



TWENTY ELEVEN

SUSTAINABILITY.
FORTIFIED.

DCI/ THE D'HAMIDI PARTNERSHIP - DESIGN

SUSTAINABILITY. FORTIFIED.

The world is growing in leaps and bounds, the landscapes of civilization ever changing. Anticipating trends, leading industries and individuals to a bold new horizon, is just something we do every day at Lucky Cement. Lucky Cement – Where you can be sure to get sustainability fortified.





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VISION

We envision being the leader of the cement industry in Pakistan, identifying and capitalizing on new opportunities in the global market, contributing towards industrial progress and sustainable future, while being responsible corporate citizens.

MISSION

Our mission is to be a premium cement manufacturer by building a professional organization, having state-of-the-art technology, identifying new prospects to reach globally and maintain service and quality standards to cater to the international construction needs with an environment-friendly approach.

CORE VALUES

Social Responsibility

- Sustainable development
- Philanthropy
- Community development
- Environmentally conscious

Entrepreneurship

- Sense of ownership
- Loyalty
- Identifying and grabbing opportunities
- Foresightedness
- Proactive approach
- Value creation & addition
- Business oriented

Customer Focused

- Quality and consistency
- Commitment
- Customer satisfaction
- Fair practices

Ethics and Integrity

- Prestige
- Honesty
- Uprightness
- Reliability

Excellence

- Benchmark practices
- Continuous improvement
- Efficient and effective performance

Innovation

- Creative solution
- Modernization
- First - movers advantage
- Setting trends



CEO MESSAGE

We have contributed considerable amount from our profits towards developmental and philanthropic initiatives every year.

Sustainable development forms a significant part in our business strategies and is one of the key factors that lead us towards progress and growth. Being the leader in the cement industry in Pakistan, we have both, responsibility and opportunity to make contributions in bringing sustainability in the construction industry.

With a history of less than two decades, we are known not just for making quality products; we are also remembered for our significant contributions in implementing programs that reduce energy consumption and address issues of environmental degradation. Projects like Waste Heat Recovery (WHR), Tyre Derived Fuel (TDF) and Refused Derived Fuel (RDF) have not only

reduced our costs, but have taken our Carbon emissions to the minimum level. We are pleased to report that 71,400 tons of CO₂ has been saved during the year 2010-2011 through our Waste Heat Recovery Plants.

We ensure that environmental preservation and progress go hand in hand, and we have initiated and invested in a number of programs that has shown results and will go a long way in maintaining a clean and green environment for our future generations.

Not just on the environmental front, we have also been actively working towards raising the living standards of the communities that surround us and the society as a whole.

We have contributed considerable amount from our profits towards developmental and philanthropic initiatives every year. For us, we take this as our responsibility to address the issues of our stakeholders and environment.

The year 2011 marks the beginning of our efforts towards reporting our sustainability initiatives as per the set standards of Global Reporting Initiative (GRI), which will continue in the years to come. With the publication of this report, we pledge to remain committed to our social responsibility and to promote sustainable practices.

Muhammad Ali Tabba
Chief Executive



ORGANISATIONAL
PROFILE

About Lucky Cement

Lucky Cement Limited is sponsored by Yunus Brothers Group (YB Group), which is one of the largest business groups of the Country, based in Karachi and has grown remarkably over the last 50 years.

Lucky Cement came into existence in 1996. It is Pakistan's largest cement manufacturing Company with the production capacity of 7.75 million tons per annum. LCL is also Pakistan's first and largest exporter of loose cement and

is the only cement manufacturer to have loading and storage terminal at Karachi Port. Other exclusive attributes that allow Lucky Cement to stand ahead of its competitors is its transportation fleet of 77 bulkers as well as 2 ship loaders

In 2010 – 2011, the local sales volume registered a growth of 11.07% from 3.12 million tons cement sold last year to 3.46 million tons during the year under review.

Further, the export sales volume plunged sharply by 32.9% from 3.51 million tons last year to 2.35 million tons, thus resulting in achieving Rs. 26.01 Billion of revenue as compared to last year amounting to Rs. 24.5 Billion.

The Company has a strong balance sheet with Reserves and Surplus of Rs. 27.7 billion and debt equity ratio of 0.024 as at June 30, 2011.

Nature of ownership and legal form

Lucky Cement Limited was incorporated in Pakistan on September 18, 1993 under the Companies Ordinance, 1984 (the Ordinance).

The shares of the Company are quoted on all the three stock exchanges in Pakistan. The Company has also issued Global Depository

Receipts (GDRs) which are listed and traded on the Professional Securities Market of the London Stock Exchange.

The shareholding pattern of the Company is given below:

Shareholders' Category	No. of shares as at June 30, 2011	Shareholding %	No. of shares as at June 30, 2010	Shareholding %
Directors, CEO and their spouse and minor children	95,928,999	29.66%	95,928,999	29.66%
Associated companies, undertakings and related parties	31,455,575	9.73%	31,455,575	9.73%
NIT and ICP	15,353,130	4.75%	6,737,252	2.08%
Banks, Development Finance Institutions, Non-Banking Financial Institutions, Insurance Companies, Modarabas and Mutual Funds	16,743,086	5.18%	27,219,289	8.42%
Public Sector Companies and Corporations	4,477,920	1.38%	4,517,866	1.40%
General Public				
· Local	28,355,285	8.77%	30,872,838	9.55%
· Foreign	108,391,856	33.52%	71,577,352	22.13%
Others	22,669,149	7.01%	55,065,829	17.03%
	323,375,000	100.00%	323,375,000	100.00%

The shares of the Company in the form of Global Depository Receipts (GDRs) are listed on the Professional Securities Market of the London Stock Exchange. Each GDR represents

4 ordinary shares of the Company with two way fugibility i.e, from GDRs to Ordinary Shares and vice versa. The GDR holders do not enjoy any voting rights. Out of the total GDRs

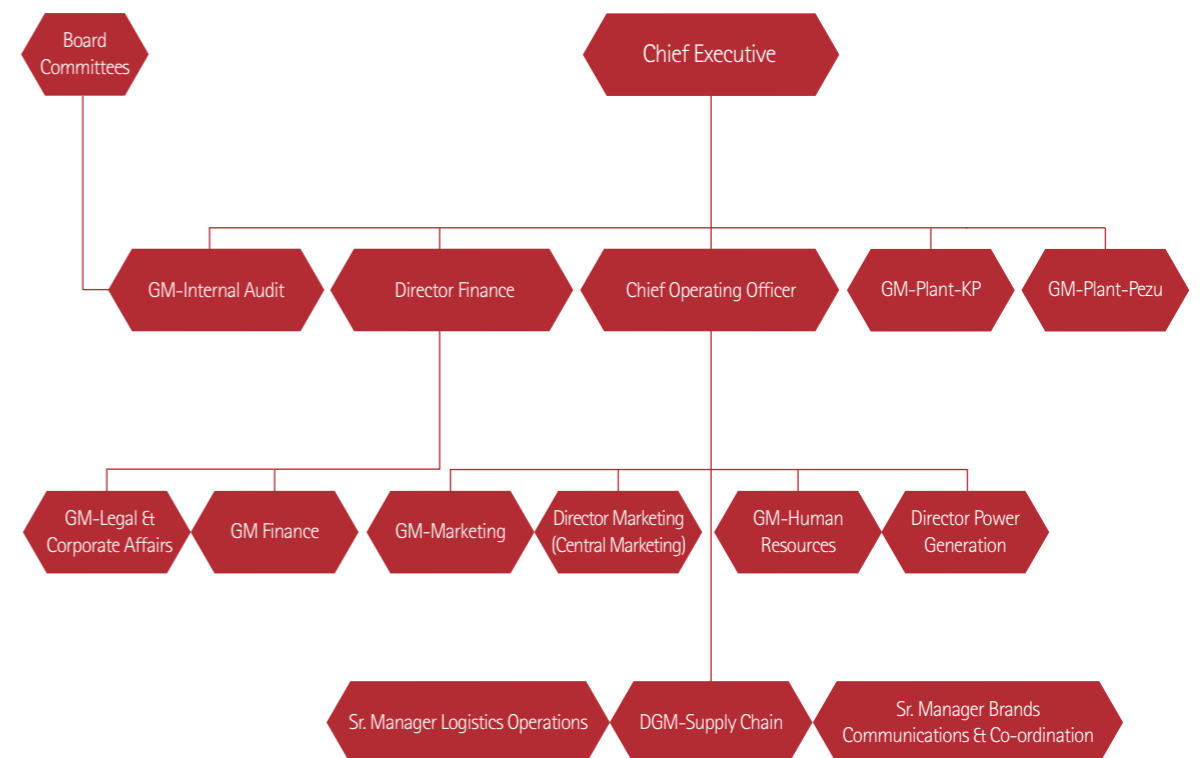
Issued in May, 2008, a substantial number has been converted into ordinary shares.

Organisational Structure

Lucky Cement operates two plants where it manufactures Ordinary Portland Cement, Sulphate Resistant Cement and Slag Cement. One plant of Lucky Cement is at Karachi, Sindh and the other is located at Pezu district/Lakki Marwat, Khyber Pakhtunkhwa.

The Pezu plant came into existence in 1996 with a daily production capacity of Unit I of 4,200 TPD (Tonnes per Day). Later in 1999, the capacity of the unit was increased to 4,800 TPD and it (Kilns A & B with 2,400 TPD each). During year 2005/06, Unit II of the plant was commissioned comprising Kilns C & D having capacity of 3,300 TPD each.

The project implemented at Karachi plant of Lucky Cement has three kilns; Kiln E, Kiln F and Kiln G. Each kiln has a clinker production capacity of 3,300 TPD. Kilns E and F have been in operation since October 2006 while Kiln G started operation in January 2009.



Corporate Headquarter

6-A, Muhammad Ali Housing Society,
A. Aziz Hashim Tabba Street,
Karachi – 75350

Primary Brands

Lucky Cement aims at producing cement to suit every user. The following types of cement are available:

- Ordinary Portland Cement
- Sulphate Resistant Cement

Ordinary Portland Cement (OPC)

Ordinary Portland Cement is available in darker shade as well as in light shades in Lucky Star with different brand names to suit the requirement of users.

It is used in all general constructions especially in major prestigious projects where cement is to meet stringent quality requirements; it can be used in concrete mortars and grouts etc.

Ordinary Portland Cement is compatible/consumable with admixture/retarders etc.

Sulphate Resistant Cement (SRC)

Sulphate Resistant Cement's best quality is to provide effective and long lasting strength

against sulphate attacks and is very suitable for constructions near seashores as well as for

canal linings. It provides very effective protection against alkali attacks.

Brands Available at Lucky Cement



- Lucky Cement (Regular)
- Lucky Star
- Lucky Gold
- Lucky Sulphate Resistant Cement
- Lucky Block Cement

Cement Manufacturing Process

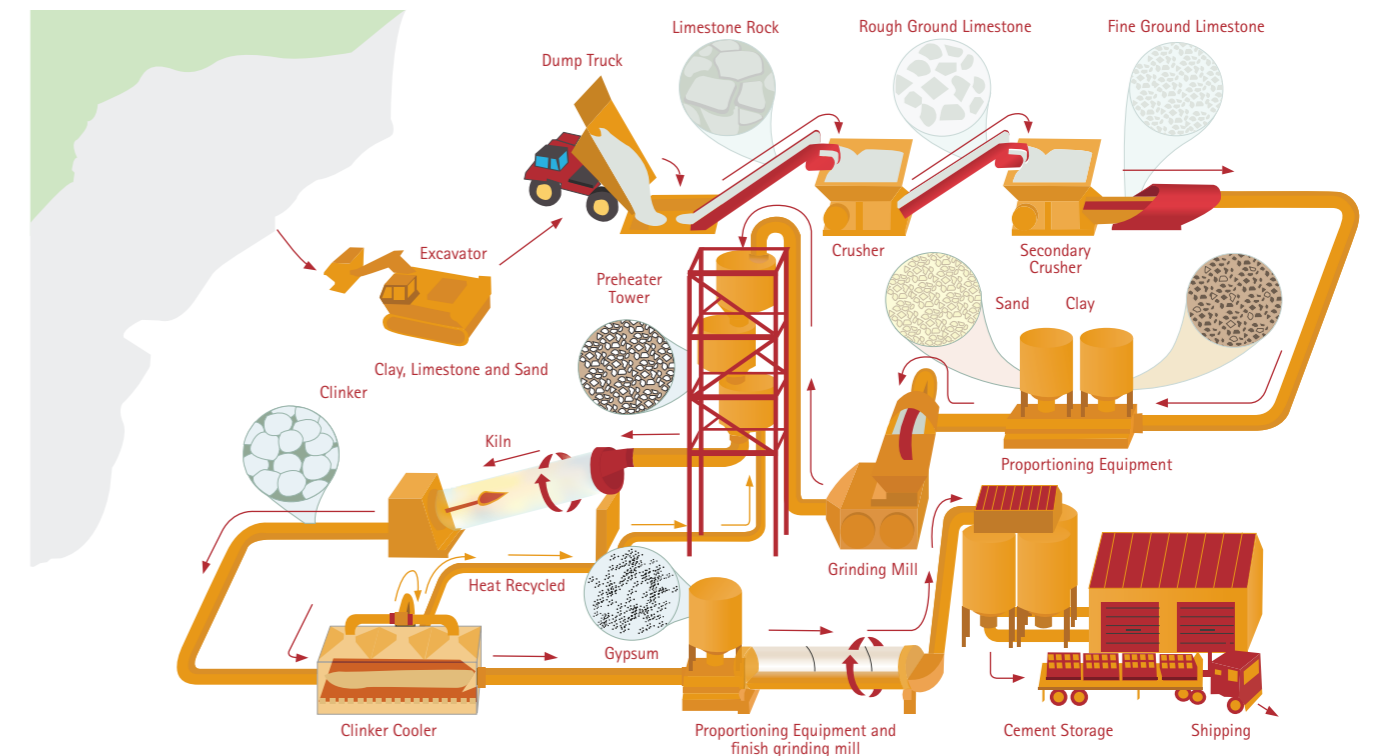
The production of cement includes mining, crushing and grinding of raw materials (principally limestone and clay); calcining the materials in a rotary kiln; cooling the resulting clinker; mixing the clinker with gypsum; milling storing and bagging the finished cement.

The extraction of limestone is made from the quarry near the plant site and is transported to the crusher by dumpers. The limestone is then crushed

to the required size and is blended in large stockpiles. Corrective materials are then added so as to achieve the desired raw mix. This raw mix is converted to fine powder in the raw mill which is then stored in large blending silos.

Coal is procured from outside, which is crushed at the coal crusher and grinded to fine powder in the coal mill. This is used as fuel for firing in the pre-heater and kiln system. The raw meal stored in

the silos goes through the pre-calciner and is pre-heated before going into the kiln. Pre-calcined raw meal is burnt inside the kiln at a high temperature to produce clinker. Hot clinker is then cooled and stored in stockpiles or silos. At the Cement Mill, gypsum, other additives and cementitious materials are added and grinded to make cement. The cement is then stored in blending silos and is packed and distributed to different places in bags or bulk containers from the cement storage.



Markets Served

The Company has successfully established a well-diversified export market to mitigate the risk of shortfall in exports. The high quality cement produced by the Company is being

exported to many countries including India, Sri Lanka, Central Asian countries, Afghanistan, Iraq, Saudi Arabia, UAE, East Africa countries and its brand is recognized and known as the

best quality product amongst high profile buyers. The Company is also focusing to capture the demand coming in the local market for increasing its market share.

2011: The 'Year of Change'

As we work our way through the challenges of being ahead of the rest, we have shown the spirit, courage and confidence of changing the way the World sees us. We

have not only changed the way we work, but have also challenged ourselves to change the way we think. Over the years, the Company has grown substantially, which

has brought us face to face with the increased expectations and wide variety of needs of the stakeholders.

