally based suppliers are defined by the Company as a Supplier based within the country. All imported materials are considered as being supplied by other suppliers. The Company purchases comprise of 84% purchase from local suppliers and 16% from foreign suppliers.

The Investment agreements that include human rights clauses/have undergone screening. All major investments must be approved by the board of directors. The board committees recommend the investments proposal after detailed working and review which is based on financial, strategic and sustainability criteria, the last of which also includes human rights aspects. Moreover, the regular procurement also takes in to account the sustainability criteria to screen new suppliers. All major suppliers were screened against sustainability criteria during the year.

FFC is not aware of any negative environmental impacts of its operations or supplier's operations during the year. FFC is committed to having a positive impact on Society through CSR interventions and encourages its supply chain partners to engage in such activities for the betterment of Society. The Company is not aware of any negative impacts of such interventions during the year.

FFC rejects any form of child labor with the aforesaid workplace directive and strictly complies with local regulations concerning legal minimum age requirements for work permits. FFC is not aware of cases of child labor in the company or at its suppliers. Similarly, FFC rejects any form of forced labor or slavery. FFC is also not aware of any cases of forced labor or slavery in the company or at its suppliers.

Sustainability check on Suppliers

FFC assesses suppliers based on soft conditions relating to sustainability factors, such as environmental management, working conditions, respect for human rights, complaint management, safety standards, and financial creditworthiness. The Company intends to make these soft regulations more comprehensive by including other factors relating to supplier labor management practices and society related interventions. This will be followed by the supplier awareness campaign on FFC sustainability criteria and inclusion of the relevant suppliers in FFC's supplier assessment process. In order to monitor how suppliers deploy FFC's sustainability criteria, FFC will also carry out on-site audits in the future. This supplier sustainability criteria will strengthen the efforts and will provide a reference framework for social and environmental protection in the Supply Chain.

In order to strengthen this vision and approach, FFC hosts trainings for its haulage contractors as well as dealers. Through them, FFC engages with its supply chain in the deployment and realization of activities.



WAY WAY WARD



The Way Forward

FFC aims to strengthen the sustainability practices initiated three years back and further promote integrated thinking by taking into consideration the sustainability impact of its activities and operations, promoting social equity and environmental care for the collective benefits of stakeholders. FFC's plan to move forward towards sustainability includes working on the followings:

1. **Economic Sustainability:** Economic sustainability is a first step moving forward on sustainability path. The Company is exploring the possibility of a potential offshore fertilizer complex in gas rich countries aimed at building on its core competencies, in addition to extension of technical/professional services to other fertilizer complexes. The Company is also planning to enhance the production line of its food business by provision of installation of CA (Controlled Atmosphere) stores and VHT (Vapor Heat Treatment). FFC is committed to improve the way it works, to be more professional, efficient and profitable to deliver sustained return to its shareholders in a well-diversified manner.
2. **Environmental Sustainability:** Environmental impact of operations are one of the major contributing factors for environmental degradation and can hamper the organization's license to operate. FFC is committed to continuous upgradation and investments of its plants to mitigate the environmental footprint of its operations. The Company is in process of establishing systems for defining goals in line with sustainability reporting indicators for publishing in the report and being accountable to stakeholders. The environmental goals will be presented in next year's report.
3. **Human Resource Management:** Employees are an integral part of a successful organization. FFC is committed to a policy of hiring and retaining a high quality workforce of diverse nature, develop them and cultivate a culture of belonging by encouragement, support and reward. The Company will remain focused for better human capital management through provision of facilities & trainings, competitive wages and benefits to ensure continuous commitments towards Company success.
4. **Governance & Engagements:** Good corporate governance is vital for long term success of the Company. 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 aims to play a more active role in solving the issues faced by the stakeholders through stakeholder consultation.
5. **Better Farming:** The Company believes that the success of the Company lies in the success of farmers. FFC is committed 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 extensive 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 to the farming community.
6. **Voluntary Initiatives:** The Company is committed to participate and support:
 - United Nations Global Compact ten principles of sustainability;
 - United Nations Global Compact Business for Peace (B4P);
 - 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.

Definition, Methodology & Scope

The Sustainability Report, now in its 3rd edition, is a voluntary document issued by the Company according to GRI-G4 guidelines to provide stakeholders a comprehensive picture of the activities carried out, results achieved and commitments made in economic, environmental and social spheres.

This section provides a methodology, guide and additional economic, environmental and social indicators.

The terms “FFC” or “the Company” refer to the Fauji Fertilizer Company Limited for accounting purposes and does not include its subsidiaries or associated companies. The term “marketing region” refers to the distinct areas/provinces in which the products of the company are sold out.

Unless otherwise indicated or required by the context, the information and data contained in this Sustainability Report relates to financial year 2013 (1st January 2013 to 31st December 2013). The economic and social data presented in the report includes data on FFC’s manufacturing plants located at Goth Machhi and Mirpur Mathelo, marketing offices and head office, while the environmental data relates to the plant sites and does not include the environmental impact of other locations. The report does not include information on subsidiaries or associated companies.

