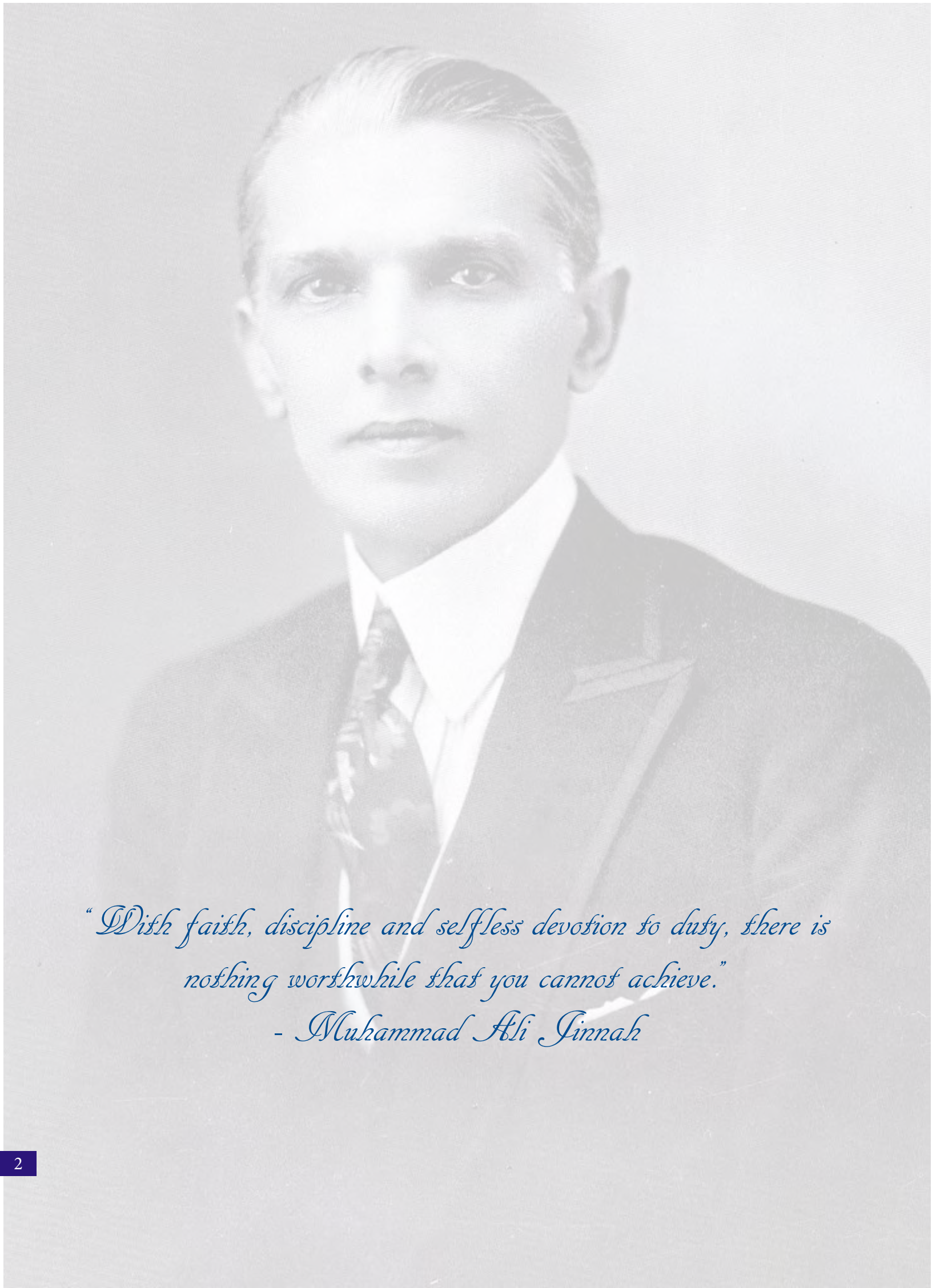


TWENTY FOURTEEN

*Sustainability*



# Endeavor



*“With faith, discipline and selfless devotion to duty, there is nothing worthwhile that you cannot achieve.”*

*- Muhammad Ali Jinnah*



# Endeavor

## Blue "The Corporate Bold"

Underlies trust, honesty, reliability and responsibility, values which are deeply embedded in our business.

## White "The Pure"

Depicts our ideals of purity, wholeness and perfection. White amplifies everything that comes in its way by reflecting the radiant energy rays of the sun.

## Silver "The Versatile"

Signals a time of reflection and a change of direction as it illuminates the way forward. Silver inspires intuition and clairvoyance.

*"The world lies in the hands of those that have the courage to dream and who take the risk of living out their dreams - each according to his or her own talents."*

*Paulo Coelho*



# About this Report

|                                   |   |
|-----------------------------------|---|
| Reporting period                  | Financial year 2014 (January 01, 2014 to December 31st 2014)  |
| Reporting cycle                   | Annual  |
| Date of publication               | May 15, 2015  |
| Available versions                | Pdf and printed versions are available in English. Pdf version can be accessed from <a href="http://www.ffc.com.pk/publications">www.ffc.com.pk/publications</a> .  |
| 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 2014 is included. The report does not contain information on the sustainability impacts of subsidiary or associated companies.   |
| Report content                    | The contents of this report are based on the results of our dialogue with stakeholders and the Global Reporting Initiative G4 guidelines 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 was submitted to GRI's Report Services for the GRI Materiality Disclosure Service.</p> <p>The GRI content index is available on page 104.</p>   |
| Independent Review                | <p>The report was critically reviewed by BSD Consulting, an independent reviewer, to comment compliance with the GRI G4 Sustainability Reporting guidelines and the Accountability AA1000 principles of inclusiveness, materiality, and responsiveness.</p> <p>The statement of independent reviewer describing the activities carried out and the expression of opinion is provided on the page 101.</p> |
| Contact for feedback              | <p>We value your feedback. Please connect with the sustainability team for questions or suggestions.</p> <p>Mr. Ali Azizuddin<br/>Executive CSR planning<br/>Phone: +92-51- 111-332-111<br/>Email: <a href="mailto:ah_azizuddin@ffc.com.pk">ah_azizuddin@ffc.com.pk</a></p>   |

All our reports are available at

**[www.ffc.com.pk/publications](http://www.ffc.com.pk/publications)**



# **Sustaining generations**

Visit our site for an online version of the FFC Financial Report for the year 2014 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.

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# FFC's commitment to sustainability



*Climate change is destroying our path to sustainability. Ours is a world of looming challenges and increasingly limited resources. Sustainable development offers the best chance to adjust our course."*

*- Ban Ki-moon -*





## 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



*"We are made wise not by the recollection  
of our past, but by the responsibility for our  
future."*

*- George Bernard Shaw*

# 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.

## VALUE

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.

## Letter from the Chairman



On behalf of the FFC Board of Directors, I congratulate FFC management and employees for progress on the path of continued growth and resilient success in all spheres of activity during 2014. The effective management of sustainable practices in key business areas is indispensable for shared value creation and the only way to establish a leading position in our business areas. This 4th Sustainability Report shares the Company's strategy for sustainability governance and the Company's progress on core issues of environmental protection, health and safety, human rights and socio economic development. FFC sees the process of measuring and sharing impacts adding transparency in business which triggers the process of innovation and exploration.

In line with the sustainability governance model, FFC paid due attention to all pillars of sustainable business management. Ranging from world class manufacturing facilities compliant with quality, environmental, health and safety standards, decent labor practices at all locations of operations. With dynamic CSR program; FFC is creating difference in the lives of our stakeholders; especially customers, employees and local communities. FFC's social initiatives are focused to strengthen social ties within communities, where the Company operates, through involvement of local community, local employees and suppliers.

The publication of this yearly Sustainability Report reinforces the Company's message of sustainable and inclusive business growth for all stakeholders. FFC value insights of our stakeholders, which is vital to success and will guide us to deliver to their high expectations

A handwritten signature in black ink, appearing to be the name of the Chairman, Lt Gen Muhammad Mustafa Khan.

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

## Letter from the Chief Executive & Managing Director



It gives me immense pleasure to share that 2014 was another successful year of business, bringing sustained returns for all of our stakeholders. Despite numerous economic barriers, we remained focused on shared value creation while looking for new growth horizons. To us, sustainability means finding the balance between economic performance, environmental considerations, and social issues. In line with this concept, we remained focused to manage priority areas of economic growth, environmental protection, health and safety management and stakeholder engagement for inclusive growth.

We are conscious of our strengths in being the leading fertilizer company in Pakistan, to play a useful role in society. By leveraging that power to the full extent, we have helped lift the living standards of people in the regions and outside where we do business. We have contributed economic, industrial and social development, while also boosting earnings and expanding our business activities based on relationships of mutual trust. This is the positive business cycle we have created since our incorporation.

FFC being a signatory of the UN Global Compact initiative, fully support for the 10 principles on human rights, labor standards, environment, and anti-corruption, which share the same values as our Vision Statement, "To be a leading national enterprise with global aspirations, effectively pursuing multiple growth opportunities, maximizing returns to the stakeholders, remaining socially and ethically responsible". We adhere to our spirit and a strong sense of ethics, to be recognized by society as meeting and exceeding the high expectations directed towards us. It has been our legacy for more than three and a half decades and it is our glorious future ahead.

Finally, I thank our stakeholders for their continued trust reposed upon us and invite 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 creating long term values, helping 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 set FFC apart from its competitors - the result is a higher level of customer appreciation, acceptance and increased demand.

An 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 to highly-skilled employees and 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. this is covered in detail 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 synchronization 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 to just comply 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 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 best practices. In addition, FFC plants are certified against 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 by the internally developed Code of Conduct, 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 employs a formal Code of Business Ethics to avoid conflict of interest among highest governance body members as well as among employees. Extensive information regarding code of conduct and related matters can be found on page 5 of the 2014 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 nonexecutive directors. Out of the 12 non-executive directors 4 are non-executive independent directors and one director represents the minority/non-controlling interest. The independent directors do not have any material pecuniary relationship with the Company. Eleven members of the Company's Board are male and two board members are 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. 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. The committees also prepare the discussion points for the Board of Directors meeting, relating to committees' 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 2014, 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 "Profile of the Board" section of the Annual Report of the company for the year ended on December 31st, 2014.

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 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 to avoid conflict of interests at the Board and executive level. In case conflict of interest is not avoidable; it is 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 FFC's approach towards 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 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 CEO&MD, the Committee also includes the heads of following key functions: Coordination, Finance, Marketing, Production, 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 policy

The Board 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 robust 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, financial, commercial 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 respective Board Committees 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 2014.



## Monitoring sustainability efforts

FFC has systems in place for ensuring production safety in order to limit the impact of its business activities on health safety and environment (HSE) as far as possible. The products are environment friendly, however, the company is focused to make the packaging as well as other materials and processes more environment friendly. One of the 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 inhouse and by external audits of the 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 the HSE criteria in its business relationship with suppliers, contractors and service providers. The selection procedure that is part of

procurement management currently takes into account only economic and UNGC principles related aspects and the company is in process of inclusion of broader sustainability criteria in its evaluation procedures. The Company is keen to work with its supply chain on sustainability to manage its impacts lying in the supply chain as well as 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, especially material consumption, energy management, water and wastewater management, greenhouse gases emissions and potential impacts of planned activities

## 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, environment and impacts on society. The Committee uses the 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 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 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 of 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 the 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. FFC's 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 operations nondependent on any subsidy or other public funding. In 2014, FFC did not receive any direct or indirect financial assistance 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 corporate relations department at the address available on the Company's website. The shareholder feedback is regularly evaluated by the concerned officials and action is taken as per 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 is given 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 has a dedicated system on the intranet to further facilitate the process. In addition to the reporting of breaches of the Code of Conduct, it provides employees with the opportunity to ask questions anonymously via an intranet portal. These questions are then answered by the concerned officers responsible within a reasonable period of time





## Stakeholder engagement & materiality analysis

The stakeholder engagement is an important element of FFC's commitment towards sustainability. The engagement and dialogue with internal and external stakeholders helps 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 on the Company operations and the impacts of the Company operations on them (G4-25). 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 sustainability report 2014 (G4-24).

| Stakeholder Group                                 | Engagement Frequency   | Mode of Engagement (G4-26)   |
|---|------------------------|--|
| Shareholders, investors, and providers of capital | Regular                | The shareholder/investors and providers of capital are engaged through 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 shareholder can give their input through Corporate Relations department as well as through general meetings. |
| Employees   | Regular                | The Company interacts with employees in the shape of Annual Marketing Conference (AMCON), Zonal Meetings, Annual Recreation Day, Annual Dinner and meetings with employee representative groups like Collective Bargaining Agent (CBA).  |
| Customers   | Regular/<br>Occasional | The Company engages with its customers through marketing network, unique & quality farm advisory services and a dedicated team of professionals. FFC conducts customer satisfaction measurement surveys to get insights for product and service quality. The company also interacts with farmers through Kashitkar desk available on the company website.  |
| Local community                                   | Regular                | 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.  |
| Social development organizations                  | Program basis          | The social development organizations are engaged under company CSR program on need basis for implementing programs for local community and other identified areas.   |
| Govt. and other regulatory bodies                 | Regular/Case basis     | The Company engages Government and other regulatory bodies on issues concerning the Company's business. The company also engages with the Govt, in relation to community development programs on need basis.   |
| Media   | Regular                | 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.  |

There is no fixed frequency of engagement with the stakeholders. However, the departments engage with their specific stakeholder groups on a need 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 2014



In line with the previous practice of stakeholder engagements 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 insights for inclusion in the sustainability report. The Company followed available best practices for stakeholder engagement. The stakeholder groups were engaged through email, phones and focus group meetings. The details of some of the activities along with feedback received are as follows:

| Stakeholder group         | Topics identified by stakeholders (G4-27)  | Our response  |
|---------------------------|--|---|
| Farmers                   | <ul style="list-style-type: none"> <li>• Introduction of new farming techniques to increase farmer income</li> <li>• Farmers' capacity building</li> </ul>   | <ul style="list-style-type: none"> <li>• Constant focus on innovation to increase productivity for sustainable earnings</li> <li>• Expansion in coverage of farmer advisory services</li> </ul>   |
| Employees                 | <ul style="list-style-type: none"> <li>• Employee health and safety through improvement in hygienic conditions at canteens</li> <li>• Training and education to increase skill set</li> </ul>  | <ul style="list-style-type: none"> <li>• Improvement in health and safety conditions through better contractor management</li> <li>• New training programs as well as increased participation in training programs</li> </ul>   |
| Distributors              | <ul style="list-style-type: none"> <li>• Dealers capacity building on product developments</li> <li>• Health and safety of employees and contractors</li> </ul>  | <ul style="list-style-type: none"> <li>• Effective and efficient marketing communication &amp; outreach to increase dealers' knowledge</li> <li>• Continuous investment on health &amp; safety</li> </ul>   |
| Investors                 | <ul style="list-style-type: none"> <li>• Sustained economic performance</li> <li>• Efficient management of environmental impacts</li> <li>• Decent Labor practices</li> <li>• Local community impacts and interventions</li> </ul>                       | <ul style="list-style-type: none"> <li>• Diversification of business and upgradation of plants to ensure sustainable returns</li> <li>• Better resource management &amp; cleaner technologies</li> <li>• Decent labor practices across the board</li> <li>• Better management of impacts and investment through CSR program</li> </ul>  |
| Development Organizations | <ul style="list-style-type: none"> <li>• Emissions and effluents and energy management</li> <li>• Labor Grievances mechanism</li> <li>• Diversity and equal opportunity</li> <li>• Human rights management</li> <li>• Local community impacts</li> </ul> | <ul style="list-style-type: none"> <li>• Better emissions and effluents management, continuous improvement in energy consumption</li> <li>• Decent labor practices focused on efficient grievances handling procedures</li> <li>• Compliance with human rights at all operational units</li> <li>• Better management of impacts and investment through CSR program</li> </ul> |
| Local Community           | <ul style="list-style-type: none"> <li>• Product availability</li> <li>• Health and safety impacts of plants</li> <li>• Non-discrimination in hiring</li> <li>• Local community impacts</li> </ul>   | <ul style="list-style-type: none"> <li>• Efforts to ensure product availability around plant sites</li> <li>• Continuous investment on health &amp; safety</li> <li>• Provision of opportunities to locals, moreover, non-discrimination policy in place</li> <li>• Better management of impacts and investment through CSR program</li> </ul>                                |

The snapshots of some of the sustainability report focused stakeholder engagement activities are as follows



Stakeholder meetings with CBA & Local community at Mirpur Mathelo plant



Stakeholder meetings with Transporter and local community at Goth Machhi plant

Based on the results of stakeholder engagement and internal analysis, a materiality analysis was carried out to produce a matrix containing the material sustainability issues for our operations. 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 2014, totaled Rs. 75,470 million.