Here is how we have addressed to the challenges of Change:

The New Corporate Identity

We have recently introduced our new identity which marks a significant milestone in our history. The centrepiece of our identity is our logo. The hexagon presents the values and attributes that is our strength and represents our quality parameter. Our quality parameter comprises of our promise to be

equipped with state of the art technology, our foresight and innovation to compete with international standards, our commitment to quality and maintaining the diversity of our portfolio to meet customer needs. Our logo represents the core values, ones that we uphold and live by.

Our new identity reflects our acceptance towards modern and innovative business practices, smart investment moves, diversity in human resources and unconventional approaches towards building our corporate image.

Supply Chain Management

As we expand the depth of our operations, our main focus is being the industry trend-setter in a cost efficient manner. In the current market scenario, where only cost efficiency can help a company survive the competition, we are not only focused on cost reduction, but we aim at delivering the product to the right place at the

right time. This calls for a well-defined integrated supply chain management program that offers high-quality and low-cost products within the shortest possible lead time. Our procurement process is directly beneficial for all the stakeholders. Our combined purchase strategies give us the leverage and add to our

negotiation strength. We have redesigned our internal process in a way that it is in the best interest of all the stakeholders.

Our team consists of individuals with the ability to network and coordinate with our suppliers of goods, services, transportation and warehousing.

Strategic Changes in Organisational Operations

There is no single formula for success as it has many diversified facets. Recently, we welcomed our Chief Operating Officer to our clan. This marked the beginning of the change which we had envisioned – the need for repositioning ourselves in the face of competitive conditions. We are not only

introducing young blood in our all lines of management, but are also establishing proper channels for supply chain management and brand development.

We have changed our organisational design as such that we are now a matrix organisation,

having functional reporting structures and our Governance body is in line with the best Corporate Governance practices.

We have grown from being an owner-managed company to pro-employee company, focused on people development and professional management.

IT Development

With growing business needs, we have adopted customized management information systems to provide efficient business solutions. Therefore, our management team played a strategic

role in process development and meeting the ever-increasing business challenges.

This year, we have migrated our information management systems to an advanced version

of Oracle 10G, giving a new interface to our in-house developed application modules. This year, we have also focused on automating the business processes at plants for efficient and smooth running of the processes.

Investment in international projects

Maintaining its leadership position in the Pakistan, Lucky Cement is all set to expand its horizon in international front by investing in a project in DR Congo. Lucky Cement plans to form a joint venture with Group Rawji of

Democratic Republic of Congo to build a 1.18 million-ton capacity plant in Congo, which is expected to take an estimated time of three years for completion.

This plan is a result of our foresightedness as Lucky Cement sees this project as an opportunity to have strong footing in the continent and a way to reach the neighbouring markets.

Energy Efficiency

Energy efficiency is a powerful and cost-effective path towards achieving a sustainable future. We have taken numerous initiatives towards saving energy. We have substantially reduced our Carbon Dioxide emissions by state-of-the-art Waste Heat

Recovery Plant at our production facilities, which qualifies us for Carbon Credits. We are now planning to replace Coal burning by Tyre Derived Fuel (TDF). This project is a value-addition in cement manufacturing sector as it contains about the same amount of energy as oil and

25% more energy than coal. This means that each ton of the TDF used can replace the impacts of 1.25 tons of coal and coal mining and reduces Carbon emission by 19%. Lucky Cement also has the credit of preparing feasibility and educating other players in the industry.

Smart Logistical Set-up

Making logistical arrangement easier, Lucky Cement acquired multi-purpose trailers, capable of moving any kind of consignment, either bagged or in raw form. This has made LCL the first cement producing company to have its own multi-purpose transportation system.

However, in order to optimally utilize the resources, our management came up with the idea of acquiring multi-purpose trailers to move all kinds of payload.

Our Karachi Plant Logistics Department, with guidance of our senior management, worked tirelessly to turn this idea into a workable reality and set a new trend in the cement industry. In

the first phase, 18 trailers have been inducted in our transportation fleet. These trailers are used to transport bagged cement from factory to port and on return they carry Coal from port to factory. These trailers can carry goods upto 80 tons. This venture does not only strengthen the overall logistical capacity of Lucky Cement, but also reduces heavy transportation cost and the cost of outsourcing transport contractors.



AWARDS AND ACHIEVEMENTS

Awards received in the reporting period

Lucky Cement has a strong tradition of excellence in all aspects of business. A long and growing list of Awards and Achievements demonstrates the values that make Lucky Cement a successful Company and a strong corporate citizen. Lucky Cement is proud to receive the following distinctions during the year:

National CSR Excellence Award



Appreciating and acknowledging Lucky Cement's continuous efforts to raise the Educational and Health standards and Environment-friendly business practices,

CSR Association of Pakistan awarded Lucky Cement with the National CSR Award. Each year, these awards are given to companies that play active roles in fulfilling their

Corporate Social Responsibility.

Lucky Cement receiving this Award for two consecutive years.

Brand of the Year Award

Lucky Cement was declared as the Brand of the Year - 2010 in category of cement.

This award represents our increasing brand popularity, product availability, quality and consistency.



Annual Environment Excellence Award

National Forum for Environment and Health (NFEH) awarded Lucky Cement with the Environment Excellence Award 2011 to recognize a number of Lucky Cement's pro-environment initiatives including installation of Waste Heat Recovery Plant at its production facilities, active participation in various community based environmental

programs including efforts to promote "cleaner and greener" Pakistan by cycling and beach cleaning initiatives and association with the President of Pakistan's Forestation Program to contribute towards a cleaner environment. NFEH is affiliated with United Nations and is supported by Ministry of Environment, Government of Pakistan.



Recognitions from Chamber of Commerce and Industry:

- Karachi Chamber of Commerce and Industry: Awarded the Export Trophy to Lucky Cement for highest exports of cement from Pakistan.
- Khyber Pakhtunkhwa Chamber of Commerce and Industry: Awarded the following distinctions:

Top Sales Tax Payer • Top Income Tax Payer • Top Exporter • Top Importer • Exports Trophy 2009 – 2010



REPORT PARAMETERS

Reporting period

This is the first Sustainability Report of Lucky Cement Limited. The report covers initiatives taken by the Company towards its engagement with the environmental and socio economic performance.

Reporting cycle

Lucky Cement has prepared its first annual stand-alone Sustainability report for the period from July 1, 2010 to June 30, 2011. The report contains quantitative data for the above

mentioned period where as the initiatives taken by the Company and the qualitative data has been presented from July 2009 to June 2011. This report is prepared in accordance with level

A requirements of G3-1 guidelines of Global Reporting Initiative (GRI). For GRI Content Index, log on to our website www.lucky-cement.com.

Contact point for questions regarding the report or its contents

For clarification on the Report, please contact the Corporate Communication Department at the Head Office, or via e-mail; ruhail@lucky-cement.com

Process for defining report content

The report reflects the material issues which have significant economic, environmental and social impacts that can substantially influence the assessment or decisions of our stakeholders. The Company continues to

proactively engage with key stakeholders, who either have a major interest or are significantly affected by our operations, products or services. All the issues which are significant in nature considering the concerns

of the stakeholders and the Company are analysed in the materiality graph as mentioned below. These issues are covered in detail in the remainder of the report.

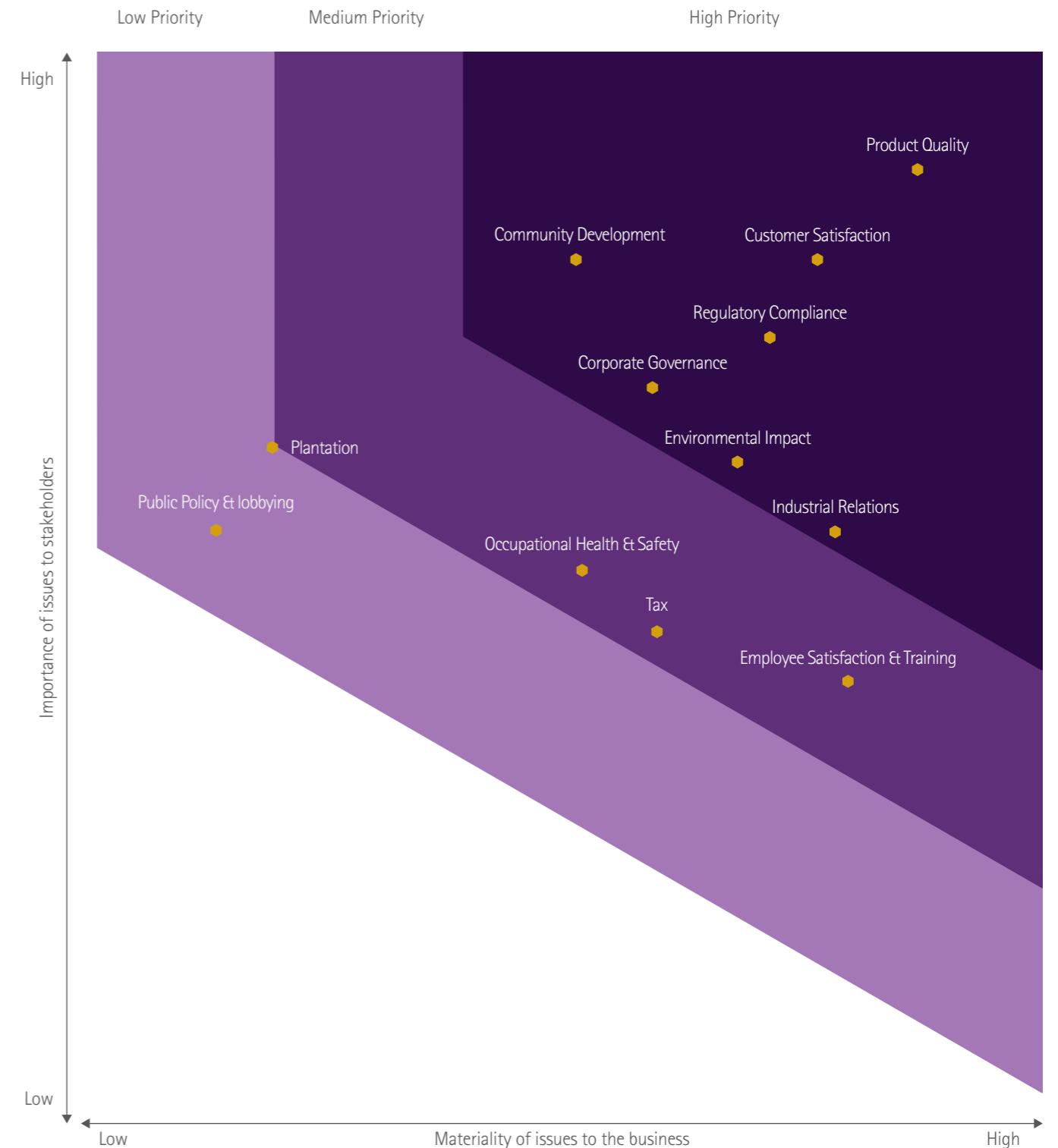
Boundary of the report

The operations of only Lucky Cement Limited (one of the Yunus Brothers' group companies) are included for the purpose of this report. The other associated entities are not covered in this report.

Data measurement techniques and the basis of calculations

All performance indicators are reported on actual data except for a few environmental KPIs which are reported on management best estimates (mentioned specifically in the GRI Content Index of relevant sections).

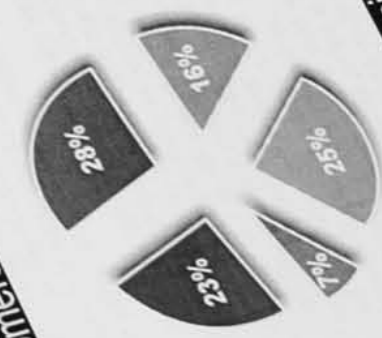
Sustainability Materiality Matrix



GOVERNANCE & COMMITMENTS



	a	b	c	d
1	1127	27	17	1520
2	2328	8	18	16346
3	4396	56	19	8175
4	5414	19	20	1834
5	6587	21	21	1956
6	7623	22	22	2013
7	1520	23	23	2136
8	16346	24	24	2223
9	8175	25	25	44520
10	1834	26	26	2346
11	1956	27	27	9135
12	2013	28	28	2434
13	2136	29	29	5356
14	2223	30	30	1613
15	44520	1	1	4
16	2346	2	2	5
17	9135	3	3	34
18	2434	4	4	5
19	5356	5	5	34
20	1613	6	6	5
21	4	7	7	13
22	5	8	8	36
23	34	9	9	36
24	5	10	10	2
25	34	11	11	4
26	5	12	12	11
27	34	13	13	11
28	5	14	14	11
29	34	15	15	11
30	5	16	16	11
31	34	17	17	11
32	5	18	18	11
33	34	19	19	11
34	5	20	20	11
35	34	21	21	11
36	5	22	22	11
37	34	23	23	11



Governance Approach

The Company is fully committed to practicing sound corporate governance and upholding the highest standards in conducting business. Being a value driven organisation, the Company has always worked towards building trust with shareholders, employees, customers, suppliers and other stakeholders based on the principles of good corporate

governance, viz., integrity, equity, transparency, fairness, disclosure, accountability and commitment to values.

The Company fosters culture in which high standards of ethical behaviour, individual accountability and transparent disclosures are ingrained in all its business dealings and

shared by its board of directors, management and employees. The Company is fully equipped with systems and procedures to ensure that its board of directors is well-informed and well-equipped to fulfil its overall responsibilities and to provide the management with the strategic direction needed to create long-term shareholder value.

Board of Directors and Committees

The Company follows a unitary board structure which consists of an optimum combination of executive and non-executive directors. All the directors bring a wide range

of experience to the board, thereby ensuring best interest of stakeholders and the Company. The vision, mission and values of the Company steer the decisions of the board

of directors. The board meets at least once in every quarter. However, additional meetings are also held on as-and-when need basis.

Composition of Directors, Other Directorships and Attendances

Name of Directors / Chief Executive	Designation / Category (Executive / Non-Executive)	No. of Directorships			Board Meetings Attended (Total held: 4) 2010-2011	Audit Committee Meetings Attended (Total held: 4) 2010-2011
		Public		Private		
		Quoted	Unquoted			
Mr. Muhammad Yunus Tabba	Chairman / Executive	3	3	2	4	N/A
Mr. Muhammad Ali Tabba	CEO / Executive	2	4	5	4	N/A
Mr. Muhammad Sohail Tabba	Director / Non-Executive	3	4	3	2	2
Mr. Imran Yunus Tabba	Director / Non-Executive	2	4	2	4	2
Mr. Jawed Yunus Tabba	Director / Non-Executive	4	3	3	3	3
Mrs. Rahila Aleem	Director / Executive	2	2	-	4	N/A
Mrs. Mariam Tabba Khan	Director / Non-Executive	3	4	2	3	2
Mr. Ali J Siddiqui	Director / Non-Executive	2	-	-	2	2
Mr. Manzoor Ahmed	Director / Non-Executive	Nominee of NIT	Nominee of NIT	Nominee of NIT	4	N/A

Board Committees



Audit Committee

The committee is chaired by Mr. Muhammad Sohail Tabba. Sohail Tabba has vast experience in the manufacturing sector and is currently heading Spinning Mill in the country as Chief Executive. At present, the committee comprises of 5 members, all of whom are non-Executive Directors. The function of the audit committee

is to enhance confidence in the integrity of an organisation's processes and procedures relating to internal control and corporate reporting. The committee is entrusted to ensure the transparency and accuracy of financial reporting and disclosures, effectiveness of external and internal audit

functions, robustness of the systems of internal audit and internal controls and effectiveness of compliance systems. The significance of Audit Committee has become more prominent in today's complex business environment thus resulting in ever increasing need for the board to evaluate performance.