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

Quality of information

The quality of the information contained in the Sustainability Report is supported by compliance with the following principles:

- **materiality:** inclusion of all information deemed to be of interest to internal and external stakeholders due to its economic, environmental or social impact
- **completeness:** inclusion of all material topics and indicators
- **balance:** coverage of both positive and negative aspects of the performance
- **comparability:** ability to compare between time periods and with similar organizations
- **accuracy:** provision of adequate levels of detail
- **reliability:** reporting process subject to audit by an inde-

pendent organization

- **timeliness:** report to be presented within the time frame relevant to stakeholder decision making
- **clarity:** the language used addresses all stakeholders.

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 data measurement techniques are the same as the 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. These restatements are mentioned where carried out. Previous years’ figures have been regrouped/ rearranged wherever found necessary to conform to this year’s classification.

Preparation of the Sustainability Report is part of an annual reporting process subject to audit, analysis and approval of a number of individuals. FFC makes every effort to ensure the accuracy of the sustainability information contained in this Report. From time to time, however, figures may be updated. The online pdf version of the Sustainability Report will be considered the most current version and takes precedence over any previously printed version. The document is:

- prepared by the FFC sustainability reporting team that coordinates and engages relevant functions;
- examined by the relevant sustainability reporting team;
- Approved by the CSR Committee, the highest decision making body headed by CE&MD, consisting of Chief Coordination Officer, Chief Financial Officer, Group General Manager Marketing, Group General Manager M&O, Senior Manager Human Resources and Senior Manager CSR;
- subject to an assurance audit by URS an independent certification body, in compliance with the GRI-G4 Sustainability Reporting guidelines, and the ISAE 3000 (2003) standard.
- published and freely available for download from the publication section of the company website (www.ffc.com.pk)

The last Sustainability Report published in printed form was made available in September 2013.

Independent Assurance Statement for the Fauji Fertilizer Company Limited Sustainability Report 2013

United Registrar of Systems (URS) was engaged by Fauji Fertilizer Company Limited (FFCL) to conduct an independent assurance of the Sustainability Report for the reporting period January to December 2013 in its printed form which was prepared 'in accordance' to the comprehensive option of the GRI G4 Sustainability Reporting Guidelines.

Responsibility of URS and of Fauji Fertilizer Company Limited

The Management of FFCL has sole responsibility for the preparation of the Sustainability Report 2013. In performing our assurance work, our responsibility is to the management of FFCL; however our statement represents our independent opinion and is intended to inform all of FFCL's stakeholders including its senior management. We were not involved in the preparation of any part of the Report.

Scope of Assurance

URS was asked to express an opinion in relation to the assurance scope, which includes the following aspects:

- Review of the policies, initiatives, practices & performance described in the non-financial - qualitative and quantitative information (sustainability performance) reported and referenced in the Report.
- Evaluation of the disclosed information in the Report both General and Specific Standard disclosures 'in accordance' - Comprehensive reporting requirements covering the systems and the processes which FFCL has in place for adherence to the reporting principles set out in GRI G4.
- Confirmation of sustainability disclosures related to GRI G4 -in accordance - Comprehensive" as declared by FFCL.
- Adherence to ISAE 3000 (2003) to provide limited assurance on performance data within the sustainability report.
- Adherence to the principles of inclusivity, materiality and responsiveness.

The intended users of this statement are the management of FFCL and the readers of the Report.

Assurance Methodology

Our activities included a review of the report content against the principles of Materiality, Inclusiveness & Responsiveness. We communicated with FFCL to determine the accuracy and authenticity of report content, data points, methodologies and policies around the organization's social, environmental & economic data and activities.

Our procedures on this engagement included:

- Gain an understanding of FFCL's targets for sustainability as part of the business strategy and operations;
- Review of the company's approach to stakeholder engagement and its materiality determination process;
- Verify the robustness of the data management system, information flow and controls;

The work was planned & carried out to provide limited, rather than absolute assurance and we believe that the desk top review of the FFCL's Sustainability Report completed by URS provides an appropriate basis for our conclusions.

Opinion

Inclusivity

FFCL was found to have a suitable approach in place to assist with the identification of and engagement with key stakeholder groups including government agencies, local communities, distributors, customers, and suppliers on key sustainability issues. The material issues emerging from the stakeholder engagement were collected and prioritized and the results are fairly reflected in the Report.

Completeness

The Report has fairly reported the General and Specific Standard Disclosures including the management approach, monitoring systems and sustainability performance indicators against GRI G4, however few disclosures /performance indicators –are partially reported/responded. FFCL have committed that the systems for aggregating data for remaining disclosures on Energy, Emissions, Biodiversity will be completed by the next reporting cycle.

Materiality and Responsiveness

URS reviewed FFCL's risk assessment processes for a number of sustainability topics and found that the risk assessments, review of external feedback and engagement with the business was undertaken to define issues for reporting.

Evaluation of Alignment to the GRI G4 Guidelines

In our opinion, based on the scope of this assurance engagement, the non-financial - qualitative and quantitative information (sustainability performance) reported, including the referenced information provides a fair representation of the sustainability related strategies, management systems and performance. The Report meets the general content and quality requirements of GRI G4 i.e.

- **General Standard Disclosures:** We reviewed the General Standard Disclosures reported in this Report and we are of the opinion that the reported information generally meets the reporting requirements for “in accordance – Comprehensive” and the reasons for certain non-disclosures are explained with reference to the omission criteria.