### Direct economic value generated

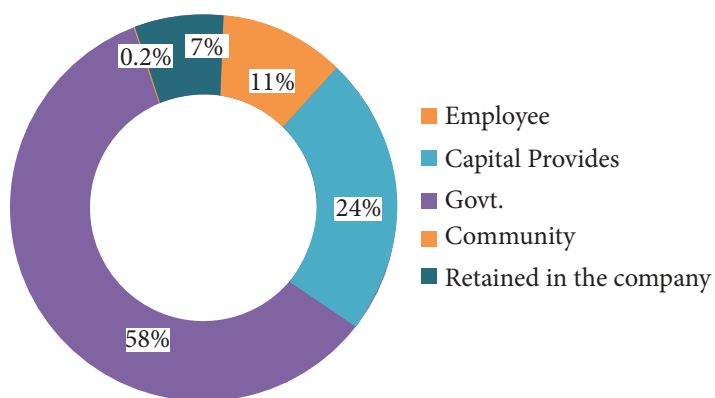
FFC (rs. in million)

|                                 | 2014    | 2013   |
|---------------------------------|---------|--------|
| Revenues                        | 100,149 | 91,410 |
| Direct economic value generated | 100,149 | 91,410 |
| Operating cost                  | 24,679  | 14,428 |
| Value added                     | 75,470  | 76,982 |

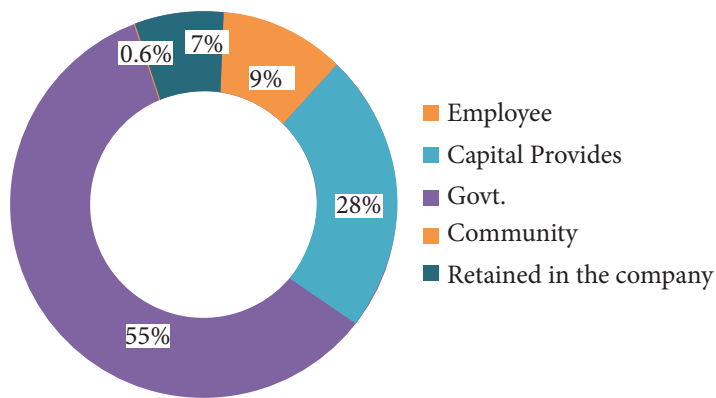
### Breakdown of value added

FFC (rs. in million)

|                         | 2014   | 2013   |
|-------------------------|--------|--------|
| Employees               | 8,136  | 7,310  |
| Capital provides        | 18,330 | 21,500 |
| Govt.                   | 43,552 | 41,972 |
| Community               | 188    | 440    |
| Retained in the company | 5,258  | 5,694  |



2013



2014



# Sustainability impacts, risks and opportunities

FFC aims to create value addition and benefits to all stakeholders through timely identification, prioritization and management of sustainability impacts, risks and opportunities. The Company's sustainability efforts focus on areas relating to activities which successful chemical companies engage in, 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 to move ahead for playing its role in sustainable development.

FFC's sustainability efforts focus 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 (G4-19, G4-20, G4-21)

|                          |            |   |   |
|--------------------------|------------|---|---|
| IMPORTANT TO STAKEHOLDER | Highly     | <ul style="list-style-type: none"> <li>Local communities</li> <li>Market presence</li> <li>Grievances Mechanisms</li> </ul> | <ul style="list-style-type: none"> <li>Farmer capacity building</li> <li>Energy management</li> <li>Emissions</li> <li>Water usage</li> <li>Effluents &amp; waste</li> <li>Human rights</li> <li>Corporate governance</li> <li>Anti-corruption</li> <li>Economic returns</li> </ul> |
|                          | moderately | <ul style="list-style-type: none"> <li>Customer health &amp; safety</li> <li>Transport</li> <li>Public policy</li> </ul>    | <ul style="list-style-type: none"> <li>Occupational health and safety</li> <li>Training &amp; education</li> <li>Supply chain impacts</li> </ul>  |
|                          |            | moderately  | Highly  |
|                          |            | IMPORTANT TO FFC  |   |

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 2014. 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.

The prioritization of the risks is based on the materiality analysis for non-financial risk as per sustainability reporting guidelines and best available practices for defining material topics for sustainability reports. Through the materiality analysis, we consider 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's has witnessed a positive progress on sustainability issues identified in its previous sustainability reports through reduction in emissions, more efficient water usage, improvement in energy consumption, better health and safety facilities and intervention in the fields of health, education and poverty alleviation for local communities. FFC is strongly focused on mitigating the financial impact of these risks and create shared value through focusing on opportunities.



# About The Company





*“Desire is the key to motivation, but it’s determination and commitment to an unrelenting pursuit of your goal - a commitment to excellence - that will enable you to attain the success you seek.”*

*- Mario Andretti*



Fauji Fertilizer Company Limited is a public company listed on all three stock exchanges of Pakistan. The Company is headquartered at Rawalpindi with marketing group office at Lahore and manufacturing plants at Goth Machhi and Mirpur Mathelo.

FFC is engaged in of manufacturing and marketing of fertilizers in Pakistan. FFC markets its own products as well as of Fauji Fertilizer Bin Qasim Limited (FFBL), an associated 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 and foods sector companies.

This sustainability report only covers operations of FFC and does not include any financial, environmental and social data of its subsidiaries or associated companies. During the year, the Company sold out 1 % equity stake in FFBL to Fauji Foundation at the prevailing market price. As a result of this sale FFBL became an associated company of FFC.



## 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 2014 were 2,371 thousand tonnes, with a net revenue equal to Rs. 81.84 billion. The Company closed 2014 with net profit of Rs. 1817 billion, total capitalization standing at Rs. 86,581 million with owner equity of Rs. 25,669 million. For further information on financial performance, please refer to the Annual Report 2014.

Responsible  
Company

1

Responsible  
Company

2

Manufacturing  
Plant Locations

3

Premium  
Brands

4

Marketing  
Regions

46%

Market Share of  
Urea

2403

Thousand  
tonnes of Urea  
Productions

2352

Employees

580

Micronutrient  
Analyses

23,178

Lab Analyses

82,061

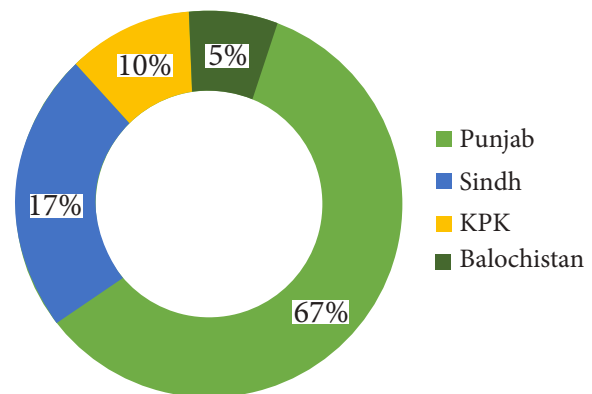
Farmers  
Reached  
Through Farm  
Advisory Services

## Products & markets

| Products            | Urea  | DAP   | SOP   |
|---------------------|---|---|---|
|                     |    |    |    |
| Usage as Fertilizer | 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 vitalization process. | 'Sona' DAP is the most concentrated phosphatic fertilizer containing 46% P <sub>2</sub> O <sub>5</sub> and 18% Nitrogen. The solubility of DAP is more than 95%, which is highest among the phosphatic fertilizers available in the country. Further, on account of its nitrogen content, it temporarily increases the soil pH. | Sulphate of Potash (SOP) is 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% K <sub>2</sub> O 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. |
| Industrial usage    | Urea has the highest nitrogen content of all solid nitrogenous fertilizers in common use.   | Fire retardant used in commercial firefighting products. Also used as metal finisher, yeast nutrient, nicotine enhancer in cigarettes and sugar purifier.   | Occasionally used in the manufacture of glass.  |
| Production Process  | Raw material in manufacture of plastics, adhesives and industrial feedstock. Produced from synthetic ammonia and carbon dioxide.  | Produced from ammonia and phosphoric acid.  | Produced from potassium chloride and sulfuric acid.   |

## Markets

This sustainability report only covers operations of the FFC and does not include any financial, environmental and social data of its subsidiaries or associated companies. During the year, the Company sold out 1 % equity stake in FFBL to Fauji Foundation at the prevailing market price. As a result of this sales FFBL became an associated company of FFC.



## Supply chain

Suppliers are strategic allies who support our success and performance. We believe that effective collaboration makes a big 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.

The Company is well aware that today's complex business environment requires leading supply chain management methods to ensure incorporation of sustainability criteria in the selection and engagement of suppliers. These practices help to limit exposure to unexpected events and supply disruption while building long-term core competence and effective management of supply chain impacts.

The ultimate governance of strategy in relation to supplier management lies at the highest level of the Company management. The respective departments deal with suppliers in line with the supplier management strategy of FFC. The Company evaluates the effectiveness of its management approach through feedback from various stakeholders. The surveys conducted by the Company provide 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 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 and 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

FFC being a 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. During the year, the Company got re-certifications for its plants to 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 an active member of United Nations Global Compact (UNGC) network and continues to abide by the ten principles of the UNGC. The Company is also member of UNGC's Business for Peace (B4P) group. 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 and initiatives

- 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 remains engaged with these organizations on a continuous basis and actively takes part in activities related to the Company. In recognition of the Company's active role in International Fertilizer Association, the CE&MD was nominated on the Board of Directors of International Fertilizer Association during the year. 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

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

- FFC's Annual Report for the year 2013 was awarded the top position in the Manufacturing Sector, for the Best Presented Annual Report competition by the South Asian Federation of Accountants (SAFA). A Certificate of Merit for 'Corporate Governance Disclosures' was also awarded by SAFA.
- FFC's report adjudged the best reports in the Fertilizer and Chemical sector, in the "Best Presented Accounts Award" competition for 2013 by the Joint Committee of the Institute of Chartered Accountants of Pakistan (ICAP) and the Institute of Cost and Management Accountants of Pakistan (ICMAP).
- FFC adjudged overall winner of KSE top 25 companies list for consecutive 4th year. This was the twentieth successive placement in the list.
- The Sustainability Report 2013 was awarded second position by ICAP and ICMAP in terms of transparency and social & environmental footprints.
- The Company has been presented with the 'Socially Responsible Investing' Award at the CSR Awards 2015 by the National Forum of Environment and Health (NFEH).
- RCCI Platinum Award for being the leading company, mainly in terms of investment, total taxes paid, establishment of new industries amongst other factors
- Recognition as top Company in terms of Management and Corporate Governance practices, in the Chemical Industry Sector by the Management Association of Pakistan (MAP).
- Prestigious Information Security Achievement (ISLA) Award for Asia Pacific, presented in recognition of pioneering information security culture at FFC by the International Information Systems Security Certification Consortium (ISC)2.





# Investment For Better Farm Productivity



*“Productivity is never an accident. It is always the result of a commitment to excellence, intelligent planning, and focused effort.”*  
- Paul J. Meyer



## Investment for better farm productivity

Growers are one of the important stakeholders for FFC to ensure a sustained long term business growth. The Company has built a loyal customer base through its continuous commitment and investment in farm advisory services which promote the brand in the marketplace and contribute to the overall success of the Company.

Keeping in mind the concept that fertilizer business cannot be profitable without profitable farming, FFC is working with the farmers to provide them best 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.

FFC maintains close liaison with research organizations and transfer the latest findings to the farming community through its farm advisory centers. The experts and professionals from agricultural institutions and Govt. departments are invited to deliberate the farming community problems. The details 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. | 214                  | 214                    |



|            |   |     |        |
|------------|---|-----|--------|
| Field days | To show the visual impact of modern crop production technology adopted over conventional farming techniques on the demonstration plot. Presentation of economic analysis in terms of Value Cost Ratio (VCR) to encourage modern farming techniques. | 174 | 18,329 |
|------------|---|-----|--------|



|                                       |   |    |       |
|---------------------------------------|---|----|-------|
| Crop seminar/ Special farmer meetings | To disseminate area specific latest agriculture knowledge about particular crops or related issues, to progressive farmers and allied stakeholders. | 27 | 4,810 |
|---------------------------------------|---|----|-------|



| Activity        | Purpose  | Number of activities | Number of Participants |
|-----------------|--|----------------------|------------------------|
| Farmer meetings | Area specific agriculture technology is transferred (before or during crop season) to a group of farmers to enhance their farm income by increasing crop production. | 541                  | 30,791                 |



|                |  |    |        |
|----------------|--|----|--------|
| 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 on crop production technology/ solution of a certain prevailing issue | 46 | 21,282 |
|----------------|--|----|--------|



|             |  |       |       |
|-------------|--|-------|-------|
| Farm visits | On-site farm problems are identified and farm specific recommendations /solutions are provided | 2,163 | 2,163 |
|-------------|--|-------|-------|



|   |   |        |       |
|---|---|--------|-------|
| Collection of Soil, water and plant samples | Soil, plant and water samples are collected for carrying out analysis and developing fertilizer/reclamation recommendations. Experts themselves collect soil samples from farmers' fields for analysis in FFCL labs. The fertilizer/reclamation recommendation reports are delivered at their doorstep and FFC educates them on best management practices to achieve better yields and profits. | 23,178 | 4,153 |
|---|---|--------|-------|



|                         |  |
|-------------------------|--|
| 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. |
|-------------------------|--|

FFC 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/ongoing crop operations. During the year, 145,000 brochures of various crops, orchards and vegetables were distributed among the farmers in various agri. services activities performed for their ready reference.