Budget Committee

The core objectives of the Budget Committee are to ensure that the Company's budget supports the overall Mission. The committee is chaired by Mr. Jawed Yunus Tabba, having rich experience of export and manufacturing activities in textile industry. The function of the committee includes:

- Review and analyse the annual and revised budgets as prepared by the Company and recommend the final budget to the Board for its approval.
- Review and analyse the budget comparison with actual results on quarterly and annual basis and give appropriate direction for corrective measures in case of major variances.
- To recommend any matter of significance to the Board of Directors.

Human Resource & Remuneration Committee

The Committee, headed by Mrs. Mariam Tabba Khan has following principal functions:

- To review and advise on the Human Resource policies of the Company and its revision from time to time as and when required.
- To determine the remuneration and terms of service of the Chief Executive, executive directors and other non-board Directors of the Company including their performance benefits and other benefits such as gratuity, medical, bonus, cars/car allowances and other contractual terms.
- To ensure that the best practices are adopted by the management of the Company
- To review and advice on the training, development and succession planning for the senior management of the Company.
- To devise a mechanism for the approval of HR related policies of the Company.
- To recommend any matter of significance to the Board of Directors.

Corporate Governance Committee

Corporate Governance Committee rounds out the other three standing committees of board of directors. It plays a critical role in overseeing

matters of corporate governance for the board, including formulation and recommendation of governance principles and policies. The committee

is headed by Mr. Manzoor Ahmed, having experience of over 20 years in financial sector. The main functions of the committee include;

- To adopt appropriate corporate governance policies and procedures.
- To provide orientation and training programs for board members.
- To review the Company's "Statement of Compliance with the Code of Corporate Governance Practices".
- To review Report to the Members on Statement of Compliance with the Best Practices of the Code of Corporate Governance.
- To identify and assess the potential probable compliance risk and to devise measures to mitigate the impact of its contingencies.
- To recommend any matter of significance relating to the Corporate Governance to the Board of Directors.
- To comply with the Code of Corporate Governance prevailing in Pakistan as well as to introduce International best practices.



Mechanism for providing information and recommendation to board

Employees

The Company has appropriate mechanism to address employees' recommendations. Employees concerns are addressed through a dedicated

e-mail id feedback@lucky-cement.com. The CEO monitors all the e-mails himself and where the issue is clearly of a significant nature

such concerns are addressed in the meetings of Board of Directors or at management level, as the case may be.

Shareholders

Every year the Company calls the Annual General Meeting of shareholders in accordance with the requirements of the Companies Ordinance, 1984. The board along with the

Chairman and Director Finance attend the meeting. The interactive session between the Company's management and shareholders allows the shareholders to ask questions on

financial, economic, social and any other issue and to provide any recommendation. The board responds to all such queries and takes necessary actions accordingly.

Remuneration of Board of Directors

The remuneration of Chairman, Chief Executive and other Executive Directors are linked to their performance. The performance criteria are finalized by the board on the

recommendation of HR and Remuneration Committee. These criteria are based on the financial performance and other parameters related to growth of the Company.

The Non-Executive Directors are paid fixed remuneration as fee for attending board meetings.

Managing Conflict of Interest

The Company in compliance with the Code of Corporate Governance annually circulates and obtains a signed copy of Code of Conduct applicable to all its employees and Directors. Further, the directors are annually reminded of the insider trading circular issued by the Securities Et Exchange Commission of Pakistan to avoid dealing in shares while they are in possession of the insider information.

The directors of the Company are required as per the provisions of the Companies Ordinance, 1984 to provide to the Board complete details regarding any transaction of a material nature they are entering into with the Company in their individual capacity which may bring conflict of interest with the Company for prior approval of the Board. The interested director(s) do not participate in the discussion, neither they vote on such matters.

During the year there were no such transactions of material nature with the Directors which are in conflict of interest with the Company.

The transactions with all the related parties are made on arms-length basis and complete details are provided to the board for their approval. Further, all the transactions with the related parties are fully disclosed in the annual accounts of the Company.

Reporting of Information to the Board

The prevailing operational structure of the Company consists of different functional departments each of which is headed by a General Manager. The General Managers are responsible for providing timely information to the board committees on the performance of the respective department. Further information regarding any matter of concern or recommendation is also put forward by the department to the respective committee. Thus the mechanism evidences not only quick communication but also provides them the opportunity to furnish recommendations relevant to their business operations.



The following information is provided to the Board of Directors

Economic

- Annual Operations plans .
- Capital and revenue budgets.
- Quarterly financial results.
- Any sale and / or purchase of material nature of assets not in the ordinary course of business.
- Proposals for foreign and local investments to be made.
- Details of any collaboration agreements.
- Details of amounts spent on social responsibility.

Compliance

- Details of all related party transactions pursuant to sub Regulation (iii) of Regulation 37 of Code of Corporate Governance.
- Materially important discussion papers issued by regulatory authorities.
- Minutes of meetings of Board of Directors.
- Appointment of External Auditors.

Environmental

- Measures to reduce carbon emissions which includes use of alternative fuelling method.
- Operation of Waste Heat Recovery systems.

Evaluation of Board's Performance

The Corporate Governance Committee receives input on the Board's performance from Directors, which are then discussed with the

Chairman of the Company in presence of the full board. Based on such discussion, the Board of Directors self evaluates board's performance

to determine whether the board and its committees are functioning effectively with sound business principles.

Corporate Affiliations



Lucky Cement is proud to be a leading member of the Pakistan Business Council (PBC). PBC was established by 14 of the country's leading Groups and Companies that cover a diversity of business activities. It has been created as a forum for Pakistani business to address the challenges arising from progressive global and regional free trade, and from the relatively sluggish trends in current national investment flows, against the much higher levels needed to sustain GDP growth.

PBC's work would consist of producing position papers for review by business and appropriate Government authority; holding lectures and seminars; and sponsoring research. In time, PBC would expect to be able to broaden its membership and activities, to include advisory and consultative services both to Pakistani and foreign investors.



Good corporate governance is an essential pre - requisite for the integrity and credibility of any company. It builds greater confidence and trust by ensuring transparency, fairness and accountability with respect to shareholders and other stakeholders. Giving due importance to this objective, Lucky Cement has obtained corporate membership of the Pakistan Institute of Corporate Governance (PICG). PICG aims to strengthen compliance and conformance by companies, corporations and other institutions to applicable laws and regulations and generally to enhance self-regulating practices that are

comparable with the best global practices in good governance. PICG is involved in training and education, creating awareness, undertaking research, publishing guidelines and other resource material. It also provides a forum for discussion on corporate governance.

Being an associate member of the PICG, Lucky Cement aims to take full advantage of these resources at PICG to implement best practices and good corporate governance throughout the Company.

Corporate Affiliations



Lucky Cement is also corporate member of CSR Association of Pakistan. The CSR Association of Pakistan promotes CSR principles and practices to businesses in Pakistan because it makes companies more innovative, productive, and

competitive. Lucky Cement has always taken its social and environmental responsibilities seriously and has always been a generous contributor in philanthropic projects.



National Environmental and Quality Standards

National Environmental Quality Standards (NEQS) relates to municipal and liquid industrial effluents, industrial gaseous emissions and motor vehicle exhaust and noise. It regulates the air emissions and effluents of industry and other big polluters. The Company regularly conducts testing of its gases emissions including particulate matter which has always resulted in satisfactory compliance with the NEQS control limits.

Compliance





STAKEHOLDERS
ENGAGEMENT

Stakeholders Engagement

The Company follows a symbiotic approach with its various stakeholders and believes that if it fulfils their concerns and expectations, the

stakeholders will identify their prosperity and well-being with the growth of the Company and support the Company in ensuring its long term

and sustained growth. The Company is driven by the needs of its customers, shareholders, local communities and the society at large.



The Company is driven by the needs of its customers and shareholders, local communities and the society at large.

Stakeholders Expectation



Employees

Lucky Cement considers employee development a critical success factor and has initiated the following programmes to engage with employees and their family members.

Activity	Activity Details	Frequency																		
Employee Trainings	Employee training sessions are conducted to help develop the human capital professionally and keep them updated and acquainted with the ongoing and emerging changes in the environment	Ongoing																		
	<table border="1"> <thead> <tr> <th>Trainer/Organiser</th> <th>Theme</th> <th>Attendees/Trainees</th> </tr> </thead> <tbody> <tr> <td>Pakistan Institute of Management</td> <td>Preparation of Human Resource Policy Manual</td> <td>Khalid Ghafoor (HR) Adeel Ghani (HR)</td> </tr> <tr> <td>Pakistan Institute of Management</td> <td>Diploma in Supply Chain Management</td> <td>Tahir Saeed (SCM)</td> </tr> <tr> <td>International Learning Centre - Berlitz</td> <td>Mandarin Language</td> <td>Khurram Maqsood (SCM)</td> </tr> <tr> <td>Centre for Executive Education - IBA</td> <td>Fundamentals of Supply Chain Management</td> <td>Muhammed Athar (SCM)</td> </tr> <tr> <td>Muhammed Athar (SCM)</td> <td>Branding, Production and Properties of Cement, Selling Process etc.</td> <td>Sales and Marketing Staff</td> </tr> </tbody> </table>		Trainer/Organiser	Theme	Attendees/Trainees	Pakistan Institute of Management	Preparation of Human Resource Policy Manual	Khalid Ghafoor (HR) Adeel Ghani (HR)	Pakistan Institute of Management	Diploma in Supply Chain Management	Tahir Saeed (SCM)	International Learning Centre - Berlitz	Mandarin Language	Khurram Maqsood (SCM)	Centre for Executive Education - IBA	Fundamentals of Supply Chain Management	Muhammed Athar (SCM)	Muhammed Athar (SCM)	Branding, Production and Properties of Cement, Selling Process etc.	Sales and Marketing Staff
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22 Immutable Laws of Branding																				
Complaint and Grievance Mechanism	The Company has a formal complaint and grievance mechanism in place whereby the employees' concerns are raised via a separate official email ID, received and monitored by the CEO of the Company and discussed in the meeting of the Board of Directors.	Ongoing																		

Activity	Activity Details	Frequency
Internal Staff Newsletter	To ensure clear communication among staff members at all levels, an internal staff newsletter is circulated across the organisation which contains a summary of all the happenings and events pertinent to the Company, motivational articles, coverage of important events and also quizzes to keep our employees motivated and up to date.	Quarterly
Long Service Awards	<p>Lucky Cement cherishes the dedication and services of all the employees who have been serving the Company for over more than a decade. To help this cause, Long Service Awards Ceremony is held to appreciate the untiring efforts of the employees long associated with the Company.</p> <p>During the year, a grand award ceremony for acknowledging the service of the employees was held where awards and gifts were given to the employees who have been associated with the Company for 15 years or more. There were around 50 such employees. This reaffirmed the commitment of the management, with the employees to continue working for employee welfare and took assurance from the employees that they will continue working towards the betterment of the Company.</p>	Annual
Occupational Safety and Health Awareness Programmes	This includes internal communication channels such as supervisor-worker meetings, internal newsletter, and internal safety workshops that are aimed at educating employees about safety rules, basic first-aid, basic life support and fire fighting trainings to have a safe and preventive work environment.	Ongoing
Interviews with Employees	The Company conducts interviews with their employees to cherish the long term association of the employees with the Company	Quarterly



Interviews with Employees (Quarterly)

The Company conducts interviews with their employees to cherish the long term association of the employees with the Company



Staff and Family Picnic (Annual)

The Company organises recreational picnics for the staff and their family members to help employees relax and get some break from the daily monotonous work-life.

Customers

The Company engages with its customers through multiple channels to know the pulse of the customers, improve existing products and develop new products and services to meet the customers' aspirations and requirements.

Activity	Activity Details	Frequency
Customer Satisfaction Feedback	To help improve the product and service; meet the customer needs and expectations, feedback from customers is sought by circulating customer feedback form at the time of transactions with them. This ensures continuous customer engagement with the product and help the Company remain competitive in the market.	Ongoing
Customer Satisfaction Survey	Customer Satisfaction Surveys are conducted as part of the market research activities to research and know more about the customer to respond accordingly.	Annual

Shareholders and Investors

While taking decisions on products, targets, costs and capital investments, the Company ensures that the funds are prudently utilised and effectively channelised to focus on growth oriented projects. The Company strategically invests in products, services and facilities that are safe and beneficial for the society and other stakeholders.

Activity	Activity Details	Frequency
Annual General Meeting	The Company convenes AGM in accordance with the Companies Ordinance, 1984. AGM provides a good platform to engage with the shareholders and listen to their views and suggestions	Annual
Financial Reporting	The Company being a listed company publishes its periodic financial statements (annual, half-yearly and quarterly) at the stock exchange and makes it available as well at the Company's website so as to communicate the Company's financial results to the shareholders and potential investors.	Periodic (Annual, Half-yearly and Quarterly)

Activity	Activity Details	Frequency
Investors Relations	<p>The Company realises the importance of interaction with the existing and potential shareholders and investors and hence participates in various local and international investor conferences held from time to time to help boost the investor base of the Company so as to expand it.</p> <p>In the above context, the Company has been attending the Pakistan Day Conferences held in New York and Singapore to meet and interact with existing and potential investors for attracting foreign investment to the Company which are attended by banks, asset management, insurance companies and various other corporate individuals. During the year, the management participated in the Company specific investor conference organised by Arif Habib here in Karachi. The conference was well attended and appreciated.</p>	Ongoing
Stock Exchange Notifications	<p>In compliance with the Code of Corporate Governance under the listing regulations of the stock exchange, the Company notifies information to the stock exchange from time to time. This helps the shareholders remain connected with the Company. The notifications mainly include:</p> <p>Financial Results Board of Directors' meetings minutes etc.</p>	Ongoing

Dealers

The dealers and their sales executives are the first point of contact for the Company's customers. Therefore, their feedback is given utmost consideration while upgrading products and services of the Company. The Company makes effort to upgrade their excellence through various engagement activities.

Activity	Activity Details	Frequency
Dealers' and Retailers' Annual Sales Convention	<p>As a token of appreciation for the Company's dealers and retailers, an annual conference is arranged whereby the dealers and retailers share their thoughts and best practices. Gift hampers and give-aways are also distributed.</p> <p>[During the year, a large event was organised on May 30, 2011 at PAF Museum in which over 1200 cement dealers, retailers and block makers were invited where their efforts to promote and market Lucky Cement were acknowledged and appreciated and prizes and gifts were distributed based on their annual performance.]</p>	Annual



Winners of Lucky Cement's Umrah Scheme.



Welcoming the guests at the Annual Convention.



Lucky Cement's Sales Promotion Scheme.



Marketing team awaiting guests.