- **Specific Standard Disclosures:** We reviewed the Specific Standard Disclosures reported in this Report and we are of the opinion that the reported information generally meets the disclosure requirements for “in accordance – Comprehensive” covering Generic Disclosures on Management Approach (DMA) and Performance Indicators for identified material Aspects as below :

Economic

- Economic performance - G4-EC1 to EC4
- Market presence - G4-EC5 & EC6
- Indirect Economic Impact - EC7
- Procurement practices – EC9

Environment

- Materials - G4-EN1
- Energy - G4-EN3,EN5 to EN7
- Water - G4-EN8 to EN10
- Emissions - G4-EN15, EN18 to EN21
- Effluents and Waste - G4-EN22 to EN25
- Compliance - G4-EN29
- Transport - G4-EN30
- Overall - G4-EN31
- Environmental Grievance Mechanisms - G4 - EN34

Social

Labour Practices & Decent Work

- Employment - G4-LA1 to LA3
- Labor/Management Relations - G4-LA4
- Occupational Health & Safety - G4-LA5, LA6 & LA8
- Training and Education - G4-LA9 to LA11
- Diversity and Equal Opportunity - G4-LA12
- Equal Remuneration for women and men - G4-LA-13
- Labor Practices and Grievance Mechanisms G4-LA16

Human Rights

- Investment - G4-HR1
- Non-discrimination - G4-HR3
- Freedom of Association and Collective Bargaining - G4-HR4
- Child labor - G4-HR5
- Assessment - G4-HR9
- Forced or compulsory labor - G4-HR6

Society

- Local Communities - G4-SO1 to SO2
- Anti-corruption - G4-SO3 to SO5
- Public Policy - G4-SO6
- Anti-competitive behavior - G4-SO7
- Compliance - G4-SO8

Product Responsibility

- Customer Health & Safety - G4-PR2
- Product and Service Labeling - G4-PR3 to PR-4
- Marketing Communications - G4-PR7
- Customer Privacy - G4-PR8
- Compliance - G4-PR9

Indicators not mentioned above are those for which FFCL have claimed either exemption, or are partially or not compliant.

Statement of conclusion

The information contained in the 2013 Sustainability Report is reliable and complete; nothing has come to our attention that causes us to believe that the information reported is not fairly stated.

It is our opinion that FFCL has established appropriate systems for the collection, aggregation and analysis of data presented in the report.

We confirm that the Report is aligned with the requirements of the GRI-G4, 'in accordance' - Comprehensive option.

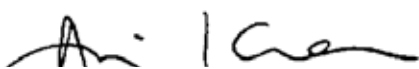
Limitations and Exclusions

Excluded from the scope of our work is any verification of information relating to:

- Physical verification of data, content of FFCL's report;
- Positional statements (expression of opinion, belief, aim or future intention of FFCL) and statements of future commitment.

Statement of independence, impartiality and competence

URS operates strict conflict of interest checks and has confirmed our independence to work on this engagement with FFCL. The members of the review team have not provided consulting services and were not involved in the preparation of any part of the Report. The review team has the required combination of education, experience, training and skills for this engagement.



Ali Khan
Chief Executive
United Registrar of Systems
Pakistan.







Jackson Wilson
Jackson Wilson & Co.
Chartered Accountants
ICAP Membership # 6224

Index of GRI-G4 content

The following table has been provided to help the reader in locating content within the document that relates to specific GRI-G4 indicators. Each indicator is followed by reference to the appropriate pages in the 2013 Sustainability Report or other publicly available sources.



Key

SR = 2013 Paper Sustainability Report		Fully disclosed
AR = Annual Report at 31 December 2013		Partially disclosed
		Not disclosed
	N.M	Not material





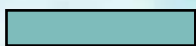

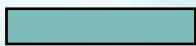
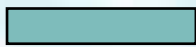






General standard disclosure

DMA and Indicators	Publications	Page	Omission and reason	External Assurance
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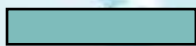
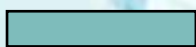

Strategy & Analysis

G 4-1	Statement from the Chairman and the CEO	SR	16-18		Refer to page 103
G 4-2	Key impacts, risks, and opportunities	SR	37		Refer to page 103

Organizational profile

G 4-3	Name of the organization	SR	39		Refer to page 103
G 4-4	Primary brands, products, and/or services	SR	43		Refer to page 103
G 4-5	Location of the organization's headquarters	SR	39		Refer to page 103
G 4-6	Countries where the organization operates	SR	40		Refer to page 103
G 4-7	Nature of ownership and legal form	SR	39		Refer to page 103
G 4-8	Markets served	SR	44		Refer to page 103
G 4-9	Scale of the reporting organization	SR	42		Refer to page 103
G 4-10	Workforce characteristic	SR	85,86		Refer to page 103
G 4-11	Employees covered by collective bargaining agreements	SR	90		Refer to page 103
G 4-12	Organization's supply chain	SR	44		Refer to page 103
G 4-13	Changes in organization's size, structure, ownership or its supply chain	SR	42		Refer to page 103
G 4-14	Precautionary approach to risk management	SR	67		Refer to page 103
G 4-15	Externally developed charters, principles or initiatives to which the organization subscribes	SR	45		Refer to page 103
G 4-16	Membership in associations or organizations	SR	45		Refer to page 103