The company has developed crop production documentaries to educate the farmers on different farming techniques. The agri services team regularly participates in various Radio/TV Talk shows organized by Radio and TV stations to discuss production technology and balance fertilizer use for major crops. FFC has a professional, trained and experienced team to render advisory services in different agro-ecological zones and the company is committed to play a leading role in the economic uplift of the farming community

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## Summary of outreach programs 2014

FFC has performed a large number of capacity building activities during the year. The Company reached 82,061 farmers through these activities which helped in capacity building leading to the economic uplift of the farmers.



| Program                      | Number of Programs | Farmers Contacted |
|------------------------------|--------------------|-------------------|
| Farmer Meetings              | 541                | 30,791            |
| Blitz Programs               | 46                 | 21,282            |
| Farm Visits                  | 2,163              | 2,163             |
| Training Programs            | 8                  | 319               |
| Crop Seminars                | 27                 | 4,810             |
| Crop Demonstration           | 214                | 214               |
| Field Days                   | 174                | 18,329            |
| Soil & Water Samples Tested  | 23,178             | 4,153             |
| Micronutrient Samples Tested | 580                | -                 |
| Total for the year 2014      | -                  | 82,061            |
| Total for the year 2013      | -                  | 75,205            |



Renewable energy



Financial sector



Cement



Fertilizers



Foods









Nature and environment



*"The only way forward, if we are going to improve the quality of the environment, is to get everybody involved."*

*- Richard Rogers*



## Environmental management approach

FFC is committed to the protection of nature and environment through continual investments in environment friendly technologies and production processes. In addition to a sustainable management approach, scarce resources are also leading to intensive 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. The bio-degradable packing material for Urea along with renewable resource utilization, where applicable are leading towards establishment of a widely sustainable value chain.

FFC is improving its processes and production procedures on an ongoing basis in line with its environment management approach which has helped to reduce the absolute as well as relative volumes of resources, waste, waste water and air emissions. The Company has an integrated Environmental, Health & Safety policy which is applicable to all 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 and regulatory affairs and it monitors 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 in 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 internal HSE policies and applicable laws and regulations. The Company's manufacturing plants are certified for ISO 9001:2008, ISO 140001:2004 Environmental Management System and OHSAS 18001:2007 Occupational Health & Safety Assessment Series (OH&S Management System). These management systems enable the Company to identify the risks and potential opportunities, improved internal data management, building the confidence of stakeholders and identify energy management spots. The SOC & EMR forums perform an internal check to 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 fines or nonmonetary penalties for non-compliance with environmental laws and regulations in 2014. FFC has environmental grievance mechanisms in place where complaints regarding negative environmental impacts of operations can be filed. The Resident Manager at 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. However, the climate change may have major impacts, not directly on the Company but on its supply chain. The Company intends to carry out detailed research on climate change impacts for managing these impacts as part of its sustainability management. 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. The Company is focused 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.

| Material                   | Unit  | 2014       | 2013       | 2012       | 2011         |
|----------------------------|-------|------------|------------|------------|--------------|
| Natural gas                | MMSCF | 44,288     | 43,897     | 45,708     | 44,339       |
| Lubricant                  | Liter | 189,807    | 177,205    | 168,786    | 175,855      |
| Chemicals                  | KG    | 6,800,104  | 9,224,965  | 7,534,815  | Not reported |
| Packing bags (150 gm each) | Bags  | 47,605,000 | 48,163,000 | 47,757,240 | 48,149,600   |
| Packing bags (95 gm each)  | Bags  | 909,500    | 773,000    | 650,000    | Not reported |

The packing bags of 95 gm each were used on GM plant during the year.

FFC tries, wherever possible, to use recycled materials but 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. However, during the year urea dust of 11,424 MT was recovered and used in the process. FFC does use the recycled materials in other support operations, where possible.

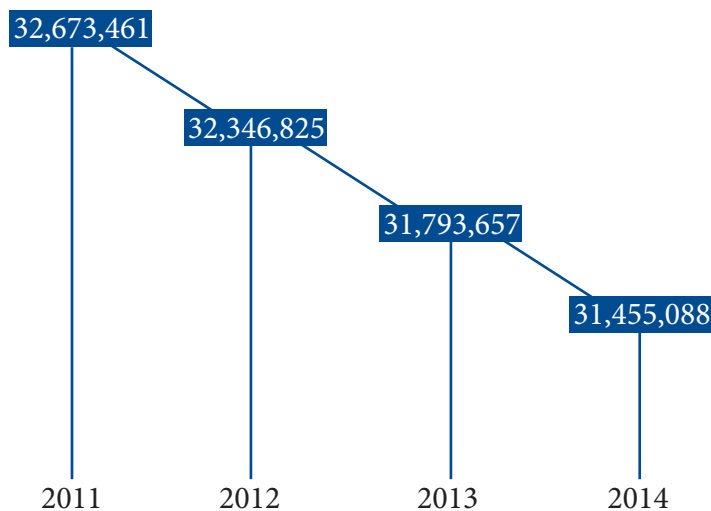
# Better Energy Management

FFC's plants primarily use energy in the form of steam, electricity and natural gas. FFC uses natural gas for heating, 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 CO<sub>2</sub> from electricity-generating power plants and production processes are accounted for. There is no indirect energy use resulting from purchase of electricity, heat or steam. However, other indirect energy use from operations are measured and recorded, where possible. The Company have identified that the indirect energy used by FFC is not significant in the overall context. For example, energy consumption caused by the travelling of FFC employees is insignificant in relation to 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, and employees' air travelling during the year. The Company used methodologies and conversion factors from the official sites of various fuel companies while calculating the indirect energy consumption figures. This effort will be expanded to head office and marketing office during next year. The energy consumption due the fuel used in company vehicles at plant site and plant site employees' air travelling is 30,657 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.

|                          | 2014       | 2013       | 2012       | 2011       |
|--------------------------|------------|------------|------------|------------|
| Energy Consumption in GJ | 31,455,088 | 31,793,657 | 32,346,825 | 32,673,461 |

ENERGY CONSUMPTION IN GJ



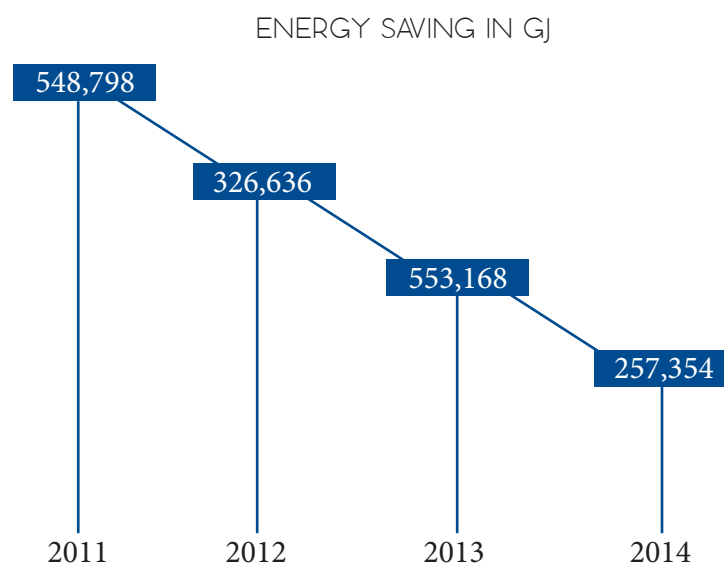


FFC product is dissolved in the soil during usage and not energy intensive. However, the Company is striving to reduce the energy consumption requirement during production process. For FFC, energy is an important production and cost factor. With this in mind, FFC has already been initiating programs and projects aimed at reducing energy consumption for a number of years. The aim is to secure permanent resource 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 257,354 GJ in the year 2014 as compared to the previous year. The Company uses previous year as a base factor for measuring energy efficiency.

The energy intensity ratio helps to identify the energy per unit of production and to take steps to reduce the energy intensity. FFC runs three plants located at two manufacturing sites. The plants having different technologies have different energy intensity ratio. The overall energy intensity ratio was 13.09 GJ/Met urea as compared to last year's intensity ratio of 13.20 GJ/Met. The energy intensity ratio includes only Scope I energy consumption figures. The last year figure mistakenly included the feed gas energy figures, which has been excluded and restatement has been made.

|                      | 2014    | 2013    | 2012    | 2011    |
|----------------------|---------|---------|---------|---------|
| Energy savings in GJ | 257,354 | 553,168 | 326,636 | 548,798 |

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



FFC record the data of energy consumption in the relevant conventional unit, for instance m<sup>3</sup> 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.

## Water & water use

Water is an important factor in the manufacturing processes. 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. 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. There are no protected species found in the canal and the canal water is mainly used for irrigation purposes. Tube wells are used when the canal water is not available. The company has a large area where tube wells are installed and the water withdrawal from tube wells does not significantly impair the water system.

FFC uses the state of the art machinery to continuously circulate and capture the water after use in order to re-cool the water for reusing. This environmentally friendly cooling method is used where technically possible.

| Water use in m <sup>3</sup> / year | 2014      | 2013      | 2012      | 2011      |
|------------------------------------|-----------|-----------|-----------|-----------|
| Canal water                        | 7,616,053 | 7,391,818 | 7,875,587 | 7,353,253 |
| Ground water                       | 6,715,122 | 5,846,074 | 6,655,757 | 7,184,607 |

| Water recycled / reused       | 2014   | 2013   | 2012   | 2011 |
|-------------------------------|--------|--------|--------|------|
| %age of water recycled/reused | 63.10% | 62.54% | 60.52% | -    |





## Wastewater

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 National Environmental Quality Standards (NEQS), before using and discharging 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 also used for horticulture purposes at the plant sites

| Waste water in m <sup>3</sup> /year | 2014      | 2013      | 2012      | 2011      |
|-------------------------------------|-----------|-----------|-----------|-----------|
| Waste Water                         | 2,506,100 | 2,631,990 | 2,819,790 | 2,533,097 |

The waste water figures are estimated figures. The discharged water contained Chemical Oxygen Demand (COD) value of 32 ppm and Biological Oxygen Demand (BOD<sub>5</sub>) value of 18 ppm, which were below the accepted levels as per NEQS.

FFC's plant sites are certified against environmental standard ISO-14001:2004. All the emissions are within the prescribed NEQS limits and regularly reported to Environmental Protection Agency (EPA) under SMART reporting program. The wastewater discharged by FFC is largely cleaned and therefore does not burden the environment.

## GHG emission

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 other i.e. waste, waste water. 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 and is moving further to reduce the emissions up to the maximum possible limit.

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 (CO<sub>2</sub>) emissions are the result of the combustion processes for the generation of electricity, heat and steam. The greenhouse gas emissions are directly proportional to the amount of carbon in the employed fuels. The emissions of the greenhouse gases mainly CO<sub>2</sub> is measured on a continuous basis at each plant site and then integrated to reach the total figure. Emissions of other greenhouse gases like methane and nitrous oxide (N<sub>2</sub>O) 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)

|                 | 2014      | 2013      | 2012      | 2011      |
|-----------------|-----------|-----------|-----------|-----------|
| CO <sub>2</sub> | 1,823,418 | 1,870,489 | 1,867,672 | 2,028,646 |

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 helps to measure the intensity of the emission per Met of produced product leading to better decision making. The emission per metric ton of the Urea produced for the year were 0.76 Met CO<sub>2</sub>/Met of Urea produced as compared to previous year's figure of 0.778MT CO<sub>2</sub>/MT of Urea produced. The emissions per Met include only direct emissions of GHG gases.

FFC reduces carbon dioxide emissions by continuously optimizing production processes to make them more environmentally friendly. FFC is reducing air emissions by using innovative technologies and modernization of 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 indirect greenhouse gas emissions caused by FFC is not significant in the overall context and are therefore not reported. For example, CO<sub>2</sub> emissions caused by the travelling of FFC employees are insignificant in relation to overall emissions. Moreover, with more than 2000 staff, the cost of determining the CO<sub>2</sub> 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 and plant site employees' air travelling during the year. This effort will be expanded to head office and marketing office during next year. The indirect emissions (scope 3) due to fuel used in company vehicles and plant site employees' air travelling is 2,186 Met of CO<sub>2</sub>. The Company does not have systems in place for identification, accounting for and reporting of upstream or downstream emissions. However, keeping in view the supply chain impact of emissions, the company is in process to develop and implement the systems, where possible.



FFC products are environmental friendly products and are additive for increasing farm productivity. As a negative side effect, there's a release of N<sub>2</sub>O, which contributes to GHG emissions. The only environmental impact of transporting products, material and members of the organization is emission of greenhouse gases. As discussed above the company does not have systems in place to identify, measure and report the total environmental impact of these activities. However, the company is in the process of 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 the emissions. The greenhouse gas emissions (CO<sub>2</sub>) were reduced by 6,461 Met in total, attributed to variation 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

| Water use in m <sup>3</sup> /year | 2014  | 2013  | 2012  | 2011         |
|-----------------------------------|-------|-------|-------|--------------|
| Nitrogen Oxide                    | 1,053 | 1,051 | 2,977 | Not reported |
| Ammonia NH <sub>3</sub>           | -     | -     | 1,970 | Not reported |

The significant emissions of other inorganic pollutants such as NO<sub>x</sub> have been reduced by 36 % during the reporting year while there were no emissions of NH<sub>3</sub> during the reporting year. The Company uses previous year for comparison as a general practice.