Local Community

Activity	Activity Details	Frequency
Engagement with educational institutions and students	The Company engages with various educational institutions and students for providing financial assistance to help boost the educational infrastructure of the country. Such projects include: Karachi School of Business and Leadership The Hub School Project New Academic Block at IBA Lucky City School Primary School in Pezu Ilm jo Sohro Scholarship Programmes etc.	Ongoing
Community Welfare Schemes	The Company has always been involved in the various community development programmes to help improve the infrastructure – an effort to better the lifestyle of the common civilians. This includes the following initiatives: Water and Electricity Supply Scheme at Pezu Flood Relief Campaign Model Village in DI Khan DI Khan Airport Renovation	Ongoing
Engagement with Under-Privileged Classes	The Company has been generously involved in spending for the welfare of the deprived sections of the society to help their miseries and provide a healthy lifestyle. This includes regular and extravagant donations for the benefit of women and children: Women and Children Care Hospital Maternity and Child Welfare Association Children Cancer Hospital Concern for Children Trust etc.	Ongoing
Environmental Protection Measures	The Company through the commissioning of Waste Heat Recovery Projects is converting the waste heat into a primary source of fuel for power generation, thus, resulting in reduction of greenhouse gases emission. As a part of environment protection measures, the Company has planted thousands of trees at both production facilities to make a green belt across the plant sites.	Ongoing

Regulatory Authorities

Activity	Activity Details	Frequency
Industry Representation – All Pakistan Cement Manufacturers' Association	The Company represents the cement industry at the regulatory level to help develop the cement industry of Pakistan by taking initiatives in the interest of the cement manufacturers. In this context, Lucky Cement is the member of All Pakistan Cement Manufacturers Association (APCMA). During the year the Company represented APCMA in its meeting with the Secretary Commerce where the crux of the meeting was to shed some light on the cement exports and the problems being faced by the cement exporters. The GM Marketing gave an overview of Pakistan's exports to India and the Non-Tariff Barriers being faced by the cement industry in the Indian Market. Recommendations were also given as to how the local industry can increase its exports to India	Ongoing
Pakistan Business Council	In order to participate in the public policy development and related implementation, the Company is engaged in lobbying activities and debates with government.	Ongoing
Trade Development Authority of Pakistan	In collaboration with the cement companies of Pakistan, the Company availed government subsidies on inland freight subsidy. This was an effort to encourage cement exports of the country.	Ongoing
State Bank of Pakistan	Financing of international trade.	Ongoing
Securities and Exchange Commission of Pakistan	Disclosures of Company developments.	Ongoing

KEY IMPACTS, RISKS AND
OPPORTUNITIES RELATING
TO SUSTAINABILITY



Key impacts, risks and Opportunities relating to Sustainability

Lucky Cement, like any other responsible corporate citizen is re-defining its business operations in a fundamental way. We are working to promote sustainable development and are integrating our endeavours of profitable growth with the initiatives of environmental protection and uplifting the quality of life of the present and future generations. We have undertaken projects that will enable us to meet the need for global sustainable development while enhancing shareholder value.

Cement is one of the key industries of Pakistan. There are number of hazards characteristic to the cement manufacturing process, including: exposure to dust and heat, Carbon and other gaseous emissions and noise exposure. These hazards mainly impact the workforce associated to the industry and to some extent the local communities. The main issue associated with the industry is of emissions in the atmosphere and energy consumption.

Lucky Cement, addressing these issues, has taken steps such as installing Waste Heat Recovery Plant, which does not need any external fuel to operate and uses the wasted heat from the system as its fuel. This project has enabled us to bring the Carbon emission to minimum level and qualifies us for Carbon Credits. Energy efficiency is a

powerful and cost-effective path towards achieving a sustainable future. We have taken numerous initiatives towards saving energy. Our production lines are equipped with pollutant trapping and suppression systems to control dust particles and other emissions with the help of environment-friendly bag houses and we have planted more than 25,000 trees at our production facility.

Modern Plant infrastructure, operational procedures and practices reduce the risks and hazards from the routine operational activities. Most handling operations are automated to avoid the need for manual intervention and for contact between labours and process materials.

Safety and security of the employees is also taken into consideration and all the measures for health and safety are taken at all levels. For us, safety and security means not just protecting our employees from any hazards, but also taking all the requisite measures to prevent any harm. We ensure that all our stakeholders are protected from any potential hazards. We effectively control any risks to injury or health that could arise at the workplace and educate our employees on how to deal with risks and train them with various first-aid techniques. We regularly arrange fire-fighting sessions at

our Plants to educate our employees about types of fire extinguishers, their uses and other related information. Practical demonstrations along with theoretical explanations are regularly conducted at our factories with skilled instructors.

We organized a session on Basic Life Support training for our employees, which enabled them in identifying several life-threatening emergencies, performing CPR and ease choking in a safe, timely and effective manner.

We have changed our organisational design as such that we are now a matrix organization, having functional reporting structures and our Governance body is in line with the best Corporate Governance practices. We have grown from being an owner-managed company to pro-employee company, focused on people development and professional management.

Lucky Cement is also very concerned about the local communities and actively works on projects that benefit them.

Lucky Cement has always been a step ahead and has played a significant role in bringing about a revolution in the Pakistani cement industry.

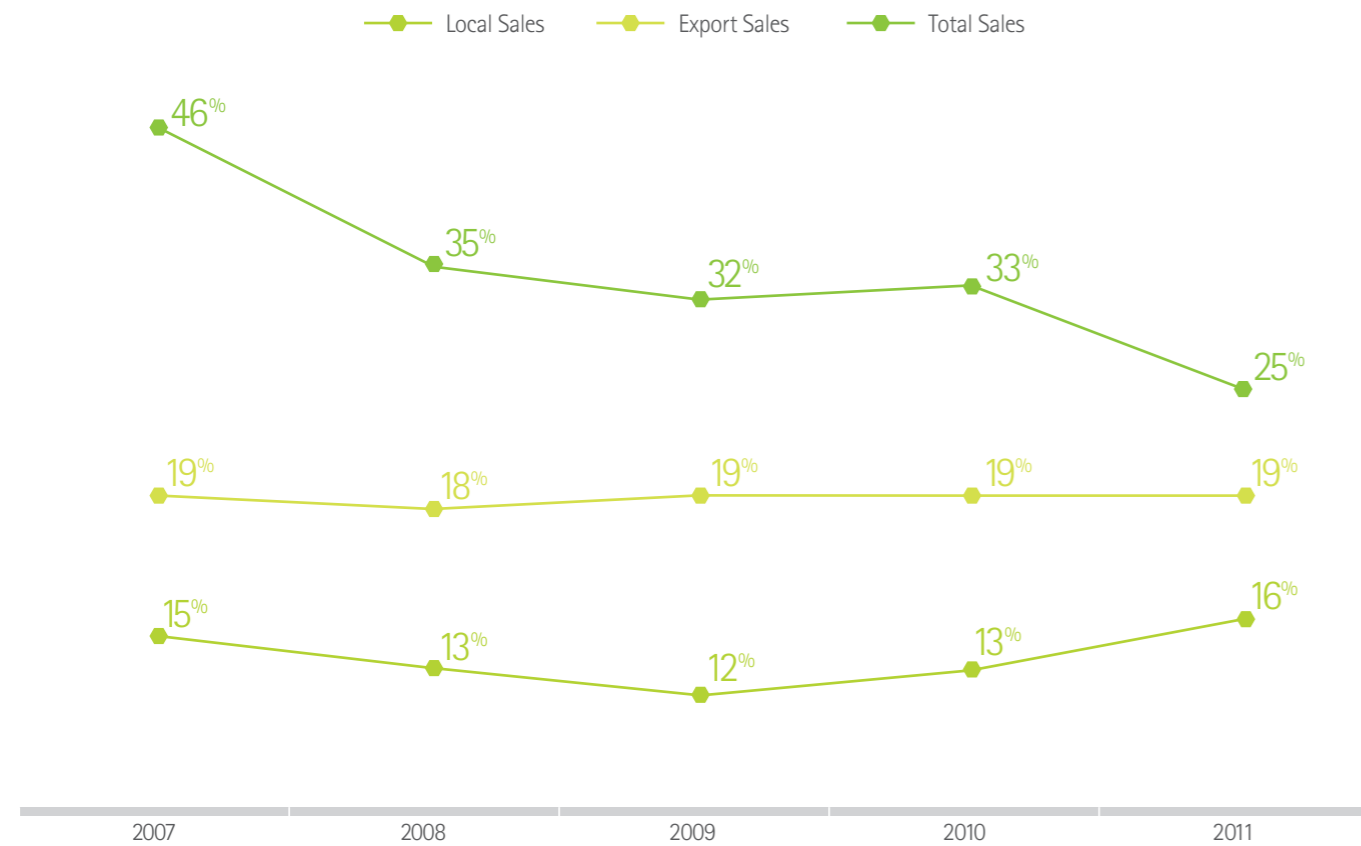




ECONOMIC
PERFORMANCE

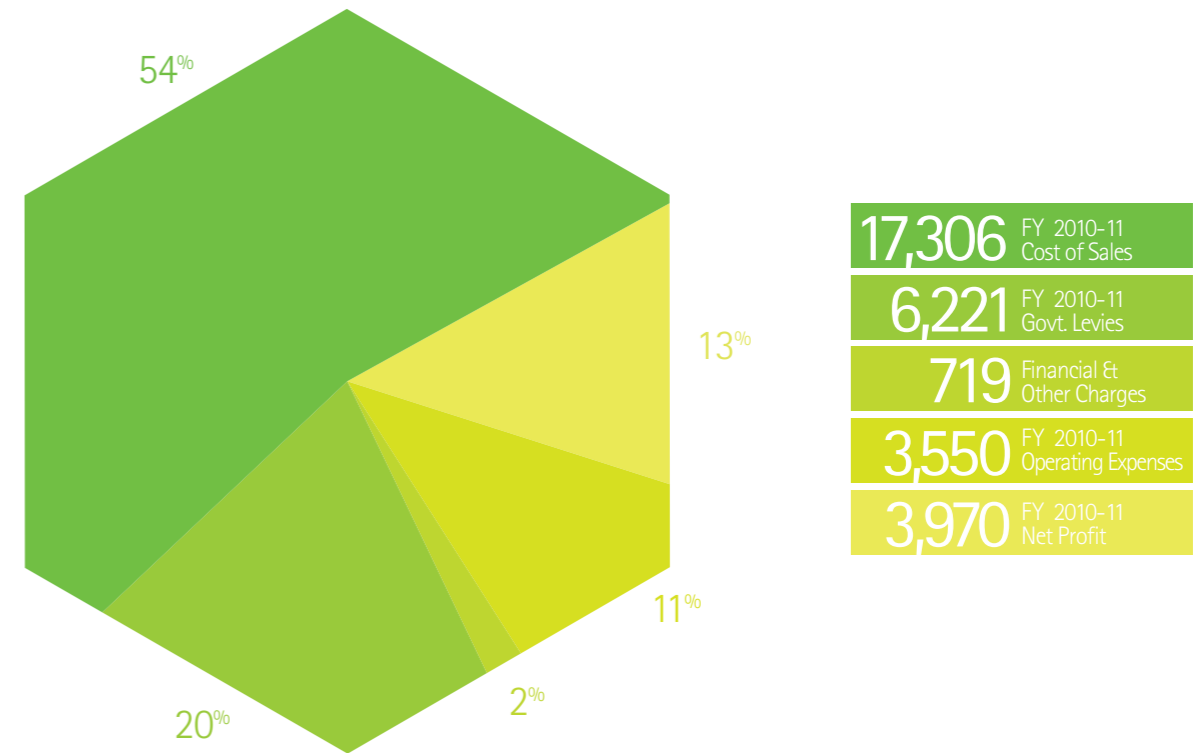
The Pakistan Cement Industry concluded its financial year 2011 with negative growth of 8.32% and achieving total sales volume of 31.36 million tons as compared to last year volume of 34.21 million tons. The demand in domestic markets registered a decline of 6.69% and achieved volume of 21.97 million tons against the last year volume of 23.55 million tons. This decline was mainly attributed due to devastating floods and lack of Government spending on public infrastructure and other development projects. The export sales volume registered a decline of 11.94% and achieved a volume of 9.39 million tons as compared to volume of 10.66 million tons in the same period last year.

9.39 Million tons was the export sales volume achieved during the financial year 2011.



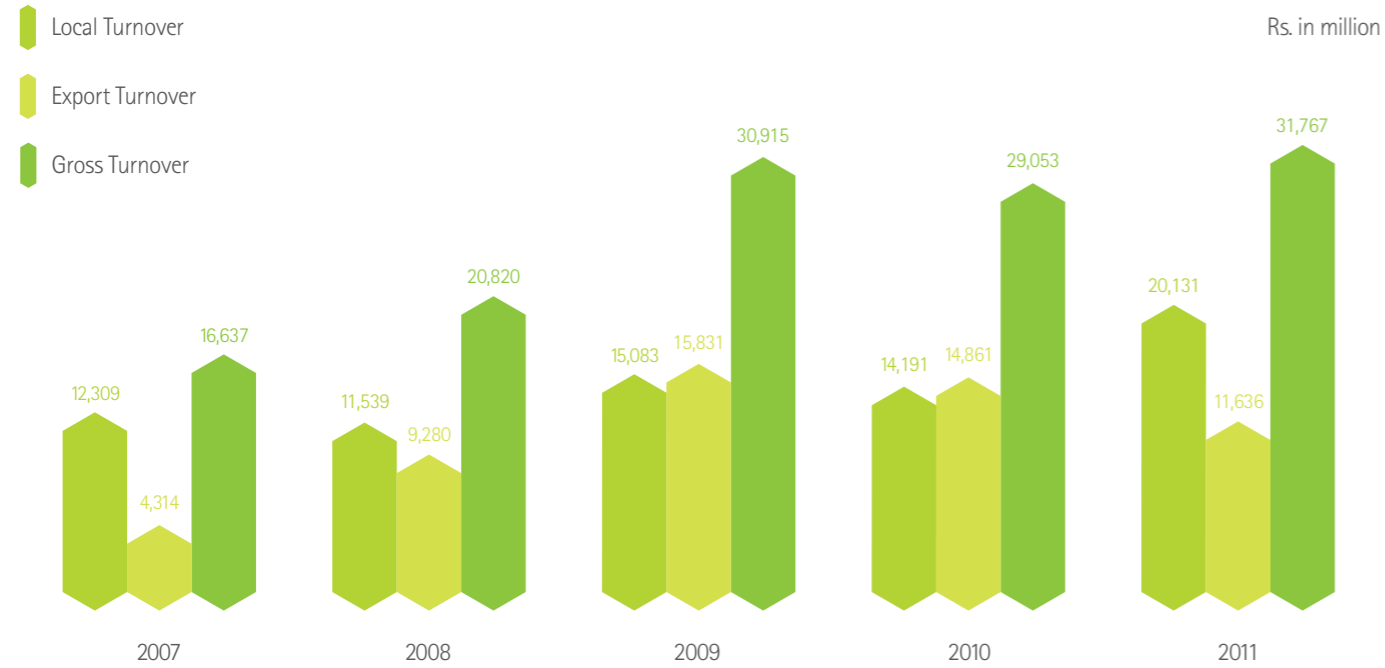
Lucky Cement continued to enhance its market share in domestic markets and achieved a share of 15.76% as compared to 13.26% same period last year. The local sales volume during the year under review registered a growth of 11.07% from 3.12 million tons cement sold last year to 3.46 million tons during the year under review. The export sales volume of the Company plunged sharply by 32.9% from 3.51 million tons last year to 2.35 million tons during the financial year under review mainly due to sharp decline in clinker and bulk cement sales in middle east countries coupled with slack construction activities and oversupply of cement. However, bagged cement export sales volume of the Company was increased by 7.03%.