Identified material aspects and boundaries

G 4-17	Entities included in the organization reports	SR	102		Refer to page 103
G 4-18	Reporting principles for defining report content	SR	102		Refer to page 103
G 4-19	Material aspects identified in defining report content	SR	37		Refer to page 103
G 4-20	Material aspects within the organization	SR	37		Refer to page 103
G 4-21	Material aspects outside the organization	SR	37		Refer to page 103
G 4-22	Restatements of information provided in earlier reports	SR	102		Refer to page 103
G 4-23	Significant changes from previous reporting periods in scope and aspect boundaries	SR	102		Refer to page 103

DMA and Indicators		Publications	Page	Omission and reason	External Assurance
Stakeholder engagement					
G 4-24	Stakeholder groups engaged by the organization	SR	32		Refer to page 103
G 4-25	Identification and selection of stakeholders to engage	SR	31		Refer to page 103
G 4-26	Organization's approach to stakeholder engagement	SR	32		Refer to page 103
G 4-27	Key topics collected through stakeholder engagement	SR	35,37		Refer to page 103
Report profile					
G 4-28	Reporting period	SR	10		Refer to page 103
G 4-29	Date of the last report	SR	102		Refer to page 103
G 4-30	Reporting cycle	SR	10		Refer to page 103
G 4-31	Contact point for questions regarding the report	SR	10		Refer to page 103
G 4-32	GRI Content Index	SR	10		Refer to page 103
G 4-33	External assurance	SR	10		Refer to page 103
G 4-34	Governance structure	SR	24		Refer to page 103
G 4-35	Delegating authority for economic, environmental and social topics	SR	24		Refer to page 103
G 4-36	Positions with responsibility for economic, environmental and social topics	SR	24		Refer to page 103
G 4-37	Consultation between stakeholders and the highest governance bodies on economic, environmental and social topics	SR	30		Refer to page 103
G 4-38	Composition of highest governance bodies and its committees	SR, AR	24		Refer to page 103
G 4-39	Executive powers of the Chairman	SR	24		Refer to page 103
G 4-40	Qualification and expertise of highest governance bodies	SR, AR	25		Refer to page 103
G 4-41	Processes to avoid conflicts of interest	SR	25		Refer to page 103
G 4-42	Highest governance bodies and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts	SR	25		Refer to page 103
G 4-43	Measures taken to develop and enhance the highest governance bodies' collective knowledge of economic, environmental and social topics	SR	29		Refer to page 103
G 4-44	Evaluation of the Board of Directors' performance	SR	29		Refer to page 103
G 4-45	Highest governance bodies' role in the identification and management of economic, environmental and social impacts, risks, and opportunities	SR	26		Refer to page 103
G 4-46	Highest governance bodies' role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics.	SR	26		Refer to page 103

DMA and Indicators		Publications	Page	Omission and reason	External Assurance
G 4-47	Frequency of the highest governance bodies' review of economic, environmental and social impacts, risks, and opportunities	SR	27		Refer to page 103
G 4-48	Highest committee or position that formally reviews and approves the organization's sustainability report	SR	102		Refer to page 103
G 4-49	Communicating critical concerns to the highest governance bodies	SR	28		Refer to page 103
G 4-50	Critical concerns that were communicated to the highest governance bodies and the mechanism(s) used to address and resolve them	SR	28,34		Refer to page 103
G 4-51	Remuneration policies for highest governance bodies and senior executives	SR	29		Refer to page 103
DMA and Indicators					
G 4-52	Determining remuneration	SR	29		Refer to page 103
G 4-53	How stakeholders' views are sought and taken into account regarding remuneration	SR	30		Refer to page 103
G 4-54	Ratio of the annual compensations within the organization	SR	29	Sensitive and proprietary information	
G 4-55	Ratio of percentage increase in annual compensation within the organization	SR	29	Sensitive and proprietary information	
Ethics and integrity					
G 4-56	Organization's values, principles, standards and norms of behavior	SR	11,14		Refer to page 103
G 4-57	Internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity	SR	30		Refer to page 103
G 4-58	Internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity	SR	30		Refer to page 103

Specific standard disclosures

Economic

DMA and Indicators		Publications	Page	Omission and reason	External Assurance
Material aspect: economic performance					
G4-DMA	Generic Disclosures on Management Approach	SR	20,22,57		Refer to page 103
G4-EC1	Direct economic value generated and distributed	SR	36		Refer to page 103
G4-EC2	Financial implications, risks and opportunities for the organization's activities due to climate change	SR	57		Refer to page 103
G4-EC3	Coverage of the organization's defined benefit plan obligations	SR	90		Refer to page 103
G4-EC4	Financial assistance received from government	SR	30		Refer to page 103
Material aspect: market presence					
G4-DMA	Generic Disclosures on Management Approach	SR	88		Refer to page 103
G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage	SR	89		Refer to page 103
G4-EC6	Proportion of senior management hired from the local community	SR	88,89		Refer to page 103

DMA and Indicators	Publications	Page	Omission and reason	External Assurance
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Material aspect: indirect economic impacts

G4-DMA	Generic Disclosures on Management Approach	SR	67		Refer to page 103
G4-EC7	Development and impact of infrastructure investments and services supported	SR	68-74		Refer to page 103
G4-EC8	Significant indirect economic impacts	SR	68-75		Data not available. Full compliance will be in 2015 report.