### Particulate emissions in Met

|                    | 2014 | 2013 | 2012 | 2011         |
|--------------------|------|------|------|--------------|
| Particulate matter | 930  | 908  | 1079 | Not reported |

Particle emissions in the air increased between 2013 and 2014 by 2.4 %

## Effluents and waste

| Material  | Unit           | 2014      | 2013    | 2012    | 2011    |
|---|----------------|-----------|---------|---------|---------|
| Recycling   |                |           |         |         |         |
| Urea dust solution  | MeT            | -         | -       | 19,766  | 10,418  |
| Landfill  |                |           |         |         |         |
| CaCO <sub>3</sub> and waste lime stone  | MeT            | 4,621     | 4,150   | 4,100   | 2,340   |
| Incineration (mass burn)  |                |           |         |         |         |
| Papers, cloths, etc   | MeT            | 592       | 593     | 646     | 646     |
| On-site storage   |                |           |         |         |         |
| Waste water   | m <sup>3</sup> | 1,409,260 | 350,000 | 591,582 | 425,000 |
| Other   |                |           |         |         |         |
| Damaged urea bags, iron scrap etc.  | MeT            | 309       | 511     | 3,946   | 13,460  |
| <p>The urea dust solution is excluded from the recycling figure after deliberation that recovery is part of the normal manufacturing process. However, the dust solution sold to external parties is reported under others.</p> <p>From this year, the on-site storage figures of waste water includes the waste water evaporated in both plants during the year. No restatements have been carried out for previous year wastewater figures.</p> |                |           |         |         |         |

The first priority is to recycle or treat the waste, and only unsuitable waste is disposed of in landfills, which is then sold to a carefully selected supplier. The company carried out incineration under controlled conditions and specifically required high temperatures for incineration. The Company does not transport waste cross 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 50 liters which was recovered through spill collection kit. 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 the expenses incurred on environmental protection and mitigation of the impacts are recorded at respective units, where it occurs. The figures are consolidated at the end of each year under two broader 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. 149.46 million in 2014, of which 92.27 % was spent on environmental protection, approximately 7.24 % on monitoring and 0.48 % on certification and trainings. The environmental expenditures mainly related to Goth Machhi plant and are on an estimated basis and the company is working hard to provide actual figures and more detail about environmental expenditures



# Social Responsibility



*“We need business to understand its social responsibility that the main task and objective for a business is not to generate extra income and to become rich and transfer the money abroad, but to look and evaluate what a businessman has done for the country, for the people,*

*- Vladimir Putin*



## 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 is a member of the UN Global Compact which 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. Being 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 a minimum meet the legal requirements, protect the environment and combat corruption. The membership enables the Company to share information and ideas with other stakeholders on sustainability efforts.

FFC is also a member of the Business for Peace (B4P) group of UNGC. 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 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 all locations of its operations, whereby it acts with full 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 of its areas of operations and supports to local economic development. FFC contributes to raise living standards of the population in its areas of operations, both directly and indirectly, by creating added value. FFC's 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 has identified that there were no significant negative effects on local communities during the year.

In the 2014 reporting period, FFC donations and expenditures related to its corporate citizenship activities were Rs. 188 million. Last year, FFC spent Rs. 446 million on its corporate citizenship activities. The spendings were in the areas of providing education to the underprivileged, health care facilities, poverty alleviation, environmental conservation, community support and uplift, promotion of support, relief and rehabilitation and event sponsorships. During the year, the company renewed partnerships with reputable social and development organizations. The Company's CSR programs were recognized and validated by notable organizations through CSR awards like CSR Award 2014 in the field of healthcare and educational support.

The detail of the activities performed during the year are produced below under the broad heads of: education, health, social uplift, sports promotion and projects.

## Education

| Initiative  | Description   | Impact   |
|---|---|--|
| Up gradation of Government schools at Goth Machhi & Sadiqabad | <p>In 2014, FFC undertook sizable up gradation activities at some fifty different schools. Some of the activities include:</p> <ul style="list-style-type: none"> <li>• Construction of new class rooms and associated facilities at Govt. Girls Primary School Wahid Buksh Lar.</li> <li>• Uplift of 3 Primary School through infrastructure development at Jhampir.</li> <li>• Uplift of Govt. Higher Secondary School Old, Sadiqabad.</li> </ul> | The interventions will provide better facilities at these schools leading to admission of new students and uplifting of education of underprivileged and deserving communities, especially female segment of the plant site community, which is usually neglected. |

| Initiative   | Description   | Impact   |
|--|---|--|
| Collaboration with Leading Academia and Educational institutes | <ul style="list-style-type: none"> <li>• FFC continued its support for its national outreach program for sponsoring education of two students at Lahore University of Management Sciences (LUMS).</li> <li>• FFC extended its complete sponsorship to two students at NAMAL College, Mianwali for four year degree programs with a donation of Rs 24 million. NAMAL college is an associated campus of University of Bradford.</li> <li>• FFC spent an amount of Rs. 1.83 million for education and associated expenses at FC College. The Company currently sponsors seven students at FC College.</li> <li>• In 2014, 73 new scholarships under "Wards of Farmer Scholarships" were awarded to an existing list of 145 students on merit basis. These scholarships were in addition to 40 merit scholarships awarded to students from Tehsil Sadiqabad and Mirpur Mathelo annually.</li> <li>• FFC collaborated with Tameer -e-Millat Foundation to offer five full scholarships for three years Diploma in Associate Engineering.</li> <li>• FFC donated five vehicles for transportation of students and faculty of TMF.</li> </ul> | 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. |



## Health

| Initiative                              | Description  | Impact |
|---|--|--------|
| Infrastructure up gradation and support | <ul style="list-style-type: none"> <li>• FFC extended Rs. 10 million for the establishment of a Burn Center at Sheikh zayed Hospital.</li> <li>• FFC donated Rs. 8 million for the establishment of X-ray unit at Hazrat Bilal Trust in addition to Rs. 10 million for the free treatment of patients.</li> <li>• FFC provided assistance in the form of medical support amounting to Rs. 12 million to the community's deserving patients at Sona Hospital, Mirpur Mathela. Moreover, FFC spent Rs. 12 million on 5kW solar power system to make the hospital energy self-sufficient.</li> <li>• FFC donated Rs. 1.3 million to Al-Shifa Eye care for up gradation of its medical care facility for the under privileged and deserving community.</li> <li>• FFC extended various medical sponsorships for:               <ul style="list-style-type: none"> <li>• Establishment of medical dispensary at village Sajampur.</li> <li>• Up gradation of PAEDS ward at MH Rawalpindi.</li> <li>• Provision of Ultra sound machine at General Hospital Hall, Azad Kashmir</li> </ul> </li> </ul> |        |

## Social Uplift

| Initiative                                     | Description  | Impact  |
|--|--|---|
| Community support and uplift program – Jhampir | FFC extended support for completion of projects worth Rs 65 million, which includes construction of a maternity center with fully equipped ward and an operation theater at Basic Health Unit Jhampir; solar model village at village Omar Chang, solar lighting for the Omar Chang Primary School, provision of school furniture; renovation of central town Jamia Masjid; construction of water tanks at village Omar Chang, Suleman Palari and Khamiso Shora. | The support will help in provision of facilities to under-privileged communities and their social uplift. |

| Initiative | Description | Impact |
|------------|-------------|--------|
|------------|-------------|--------|

## Sports promotion

| Initiative                                 | Description  | Impact  |
|--|--|---|
| Sponsorships for various sports activities | <ul style="list-style-type: none"> <li>FFC extended its support for development of women tennis in Pakistan by sponsoring three prominent women tennis players of Pakistan.</li> <li>FFC extended its sponsorship to Pakistan Taekwondo Federation for organizing National Taekwondo Championship.</li> <li>FFC co-sponsored SAFF Women Football championship 2014, which converged teams from 8 countries.</li> <li>FFC co-sponsored India and Pakistan Blind Cricket Series with a donation of 05 million.</li> <li>FFC undertook the up-gradation of Farhad Sports Complex at Risalpur with the donation of Rs2.0 Million for synthetic Tennis court</li> </ul> | The sponsorship for support activities will promote positive activities among youth and will help in building a better image of the country |

## Projects

| Initiative  | Description  | Impact   |
|---|--|--|
| Community Welfare Complex (CWC) Kot Ghulam Muhammad | <p>FFC in collaboration with Fauji Foundation Trust has completed the construction of a Community Welfare Complex (CWC) at Kot Ghulam Muhammad, Sindh, during the year.</p> <p>The multifaceted complex features a model school, separate male and female vocation training/ skill development center, basic health unit and dispensary, mosque, primary power through 62 Kilowatts Solar Power System, and residential area. Kot Ghulam Muhammad is a part of the district Mirpurkhas, which has approximately 1.6 million inhabitants. Kot Ghulam Muhammad is one of the most remote communities in rural Sindh.</p> <p>FFC contributed an amount of Rs 355 million for the welfare complex as part of its CSR program. CWC signifies the commitment of FFC and Fauji Foundation Trust toward the uplift and wellbeing of underprivileged communities across Pakistan.</p> | The facility will greatly contribute in the uplift of education, health and poverty alleviation for Kot Ghulam Muhammad and areas in the proximity |



| Initiative  | Description  | Impact   |
|---|--|--|
| Construction of road and provision of basic facilities to local community | FFC completed the project of construction of a link road from Bastikhai, a village in close proximity, to the FFC Got Machi plant for resolving the transportation issue of the people. The project was completed at a cost of Rs.10 million.<br><br>FFC provided solar powered sweet water facility to the local community. | The project will help to resolve the transportation issue of the people around the plant site.<br><br>The initiative will provide basic necessities to local residents |

| Initiative  | Description   | Impact  |
|---|---|---|
| Construction of multipurpose hall at Technical Training Center (TTC) Dharki | TTC Dharki is a reputed institution providing skill development and technical expertise to the residents of Mirpur Mathelo, Dharki and surrounding communities. The facilities required a multi-purpose hall to cater to the requirements. FFC undertook the construction a the donation of Rs 26 million. The project is presently in progress | The project will provide better facilities leading to admission of new students and uplifting of education of underprivileged and deserved communities. |

| Initiative      | Description   | Impact  |
|-----------------|---|---|
| Disaster relief | <ul style="list-style-type: none"> <li>• FFC responded to the devastating calamity that hit Tharparkar at the onset of the Year 2014, by providing 22 Tons of ration &amp; medicines to the disaster hit areas.</li> <li>• FFC extended assistance of Rs. 46 million to Muslim Aid for intervention in health projects.</li> <li>• FFC contributed Rs. 10 Million for Prime Minister's Relief Fund.</li> <li>• FFC donated 3000 quilts to the IDPs of North Waziristan for the winter season</li> </ul> | The projects helped to overcome the difficulties faced by the disaster hit people in the affected areas |

# 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 Policy
- 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, views, a 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 for 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 General Manager (GM) -HR. FFC adopts a culture of trust and feedback. Complaints are received via line managers or works councils within the relevant statutory framework. Beyond this, if the aforementioned procedure does not achieve the desired outcome, complaints can also be made through HR department. The legal department reviews the complaints filed for amicable solution and possible legal impacts. In 2014, 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 against human rights criteria. The Company is in process of developing a criteria, keeping in view the local conditions, for screening of suppliers on human right impacts. FFC carries out regular review of the operations for human right impacts and in the year 2014, FFC carried out review of 80 % of operations for

human rights impact assessments. The Company has not carried out any screening of significant suppliers, contractors and other business partners during the year. The Company is in the process of developing criteria for screening suppliers on human rights aspects.

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 noncompliance with minimum human rights regulations by supply chain partners may have a material impact. FFC supports and encourages its supply chain partners to obey the human rights laws and adopt best available practices in this area.



## Avoiding corruption

Corruption leads to distortions in the economic systems and creates social imbalances in society. FFC is strict on combating corruption in all of its business areas including dealing with suppliers. The Company has a strict code of conduct containing organizational policy on corruption and effective risk management system for identification of corruption risks. FFC investigates the 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 and 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 no legal case of anti-competitive conduct, the forming of cartels or monopolies. However, the appeal of the Company, against Competition Commission's order for violating section 3 (3) (a) of the Competition Act during last year, is still pending in the court. In 2014, 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. works councils, which address workforce concerns.



# Health and Safety







*“We must respect the past, and mistrust the present,  
if we wish to provide for the safety of the future.”*

*- Joseph Joubert*

## 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 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, three complaints relating to labor practices were filed, one complaint was resolved while two complaints are pending.

## Continuous efforts to ensure health and safety

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 commitment to health and safety the incidents concerning health and safety issues has decreased over the years and Company plants are producing record safe man hours. 5.59 million Man-hours of safe operations for employees and 4.03 million man hours for contractor employees were achieved as of December 31, 2014 at our plants only through employees' commitment and safety first strategy.

FFC accounts first for aid injuries in the injury rate and lost days means scheduled work days missed; the lost day count begins the day after the incident.



| Lost days rate by region and gender |              |        |              |                |
|-------------------------------------|--------------|--------|--------------|----------------|
|                                     | Organization |        | Contractor   |                |
|                                     | Male         | Female | Male         | Female         |
| Mirpur Mathelo plant                | Nil          | Nil    | Nil          | Not applicable |
| Goth Machhi plant                   | 0.49         | 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 Mathelo 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 Mathelo plant                         | Nil          | Nil    | Nil          | Not applicable |
| Goth Machhi plant                            | Nil          | Nil    | Nil          | Not applicable |
| Other locations                              | Nil          | Nil    | Not recorded | Not recorded   |

| Rate of Injury by region and gender |              |        |              |                |
|-------------------------------------|--------------|--------|--------------|----------------|
|                                     | Organization |        | Contractor   |                |
|                                     | Male         | Female | Male         | Female         |
| Mirpur Mathelo plant                | Nil          | Nil    | 0.290        | Not applicable |
| Goth Machhi plant                   | 0.141        | Nil    | 0.149        | Not applicable |
| Other locations                     | Nil          | Nil    | Not recorded | Not recorded   |

| Occupation at disease rate by region and gender |              |        |              |                |
|---|--------------|--------|--------------|----------------|
|   | Organization |        | Contractor   |                |
|   | Male         | Female | Male         | Female         |
| Mirpur Mathelo 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 contact with the finished product ready for shipment and there is no major risk of occupational diseases nor was any such disease reported. However, 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. Managers play a pivotal role in safety at the workplace. They are responsible for training employees in safety and identifying the extent to which employees are familiar with the safety procedures and processes.

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), noise induced hearing loss awareness, energy management, environment protection & pollution prevention and excavation safety.

The implementation of training 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 Relations Act exists in which workers' representation is 50%. The functions of the committee include promotion of security of employment for workers and monitoring conditions 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 areas periodically to improve the standards. As per the industrial Act, this council operates at the facility level. To promote health and safety at the 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 issues. All the workers 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/sections. 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 formal agreements with CBA covers health and safety related provisions. The extent of coverage of health and safety topics in the agreements is almost 80 %. Moreover, 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



*“Outstanding leaders go out of their way to boost the self-esteem of their personnel. If people believe in themselves, it’s amazing what they can accomplish.”*

*- Sam Walton*



## Better human capital management

FFC values human resources as an important capital and believes in fair treatment and ensuring compliance with laws, regulations and Company's own code of conduct. Employees are the most important factor for Company's success not only in current market environment but also in 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 the 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, and has developed a range of employee centric policies.