Distribution of Revenue FY 2010-11

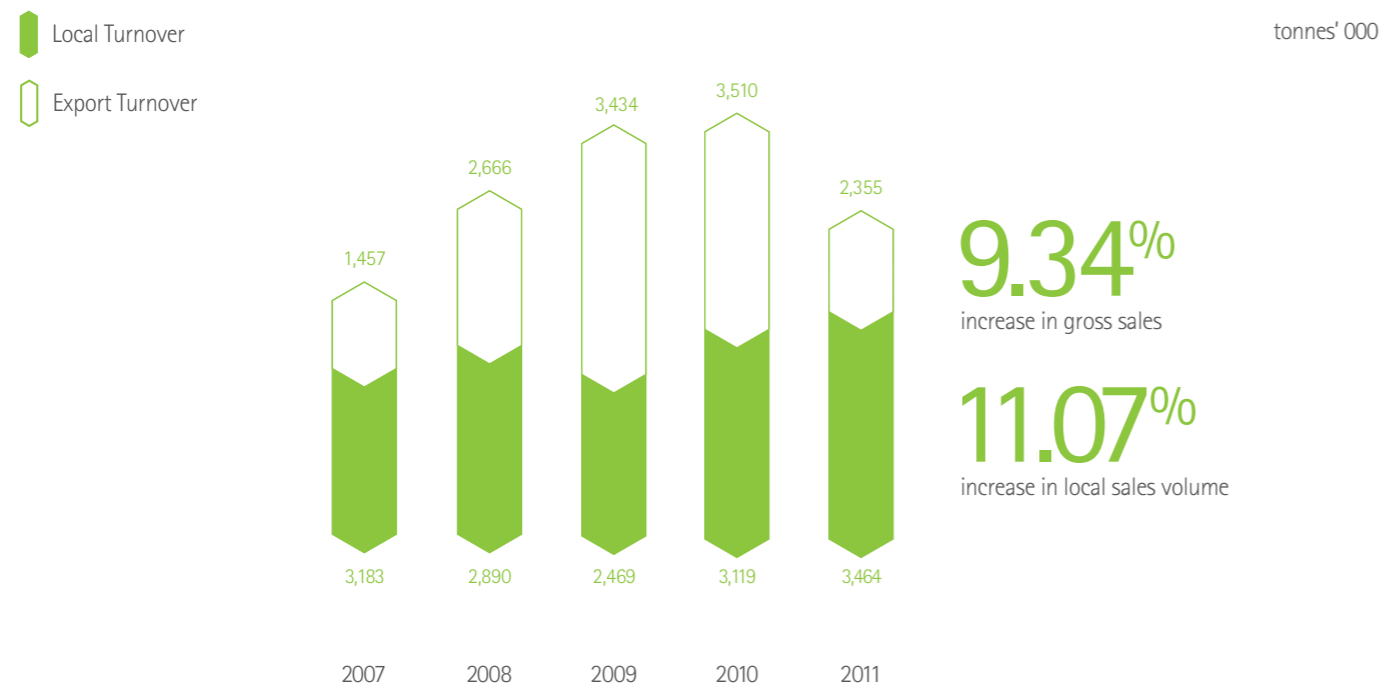


Lucky Cement achieved **15.76%** domestic market share in the year 2011.

Turnover

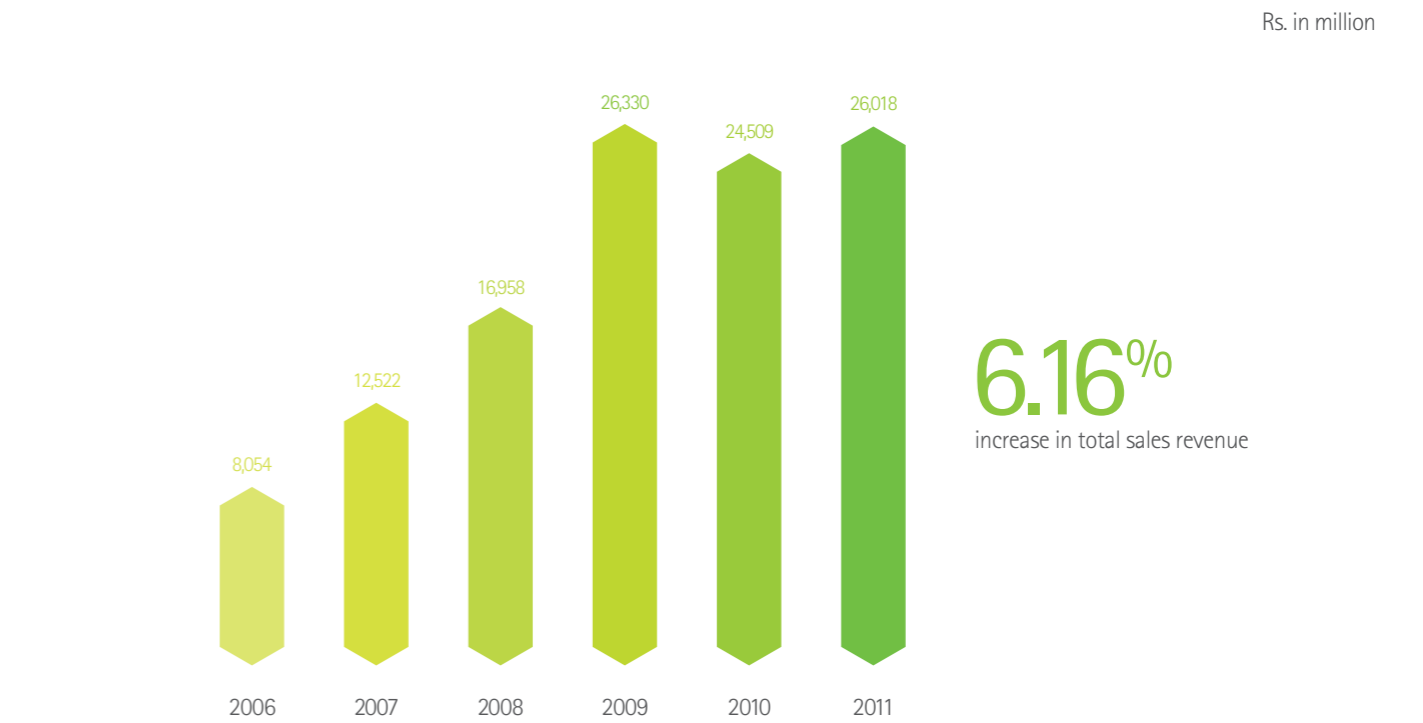


Sales Volume



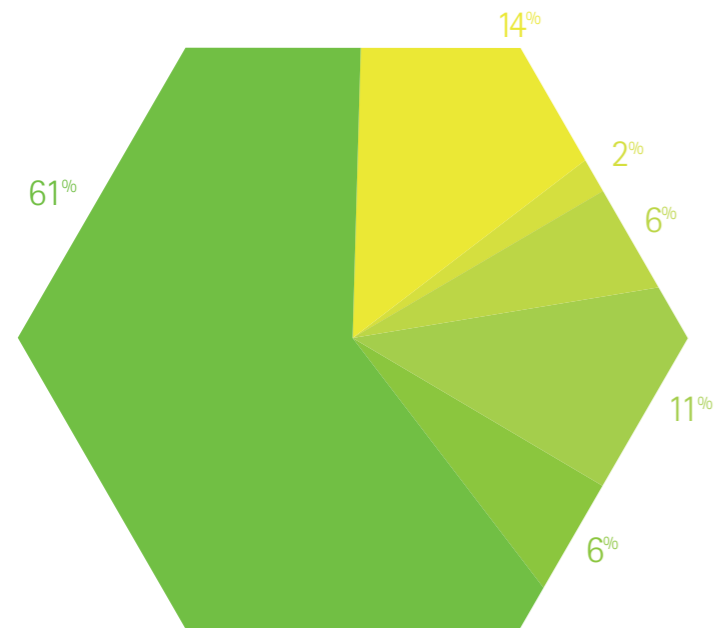
Sales Revenue

The local sales revenue of the Company increased by 41.85% to Rs. 20,131 Million during the financial year because of increase in sales volume and the prices of cement on the backdrop of increase in production cost. Whereas the export sales revenue declined by 21.70% to Rs. 11,636 Million due to decline in bulk cement export and shifting of export volume to domestic markets.



Distribution of Cost of Sales FY 2010-11

The per ton cost of sales of the Company increased by 19.26% during the financial year as compared to same period last year. The major cost component comprising of fuel and power increased by 23% even after the positive impact of cheap electricity generation from waste heat recovery plants. The prices of coal in the international markets increased by 40% as compared to same period last year. The raw material cost due to diesel prices and the packing material cost increased by 12% and 15% respectively which resultantly increased the total cost of production.

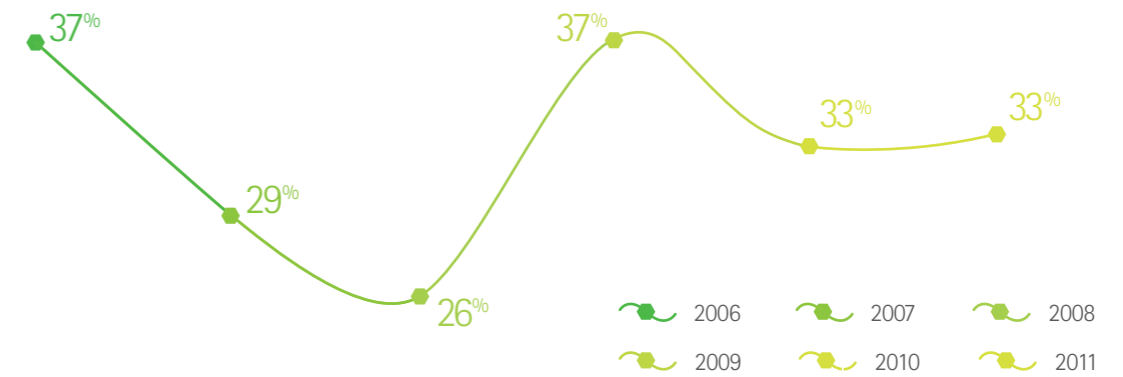


10,534	FY 2010-11 Fuel, Gas, Coal & Lube
2,519	FY 2010-11 Fixed Cost
317	Other Mfg. Cost
1,000	FY 2010-11 Raw Material
1,858	FY 2010-11 Packing Material
1,079	FY 2010-11 Stores & Spares

Reduction in finance cost by
RS. 51.39 Million

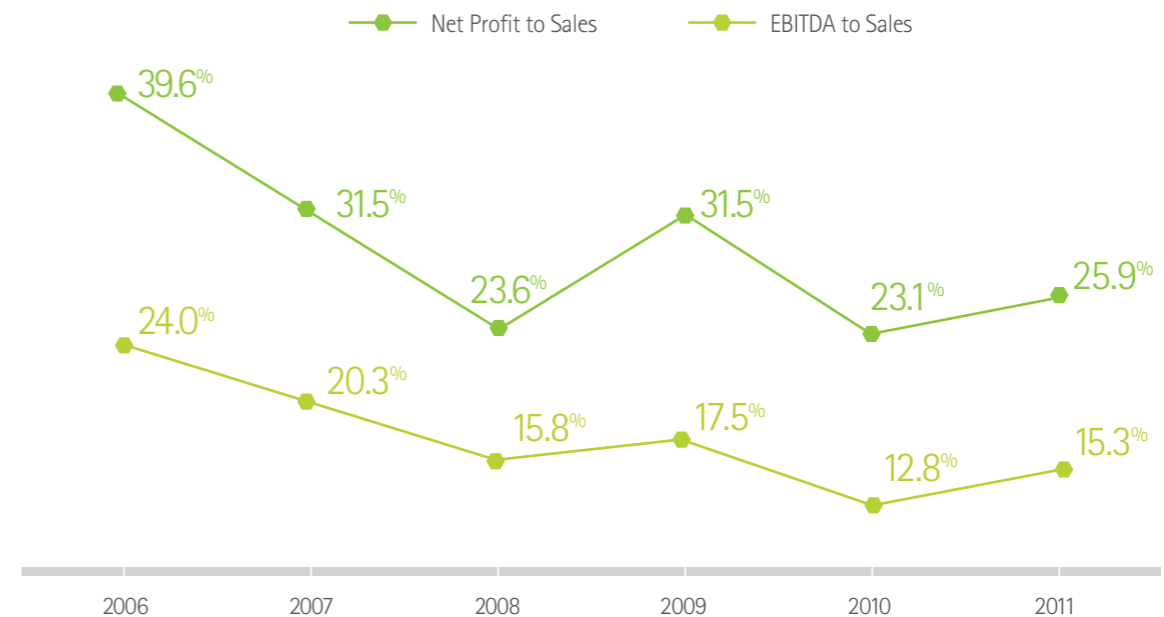
Gross Profit to Sales

The Company achieved gross profit rate of 33.5% for the year ended June 30, 2011 compared to 32.6% achieved last year.



Margins

The Company achieved a profit after tax of Rs.3.97 billion for the year as compared to Rs.3.14 billion achieved last year. The increase is evidenced by decrease in financing cost. Further the decline in export sales resulted in decrease in distribution cost affecting the overall bottom line.



Earnings per share (after tax)

Earnings per share for the year stands at Rs.12.28 (previous year: Rs.9.70). Cash flow from operations stands at Rs. 4,074 Million as compared to Rs. 5,267 in the previous year.

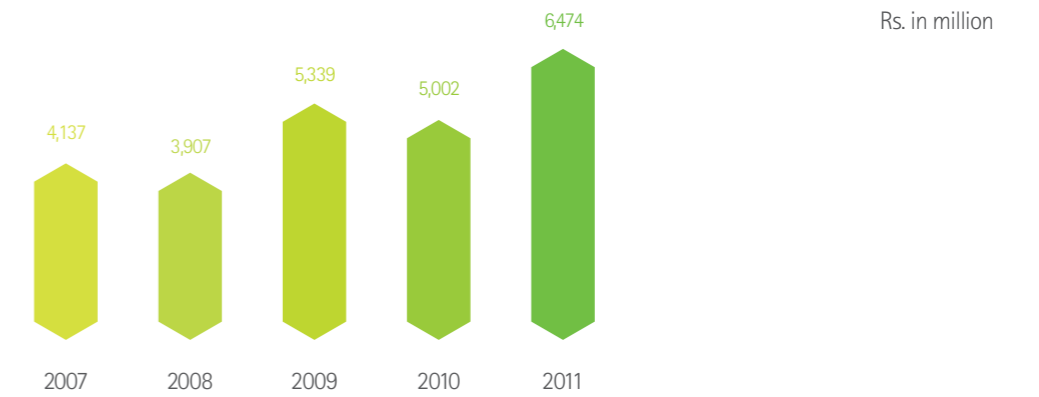


Generation and Distribution of Direct Economic Value

	Amount in '000
Revenues	31,769,539
Operating costs	16,747,452
Govt. taxes	6,474,185
Depreciation and amortization	1,572,036
Employee salaries, benefits and other costs	1,128,979
Donations for social and environmental cause	89,822
Finance cost	493,165
Dividend to shareholders	1,293,500
Economic value retained for re- investment	3,970,400
Total	31,769,539

Contribution to National Exchequer

TAXES PAID

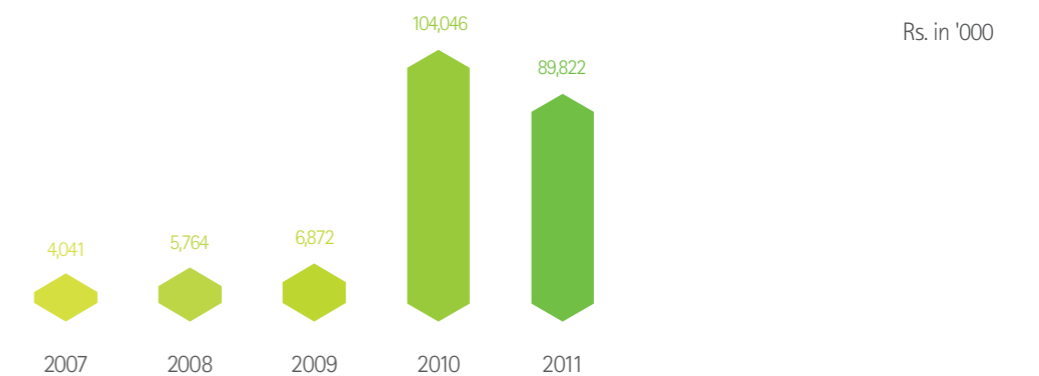


Employee Benefits

The total no. of headcount during the current period has been 2025 employees as compared to last year of 1882. The average salary during the current period increased by 13.1%.