Material aspect: procurement practices

G4-DMA	Generic Disclosures on Management Approach	SR	98		Refer to page 103
G4-EC9	Proportion of spending on local suppliers	SR	98		Refer to page 103

Environment

DMA and Indicators	Publications	Page	Omission and reason	External Assurance
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Material aspect: materials

G4-DMA	Generic Disclosures on Management Approach	SR	57		Refer to page 103
G4-EN1	Materials used	SR	58		Refer to page 103
G4-EN2	Recycled input materials	SR	58		Data not available. Full compliance will be in 2015 report.

Material aspect: energy

G4-DMA	Generic Disclosures on Management Approach	SR	57		Refer to page 103
G4-EN3	Energy consumption within the organization	SR	59		Refer to page 103
G4-EN4	Energy consumption outside of the organization	SR	59		Systems not in place. Full compliance will be in 2015 report.
4-EN5	Energy intensity	SR	60		Refer to page 103
G4-EN6	Reduction of energy consumption	SR	60		Refer to page 103
G4-EN7	Reductions in energy requirements of products and services	SR	60		Refer to page 103

Material aspect: water

G4-DMA	Generic Disclosures on Management Approach	SR	57		Refer to page 103
G4-EN8	Water withdrawal	SR	61		Refer to page 103
G4-EN9	Water sources significantly affected by withdrawal	SR	61		Refer to page 103
G4-EN10	Water recycled and reused	SR	61		Refer to page 103

Aspect: biodiversity

G4-DMA	Generic Disclosures on Management Approach				Not material on the basis of engagement and analysis.
G4-EN11	Operational sites in, or adjacent to, protected areas and areas of high biodiversity value				Not material on the basis of engagement and analysis.
G4-EN12	Description of significant impacts on biodiversity				Not material on the basis of engagement and analysis.
G4-EN13	Habitats protected or restored				Not material on the basis of engagement and analysis.
G4-EN14	List of species with habitats in areas affected by operations, by level of extinction risk				Not material on the basis of engagement and analysis.

DMA and Indicators		Publications	Page	Omission and reason	External Assurance
Material aspect: emissions					
G4-DMA	Generic Disclosures on Management Approach	SR	57		Refer to page 103
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	SR	62		Refer to page 103
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	SR	62		Systems not in place. Full compliance will be in 2015 report.
G4-EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3)	SR	62		Systems not in place. Full compliance will be in 2015 report.
G4-EN18	Greenhouse gas (GHG) emissions intensity	SR	63		Refer to page 103
G4-EN19	Reduction of greenhouse gas (GHG) emissions	SR	63		Refer to page 103
G4-EN20	Emissions of ozone-depleting substances (ODS)	SR	63		Refer to page 103
G4-EN21	NOX, SOX, and other significant air emissions	SR	57		Refer to page 103
Material aspect: effluents and waste					
G4-DMA	Generic Disclosures on Management Approach	SR	61		Refer to page 103
G4-EN22	Water discharge	SR	64		Refer to page 103
G4-EN23	Waste disposal	SR	64		Refer to page 103
G4-EN24	Significant spills	SR	64		Refer to page 103
G4-EN25	Hazardous waste	SR	64		Refer to page 103
G4-EN26	Biodiversity and habitats affected by the organization's discharges	SR	64		Data not available. Full compliance will be in 2015 report.
Aspect: products and services					
G4-DMA	Generic Disclosures on Management Approach			Not material on the basis of engagement and analysis.	
G4-EN27	Mitigation of environmental impacts of products and services			Not material on the basis of engagement and analysis.	
G4-EN28	Products sold and their packaging materials that are reclaimed			Not material on the basis of engagement and analysis.	
Material aspect: compliance					
G4-DMA	Generic Disclosures on Management Approach	SR	57		Refer to page 103
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	SR	57		Refer to page 103
Material aspect: transport					
G4-DMA	Generic Disclosures on Management Approach	SR	57		Refer to page 103
G4-EN30	Environmental impacts of transport	SR	62		Systems not in place. Full compliance will be in 2015 report.
Material aspect: overall					
G4-DMA	Generic Disclosures on Management Approach	SR	57		Refer to page 103
G4-EN31	Environmental protection expenditures and investments	SR	64		Refer to page 103

DMA and Indicators	Publications	Page	Omission and reason	External Assurance
Material aspect: supplier environmental assessment				
G4-DMA Generic Disclosures on Management Approach	SR	97		Refer to page 103
G4-EN32 Suppliers screened using environmental criteria	SR	98		Systems not in place. Full compliance will be in 2015 report.
G4-EN33 Actual and potential negative environmental impacts in the supply chain and actions taken	SR	98		
Material aspect: environmental grievance mechanisms				
G4-DMA Generic Disclosures on Management Approach	SR	57		Refer to page 103
G4-EN34 Grievances about environmental impacts filed, addressed, and resolved	SR	57		Refer to page 103