The most senior officer responsible for labor practices in the Company is General Manager Human Resource. The HR head at the manufacturing unit level reports to the GM-HR. 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. The breach of the 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 therefore 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 the full time employees. At the end of 2014, FFC had 2,352 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, 2014

|      |  |      |
|------|--|------|
| 2014 |  | 2352 |
| 2013 |  | 2321 |
| 2012 |  | 2303 |
| 2011 |  | 2295 |

Structure of the FFC workforce in 2014

| Structure | Total | % age |
|-----------|-------|-------|
| Employees |       |       |
| Male      | 2299  | 98    |
| Female    | 53    | 2     |

| Employee category | Total | % age |
|-------------------|-------|-------|
| Regular           |       |       |
| Male              | 2254  | 98    |
| Female            | 49    | 2     |
| Contract          |       |       |
| Male              | 45    | 91    |
| Female            | 4     | 9     |

| Employee category | Total | % age |
|-------------------|-------|-------|
| Management        |       |       |
| Male              | 811   | 96    |
| Female            | 31    | 4     |
| Staff             |       |       |
| Male              | 1488  | 99    |
| Female            | 22    | 1     |

| Employee category | Total | % age |
|-------------------|-------|-------|
| Full time         |       |       |
| Male              | 2299  | 98    |
| Female            | 53    | 2     |
| Part time         | -     | -     |

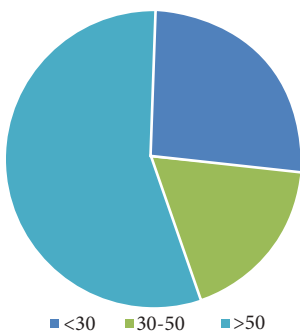
| Employee category  | Total | % age |
|--------------------|-------|-------|
| Employees          |       |       |
| Male               | 2299  | 98    |
| Female             | 53    | 2     |
| Supervised workers | -     | -     |

## Total Workforce by region and gender

| Region         | Total | % age |
|----------------|-------|-------|
| Head office    |       |       |
| Male           | 338   | 95    |
| Female         | 18    | 5     |
| Goth Machhi    |       |       |
| Male           | 971   | 98    |
| Female         | 17    | 2     |
| Mirpur Matahlo |       |       |
| Male           | 664   | 99    |
| Female         | 7     | 1     |
| Lahore         |       |       |
| Male           | 296   | 96    |
| Female         | 11    | 4     |
| Karachi        |       |       |
| Male           | 30    | 100   |
| Female         | -     | -     |

## Attrition by age group, gender and location

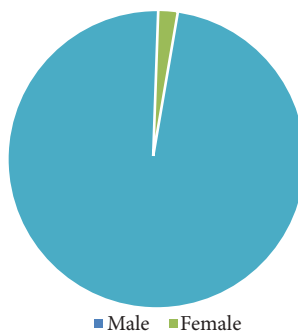
Attrition by age group



Attrition by age group

|       |    |
|-------|----|
| <30   | 10 |
| 30-50 | 7  |
| >50   | 21 |

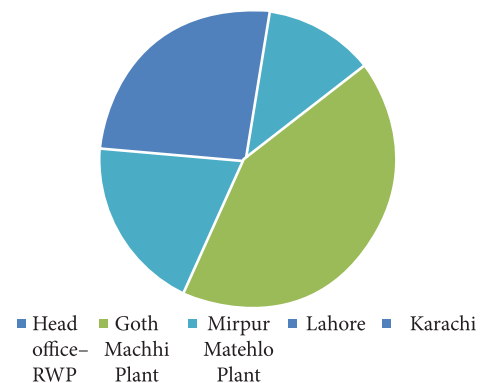
Attrition by gender



Attrition by gender

|        |    |
|--------|----|
| Male   | 37 |
| Female | 1  |

Attrition by location



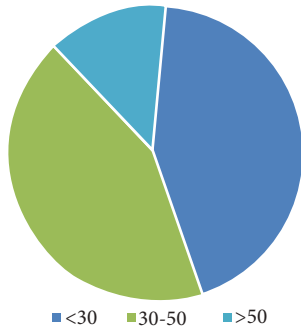
Attrition by location

|                      |    |
|----------------------|----|
| Head office - RWP    | 5  |
| Goth Machhi Plant    | 17 |
| Mirpur Matchlo Plant | 6  |
| Lahore               | 10 |
| Karachi              | -  |



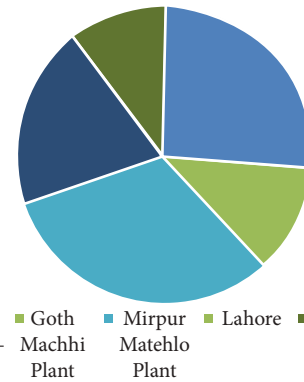
### Hiring by age group, gender and location

Hiring by age group



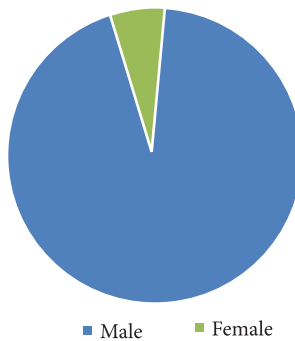
| Hiring by age group |    |
|---------------------|----|
| <30                 | 20 |
| 30-50               | 20 |
| >50                 | 4  |

Hiring by age group



| Hiring by gender |    |
|------------------|----|
| Male             | 42 |
| Female           | 2  |

Hiring by Gender



| Hiring by location   |    |
|----------------------|----|
| Head office - RWP    | 14 |
| Goth Machhi Plant    | 4  |
| Mirpur Matehlo Plant | 12 |
| Lahore               | 10 |
| Karachi              | 4  |

FFC is generally committed to paying its employees fair and appropriate compensation in the form of wages and salaries, social components and other perks. This compensation not only meets the minimum statutory standards in principle rather it exceeds 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 female employees are given maternity leave. Two employee availed maternity leave in 2014. Both of the returned to work after availing 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 measures.

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 those 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 the career, provision of long term leave for improving professional qualifications, offshore technical services of engineers and deputation to diversified businesses.

### Training hours per employee in 2014

|                           |      |
|---------------------------|------|
| Number of employees       | 2352 |
| Training hours            | 7840 |
| Average hours of training | 3.3  |

### Training hours per employee by gender in 2014

| Category | Average No. of employees | Man-hours | Avg. training |
|----------|--------------------------|-----------|---------------|
| hours    | 7840                     |           |               |
| Male     | 2299                     | 7680      | 3.3           |
| Female   | 53                       | 160       | 3             |

### Training hours per employee by employee category in 2014

| Category   | Average No. of employees | Man-hours | Avg. training hours |
|------------|--------------------------|-----------|---------------------|
| Management | 842                      | 6240      | 7                   |
| Staff      | 1510                     | 1600      | 1                   |



## Diversity and equal opportunities

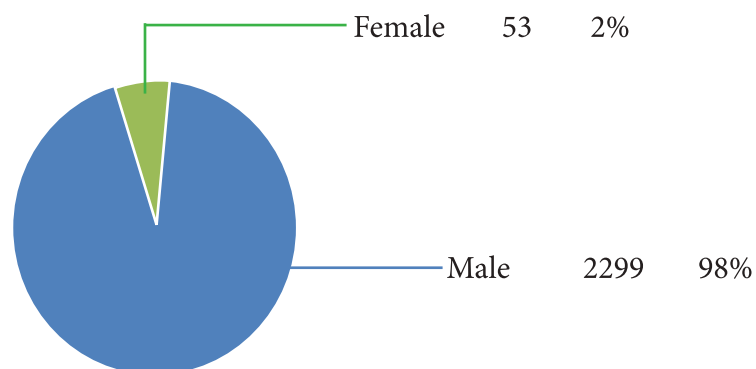
At FFC all recruitment is made on merit and no preference whatsoever is accorded to any other aspect. However, as a common practice, while hiring junior level staff / apprentices at plants minor relaxation is given to the local population to encourage the locals. Likewise, in the marketing group, preference to post locals 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 2014, 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 candidates are evaluated and selected on the basis of the same list of criteria. Eleven out of thirteen members of the Board of Directors are male while two members are female.

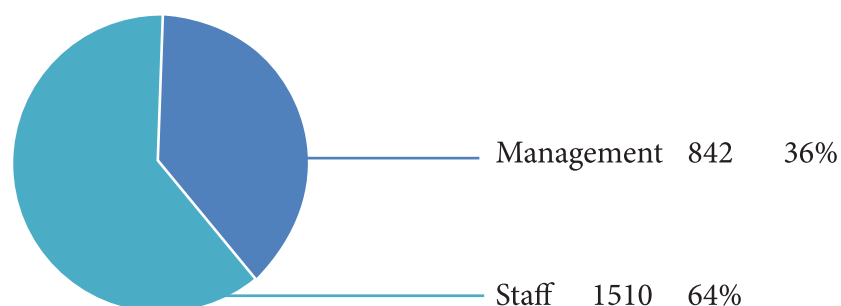
### Employee Gender

Total 2352 – 100%



### Employee Category

Total 2352 – 100%



## Employees by gender, minority group and age group

| Gender | Minority Group |            | Age Group |        |        |
|--------|----------------|------------|-----------|--------|--------|
|        | Muslim         | Non-Muslim | <30       | 30-50  | >50    |
| Male   | 99.13%         | 0.87%      | 22.44%    | 51.50% | 26.06% |
| Female | 92.45%         | 7.55%      | 39.62%    | 7.73%  | 22.65% |

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

| Employee Category | Gender |        | Minority Group |            | Age Group |        |        |
|-------------------|--------|--------|----------------|------------|-----------|--------|--------|
|                   | Male   | Female | Muslim         | Non-Muslim | <30       | 30-50  | >50    |
| Management        | 96.32% | 3.68%  | 96.67%         | 3.33%      | 21.26%    | 52.85% | 25.89% |
| Staff             | 98.54% | 1.46%  | 99.14%         | 0.86%      | 23.71%    | 50.26% | 26.03% |

## 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 | 85%    | 15%    | 85%            | 15%        | 0%        | 8%    | 92% |

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. During the year, the ratio of standard entry level wages to local minimum wages was 1.27:1 across all significant locations of operations.

## 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 appraisal in 2014.



## 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. 1,001 million on defined benefit plan obligations in 2014.

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          |

## 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 of these unions internally and externally in accordance with applicable laws. All employees are covered by CBA, which comes to 64.20% of total strength. The Company gives 15 days' notice period on relocation within inter division/ units. Three days is also given on relocation. This information is not specified in CBA agreements



# Product Responsibility



*“One’s philosophy is not best expressed in words; it is expressed in the choices one makes... and the choices we make are ultimately our responsibility.”*

*- Eleanor Roosevelt*



## Product responsibility

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

FFC makes sure that employees, customers, general public and the environment can rely on the safety of its products throughout the entire product lifecycle. The Company's products are additives for enhancing agricultural produce and the Company gives due care to health and safety impacts. The Company regularly conducts training covering aspects related to health & safety of product and product quality to the relevant staff for ensuring quality production. The Company made an assessment of health and safety impacts 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. During the year, the Company products were in compliance with regulations and voluntary codes concerning health and safety.

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 the 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 products through its extended agri. service department. The Company conducts customer satisfaction survey on a biannual basis. The survey comprises of a questionnaire and measures the level of customer satisfaction on aspects of quality, operations and products offered. The Survey focuses the entire product portfolio of the organization across the marketing area network of Pakistan. During the year, two customer satisfaction surveys were carried out in January and June 2014 respectively. The survey was conducted by selecting 132 dealers as a sample size from the entire marketing area across Pakistan, covering all 14 FFC regions.



|        |                               | January 2014 | June 2014 |
|--------|-------------------------------|--------------|-----------|
| Sr. No | Performance variables         | Index        | Index     |
| 1      | Product quality               | 8.85         | 8.63      |
| 2      | Packing                       | 9.22         | 9.08      |
| 3      | Delivery                      | 7.88         | 8.11      |
| 4      | Complaints                    | 9.21         | 9.15      |
| 5      | Agri services                 | 8.27         | 8.34      |
|        | Customer overall satisfaction | 9.44         | 9.28      |

Being aware of the fact that innovation and customer focus are extremely important to meet and exceed the customer demands, 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 also 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 law and voluntary codes of practice in relation to information about the labeling of products and services. Similarly, FFC was not subject to any fines for violation 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, ensuring the future of life on Earth, is an infinite game, the endless expression of generosity on behalf of all.”*  
*- Paul Hawken*

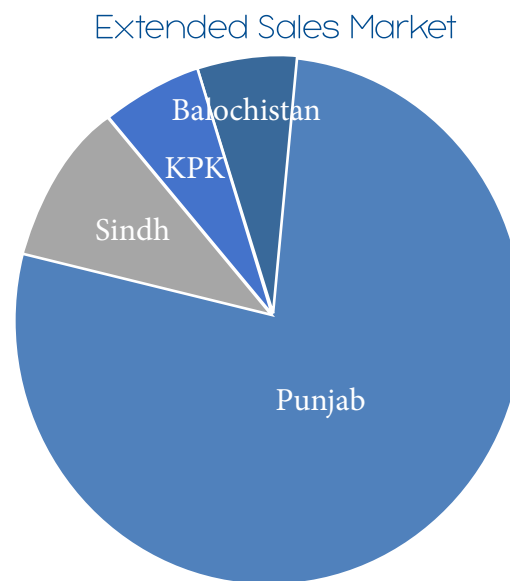


## Sustainability in supply chain

FFC is aware of the role of the supply chain role in the sustainability of the Company. The Company has developed a soft sustainability criteria to select and manage its suppliers, outsourcing partners, and service providers. This selection criteria is not only based on economic factors, but also contains non-financial aspects as well. FFC is in the process to include a broad range of issues related to human rights, environmental impacts, decent labor practices and social interventions in its selection criteria. FFC is focused to work with its suppliers and partners to improve the entire supply chain from a sustainability perspective.

## 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, and institutional customers. The Company has a network of 3,700 dealers operating from 1,800 sales points for provision of product to customers at their nearest point.



## 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. FFC 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 a basic raw material for fertilizer manufacturing.



FFC prefers to procure goods and services from the locations in which its respective operating facilities are located, as far as qualitatively compatible, technically feasible, and economically justifiable. Procuring material from locally based suppliers benefits the organization by reducing the huge transportation costs 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 suppliers within the country. All imported materials are considered as being supplied by other suppliers. The Company's purchases comprise of 84% from local suppliers and 16% from foreign suppliers.

The Investment agreements that include human rights clauses have undergone elaborate 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 include human rights aspects. Moreover, the regular procurement also takes in to account the sustainability criteria to screen all new suppliers. All major suppliers were screened against existing 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 provide 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 is in process to make these soft regulations more comprehensive by including other factors relating to supplier labor management practices and society related interventions. The criteria will be shared with the supplier through supplier awareness campaigns by inclusion of the relevant suppliers in FFC's supplier assessment process. In order to monitor how suppliers deploy FFC's sustainability criteria, FFC will require the suppliers to produce third party verification with respect to FFC's sustainability criteria and may also carry out on-site audits in the future, if deemed necessary. This supplier sustainability criteria will strengthen the efforts and will provide a reference framework for social and environmental protection in the supply chain.

As part of its supplier relationship management and to strengthen it is vision and approach of sustainable supply chain, FFC regularly hosts trainings for its haulage contractors as well as dealers on topics of business interest. Apart from creating awareness, these activities help FFC to engage with its supply chain for the deployment and realization of different activities.