Donations



ENVIRONMENTAL PERFORMANCE



Disclosure on Management Approach

Environment friendly business practices and responsibility to conserve the environment has always been on the forefront at Lucky Cement. Lucky Cement has always played a vital role in bringing environmental revolution in the cement industry. The management recognizes its responsibility for the sustainable consumption of raw materials, energy and water resources.

Lucky Cement is committed to preserve the environment and prevent generation of pollution from its activities and operations and to protect employees and workplaces from hazards of pollution. We consistently endeavour to control hazards and environmental risks that could harm people, property and causes loss to business or Company's image.

The management strongly believes in following environmentally sustainable practices regarding the management of gaseous emissions, particulate matter, noise levels, effluents (sewage) and solid waste. A comprehensive environmental management and monitoring plan is in place in this regard which is strictly followed. We strive to bring continuous improvement in our environmental management system to enhance the health, safety & environmental performance.

An Environmentally aware Company

The ever-increasing environmental degradation, with challenges of energy deficiency, food shortage, deforestation and rapidly increasing carbon footprints indicate an alarming need for a sustainable and comprehensive management

of the environment. As an industrial giant, Lucky Cement plays a significant role in implementing a program that reduces energy consumption and addresses issues of environmental degradation that are growing in

size and complexity. Over the years, the Company has played a dynamic role in bringing environmental revolution in the Cement industry of Pakistan.

Waste Heat Recovery (WHR) Plant

Lucky Cement, pioneering innovation, reduced its cost by co-generating electricity by the wasted heat, which was previously being fed to the atmosphere. This power generation unit does not need any external fuel to operate, but it uses the wasted heat from the system as its fuel. Thus we are saving cost, environment and curtailing our energy needs in a unique way.

This is a Chinese technology branded as SINOMA. The design of this plant hinges around the idea of encapsulating all the wasted

heat from the production system and using this steam to heat up boilers which eventually runs the turbine engines, thus producing electricity.

Apart from saving cost it is able to prove our corporate social responsibility by taking our carbon emission to minimum level. Lucky Cement qualifies for Carbon Credit allowances on this achievement under the Kyoto Protocol.

The estimated annual CO2 reduction by virtue of WHR plant at Pezu is 29,918 metric tons and

by virtue of Dual Fuel conversion of Furnace oil engines, it is 29,000 metric tons and WHR at Karachi Plant is 50,000 metric tons.

Lucky Cement operates its own 175 MW power generation facility and also sells electricity to local electric supply companies. After the successful implementation and operation of the WHR Plant at the production facilities, Lucky Cement has saved 71.4 million kg of Carbon Dioxide from being emitted in the atmosphere.

Environmental Benefits of Waste Heat Recovery

Reduction in pollution

A number of toxic combustible wastes such as carbon monoxide gas, sour gas, carbon black-off gases, oil sludge, Acrylonitrile and other plastic chemicals etc, releasing to the atmosphere if/when burnt in the incinerators serves dual purpose i.e. recovers heat and reduces the environmental pollution levels.

Reduction in auxiliary energy consumption

Waste heat recovery generates electricity without consuming any fuel, consequently reducing the fuel consumption, which leads to reduction in the flue gases produced. This results in reduction of equipment sizes of all flue handling equipments such as fans, stacks, ducts, burners etc. Reduction in equipment sizes gives additional benefits in the form of reduction in auxiliary energy consumption like electricity for fans, pumps etc.

Reduction of Heavy Fuel Oil usage for Power Generation at Pezu Plant

The company has modified its existing power generators being used in cement manufacturing process at the Pezu plant. The project augments reduction of greenhouse gases (GHG) emission for electricity generation, by replacement of a higher

carbon intensive fossil fuel mix (heavy fuel oil) with a lower carbon intensive fossil fuel mix (Natural Gas).

The project is estimated to result in an annual reduction of approx. 24 Thousand

tonnes of CO2 and result in a sustainable development under the guidelines of the Ministry of Environment and Clean Development Mechanism (CDM) of the United Nations Framework Convention on Climate Change (UNFCCC).

Certified Emission Reduction (CER) Credits

The Waste Heat Recovery Project qualifies for Clean Development Mechanism (CDM) under the Kyoto Protocol. CDM allows emission-reduction projects in developing countries to earn Certified Emission

Reduction (CER) credits, each equivalent to one ton of CO2. These CERs can be traded and sold and are used by industrialized countries to meet a part of their emission reduction targets set by the Kyoto Protocol.

The mechanism stimulates sustainable development and emission reductions, while giving industrialized countries some flexibility in how they meet their emission reduction limitation targets.

ISO 14001: 2004

A major glory was added to the Company's profile when we got ISO 14001 certification and proved that we are an eco-friendly Company which satisfies all the

international Environmental Standards. Lucky Cement is Pakistan's only Cement Company to have been certified with ISO 14001. Environment friendly business

practices and responsibility to conserve the environment has always been on the forefront at Lucky Cement.

World Environment Day 2011

Lucky Cement believes that it is vital that in any plan of development, actions should be ecologically favourable and in connection with the development and sustainability of the environment. To rejoice the spirit and help in saving the Mother Nature.

Lucky Cement went green by celebrating World Environment by changing their mode of transportation to cycling and walking instead of vehicles. Dressed in Yellow T-Shirts and Maroon caps, a team of 75 people cycled and walked on the streets of Clifton town

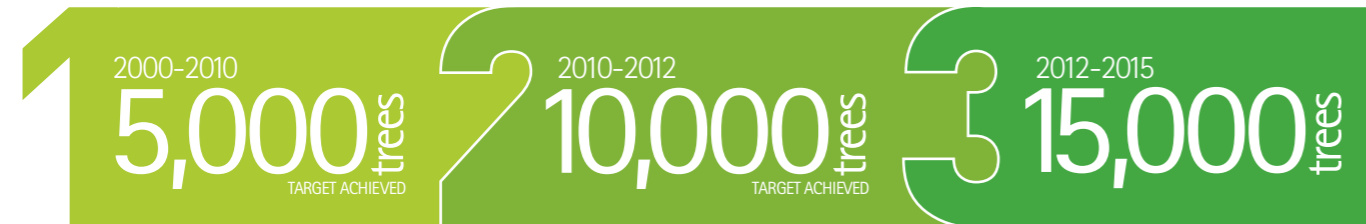
and showed their commitment to a cleaner and greener Pakistan. This team of officials also went to Karachi Beach and collected garbage and cleaned the surrounding areas of the beach.

Supporting the Government for a Greener Pakistan

We ensure that environment preservation and progress go hand in hand, and we have initiated and invested in a number of programs that has shown results and will go

a long way in maintaining a clean and green environment for our future generations. We have joined hands with the Government of Pakistan to support the President Forestation

programme. As a part of this programme Lucky Cement will plant trees throughout its vicinity during upcoming years.



Tree Plantation at various localities

Lucky Cement has always shown a front line demeanour and has adopted all the possible means of being an environmentally and socially responsible corporate player.

Corporate Communications team at Lucky Cement thus participated in tree plantation on World Environment Day and various other occasions to support the cause of cleaner and

greener Pakistan. Lucky Cement's team planted trees pledged to further extend its resources and play a vital role in leading the environmental revolution throughout the industry.

Atmospheric Pollution Control

We have taken steps to ensure minimal dust and gaseous emission from our plant. Our production lines are equipped with pollutant trapping and suppression systems to control dust particles and other emissions with the help of environment-friendly bag houses. The World

Bank Standard for the dust concentration and gaseous emissions is maximum 50 mg/Nm³. Our bag filter systems are giving exemplary results and have brought the emission down to 35 mg/Nm³, which is far better than the set standards, which is very far below the

minimum requirements of National Environmental Quality Standards of Pakistan. Please refer section on 'Emissions' for more details. Trees and greenery around the production facility also helps in particle emission control and acts as dust traps.

Environment Excellence Award

Acknowledging Lucky Cement's efforts for a sustainable environment, National Forum for Environment and Health (NFEH) revered Lucky Cement with the Environment Excellence Award 2010 and 2011.

WWF – PAKISTAN

In order to conduct its conservation efforts independently, WWF Pakistan approached the local corporate sector to play its role of taking up an important national cause of

conservation of Pakistan's natural heritage and take ownership of work and values of WWF, support its effort and guarantee its future. Lucky Cement very willingly became

an active corporate member of WWF Pakistan and in doing so, also became a leader in fulfilling our environmental and social responsibility.

Environmental performance in the following areas are mentioned below

- Material utilization
- Energy
- Emission
- Waste
- Water
- Biodiversity
- Noise

Material and Energy utilisation for production activity

The production of cement includes mining, crushing and grinding of raw materials (principally limestone and clay); calcining the materials in a rotary kiln; cooling the resulting clinker; mixing the clinker with gypsum; milling, storing and bagging the finished cement. The process results in variety of wastes, including dust, which is captured and recycled to the process.

under wet process. Initially, the crushed raw materials (raw meal feed i.e. limestone, clay, ash and sand) enter the raw mill to be dried and ground. A fan draws hot combustion gas from the top of the pre-heater tower into the raw mill to evaporate moisture from the raw meal, as it is ground. The prepared raw meal feed is transported to a blending silo where it is held pending introduction to the pyro-process.

"Dry process" is used to produce cement in Lucky Cement. The use of pre-heaters and pre-calciner is both economically and environmentally preferable over wet process. Energy consumption in dry process cement manufacturing is half than that required

The first step of the pyro-processing is feeding the kiln feed into the top of the preheater/precalciner tower, the kiln feed flows by gravity in to the calciner where fuel is burned in direct contact with the kiln feed

Extraction of raw materials from quarry is carried out in a highly scientific and professional way so as to avoid possibilities of land slide or else. Actions to exploit raw materials do not involve any activity, which may alter or adversely affect ground or surface water supply. So also with the exception of soil under raw materials within the quarry, no soil degradation takes place due to extraction activities.

begin the calcinations process of the limestone. The preheater tower consists of multiple cyclone stages, which provide direct contact between the hot combustion gases and the kiln feed. When limestone is calcined, calcium carbonate disassociates to produce calcium oxide and carbon dioxide (CO₂). This step consumes about 85% of the theoretical thermal energy required by the process and occurs at temperatures of about 900°C. A majority of the limestone is calcined in the calciner and preheater tower. The remainder of the calcining takes place at the feed end of the rotary kiln.

Once through the calcining zone of the rotary kiln, the partially calcined feed moves into the burning zone. Fuel enters the rotary kiln pyro-processing system via the burner nozzles at the clinker discharge end of the kiln. Clinker is discharged from the lower, hot end of the rotary kiln into the clinker cooler, where forcing air through the moving bed of hot material cools it.

The cooled clinker is transported by conveyer system to clinker storage and then to the finish mill system. The pre-heated air from the clinker cooler process is used as secondary combustion air in the rotary kiln, tertiary combustion air for the calciner, and is also used to dry the conventional fossil fuels in the coal mills. The dry process, by re-use of the hot gases for drying raw materials and with the use of the vertical tower for calcining the raw material is very energy efficient. The rapid heating of the raw materials is the key to the efficiency of the preheater tower. The entrainment of the raw material in the air stream and collection of the solids through the cyclones transfers heat to the raw material rapidly and efficiently. The addition of fuel in the precalciner also prepares the raw material for final chemical transformation in the rotary kiln. This efficiency is borne by the typical heat requirement for a preheater / precalciner system that is approximately

3,200 kJ/Kg of clinker, compared to about 5,400 kJ/Kg of a clinker for a wet kiln.

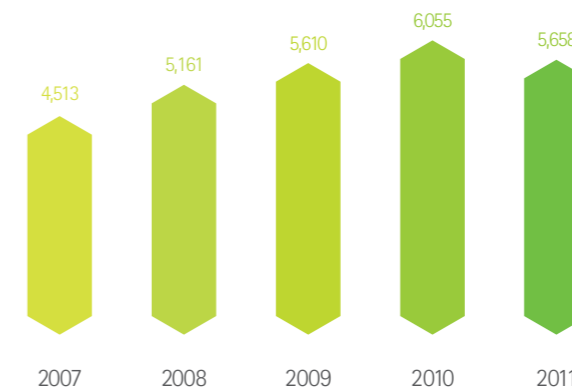
After the clinker is crushed by the clinker crusher, the clinker is mixed with the other additives and gypsum and fed to the cement mill where it is grinded to the ultimate officially required specification. The finished cement is packed, sealed and is ready for sale in the market.

The trucks engaged for the transfer of coal, auxiliary raw materials, finished cement product and other materials abide by the limits of axle loads as required by the National Highway Authority of Pakistan. Thus the infrastructures, especially the roads are not damaged by the logistic activity of the Company.



Materials	Unit of measurement	FY 10-11
Materials used by weight / volume (EN 1)		
1. Natural Raw Materials		
• Limestone	tons	7,523,030
• Clay	tons	1,298,058
• Laterite	tons	227,283
• Gypsum	tons	302,657
2. Associated Materials		
• Coal	tons	803,716
• Diesel used for mining equipment	Litres	3,025,478
• Diesel used for logistics	Litres	1,869,418
• Diesel used for production	Litres	905,661
• Furnace oil used for production	tons	1,336
• Lubricants	Litres	605,674
• Refractory bricks	Nos	169,891
• Castables	tons	1,164
• Grinding media	tons	338
• Rice husk	tons	2,039
3. Packing Materials (tonnes)		
• Paper bags	tons	3,141
• Polypropylene bags	tons	4,838

Clinker Production



Rs. in million

Energy

Cement production is one of the most energy intensive industrial processes in the world. In many world regions, energy cost is 50% to 60% of the direct production cost of cement. Energy cost is incurred due to the need for large quantities of thermal heat for the kiln, calcinations and drying processes and electrical energy for operation of motors for grinding mills, fans, conveyers and other motor driven process equipment. The Company

primarily relies on coal for the thermal heat requirement and on natural gas for the generation of electricity for all of its electrical energy requirements. As mentioned earlier, the Company also co-generates electricity through wasted heat (Refer: Environmental Initiatives).

The Company has generated 114,459,900kWh (at Karachi Plant 71527.9 MWh & Pezu 42932 MWh ,Total) through Waste Heat Recovery

process during the year. Coal consumption has been reduced from approximately 170kg/ton of clinker in 1994 to approximately 140 kg/ton of clinker.

Power consumption for production has been reduced from 115 kWh/ton of clinker in 1994 to 90 kWh/ton of clinker.

Alternative Energy

The Company has invested in Alternative Fuel initiatives in which Tyre Derived Fuel (TDF) will be used as supplemental fuel, through which CO2 emission from the burning of coal will be reduced by 20-25%.

The proposed activity of using scrap tyres as supplemental fuel / energy source has the following benefits:

- TDF is less expensive than fossil fuels.
- TDF offers the potential advantage of decreasing emissions of oxides of sulphur when compared with high sulphur coal.
- In case of cement kiln applications, the ash resulting from TDF and coal combustion becomes an integral component of the product itself thereby eliminating the ash disposal problem.
- Burning of TDF has much better consistency of operations than other alternative fuels.