Social
Labor practices and decent work

DMA and Indicators	Publications	Page	Omission and reason	External Assurance
Material aspect: employment				
G4-DMA Generic Disclosures on Management Approach	SR	85		Refer to page 103
G4-LA1 Number and rates of new employee hires and employee turnover	SR	87		Refer to page 103
G4-LA2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	SR	90		Refer to page 103
G4-LA3 Return to work and retention rates after parental leave	SR	87		Refer to page 103
Material aspect: labor/management relations				
G4-DMA Generic Disclosures on Management Approach	SR	90		Refer to page 103
G4-LA4 Minimum notice periods regarding operational changes	SR	90		Refer to page 103
Material aspect: occupational health and safety				
G4-DMA Generic Disclosures on Management Approach	SR	79-82		Refer to page 103
G4-LA5 Workforce represented in health and safety committees	SR	80		Refer to page 103
G4-LA6 Injuries, occupational diseases, lost days, absenteeism and total number of work-related fatalities	SR	79-80		Refer to page 103
G4-LA7 Workers with high incidence or high risk of diseases related to their occupation	SR	80		Data not available. Full compliance will be in 2015 report.
G4-LA8 Health and safety topics covered in formal agreements with trade unions	SR	82		Refer to page 103
Material aspect: training and education				
G4-DMA Generic Disclosures on Management Approach	SR	80,88		Refer to page 103
G4-LA9 Training per employee	SR	88		Refer to page 103
G4-LA10 Programs for skills management and lifelong learning of employees	SR	88		Refer to page 103
G4-LA11 Employees receiving regular performance and career development reviews	SR	90		Refer to page 103

DMA and Indicators		Publications	Page	Omission and reason	External Assurance
Material aspect: diversity and equal opportunity					
G4-DMA	Generic Disclosures on Management Approach	SR	88		Refer to page 103
G4-LA12	Composition of governance bodies and break down of employees per indicators of diversity	SR	88-89		Refer to page 103
Material aspect: equal remuneration for women and men					
G4-DMA	Generic Disclosures on Management Approach	SR	85		Refer to page 103
G4-LA13	Ratio of basic salary and remuneration of women to men	SR	87,90		Refer to page 103
Material aspect: supplier assessment for labor practices					
G4-DMA	Generic Disclosures on Management Approach	SR	85		Refer to page 103
G4-LA14	Suppliers screened using labor practices criteria	SR	98		
G4-LA15	Actual and potential negative impacts for labor practices in the supply chain and actions taken	SR	87,91	Systems not in place. Full compliance will be in 2015 report.	
Material aspect: labor practices grievance mechanisms					
G4-DMA	Generic Disclosures on Management Approach	SR	79		Refer to page 103
G4-LA16	Grievances about labor practices filed, addressed, and resolved	SR	79	Systems not in place. Full compliance will be in 2015 report.	Refer to page 103











Human rights

DMA and Indicators		Publications	Page	Omission and reason	External Assurance
Material aspect: investment					
G4-DMA	Generic Disclosures on Management Approach	SR	75		Refer to page 103
G4-HR1	Investment agreements and contracts that include human rights clauses or that underwent human rights screening	SR	75		Refer to page 103
G4-HR2	Employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations	SR	75	Data not available. Full compliance will be in 2015 report.	
Material aspect: non-discrimination					
G4-DMA	Generic Disclosures on Management Approach	SR	75		Refer to page 103
G4-HR3	Incidents of discrimination and corrective actions taken	SR	75		Refer to page 103
Material aspect: freedom of association and collective bargaining					
G4-DMA	Generic Disclosures on Management Approach	SR	75		Refer to page 103
G4-HR4	Risks to the right to exercise freedom of association and collective bargaining	SR	75		Refer to page 103
Material aspect: child labor					
G4-DMA	Generic Disclosures on Management Approach	SR	75		Refer to page 103
G4-HR5	Operations identified as having significant risk for incidents of child labor	SR	75		Refer to page 103
Material aspect: forced or compulsory labor					
G4-DMA	Generic Disclosures on Management Approach	SR	75		Refer to page 103
G4-HR6	Operations identified as having significant risk for incidents of forced or compulsory labor	SR	75		Refer to page 103












DMA and Indicators	Publications	Page	Omission and reason	External Assurance
Material aspect: security practices				
G4-DMA Generic Disclosures on Management Approach	SR	75		Refer to page 103
G4-HR7 Security personnel trained on human rights policies	SR	75	 Not material on the basis of engagement and analysis.	
Aspect: indigenous rights				
G4-DMA Generic Disclosures on Management Approach	SR		Not material on the basis of engagement and analysis.	
G4-HR8 Violations of the rights of indigenous peoples	SR		Not material on the basis of engagement and analysis.	
Material aspect: assessment				
G4-DMA Generic Disclosures on Management Approach	SR	75		Refer to page 103
G4-HR9 Operations subject to human rights reviews or impact assessments	SR	75		Refer to page 103
Material aspect: supplier human rights assessment				
G4-DMA Generic Disclosures on Management Approach	SR	75,97		Refer to page 103
G4-HR10 Suppliers screened using human rights criteria	SR	75,98	 Systems not in place. Full compliance will be in 2015 report.	
G4-HR11 Actual and potential negative human rights impacts in the supply chain and actions taken	SR	75,98	 Systems not in place. Full compliance will be in 2015 report.	
Material aspect: human rights grievance mechanisms				
G4-DMA Generic Disclosures on Management Approach	SR	75		Refer to page 103
G4-HR12 Grievances about human rights impacts filed, addressed, and resolved	SR	75	 Systems not in place. Full compliance will be in 2015 report.	