# Annexures







# The way forward

On its way to embracing sustainability, FFC aims to strengthen its sustainability practices by effective management of its activities and operations, promoting social equity and environmental care for the collective benefits of stakeholders. FFC plans to move forward towards more efficient sustainability management by defining specific KPIs for its material impacts, which will not only help to manage the material impacts effectively but will also demonstrate the Company's commitment for managing its impacts over the years. Till the specific KPIs are defined, the Company will keep moving forward on the sustainability path, while working on the followings

1. **Economic Sustainability:** The prime step for moving forward on sustainability path is economic sustainability. The Company is evaluating further diversification and exploring the possibility of a potential offshore fertilizer complex in a gas rich country aimed at building on its core competencies in addition to extension of technical/professional services to other fertilizer complexes. The Company is further exploring the prospects of coal mining and is evaluating the installation of coal fired boilers to hedge against gas curtailment and declining gas reserves. 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:** Better management of environmental impacts is one of the major contributing factors to reducing the load on the environment and secure the organizational license to operate. FFC is committed to mitigate its environmental footprint through continuous up gradation and investments at its plants. The Company is also in the process of development of sustainability criteria for its supply chain, which will help to mitigate the environmental impacts in the supply chain as well. The Company is in the process of aligning the Integrated Management System (IMS) of plants with its environmental goals.
3. **Human Resource Management:** Employees are an integral part of a successful organization. The Company is committed to its policy of hiring and retaining high quality workforce of diverse nature, develop them and cultivate a culture of belonging by encouragement, support and reward. The Company will abide by all human rights related laws, regulations and voluntary commitments for better human capital management. This will also be augmented 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 bring transparency and accountability towards its stakeholders. The Company aims for a continuous stakeholder engagement on the Company's sustainability agenda in order to get valuable insights and to play an active role for creating shared value.
5. **Better Farming:** The Company is aware of the fact that long term success of its fertilizer business is linked with the better farm earnings. In line with its vision for farm advisory services, FFC is committed to provide extensive farmer's capacity building services for enhancing productivity and alleviating poverty. 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;
  - United Nations Global Compact Business for Peace (B4P);
  - Corporate Social Responsibility Voluntary Guidelines 2012 of 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 4<sup>th</sup> 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 the economic, environmental and social spheres.

This section provides a methodology guide and additional economic, environmental and social indicators. Unless otherwise specified or required by the context in which they are used:

- The terms "FFC" or "the Company" refer to 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.

Unless otherwise indicated or required by the context, the information and data contained in this Sustainability Report relates to financial year 2014 (1st January 2014 to 31st December 2014). 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 (G4-17).

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

## Quality of information

The quality of the information contained in the Sustainability Report is supported by compliance with the following principles (G4-18):

- 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 independent 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 used for 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 are no changes that can significantly affect the comparability of data from period to period (G4-23). There are some restatements 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 (G4-22).

Preparation of the Sustainability Report is part of an annual reporting process subject to audit, analysis and approval of a number of approving authorities. 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, Chief Technology Officer, Company Secretary, and Senior Manager CSR;
- Subject to an independent review by an independent reviewer, to comment on compliance with the GRI-G4 Sustainability Reporting guidelines, and the AccountAbility AA1000 principles of inclusiveness, materiality and responsiveness
- Published and freely available for download from the publication section of the company website ([www.ffc.com.pk](http://www.ffc.com.pk))

The last Sustainability Report published in printed form was made available on September 02, 2014.



## Independent Review Statement

BSD Consulting performed an independent review of the Fauji Fertilizer Company Limited (FFCL) Sustainability Report 2014, which was developed according to the Global Reporting Initiative (GRI) G4 guidelines, following the 'in accordance' - Comprehensive option. The objective of the critical review is to provide FFCL's stakeholders with an independent opinion about the quality of the report and the adherence to the three principles of AA1000 Assurance Standard (2008) of inclusivity, materiality and responsiveness.

### Independence

We work independently and ensure that none of the BSD staff members maintains business ties with FFCL. BSD Consulting is licensed by AccountAbility as an assurance provider (AA1000 Licensed Assurance Provider), registered under No. 000-33.

### Our Qualification

BSD is a consulting firm specialized in sustainability. The review process was conducted by professionals with long-standing experience in independent assurance and sustainability reporting.

### Responsibilities

FFCL has prepared the Sustainability Report and is responsible for all its content. The report was evaluated against the AA1000AS principles and the GRI G4 adherence checked against the Comprehensive 'in accordance' option.

### Scope and limits

The scope of our work covers all information included in the FFCL 2014 Sustainability Report, full version, referring to the period from January 1st, 2014, through December 31st, 2014 (presented as 2014).

The Review Statement aims to inform stakeholders about BSD's conclusions about the assessment of adherence to the three principles of AA1000AS: Inclusivity, materiality and responsiveness, as well as about the compliance with the referred GRI-in accordance option.

The verification of financial figures and the sustainability performance data was not object of BSD Consulting's work.

### Methodology

The methodology applied was a desk review of the final draft report, and the following approach and procedures were developed during the review process:

- Critical review of the Sustainability Report 2014 and Content Index review
- Analysis of consistency of data and adherence to the GRI General and Specific Standard Disclosure Guidelines
- Evaluation of adherence of the report to the 'in accordance' – Comprehensive option
- Elaboration of adjustment report
- Final review of report content
- Analysis of report content against the AA1000AS (2008) principles of Inclusivity, Materiality and Responsiveness
- Elaboration of Independent Review Statement.

The following sections summarize the main conclusions and recommendations resulting from our review process.

### GRI G4 'in accordance' Option

The company declares the report being in attendance of the 'in accordance' Comprehensive option, according to the GRI G4 Guidelines for Sustainability Reporting. BSD checked the report in terms of consistency and made a series of recommendations to adjust the disclosure level in the content index which have been accepted by the company without exception. Based on the rectifications and acknowledging the fact that the DMA-descriptions need a more detailed format in future reports, we can confirm that the report is attending the 'in accordance' - Comprehensive option, giving a complete overview of the sustainability governance system and the management systems in place to report the relevant sets of indicators related to the material sustainability aspects.

### Main Conclusions on Adherence to AA1000AS 2008 Principles

1. **Inclusivity – addresses the stakeholders' participation in the process of developing and implementing a transparent and strategic sustainability management process.**
  - There is a comprehensive process of stakeholder relations in places and the consultations with external stakeholders of FFCL were carried out in two ways: Existing communication channels are used to identify issues on the operational level, and a series of specific engagements have been implemented with representatives of strategic stakeholder groups at the two plant sites focused on the reporting process. The report gives an overview of the stakeholder groups that participated in the engagement processes, but more details on samples and the applied consultation method should be provided.
  - It is recommendable to map and include stakeholders on the supply side, given the fact the major impacts could be identified and included which are outside the company boundaries but linked to the value chain of the product delivered by FFC.
  - The engagement processes focusing the report includes employees and management level, specifically the CSR committee, but there is an opportunity to intensify the inclusion of internal stakeholders on different levels and locations of the company. This will not only enhance the sustainability awareness of the staff but also the responsiveness of the company to the major sustainability challenges.
  
2. **Materiality – issues required by stakeholders to make decisions on the organization's economic, social and environmental performance.**
  - Material issues have been placed by FFCL in a Materiality Matrix which considers importance of the aspect to stakeholders and importance to the company, using a commonly accepted approach of reporting companies. With exception of "Supply Chain Impacts", all issues have been consistently addressed in the report and data to all related indicators are provided when available. The validation by management is performed by the CSR committee of and constant evaluation and risk assessment are impacting the company's decisions.
  - The assessment of the boundaries of the impacts (inside and/or outside of the organization) needs to be developed for all identified material aspects. FFCL needs to further analyze its impacts in subsequent reporting cycles in order to meet in full the new requirements of the GRI G4 guidelines (G4-20, G4-21 and item "a" of the Disclosure of Management Approach).
  - We also recommend broadening the identification of issues and take – along with the stakeholder consultations – sector and scientific studies on the – positive and negative – impacts of the product into consideration. The importance of the product for food security or the release of N<sub>2</sub>O after its application are issues which are widely discussed and are propitious to enter the sustainability agenda of the company. As the company is evidencing in the report to be committed to international initiatives such as UNGC and the MDG, the inclusion of wider impacts on the society is crucial for the strategic positioning of the company.



### 3. Responsiveness – addresses the actions taken by the organization as a result of specific stakeholders' demands.

- The company is maintaining an Environmental, Health and Safety and Quality Management system which is externally certified and therefore works with a high level of constant analysis of risks, non-compliances and corrective actions. Governance of the sustainability management has high level support and attests commitment of the company to address sustainability challenges and stakeholder concerns.
- Based on available data, the company successfully implemented reductions of its operational water and carbon footprint and addresses demands of local communities with a comprehensive CSR-program and considerable investments. A specific impact analysis could be useful to verify the efficiency of the impact of these investments.
- A clear framework of targets and the presentation of historical data could be helpful to better monitor the company's achievements in responding the major sustainability issues. Also benchmarks and references on national or international level could be helpful in order to evaluate the extension of the achieved results.

#### Final Considerations

In BSD Consulting's view, FFCL Sustainability Report accurately presents the organization's sustainability management. The company seeks to report in a transparent manner about how it addresses its major sustainability issues and has procedures in place to analyze and mitigate related risks and seek continuous improvement. There are opportunities for improvements of the materiality process in further developing the identification of where the major impacts occur. This will imply raising the focus on issue related to the supply chain and product life cycle.

The Sustainability Report of the company describes the effort of the company to add sustainable value to its current business and we recommend to further develop the value proposition of the company in terms of value added for stakeholders, specifically farmers, the local community and the society in general.

São Paulo/Lisbon, May 14, 2015.

#### BSD Consulting

Beat Grüniger  
Certified Sustainability Assurance Provider




Francisco Neves  
Certified Sustainability Assurance Provider



# 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 2014 Sustainability Report or other publicly available sources.

## Key












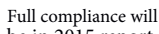








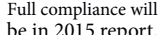


|  |   |                     |
|--|---|---------------------|
| SR = 2014 Paper Sustainability Report  |  | Fully disclosed     |
| AR = Annual Report at 31 December 2014 |  | Partially disclosed |
|  |  | Not disclosed       |
|  | N.M   | Not applicable      |



**Materiality Disclosures**  
FAUJI FERTILIZER COMPANY LIMITED.



## General standard disclosure

| DMA and Indicators   | Publications | Page            | Omission and reason   | External Assurance |
|--|--------------|-----------------|---|--------------------|
| Strategy & Analysis  |              |                 |   |                    |
| G 4-1 Statement from the Chairman and the CEO  | SR           | 14-15           |   | Yes "page 101"     |
| G 4-2 Key impacts, risks, and opportunities  | SR           | 20-22,<br>28,98 |   | Yes "page 101"     |
| Organizational profile   |              |                 |   |                    |
| G 4-3 Name of the organization   | SR           | 34              |    | Yes "page 101"     |
| G 4-4 Primary brands, products, and/or services  | SR           | 34,36           |   | Yes "page 101"     |
| G 4-5 Location of the organization's headquarters  | SR           | 34              |   | Yes "page 101"     |
| G 4-6 Countries where the organization operates  | SR           | 34              |   | Yes "page 101"     |
| G 4-7 Nature of ownership and legal form   | SR           | 34              |   | Yes "page 101"     |
| G 4-8 Markets served   | SR           | 37              |   | Yes "page 101"     |
| G 4-9 Scale of the reporting organization  | SR           | 35              |   | Yes "page 101"     |
| G 4-10 Workforce characteristic  | SR           | 81-83           |   | Yes "page 101"     |
| G 4-11 Employees covered by collective bargaining agreements   | SR           | 87              |   | Yes "page 101"     |
| G 4-12 Organization's supply chain   | SR           | 37              | <br>Full compliance will be in 2015 report. | Yes "page 101"     |
| G 4-13 Changes in organization's size, structure, ownership or its supply chain                      | SR           | 100             |   | Yes "page 101"     |
| G 4-14 Precautionary approach to risk management   | SR           | 30,64           |   | Yes "page 101"     |
| G 4-15 Externally developed charters, principles or initiatives to which the organization subscribes | SR           | 38              |   | Yes "page 101"     |
| G 4-16 Membership in associations or organizations   | SR           | 38              |   | Yes "page 101"     |
| Identified material aspects and boundaries   |              |                 |   |                    |
| G 4-17 Entities included in the organization reports   | SR           | 99              | <br>Full compliance will be in 2015 report. | Yes "page 101"     |
| G 4-18 Reporting principles for defining report content  | SR           | 99              |   | Yes "page 101"     |
| G 4-19 Material aspects identified in defining report content  | SR           | 29              |   | Yes "page 101"     |
| G 4-20 Material aspects within the organization  | SR           | 29              | <br>Full compliance will be in 2015 report. | Yes "page 101"     |
| G 4-21 Material aspects outside the organization   | SR           | 29              | <br>Full compliance will be in 2015 report. | Yes "page 101"     |
| G 4-22 Restatements of information provided in earlier reports                                       | SR           | 100             |   | Yes "page 101"     |
| G 4-23 Significant changes from previous reporting periods in scope and aspect boundaries            | SR           | 100             |   | Yes "page 101"     |





| DMA and Indicators            |   | Publications | Page    | Omission and reason                     | External Assurance |
|-------------------------------|---|--------------|---------|---|--------------------|
| <b>Stakeholder engagement</b> |   |              |         |   |                    |
| G 4-24                        | Stakeholder groups engaged by the organization  | SR           | 25      |   | Yes "page 101"     |
| G 4-25                        | Identification and selection of stakeholders to engage  | SR           | 25      |   | Yes "page 101"     |
| G 4-26                        | Organization's approach to stakeholder engagement   | SR           | 25      |   | Yes "page 101"     |
| G 4-27                        | Key topics collected through stakeholder engagement   | SR           | 26      |   | Yes "page 101"     |
| <b>Report profile</b>         |   |              |         |   |                    |
| G 4-28                        | Reporting period  | SR           | 4       |   | Yes "page 101"     |
| G 4-29                        | Date of the last report   | SR           | 101     |   | Yes "page 101"     |
| G 4-30                        | Reporting cycle   | SR           | 4       |   | Yes "page 101"     |
| G 4-31                        | Contact point for questions regarding the report  | SR           | 4       |   | Yes "page 101"     |
| G 4-32                        | GRI Content Index   | SR           | 104     |   | Yes "page 101"     |
| G 4-33                        | External assurance  | SR           | 4       |   | Yes "page 101"     |
| <b>Governance</b>             |   |              |         |   |                    |
| G 4-34                        | Governance structure  | SR           | 19      |   | Yes "page 101"     |
| G 4-35                        | Delegating authority for economic, environmental and social topics  | SR           | 21      |   | Yes "page 101"     |
| G 4-36                        | Positions with responsibility for economic, environmental and social topics   | SR           | 90      |   | Yes "page 101"     |
| G 4-37                        | Consultation between stakeholders and the highest governance bodies on economic, environmental and social topics  | SR           | 23      |   | Yes "page 101"     |
| G 4-38                        | Composition of highest governance bodies and its committees   | SR, AR       | 19,9-17 |   | Yes "page 101"     |
| G 4-39                        | Executive powers of the Chairman  | SR           | 19      |   | Yes "page 101"     |
| G 4-40                        | Nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members   | SR           | 19,20   |   | Yes "page 101"     |
| G 4-41                        | Processes to avoid conflicts of interest  | SR           | 19,20   |   | Yes "page 101"     |
| 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           | 21      |   | Yes "page 101"     |
| G 4-43                        | Measures taken to develop and enhance the highest governance bodies' collective knowledge of economic, environmental and social topics  | SR           | 23      |   | Yes "page 101"     |
| G 4-44                        | Evaluation of the Board of Directors' performance   | SR           | 23      | Full compliance will be in 2015 report. | Yes "page 101"     |
| G 4-45                        | Highest governance bodies' role in the identification and management of economic, environmental and social impacts, risks, and opportunities  | SR           | 21,26   |   | Yes "page 101"     |
| 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           | 21      |   | Yes "page 101"     |