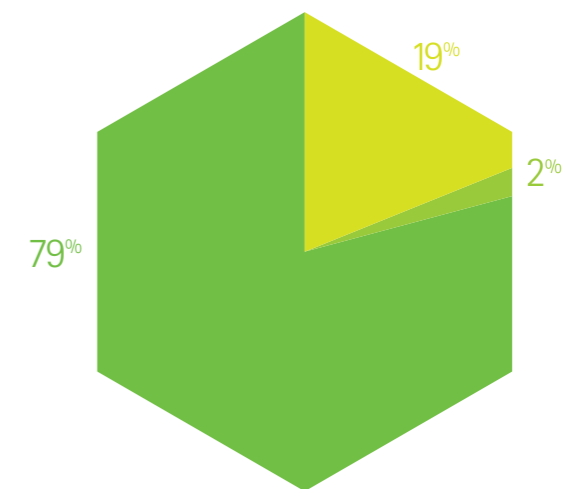
Energy Consumption	Unit of measurement	FY 10-11
Direct Energy (EN3)		
1. Energy consumed for production		
• Coal	GJ	21,954,135
• Furnace Oil	GJ	58,732
• Diesel	GJ	32,966
2. Energy consumed for mining and transportation		
• Diesel	GJ	178,174
3. Energy consumption for Power Generation		
• Natural gas	GJ	4,642,654
• Diesel	GJ	51,301
• Furnace Oil	GJ	96,144
4. Renewable energy		
• Waste Heat Recovery System	GJ	424,178 *

* A total of 114,459,900 kWh of electricity was generated through Waste Heat Recovery.

Sources for Power Generation

- Natural Gas
- Furnace Oil
- Waste Heat Recovery

Renewable energy constitutes **19%** of the total power generation at Lucky Cement



Emissions

Lucky Cement has a comprehensive air quality measurement program so as to identify the limits of pollution parameters in the ambient air in and around the Lucky Cement plant.

The stack emissions monitoring is done on monthly basis for the priority parameters in compliance with the requirements of NEQS (Self-Monitoring and Reporting) Rules, 2001.

Emissions from Power Generation Process

Natural gas is the most utilized fuel for power generation. Furnace oil is also used in some engines. The levels of particulate matter, sulphur dioxides, oxides of nitrogen, and carbon monoxide are monitored from the stacks of power generation engines by a reputable third party laboratory. All of the parameters monitored are well below their respective limits specified in the NEQS. Following is an extract from the result of independent testing conducted during April 2011 at Karachi plant.

S. No.	Parameters	Units	NEQ Limits	Generator 3	Generator 8
1	Particulate Matter	Mg/Nm ³	300-500	28	23
2	Sulphur dioxide	Mg/Nm ³	1700	5	6
3	Oxides of nitrogen	Mg/Nm ³	400	191	328
4	Carbon monoxide	Mg/Nm ³	800	590	339
5	Carbon dioxide	Mg/Nm ³	-	4.65	5.46

Emissions from Cement Manufacturing Process Stacks

Similarly, the levels of emissions from stacks for particulate matter, sulphur dioxides, oxides of nitrogen, carbon monoxide and carbon dioxide are well below their respective limits specified in the NEQS. Following is an extract from the result of independent testing conducted during April 2011 at Karachi plant.

S. No.	Parameters	Units	NEQ Limits	Cooler Bag Houses	Kiln Chimneys
1	Particulate Matter	Mg/Nm ³	300-500	<10	18 – 25
2	Sulphur dioxide	Mg/Nm ³	1700	0-2	2 – 20
3	Oxides of nitrogen	Mg/Nm ³	400	4-20	215 – 324
4	Carbon monoxide	Mg/Nm ³	800	Nil	150 – 175
5	Carbon dioxide	Mg/Nm ³	-	0.01 – 0.05	3.2 – 4.4

Emission minimization measures

Nitrogen Oxides (NOx)

By virtue of installation of preheater and low NOx precalciner the ultimate emissions of NOx in flue gases is in compliance with the permissible limits of the NEQS – Pakistan.

The combination of special burner and firing equipment in the calciner at Lucky Cement is the best system for the minimization of NOx emissions. The burner ensures a uniform flame shape to avoid peaks of high temperature.

Around the center line of the burner internal reverse flow is maintained to curtail the NOx emissions.

Additionally, staged combustion is achieved by feeding the calciner fuel to the small area duct below the calciner and adding necessary air for complete burn out further up in the calciner vessel. Thorough mixing of air and combustion products in the calciner and

ample residence time in the calciner vessel ensures low NOx production.

Emissions from the power generators in the power houses are minimized by using special low NOx burners, in addition to achieving fuel burning efficiency. The supplier of the generators has ensured that the levels of gaseous emissions and particulate matter will remain within the NEQS, Pakistan limits.

Sulphur Oxides (SOx)

Lucky Cement aims to monitor and minimize the sulphur dioxide emissions from the cement production activity. The SOx emissions are regularly monitored at Lucky Cement and they are in compliance with the NEQS – Pakistan. Lucky Cement uses high quality coal imported from South Africa and Indonesia to ensure that the SOx emissions are at the minimum.

Since high alkali conditions exist in the kiln, therefore, up to 90% of the sulphur dioxide is absorbed resulting in the formation of gypsum, being an important component of the raw material.

In the burning zone of the rotary kiln sulphur content evaporates and can be emitted as SO₂. However, most of this SO₂ is absorbed by the solids in the calciner and in the cyclones. The sulphur in the cylinder is also absorbed in the same manner.

Since the raw materials do not contain any significant presence of sulphur, therefore, very low emissions of SOx occurs.

Like NOx emissions, the power house emissions of SOx are guaranteed by the supplier of the generators, to remain within the NEQS – Pakistan

limits. Moreover, the Company has shifted from the use of Furnace Oil to Natural Gas for power generation. This has also contributed in the significant reduction of the SOx emissions.

Use of low sulphur coal i.e. 0.58 to 0.85% sulphur content to curtail emissions of SOx. Its chemical reaction with gypsum and its ultimate mixing with cement as essential matrix of the finished cement further minimize the emissions from kiln.

Particulate Matter

Bag houses are installed in the entire production system wherever required. Dropping distances during material transfers are kept as minimum as permissible during material transfer.

Limestone is the major raw material used in the cement production process. Limestone has high moisture content and is hard in nature. Due to these properties, emission of fine limestone during the blasting at the quarry is very low. Additionally, splinters generated during blasting are quite large and resultantly they do not fly over longer distances.

During blasting, delay relays are used which not only reduces but further ensures the minimization of Particulate Matter.

Coal transport from supply point to the factory and handling at the plant are other big sources of Particulate Matter emissions all along the roads used for transport and at the plant. Imported coal from Karachi sea port is transported by trucks. In order to minimize fugitive coal dust on the way, these trucks have special covers. This drastically cuts the fugitive coal dust on the way to the plant site.

71,400 tons

of CO₂ has been saved during the year 2010-2011 through Waste Heat Recovery system.

On the plant site, the coal is unloaded in adequately covered stores and dropping distances are kept at minimum. Additionally, bag houses are provided at these dropping points.

Emissions		FY 10-11
Direct Greenhouse Gas emissions (EN16)		CO ₂ (tons)
Direct Emissions		
• Production (Calcination process)		3,168,678
• Coal		1,474,658
• Natural Gas		260,453
• Diesel	• Mining	8,160
	• Logistics	5,042
	• Production	2,443
	• Power generation	3,801
Furnace Oil	• Power generation	7,442
	• Production	4,546
Total		4,935,223

Emissions	FY 10-11
Emissions of dust, SOx and NOx. (EN ₂₀)	(tons)
Oxides of Nitrogen (NOx).	802,943
Oxides of Sulphur (SOx).	14,812
Particulate Matter (PM)	68,577
Carbon Monoxide	828,469
Unburned Hydrocarbons	687

Noise

The designing of the plants at Karachi and Pezu have been done while taking into account that the noise levels remain within the acceptable limits of the NEQS – Pakistan. Regular repair and maintenance of the plant guarantees compliance of noise levels with the NEQS – Pakistan.

As regards noise levels at the limestone quarry, for blasting Ammonium Nitrate and Furnace Oil (ANFO) in the ratio 94:6 are used. This

dynamite is of very low intensity. It is used in holes having depth of 10m, spacing 4m and burden 3m. With this system of blasting the noise levels are of very low intensity. Further more during blasting, delay relays are used which not only reduces the noise level but also cut upon the levels of Particulate Matter and reduce jerks and vibrations.

The plant site at Pezu is surrounded by high hills in a semi-circle on its North-East side.

These hills are additionally good barrier for noise cut off in the environment.

Monitoring for noise levels was carried out at different points within each plant site and limestone and clay quarries. Similarly, monitoring for noise levels was carried out at different points on the boundary walls of the plant site.

Biodiversity

There is no unique or natural habitat of internationally or locally recognized rare, threatened or endangered species around the vicinity of the operations of Lucky Cement at Karachi and Pezu.

Forestry

The area around the LCL plants is arid. There are small hills spread over a large area while substantial area is plain as well. These hills and plains are barren with exception of some bushes of no commercial or scenic beauty. There are no protected or reserved forests around the area.

The management of Lucky Cement is keen to keep their cement plant environment friendly and a model for cleaner production. To achieve this target besides energy

optimization, massive tree plantation program has been planned in a well-organized manner. A master plan for green belts in the Lucky Cement has been developed. The program is designed for implementation in three Phases. Under Phase-I plantation and green belts were developed within and around the cement manufacturing processes. Under Phase-II massive tree plantation has been carried out in the open areas at front end of the Lucky Cement land and around the power

generation plant. Approximately 15,000 trees have been planted under the Phase-1 and Phase-II. The major variety of trees planted so far include Gyacum, Eucalyptus, Neem, Ashoka, Palm and Kike. Besides these trees several hundred ornamental and flower bearing plants and shrubs have also been planted. By the completion of Phase-III plantation in 2012, about 25,000 trees of different varieties would have been planted at Lucky Cement premises.

Wildlife

There is no worth mentioning wild life in the area mainly because of non-availability of water, food and adequate habitat. There are no migratory birds in the area. However, very limited numbers of following birds, mammals and reptiles are found in the area:

- Karachi
Reptiles: Snakes, lizards and scorpions
Birds: Crows, kites and doves
- Pezu
Mammals: Jackals and foxes
Reptiles: Snakes and lizards
Birds: Partridges and red legged partridges

Fisheries and aquatic biology

Being an arid zone with a shortage of water, there is no agriculture worth mentioning. There is no fishery or aquatic life in the area and there are no fish farms either. There is no river, canal, lake or pond in the near vicinity of the plants so there is no fish or aquatic life in the area.

Water

The ground water pumped out on annual basis at Pezu and Karachi plant sites is around 300 million gallons and 288 million gallons respectively to meet the water requirements at Lucky Cement. The ground water is extracted mechanically using

electrical motors through deep bore holes. The major consumption is in toilets, washrooms, kitchen/canteen/mess, cleaning Et washing, and gardening (irrigation of green areas and tree plantation zones). For drinking purposes the

water is purified through RO (reverse osmosis) and a series of filtration processes. Water discharged from cooling towers is treated and used for meeting the irrigation requirements of the green areas and tree plantation zones.

Karachi

As Lucky Cement, Karachi, is located in an arid zone there is no surface water available in the area. Underground water from a depth of about 350 feet or more is being harnessed through the tube wells for all water needs of the plant.

Pezu

There is acute water shortage in the area. Lucky Cement has installed 12 deep wells (tube wells) outside the project site because water was not found on the site. People of the area

use water from these wells for drinking. To assess the quality of ground water in the area, water samples were taken from tube wells and tested in the laboratory. According

to the laboratory test results, the quality of water is satisfactory for drinking according to the World Health Organisation (WHO) Guideline values for Drinking Water.

Waste

All of the waste generated at the plant sites is managed in environmentally sustainable manner hence no damage is caused to the

environment. The Company is also in the process of locating scrap purchasers who are certified by Environmental Protection Agency

(EPA), who dispose off the scrap through proper methods and the Company will sell all their scrap through these vendors in future.

Sewage

Approximately 18,000 gallons/day of sewage is generated from the Pezu plant. It is treated to bring its pollution load within the specified values of the NEQS, Pakistan for the applicable

parameters before its end use for irrigation of vegetation and trees within the plant boundaries. Resultantly, ambient environment is not affected in any way due to sewage.

The sewage treatment technology is based upon activated sludge method because of its being efficient and latest in nature.



Solid waste

Solid waste is generated from the plant operations at various points. Bag houses are among the major collectors of solid wastes in

Raw Materials

Raw materials/raw mix and reject of preheater is recycled by putting them on limestone piles. The small quantity of this raw material, rich in limestone, does not affect the quality of limestone piles.

Paper bags

Burst paper bags from cement packing process are sold in the market where they are reused either for paper pulp manufacture or other packing materials.

Metal / wooden waste

Solid metal and wooden waste generated from the mechanical workshop and civil areas is collected in drums and burnt in the kiln / precalciner.

Cotton rags

Cotton rag waste generated after cleaning of equipment is burnt in the kiln / calciner.

Medical waste

Medical waste collected from the medical centre is burnt in the kiln / precalciner.

the form of Particulate Matter. This is used as a useful additive in the cement. The other worth mentioning solid wastes generated

Used oil and lubricants

Used oil, lubricants and very small quantity of greases are transferred to the furnace oil decanting point where they are mixed with furnace oil and used as fuel for calciner / burner.

Bricks waste

Brick waste from the lining of the kiln is also sold to the contractors for reuse in small scale kilns for ceramic, acid proof bricks and such other refractory materials manufacture.

Waste from Quality Control

Cement cubes (broken by strength determination), cement, pieces of cement pellets, daily analysed samples of limestone, shale, iron ore, sand, gypsum, raw mix, kiln feed and clinker is transferred to clinker storage yard. The quantity of these materials is very low thus there is no impact on the quality of clinker.

Grinding media

The used grinding media of cement mill is sold in the market through contractor for its reuse on small scale manufacturing.

from the project activity and their disposal methods are as follows:

Furnace oil sludge

Furnace oil sludge generated from the power house and cement plant is used as fuel in the kiln. In case of it being unfit for use, it is sold to contractors.

Empty drums or containers

Empty drums and containers are returned to the suppliers of the chemicals in them for recycling and reuse at their end. However, if cleaned adequately they have great demand in the open market as well.


Miscellaneous waste

Miscellaneous solid waste includes tyres, tubes, batteries, belts, nylon strips, filters and scrap wood. These are sold in the market through contractors.

While disposing any waste material, all environmental aspects/impacts of such waste are communicated clearly to the concerned contractor. Record of all such sales is maintained for later use if and when required.

Clean and Green - Lucky Cement Cares

An ISO 14001 certified company




Lucky Cement, being the largest manufacturer and leading exporter of quality cement from Pakistan, with the production capacity of 7.75 million tons per annum, understands and accepts the responsibility to invest and contribute in sustainable development.

For us, environment is at the very heart of everything we do. We believe that development should bring about positive and healthy changes and should be geared towards socio-economic advancement and emancipation of all people.

We have invested in a number of pro-environment programs including Waste Heat Recovery (WHR) Project which also qualifies under the Clean Development Mechanism and Tyre Derived Fuel (TDF). This year, Lucky Cement will also report on its sustainability initiatives as per the standards set by Global Reporting Initiative (GRI).