Society

DMA and Indicators	Publications	Page	Omission and reason	External Assurance
Material aspect: local communities				
G4-DMA Generic Disclosures on Management Approach	SR	67		Refer to page 103
G4-SO1 Operations with implemented local community engagement, impact assessments, and development programs	SR	68-74		Refer to page 103
G4-SO2 Operations with significant actual and potential negative impacts on local communities	SR	68		Refer to page 103
Material aspect: anti-corruption				
G4-DMA Generic Disclosures on Management Approach	SR	76		Refer to page 103
G4-SO3 Operations assessed for risks related to corruption	SR	76		Refer to page 103
G4-SO4 Communication and training on anti-corruption policies and procedures	SR	76		Refer to page 103
G4-SO5 Confirmed incidents of corruption and actions taken	SR	76		Refer to page 103
Material aspect: public policy				
G4-DMA Generic Disclosures on Management Approach	SR	76		Refer to page 103
G4-SO6 Value of political contributions	SR	76		Refer to page 103
Material aspect: anti-competitive behavior				
G4-DMA Generic Disclosures on Management Approach	SR	76		Refer to page 103
G4-SO7 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	SR	76		Refer to page 103

DMA and Indicators	Publications	Page	Omission and reason	External Assurance
Material aspect: compliance				
G4-DMA Generic Disclosures on Management Approach	SR	76		Refer to page 103
G4-SO8 Fines and sanctions for non-compliance with laws and regulations	SR	76		Refer to page 103
Material aspect: supplier assessment for impacts on society				
G4-DMA Generic Disclosures on Management Approach	SR	76,97		Refer to page 103
G4-SO9 Suppliers screened using criteria for impacts on society	SR	97,98	  Systems not in place. Full compliance will be in 2015 report.	
G4-SO10 Actual and potential negative impacts on society in the supply chain and actions taken	SR	97,98	  Systems not in place. Full compliance will be in 2015 report.	
Material aspect: grievance mechanisms for impacts on society				
G4-DMA Generic Disclosures on Management Approach	SR	76		Refer to page 103
G4-SO11 Grievances about impacts on society filed, addressed, and resolved	SR	76	  Systems not in place. Full compliance will be in 2015 report.	

Product responsibility

DMA and Indicators	Publications	Page	Omission and reason	External Assurance
Material aspect: customer health and safety				
G4-DMA Generic Disclosures on Management Approach	SR	93		Refer to page 103
G4-PR1 Product and service categories for which health and safety impacts are assessed for improvement	SR	93	  Data not available. Full compliance will be in 2015 report.	
G4-PR2 Incidents of non-compliance with regulations concerning the health and safety impacts of products and services during their life cycle	SR	93		Refer to page 103
Material aspect: product and service labelin				
G4-DMA Generic Disclosures on Management Approach	SR	93		Refer to page 103
G4-PR3 Product and service information	SR	93		Refer to page 103
G4-PR4 Incidents of non-compliance with regulations concerning product and service information and labeling	SR	93		Refer to page 103
G4-PR5 Results of surveys measuring customer satisfaction	SR	93	  Data not available. Full compliance will be in 2015 report.	
Material aspect: marketing communications				
G4-DMA Generic Disclosures on Management Approach	SR	93		Refer to page 103
G4-PR6 Sale of banned or disputed products	SR		Not material on the basis of engagement and analysis.	
G4-PR7 Incidents of non-compliance with regulations concerning marketing communications	SR	94		Refer to page 103

DMA and Indicators	Publications	Page	Omission and reason	External Assurance
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Material aspect: customer privacy

G4-DMA	Generic Disclosures on Management Approach	SR	93		Refer to page 103
G4-PR8	Substantiated complaints regarding breaches of customer privacy and losses of customer data	SR	94		Refer to page 103

Material aspect: compliance

G4-DMA	Generic Disclosures on Management Approach	SR	93		Refer to page 103
G4-PR9	Fines for non-compliance with laws and regulations concerning the provision and use of products and services	SR	94		Refer to page 103



United Nations Global Compact

UNGC “The ten principles”

Principle	Statement	Page No.	GRI G 4 Indicator
Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights.	90,80,88,87,90,98,75,93,94	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.	75,75,98	HR 1, HR 4, HR 6, 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.	90,80,75	LA 4, LA 5, HR 1
Principle 4	Businesses should uphold the elimination of all forms of forced and compulsory labor.	75	HR1, HR 2, HR 7
Principle 5	Businesses should uphold the effective abolition of child labor.	75	HR1, HR 2, HR 6
Principle 6	Businesses should uphold the elimination of discrimination in respect of employment and occupation.	90,98,87,91,75	LA 2, LA 14, LA 15, HR1, HR 4
Principle 7	Businesses should support a precautionary approach to environmental challenges.	57,64	EC 2, EN 31
Principle 8	Businesses should undertake initiatives to promote greater environmental responsibility.	58,59,60,61,62,63,57,64,93	EN 1, EN 2, EN 3, EN 4, EN 5, EN7, EN 8, EN 10, EN 15, EN 16, EN 17, EN 18, EN 19, EN 20, EN 21, EN 22, EN 23, EN 26, PR 3, PR 4
Principle 9	Businesses should encourage the development and diffusion of environmentally friendly technologies.	60	EN 7
Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.	68,76	SO 2, SO 3