|                             |   |    |          |   |                |
|-----------------------------|---|----|----------|---|----------------|
| G 4-47                      | Frequency of the highest governance bodies' review of economic, environmental and social impacts, risks, and opportunities                    | SR | 22       | Full compliance will be in 2015 report. | Yes "page 101" |
| G 4-48                      | Highest committee or position that formally reviews and approves the organization's sustainability report                                     | SR | 100      |   | Yes "page 101" |
| G 4-49                      | Communicating critical concerns to the highest governance bodies  | SR | 23       |   | Yes "page 101" |
| G 4-50                      | Critical concerns that were communicate to the highest governance bodies and the mechanism(s) used to address and resolve them                | SR | 23,35    |   | Yes "page 101" |
| G 4-51                      | Remuneration policies for highest governance bodies and senior executives   | SR | 23       |   | Yes "page 101" |
| G 4-52                      | Determining remuneration  | SR | 23       |   | Yes "page 101" |
| G 4-53                      | How stakeholders' views are sought and taken into account regarding remuneration  | SR | 23       |   | Yes "page 101" |
| G 4-54                      | Ratio of the annual compensations within the organization   | SR | 23       | Full compliance will be in 2015 report. | Yes "page 101" |
| G 4-55                      | Ratio of percentage increase in annual compensation within the organization   | SR | 23       | Full compliance will be in 2015 report. | Yes "page 101" |
| <b>Ethics and integrity</b> |   |    |          |   |                |
| G 4-56                      | Organization's values, principles, standards and norms of behavior  | SR | 10-13,19 |   | Yes "page 101" |
| G 4-57                      | Internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity           | SR | 24       |   | Yes "page 101" |
| G 4-58                      | Internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity | SR | 24       |   | Yes "page 101" |

### Specific standard disclosures

| Economic                                     |   |      |                     |   |                |
|--|---|------|---------------------|---|----------------|
| DMA and Indicators                           | Publications  | Page | Omission and reason | External Assurance                      |                |
| <b>Material aspect: economic performance</b> |   |      |                     |   |                |
| G4-DMA                                       | Generic Disclosures on Management Approach  | SR   | 16,52               | Full compliance will be in 2015 report. | Yes "page 101" |
| G4-EC1                                       | Direct economic value generated and distributed   | SR   | 28                  |   | Yes "page 101" |
| G4-EC2                                       | Financial implications, risks and opportunities for the organization's activities due to climate change | SR   | 52                  |   | Yes "page 101" |
| G4-EC3                                       | Coverage of the organization's defined benefit plan obligations   | SR   | 87                  |   | Yes "page 101" |
| G4-EC4                                       | Financial assistance received from government   | SR   | 24                  |   | Yes "page 101" |
| <b>Material aspect: market presence</b>      |   |      |                     |   |                |
| G4-DMA                                       | Generic Disclosures on Management Approach  | SR   | 85                  | Full compliance will be in 2015 report. | Yes "page 101" |
| G4-EC5                                       | Ratios of standard entry level wage by gender compared to local minimum wage                            | SR   | 86                  |   | Yes "page 101" |
| G4-EC6                                       | Proportion of senior management hired from the local community  | SR   | 85,86               |   | Yes "page 101" |



| DMA and Indicators   | Publications | Page  | Omission and reason                     | External Assurance |
|--|--------------|-------|---|--------------------|
| <b>Material aspect: indirect economic impacts</b>                                  |              |       |   |                    |
| G4-DMA Generic Disclosures on Management Approach                                  | SR           | 65    | Full compliance will be in 2015 report. | Yes "page 101"     |
| G4-EC7 Development and impact of infrastructure investments and services supported |              | 66-70 |   | Yes "page 101"     |
| G4-EC8 Significant indirect economic impacts                                       | SR           | 66-70 | Full compliance will be in 2015 report. | Yes "page 101"     |
| <b>Material aspect: procurement practices</b>                                      |              |       |   |                    |
| G4-DMA Generic Disclosures on Management Approach                                  | SR           | 95    | Full compliance will be in 2015 report. | Yes "page 101"     |
| G4-EC9 Proportion of spending on local suppliers                                   | SR           | 95-96 |   | Yes "page 101"     |

Environment

| DMA and Indicators   | Publications | Page | Omission and reason                                   | External Assurance |
|--|--------------|------|---|--------------------|
| <b>Material aspect: materials</b>  |              |      |   |                    |
| G4-DMA Generic Disclosures on Management Approach  | SR           | 52   | Full compliance will be in 2015 report.               | Yes "page 101"     |
| G4-EN1 Materials used  | SR           | 53   |   | Yes "page 101"     |
| G4-EN2 Recycled input materials  | SR           | 53   |   | Yes "page 101"     |
| <b>Material aspect: energy</b>   |              |      |   |                    |
| G4-DMA Generic Disclosures on Management Approach  | SR           | 52   | Full compliance will be in 2015 report.               | Yes "page 101"     |
| G4-EN3 Energy consumption within the organization  | SR           | 54   | Full compliance will be in 2015 report.               | Yes "page 101"     |
| G4-EN4 Energy consumption outside of the organization  | SR           | 55   | Full compliance will be in 2015 report.               | Yes "page 101"     |
| 4-EN5 Energy intensity   | SR           | 55   |   | Yes "page 101"     |
| G4-EN6 Reduction of energy consumption   | SR           | 55   |   | Yes "page 101"     |
| G4-EN7 Reductions in energy requirements of products and services                                  | SR           | 55   |   | Yes "page 101"     |
| <b>Material aspect: water</b>  |              |      |   |                    |
| G4-DMA Generic Disclosures on Management Approach  | SR           | 52   | Full compliance will be in 2015 report.               | Yes "page 101"     |
| G4-EN8 Water withdrawal  | SR           | 56   |   | Yes "page 101"     |
| G4-EN9 Water sources significantly affected by withdrawal  | SR           | 56   |   | Yes "page 101"     |
| G4-EN10 Water recycled and reused  | SR           | 56   |   | Yes "page 101"     |
| <b>Aspect: biodiversity</b>  |              |      |   |                    |
| G4-DMA Generic Disclosures on Management Approach  | -            | -    | Not material on the basis of engagement and analysis. | Yes "page 101"     |
| 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. | Yes "page 101"     |
| G4-EN12 Description of significant impacts on biodiversity   | -            | -    | Not material on the basis of engagement and analysis. | Yes "page 101"     |
| G4-EN13 Habitats protected or restored   | -            | -    | Not material on the basis of engagement and analysis. | Yes "page 101"     |
| 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. | Yes "page 101"     |

| DMA and Indicators                          |   | Publications | Page  | Omission and reason  | External Assurance |
|---|---|--------------|-------|--|--------------------|
| <b>Material aspect: emissions</b>           |   |              |       |  |                    |
| G4-DMA                                      | Generic Disclosures on Management Approach  | SR           | 52    | Full compliance will be in 2015 report.                      | Yes "page 101"     |
| G4-EN15                                     | Direct greenhouse gas (GHG) emissions (Scope 1)   | SR           | 58    |  | Yes "page 101"     |
| G4-EN16                                     | Energy indirect greenhouse gas (GHG) emissions (Scope 2)  | SR           | 58    |  | Yes "page 101"     |
| G4-EN17                                     | Other indirect greenhouse gas (GHG) emissions (Scope 3)   | SR           | 58    | Full compliance will be in 2015 report.                      | Yes "page 101"     |
| G4-EN18                                     | Greenhouse gas (GHG) emissions intensity  | SR           | 58    |  | Yes "page 101"     |
| G4-EN19                                     | Reduction of greenhouse gas (GHG) emissions   | SR           | 59    |  | Yes "page 101"     |
| G4-EN20                                     | Emissions of ozone-depleting substances (ODS)   | SR           | 59    |  | Yes "page 101"     |
| G4-EN21                                     | NOX, SOX, and other significant air emissions   | SR           | 59    | Full compliance will be in 2015 report.                      | Yes "page 101"     |
| <b>Material aspect: effluents and waste</b> |   |              |       |  |                    |
| G4-DMA                                      | Generic Disclosures on Management Approach  | SR           | 52    | Full compliance will be in 2015 report.                      | Yes "page 101"     |
| G4-EN22                                     | Water discharge   | SR           | 57    |  | Yes "page 101"     |
| G4-EN23                                     | Waste disposal  | SR           | 60    |  | Yes "page 101"     |
| G4-EN24                                     | Significant spills  | SR           | 60    |  | Yes "page 101"     |
| G4-EN25                                     | Hazardous waste   | SR           | 60    | Full compliance will be in 2015 report.                      | Yes "page 101"     |
| G4-EN26                                     | Biodiversity and habitats affected by the organization's discharges   | SR           | 57,60 | Data not available Full compliance will be in 2015 report.   | Yes "page 101"     |
| <b>Aspect: products and services</b>        |   |              |       |  |                    |
| G4-DMA                                      | Generic Disclosures on Management Approach  | -            | -     | Not material on the basis of engagement and analysis.        | Yes "page 101"     |
| G4-EN27                                     | Mitigation of environmental impacts of products and services  | -            | -     | Not material on the basis of engagement and analysis.        | Yes "page 101"     |
| G4-EN28                                     | Products sold and their packaging materials that are reclaimed  | -            | -     | Not material on the basis of engagement and analysis.        | Yes "page 101"     |
| <b>Material aspect: compliance</b>          |   |              |       |  |                    |
| G4-DMA                                      | Generic Disclosures on Management Approach  | SR           | 52    | Full compliance will be in 2015 report.                      | Yes "page 101"     |
| G4-EN29                                     | Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations | SR           | 52    |  | Yes "page 101"     |
| <b>Material aspect: transport</b>           |   |              |       |  |                    |
| G4-DMA                                      | Generic Disclosures on Management Approach  | SR           | 52    | Full compliance will be in 2015 report.                      | Yes "page 101"     |
| G4-EN30                                     | Environmental impacts of transport  | SR           | 58    | system not in place, Full compliance will be in 2015 report. | Yes "page 101"     |
| <b>Material aspect: overall</b>             |   |              |       |  |                    |
| G4-DMA                                      | Generic Disclosures on Management Approach  | SR           | 52    | Full compliance will be in 2015 report.                      | Yes "page 101"     |
| G4-EN31                                     | Environmental protection expenditures and investments   | SR           | 61    |  | Yes "page 101"     |



| DMA and Indicators  | Publications | Page | Omission and reason   | External Assurance |
|---|--------------|------|---|--------------------|
| <b>Material aspect: supplier environmental assessment</b>   |              |      |   |                    |
| G4-DMA Generic Disclosures on Management Approach   | SR           | 95   | Full compliance will be in 2015 report.                     | Yes "page 101"     |
| G4-EN32 Suppliers screened using environmental criteria   | SR           | 96   | system not n place, Full compliance will be in 2015 report. | Yes "page 101"     |
| G4-EN33 Actual and potential negative environmental impacts in the supply chain and actions taken | SR           | 96   | system not n place, Full compliance will be in 2015 report. | Yes "page 101"     |
| <b>Material aspect: environmental grievance mechanisms</b>  |              |      |   |                    |
| G4-DMA Generic Disclosures on Management Approach   | SR           | 53   | Full compliance will be in 2015 report.                     | Yes "page 101"     |
| G4-EN34 Grievances about environmental impacts filed, addressed, and resolved                     | SR           | 53   |   | Yes "page 101"     |

Social

Labor practices and decent work

| DMA and Indicators   | Publications | Page  | Omission and reason  | External Assurance |
|--|--------------|-------|--|--------------------|
| <b>Material aspect: employment</b>   |              |       |  |                    |
| G4-DMA Generic Disclosures on Management Approach  | SR           | 80    | Full compliance will be in 2015 report.                    | Yes "page 101"     |
| G4-LA1 Number and rates of new employee hires and employee turnover  | SR           | 82-83 |  | Yes "page 101"     |
| G4-LA2 Benefits provided to full-time employees that are not provided to temporary or part-time employees  | SR           | 87    |  | Yes "page 101"     |
| G4-LA3 Return to work and retention rates after parental leave   | SR           | 83    |  | Yes "page 101"     |
| <b>Material aspect: labor/management relations</b>   |              |       |  |                    |
| G4-DMA Generic Disclosures on Management Approach  | SR           | 87    | Full compliance will be in 2015 report.                    | Yes "page 101"     |
| G4-LA4 Minimum notice periods regarding operational changes  | SR           | 87    |  | Yes "page 101"     |
| <b>Material aspect: occupational health and safety</b>   |              |       |  |                    |
| G4-DMA Generic Disclosures on Management Approach  | SR           | 74    | Full compliance will be in 2015 report.                    | Yes "page 101"     |
| G4-LA5 Workforce represented in health and safety committees   | SR           | 76-77 |  | Yes "page 101"     |
| G4-LA6 Injuries, occupational diseases, lost days, absenteeism and total number of work-related fatalities | SR           | 75    |  | Yes "page 101"     |
| G4-LA7 Workers with high incidence or high risk of diseases related to their occupation                    | SR           | 76    | Data not available Full compliance will be in 2015 report. | Yes "page 101"     |
| G4-LA8 Health and safety topics covered in formal agreements with trade unions                             | SR           | 77    |  | Yes "page 101"     |
| <b>Material aspect: training and education</b>   |              |       |  |                    |
| G4-DMA Generic Disclosures on Management Approach  | SR           | 84    | Full compliance will be in 2015 report.                    | Yes "page 101"     |
| G4-LA9 Training per employee   | SR           | 84    |  | Yes "page 101"     |
| G4-LA10 Programs for skills management and lifelong learning of employees                                  | SR           | 84    | Full compliance will be in 2015 report.                    | Yes "page 101"     |
| G4-LA11 Employees receiving regular performance and career development reviews                             | SR           | 86    |  | Yes "page 101"     |

| DMA and Indicators  |   | Publications | Page  | Omission and reason  | External Assurance |
|---|---|--------------|-------|--|--------------------|
| <b>Material aspect: diversity and equal opportunity</b>         |   |              |       |  |                    |
| G4-DMA  | Generic Disclosures on Management Approach  | SR           | 85    | Full compliance will be in 2015 report.                      | Yes "page 101"     |
| G4-LA12   | Composition of governance bodies and break down of employees per indicators of diversity        | SR           | 86    |  | Yes "page 101"     |
| <b>Material aspect: equal remuneration for women and men</b>    |   |              |       |  |                    |
| G4-DMA  | Generic Disclosures on Management Approach  | SR           | 80    | Full compliance will be in 2015 report.                      | Yes "page 101"     |
| G4-LA13   | Ratio of basic salary and remuneration of women to men  | SR           | 86    |  | Yes "page 101"     |
| <b>Material aspect: supplier assessment for labor practices</b> |   |              |       |  |                    |
| G4-DMA  | Generic Disclosures on Management Approach  | SR           | 94    | Full compliance will be in 2015 report.                      | Yes "page 101"     |
| G4-LA15   | Actual and potential negative impacts for labor practices in the supply chain and actions taken | SR           | 94-95 |  | Yes "page 101"     |
| G4-LA14   | Suppliers screened using labor practices criteria   | SR           | 95    | system not in place, Full compliance will be in 2015 report. | Yes "page 101"     |
| <b>Material aspect: labor practices grievance mechanisms</b>    |   |              |       |  |                    |
| G4-DMA  | Generic Disclosures on Management Approach  | SR           | 74    | Full compliance will be in 2015 report.                      | Yes "page 101"     |
| G4-LA16   | Grievances about labor practices filed, addressed, and resolved                                 | SR           | 74    |  | Yes "page 101"     |

## Human rights

| DMA and Indicators   |   | Publications | Page | Omission and reason  | External Assurance |
|--|---|--------------|------|--|--------------------|
| <b>Material aspect: investment</b>                                       |   |              |      |  |                    |
| G4-DMA   | Generic Disclosures on Management Approach  | SR           | 70   | Full compliance will be in 2015 report.                    | Yes "page 101"     |
| G4-HR1   | Investment agreements and contracts that include human rights clauses or that underwent human rights screening              | SR           | 70   |  | Yes "page 101"     |
| G4-HR2   | Employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations | SR           | 70   |  | Yes "page 101"     |
| <b>Material aspect: non-discrimination</b>                               |   |              |      |  |                    |
| G4-DMA   | Generic Disclosures on Management Approach  | SR           | 70   | Full compliance will be in 2015 report.                    | Yes "page 101"     |
| G4-HR3   | Incidents of discrimination and corrective actions taken  | SR           | 70   |  | Yes "page 101"     |
| <b>Material aspect: freedom of association and collective bargaining</b> |   |              |      |  |                    |
| G4-DMA   | Generic Disclosures on Management Approach  | SR           | 70   | Full compliance will be in 2015 report.                    | Yes "page 101"     |
| G4-HR4   | Risks to the right to exercise freedom of association and collective bargaining   | SR           | 70   |  | Yes "page 101"     |
| <b>Material aspect: child labor</b>                                      |   |              |      |  |                    |
| G4-DMA   | Generic Disclosures on Management Approach  | SR           | 70   | Full compliance will be in 2015 report.                    | Yes "page 101"     |
| G4-HR5   | Operations identified as having significant risk for incidents of child labor   | SR           | 70   |  | Yes "page 101"     |
| <b>Material aspect: forced or compulsory labor</b>                       |   |              |      |  |                    |
| G4-DMA   | Generic Disclosures on Management Approach  | SR           | 70   | Full compliance will be in 2015 report.                    | Yes "page 101"     |
| G4-HR6   | Operations identified as having significant risk for incidents of forced or compulsory labor                                | SR           | 70   | Data not available Full compliance will be in 2015 report. | Yes "page 101"     |



| DMA and Indicators   | Publications | Page  | Omission and reason   | External Assurance |
|--|--------------|-------|---|--------------------|
| <b>Material aspect: security practices</b>   |              |       |   |                    |
| G4-DMA Generic Disclosures on Management Approach  | SR           | 70    | Full compliance will be in 2015 report.                     | Yes "page 101"     |
| G4-HR7 Security personnel trained on human rights policies                                       | SR           | 70    | Data not available Full compliance will be in 2015 report.  | Yes "page 101"     |
| <b>Aspect: indigenous rights</b>   |              |       |   |                    |
| G4-DMA Generic Disclosures on Management Approach  | SR           | -     | Not material on the basis of engagement and analysis.       | Yes "page 101"     |
| G4-HR8 Violations of the rights of indigenous peoples  | SR           | -     | Not material on the basis of engagement and analysis.       | Yes "page 101"     |
| <b>Material aspect: assessment</b>   |              |       |   |                    |
| G4-DMA Generic Disclosures on Management Approach  | SR           | 70    | Full compliance will be in 2015 report.                     | Yes "page 101"     |
| G4-HR9 Operations subject to human rights reviews or impact assessments                          | SR           | 70    |   | Yes "page 101"     |
| <b>Material aspect: supplier human rights assessment</b>   |              |       |   |                    |
| G4-DMA Generic Disclosures on Management Approach  | SR           | 70-94 | Full compliance will be in 2015 report.                     | Yes "page 101"     |
| G4-HR10 Suppliers screened using human rights criteria   | SR           | 95    |   | Yes "page 101"     |
| G4-HR11 Actual and potential negative human rights impacts in the supply chain and actions taken | SR           | 95    | system not n place, Full compliance will be in 2015 report. | Yes "page 101"     |
| <b>Material aspect: human rights grievance mechanisms</b>  |              |       |   |                    |
| G4-DMA Generic Disclosures on Management Approach  | SR           | 70    |   | Yes "page 101"     |
| G4-HR12 Grievances about human rights impacts filed, addressed, and resolved                     | SR           | 70    |   | Yes "page 101"     |

Society

| DMA and Indicators  | Publications | Page  | Omission and reason                     | External Assurance |
|---|--------------|-------|---|--------------------|
| <b>Material aspect: local communities</b>   |              |       |   |                    |
| G4-DMA Generic Disclosures on Management Approach   | SR           | 64    | Full compliance will be in 2015 report. | Yes "page 101"     |
| G4-SO1 Operations with implemented local community engagement, impact assessments, and development programs | SR           | 64-69 |   | Yes "page 101"     |
| G4-SO2 Operations with significant actual and potential negative impacts on local communities               | SR           | 64    |   | Yes "page 101"     |
| <b>Material aspect: anti-corruption</b>   |              |       |   |                    |
| G4-DMA Generic Disclosures on Management Approach   | SR           | 71    | Full compliance will be in 2015 report. | Yes "page 101"     |
| G4-SO3 Operations assessed for risks related to corruption  | SR           | 71    |   | Yes "page 101"     |
| G4-SO4 Communication and training on anti-corruption policies and procedures                                | SR           | 71    |   | Yes "page 101"     |
| G4-SO5 Confirmed incidents of corruption and actions taken  | SR           | 71    |   | Yes "page 101"     |
| <b>Material aspect: public policy</b>   |              |       |   |                    |
| G4-DMA Generic Disclosures on Management Approach   | SR           | 71    | Full compliance will be in 2015 report. | Yes "page 101"     |
| G4-SO6 Value of political contributions   | SR           | 71    |   | Yes "page 101"     |
| <b>Material aspect: anti-competitive behavior</b>   |              |       |   |                    |
| G4-DMA Generic Disclosures on Management Approach   | SR           | 71    | Full compliance will be in 2015 report. | Yes "page 101"     |
| G4-SO7 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes   | SR           | 71    |   | Yes "page 101"     |

| DMA and Indicators  |  | Publications | Page | Omission and reason  | External Assurance |
|---|--|--------------|------|--|--------------------|
| <b>Material aspect: compliance</b>                                  |  |              |      |  |                    |
| G4-DMA  | Generic Disclosures on Management Approach   | SR           | 71   | Full compliance will be in 2015 report.                      | Yes "page 101"     |
| G4-SO8  | Fines and sanctions for non-compliance with laws and regulations                       | SR           | 71   |  | Yes "page 101"     |
| <b>Material aspect: supplier assessment for impacts on society</b>  |  |              |      |  |                    |
| G4-DMA  | Generic Disclosures on Management Approach   | SR           | 94   | Full compliance will be in 2015 report.                      | Yes "page 101"     |
| G4-SO9  | Suppliers screened using criteria for impacts on society                               | SR           | 95   | system not in place, Full compliance will be in 2015 report. | Yes "page 101"     |
| G4-SO10   | Actual and potential negative impacts on society in the supply chain and actions taken | SR           | 95   | system not in place, Full compliance will be in 2015 report. | Yes "page 101"     |
| <b>Material aspect: grievance mechanisms for impacts on society</b> |  |              |      |  |                    |
| G4-DMA  | Generic Disclosures on Management Approach   | SR           | 71   | Full compliance will be in 2015 report.                      | Yes "page 101"     |
| G4-SO11   | Grievances about impacts on society filed, addressed, and resolved                     | SR           | 71   | system not in place, Full compliance will be in 2015 report. | Yes "page 101"     |

## Product responsibility

| DMA and Indicators                                   |  | Publications | Page | Omission and reason                         | External Assurance |
|--|--|--------------|------|---|--------------------|
| <b>Material aspect: customer health and safety</b>   |  |              |      |   |                    |
| G4-DMA   | Generic Disclosures on Management Approach   | SR           | 90   | Full compliance will be in 2015 report.     | Yes "page 101"     |
| G4-PR1   | Product and service categories for which health and safety impacts are assessed for improvement  | SR           | 90   |   | Yes "page 101"     |
| G4-PR2   | Incidents of non-compliance with regulations concerning the health and safety impacts of products and services during their life cycle | SR           | 90   |   | Yes "page 101"     |
| <b>Material aspect: product and service labeling</b> |  |              |      |   |                    |
| G4-DMA   | Generic Disclosures on Management Approach   | SR           | 90   | Full compliance will be in 2015 report.     | Yes "page 101"     |
| G4-PR3   | Product and service information  | SR           | 90   |   | Yes "page 101"     |
| G4-PR4   | Incidents of non-compliance with regulations concerning product and service information and labeling                                   | SR           | 90   |   | Yes "page 101"     |
| G4-PR5   | Results of surveys measuring customer satisfaction   | SR           | 91   |   | Yes "page 101"     |
| <b>Material aspect: marketing communications</b>     |  |              |      |   |                    |
| G4-DMA   | Generic Disclosures on Management Approach   | SR           | 90   | Full compliance will be in 2015 report.     | Yes "page 101"     |
| G4-PR6   | Sale of banned or disputed products  | SR           | -    | FFC does not sell products in banned market | Yes "page 101"     |
| G4-PR7   | Incidents of non-compliance with regulations concerning marketing communications   | SR           | 91   |   | Yes "page 101"     |





| DMA and Indicators  | Publications | Page | Omission and reason                     | External Assurance |
|---|--------------|------|---|--------------------|
| <b>Material aspect: customer privacy</b>  |              |      |   |                    |
| G4-DMA Generic Disclosures on Management Approach   | SR           | 90   | Full compliance will be in 2015 report. | Yes "page 101"     |
| G4-PR8 Substantiated complaints regarding breaches of customer privacy and losses of customer data                  | SR           | 91   |   | Yes "page 101"     |
| <b>Material aspect: compliance</b>  |              |      |   |                    |
| G4-DMA Generic Disclosures on Management Approach   | SR           | 90   | Full compliance will be in 2015 report. | Yes "page 101"     |
| G4-PR9 Fines for non-compliance with laws and regulations concerning the provision and use of products and services | SR           | 91   |   | Yes "page 101"     |



# United Nations Global Compact

## UNGC “TEN PRINCIPLES”

| Principle    | Statement  | Page No.                                   | GRI G 4 Indicator   |
|--------------|--|--|---|
| Principle 1  | Businesses should support and respect the protection of internationally proclaimed human rights.                         | 70, 64-69                                  | HR 2, HR 7, HR 9, HR 12, SO 1, SO 2   |
| Principle 2  | Businesses should make sure that they are not complicit in human rights abuses.  | 70, 95                                     | HR 1, HR 10, HR 11  |
| Principle 3  | Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining. | 70, 87                                     | G4-11, HR 4, LA 4,  |
| Principle 4  | Businesses should uphold the elimination of all forms of forced and compulsory labor.                                    | 70   | HR 6  |
| Principle 5  | Businesses should uphold the effective abolition of child labor.   | 70   | HR 5  |
| Principle 6  | Businesses should uphold the elimination of discrimination in respect of employment and occupation.                      | 81-83, 86, 85, 82-83, 84, 70               | G4-10, EC 5, EC 6, LA 1, LA 3, LA 9, LA 11, LA 12, LA 13, HR 3  |
| Principle 7  | Businesses should support a precautionary approach to environmental challenges.  | 52, 53, 54, 56, 58, 59, 61                 | EC 2, EN 1, EN 3, EN 8, EN 15, EN 16, EN 17, EN 20, EN 21, EN 31  |
| Principle 8  | Businesses should undertake initiatives to promote greater environmental responsibility.                                 | 53, 54, 55, 56, 58, 59, 60, 52, 58, 61, 95 | EN 1, EN 2, EN 3, EN 4, EN 5, EN 6, EN 7, EN 8, EN 9, EN 10, EN 15, EN 16, EN 17, EN 18, EN 19, EN 20, EN 21, EN 22, EN 23, EN 24, EN 25, EN 26, EN 29, EN 30, EN 31, EN 32, EN 33, EN 34 |
| Principle 9  | Businesses should encourage the development and diffusion of environmentally friendly technologies.                      | 55, 59, 61                                 | EN 6, EN 7, EN 19, EN 31  |
| Principle 10 | Businesses should work against corruption in all its forms, including extortion and bribery.                             | 10-13, 19, 24, 71                          | G 4-5b, G4-57, G4-58, SO 3, SO 4, SO 6  |



# Feed Back Form Sustainability Report 2014

Details of information provided on issues covered in the report

Comprehensive  Adequate  Not adequate

Clarity of the information provided in the report

High  Medium  Low

The quality of design and layout of the report

Excellent  Good  Average

Your comments for adding value to the report

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

Designation: \_\_\_\_\_

Organization: \_\_\_\_\_

Contact Details: \_\_\_\_\_

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## Glossary and Acronyms

|       |  |
|-------|--|
| CBA   | Collective Bargaining Agent  |
| CSR   | Corporate Social Responsibility  |
| CUSEC | Cubic meters per second  |
| DAP   | Di-ammonium phosphate, a chemical composition of Nitrogen (18%) and Phosphorus (46%) fertilizers |
| GIDC  | Gas Infrastructure Development Cess  |
| 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  |
| MMSCF | Million Standard Cubic Feet  |
| 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  |
| SMART | Self-Monitoring and Reporting  |
| UNGC  | United Nations Global Compact  |



From left to right and top to bottom : Salal M Usman, Ghazal Beg, Sadaf Khan, Imran Rizvi, Bilal Janjua, Mumtaz Hussain, Ali Azizuddin Moshin Kadir, Lt Col (R) Sheraz Shmed, Ghulam Nabi, Ali Iqtidar, Lt Col (R) Akmal Gillani, Shoaib Bhatti, Majid Maqbool





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