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
GRI	Global Reporting Initiative
GHG	Green House Gases
HSE	Health Safety and Environment
ICAP	Institute of Chartered Accountants of Pakistan
ICMAP	Institute of Cost & Management Accountants of Pakistan
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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Lt. Col. Akmal Hussain Gillani (R)
Lt. Col. Nasrullah (R)
Salal M. Usman
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Mumtaz Hussain
Ghazal Javed Baig
Ali Azizuddin
Hamid Abbasi

SM - CSR
RM - Goth Machhi
RM - Mirpur Mathelo
SM - Technical Services
M - HSE
DM - Planning
DM - Corp. Affairs
DM - M Coordination
DM - LA
DM - CSR (Plant Site), GM
DM - CSR (Plans)
DM - New Projects (Mech)
SE - Technical Services
SE - CSR (Plant Site), MM
Exe - Fin
Jr. Exe - HR
Exe - CSR (Plans)
AE - CSR (Plans)

Feed Back Form

Sustainability Report 2013

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

Name : _____

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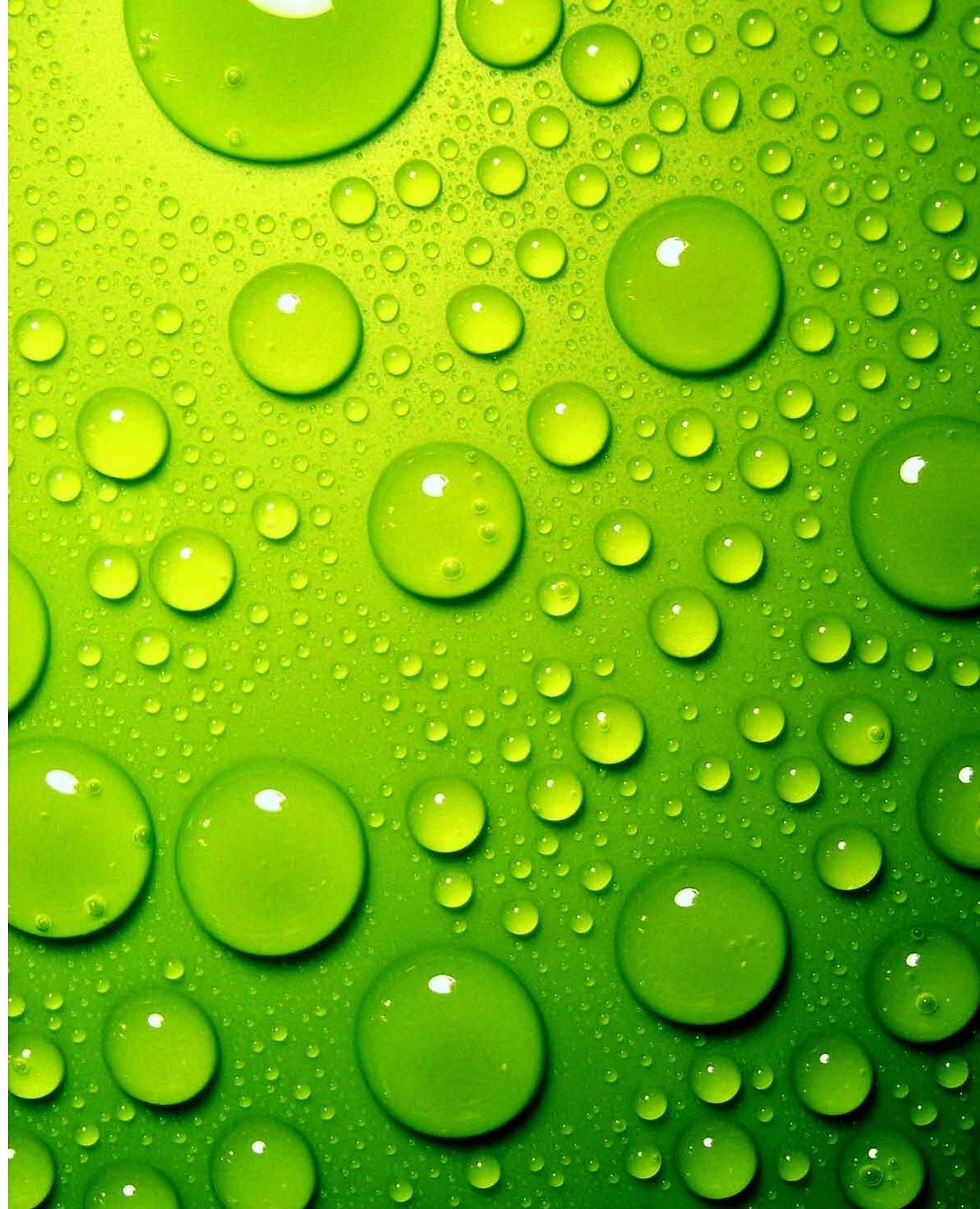
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