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SOCIAL
PERFORMANCE

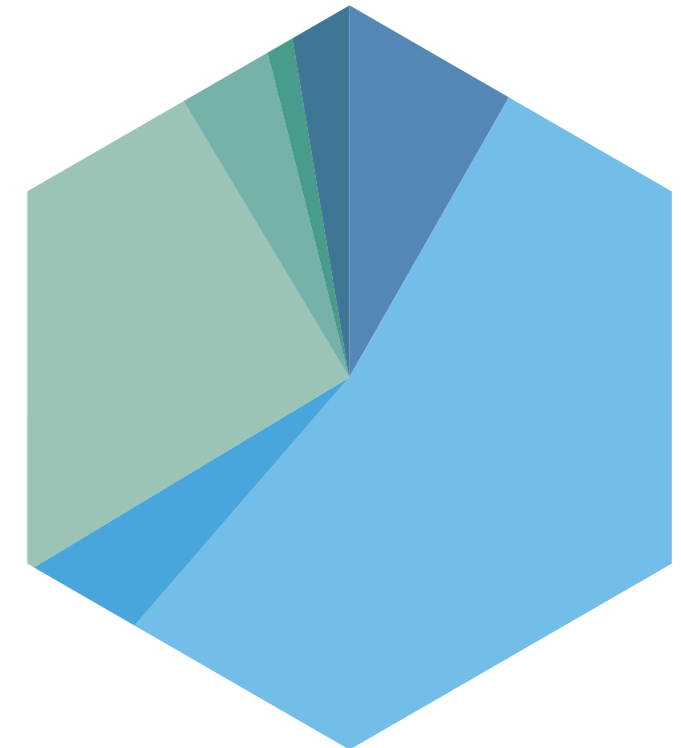


SOCIAL PERFORMANCE
LABOUR

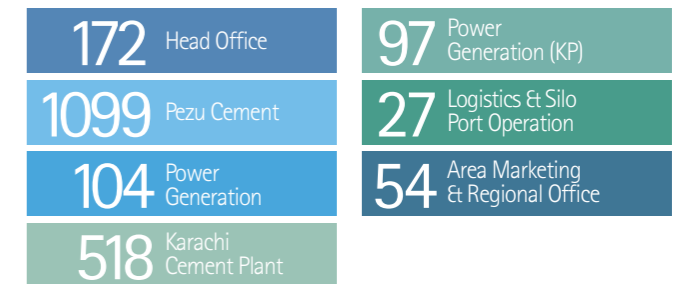
Disclosure on Management Approach

Employment

Our employees are the driving force behind our success. We take all the necessary steps to ensure merit orientation while inducting individuals in the organisation as our employees. We foster a culture of respect, integrity and fairness and believe that our employees are an integral part of a family called Lucky Family. Being a relatively young organisation, the focus is more on taking experienced professionals on board and this philosophy has given the required kick start to the organisation for its initial growth, but as the organisation matures further, we have strong inclination towards developing our future leaders through the Management Trainee Program. The graph represents the composition of total 2071 permanent employees as of June 30, 2011.



We foster a culture of respect, integrity and fairness and believe that our employees are an integral part of a family called Lucky Family.



Labour – Management relations

We recognize the importance of good Industrial Relations Management, as labour is the key force behind execution of our day to day operations. There are dedicated IR Managers in the organisation, whose primary responsibility is

to ensure Industrial Peace by ensuring fair labour practices, effective and efficient grievance handling and ensuring labour related compliances with the statutes. Conflict resolution department at Plants

and HR department in Head office play a very critical role in harmonizing labour and employee relations. There is a tribunal committee that conciliates and arbitrates all the issues and ensures a win-win situation.

Occupational health and safety



One of our foremost priorities is to provide a safe and healthy working environment to our employees. Safety implementation on plant guidelines have to be followed by everyone. Due to difference in nature of work environment at plants and corporate offices, the level and responsibilities pertaining to safety, health and environment vary according to the location. At Plants the operations heads are primarily responsible for developing OH&S policies and their execution, whereas at Head Office level the responsibility lies with the Head of Human Resources and Admin. We are also an ISO 14001: 2004

compliant organisation. We believe that it is our duty to protect the health, safety and welfare of our workers and other people who might be affected by our business. This means; we make sure that all stakeholders are protected from anything that may cause harm and we effectively control any risks to injury or health that could arise at the workplace. Lucky Cement provides information to workers about workplace safety and health issues in both plants in Karachi and Pezu. The workers are informed through regular internal communication channels such as supervisor-worker meetings, internal

newsletter, and internal safety workshops. Each worker is also trained to obey safety rules and to exercise caution in all work activities. Standard Operating Procedures have been developed in an event of an incident to provide immediate remedy to the hazard. We conduct risk assessments that address all the hazards that might cause harm in workplace. We train all our workers about the risks in the workplace and instruct them on how to deal with the risks. Ensuring health and safe working conditions for employees is one of the most important issues at Lucky Cement and we are committed to playing an active part in the process.

Training and Education



As mentioned above also that despite being a relatively young organisation and with the conscious strategy to hire experienced professionals to support the initial stage of high growth in the business cycle, the Company believes strongly in investing in training and development of employees. During the initial phase we have been sending employees on specialized training programs where return on investment is more and immediate, whereas in the long run we have plans to invest in developing managerial skills and leadership related competencies of our employees through training and education.

Some of our valued Labour Welfare practices

Diversity and Equal Opportunity

A live example of our belief in encouraging diversity and equal opportunity is female engineers working at our plants. Similarly we

have employee mix representing almost all major ethnic backgrounds of Pakistan. The Company believes in giving fair chance of

employment and career progression strictly based on merit regardless of religion, caste, creed and gender etc.



Equal remuneration for women and men

We believe in fairness and objectivity when it comes to rewarding our employees. A new Performance Management Program, (a mix of MBO-Management by Objective and Balanced

Scorecard) has recently been introduced in the organisation to serve as a basis for fair reward management system regardless gender or any other biases. Jobs with similar internal relative

worth are clubbed together in different work levels and remuneration is based on the required knowledge, complexity and level of responsibility the job entails.



General Safety Manual for Lucky Cement

As per ISO 14001: 2004 and Environmental Protection Act, 1997 guidelines, the ISO Team and Lucky Cement have produced a safety manual that helps all employees to safeguard from unnecessary injuries and maintain the cleanliness environment inside and outside the factory. Some of the major policies covered in the manual are as below:



- Rules of entrance and exit from the plant
- Fire fighting training
- First aid training
- Measures to meet emergency situations like earthquake and bomb blast etc.

How we care for our employees



Facilities for plant employees

- Subsidized Mess
- Residential Facility
- Swimming Pool
- Dispensary
- Ambulance
- Shuttle Service
- On site Gym



SOCIAL PERFORMANCE
HUMAN RIGHTS

Disclosure on Management Approach

Human rights screening in case of significant investment and procurement agreements

We strongly believe and support the idea of protection of human rights while conducting our business. As for our goods and service providers, by and large we do

business with recognized suppliers; a formal system of supplier's evaluation is in place. In our business award decisions, we will continue to place substantial value upon

incumbent and potential suppliers who consistently respect basic human rights.

Freedom of association and collective bargaining

In line with our philosophy of provision and protection of human rights, the Labour working in the Company enjoys complete freedom to elect their collective bargaining agent and associate themselves with any legal association or platform that is working

to protect the labour related rights in the country. CBA and the Company work in complete harmony with mutual respect and coordination. The ultimate objective to have a win- win situation and work towards a common goal of making Lucky Cement a

successful organisation. The Company has a union that represents the interest of workers. Lucky Cement respects the freedom of its employees to create an association to represent themselves and to join and actively participate in this association.

Remediation on employee grievances and claims

Our Human Resource function both at our head offices and plants remain constantly engaged with employees to obtain feedback

on work related environment and other issues that have a potential to become a grievance (like provision of facilities as per policies,

treatment by supervisors etc). Prompt actions are taken to address all the genuine claims and grievances raised by any employee.

Cherishing Intellectual Capital

People deliver results. Therefore, Human Capital is the most valuable asset of any organisation. Strength of Lucky Cement is not just its business strategies and international penetration but, its skilled intellectual capital- The Human Resource. We, therefore aim to achieve the organisational strategic goals by attracting, retaining and developing our employees. We realize the role of HR through strategies that are in-line with our core

organisational values. Our HR department is responsible for not just recruiting, but also to ensure that this asset is well equipped to contribute positively towards the growth of the organisation.

The growing importance of attracting and retaining the highest quality employees is demonstrated by the fact that our HR policies are designed to guarantee best practices to

attract, recruit and retain highest quality of human capital. This is further supported by the fact that Lucky Cement was awarded with the 1st Global HR Award by Global Media Links (GML) and Better Pakistan Forum (BPF) on June 20, 2010 in the category of having the "Most Innovative Infrastructure- Technology based HR system". It has further strengthened the HR strategies and practices which are implemented in Lucky Cement.

Change Management

Lucky Cement is very adaptive to change. Change in workplace and department is made as per the need of the time. Continuous improvement plans and programs are also implemented for enhancing the efficiency and effectiveness of all the departments.

Learning Culture



Lucky Cement is all about a "working to learn, learning to work" culture. Here people measure the opportunities, learn to convert them into success and adjust as per the needs of the change. We lay great emphasis on grooming of a professional outback as well as the personal attributes of each employee. We aim to strengthen our organisational capability by building a high performance culture and transparency of procedures and systems.

Training and Development

After every performance appraisal, training needs are identified and Company sends the personnel for the training or arranges for seminars and sessions as per the need. Training sessions are also conducted according to the need and requirement of any department. Trainings are being conducted on basic life support, fire fighting, succession planning and policies and procedures related to human rights. Lucky Cement also makes sure that the security personnel should also be trained in the organisation's policies or procedures concerning aspects of human rights that are relevant to operations.



Employee Satisfaction / Motivation

At Lucky Cement, employees are constantly encouraged and motivated to perform better. For this, there are many incentives and non-financial perks that are given. They are:

- Bonuses
- Promotions
- Salary increments – Performance based
- Medical allowances
- Insurance
- Casual leaves
- Medical leaves

If the employee has been working with the Company for 3 years or more, then he can apply for the loans that are given on interest free basis.

If a person fails to perform according to the Company standards, he is given a chance to improve. Lucky Cement does not believe in punishing the employees or using negative incentives.

Employee Empowerment



At Lucky Cement employees are empowered to make decisions that concern them and their productivity. They may, however, seek guidance from the authorities, which will help in executing the idea.

Lucky Cement believes in involving all the levels of management in decision making. Brain storming sessions are held, everyone is asked to give their valuable opinion and a decision is reached upon. Ideas and opinions are always

encouraged from each level of the management. The Lucky Cement management believes in giving equal opportunity to every member of the Lucky Cement team to share their expertise whenever and wherever needed.

Employee Welfare

Welfare of the employees is one of the top priorities at Lucky Cement. Our Employee Welfare Scheme is designed to incorporate areas that are critical in strengthening the wellbeing of the Lucky family. We provide following provision to our employees:

Dispensary Services

A well-managed dispensary is maintained at both Karachi and Pezu Plant for the welfare of the employees and the residents to ensure proper health and safety.

Access to Quality Education

The school in Pezu effectively caters to the educational needs of children of our employees. The motive behind this setup is to provide a platform to unveil talent and

polish skills for a better tomorrow. The school is registered with Bannu Education Board and provides education till the fifth standard. This school provides quality and

free of cost education to the children of employees who are working day and night for the betterment of the Company.

Recreational Activities

Recreational activities at work place are an essential part in motivating employees. Some of the initiatives by the management in this regard are given below:

Staff and Family Picnic

Picnic at Dreamworld Resort



Lucky Cement organized a healthy, entertaining and a relaxing picnic at 'Dream World Resort'. It wasn't only for the employees but for their families too. This not only makes the employees happy, but also motivates them to work harder.

Internal Newsletter

The Lucky Charm contains a summary of all the happenings and events of the Company, motivational articles, detailed coverage of important events and also quizzes to keep our employees motivated and up to date.

Excursion at Farm House

The Management of Lucky Cement organized an excursion at farm-house Country Side Chalet, outside Karachi for the Luckians. This was the first time when such a grand event was organized, and this time, families of the

staff were also invited to take part in the joyful celebration at picnic. This resulted in ample socializing and interacting of families from diverse backgrounds who share the same identity of Lucky Cement. The event was planned to incorporate recreation by engaging in adventure sports and indoor games. The event became a healthy source of attaining a positive mood, lightened the spirits and helped in gaining mental peace and relaxation. Exquisite coordination and excellent arrangements added glee to the occasion and became a trend setting show for others to come forward and arrange such fascinating events.

Favourable Working Conditions



Lucky Cement understands the value of a proper and comfortable office environment so that the maximum results and performance oriented outcomes can be achieved. Therefore, at Lucky Cement consultative approach is taken. An ideal work environment is such in which personnel can grow not only professionally, but also intellectually.

Where individuals are encouraged to share their knowledge and their work is appreciated in terms of having an economic stability and security within the organisation. At Lucky Cement, work place and the employee understand each other in terms of professionalism, give enough space to individual motivation, and healthy team work helps to develop potential.

Award Ceremony for Long Service, Pezu



Lucky Cement cherished the dedication and services of all the employees. Lucky Cement is fortunate to have many employees who have been serving the Company for more than a decade. This shows that our pro-employee policies are not only beneficial in monetary terms, but also provide job satisfaction to our employees. On June 4, 2011, the Pezu factory management held a grand award ceremony for appreciating and acknowledging the services of such employees. Awards and gifts were given to

around 50 employees, who have been associated with the Company for 15 years and more. GM HR was also present at the event. He reaffirmed the commitment of the management, with the employees, to continue working for employee welfare and took assurance from the employees that they will continue working towards the betterment of the Company. We congratulate all the 50 employees for their achievements and are grateful for their services and dedication.

Following are the employees from Pezu, with the longest term of service:

Muhammad Farooq Khan
Department: Administration
Length of service: 17 years

Amanullah
Department: Administration (Cook)
Length of service: 16 Years

Rasool Badshah
Department: Administration (cook)
Length of service: 16 Years

Hajj 2011

Lucky draw is held every year to depute two permanent employees (one worker and one officer) for performing "HAJJ" on Company's expenses and to grant special leave for Hajj.

Child and Forced Labour

The company discourages child and forced labour and completely abides by the law. There is no case of child and forced labour in the Company.



SOCIAL PERFORMANCE
SOCIETY

Disclosure on Management Approach

Social responsibility is one of the core values of the Company towards which the Company has an uncompromising commitment and hence it incurs heavy community investments. The Company tends to work towards the welfare of the underserved sections of the society to help them provide a quality life. The Company's activities are wide and far

ranging. Its initiatives include innovative projects that foster sustainable growth through building and honing skill sets, through education and training, healthcare, extensive development and infrastructural facilities. As such, through these steps the Company strives to build stable communities.

The Company has proudly contributed Rs. 89.8 Million in CSR Activities for the year ended June 30, 2011 which represents 2.3% of the Profit after tax.

Community Engagement Impetus

We share a symbiotic relationship with our community and believe in the trusteeship concept. The communities around us give us the license to operate and other valuable

resources that help us sustain in the environment. Therefore, it is vital to us that communities around us grow and see us as crucial towards the achievement of their

aspirations. We constantly look for issues and concerns where we can partner with communities and local administration to contribute to inclusive growth.

Corporate Social Responsibility

LCL has always depicted an excellent image of being a socially responsible corporate player and has worked for sectors including but not limited to health, education and environment. We are indeed committed towards the development and prosperity of our communities.

Education

Education is a powerful tool to combat the cut-throat / ever increasing competition of today's fast-paced world. The importance of education in Pakistan is indeed rising with passing time. Although Pakistan has

a history of producing learned individuals, it still needs to improve not just on the quality of education but also on the number of people being educated. Supporting and promoting educational

endeavours has always been at fore-front in all the CSR projects Lucky Cement carries out. We believe that it is education that lifts a society to the heights of progress and development.

Educational projects currently being conducted include the following:

Karachi School of Business and Leadership (KSBL)

Karachi Education Initiative (KEI) is a not-for-profit organisation, being run by group of diverse business leaders. KEI is

establishing a world class graduate and post graduate level school in Karachi by the name of Karachi School of Business and

Leadership (KSBL). KEI has partnered with Judge Business School (JBS) of the University of Cambridge for KSBL's

curriculum designing, teaching, material development, faculty formation, technological assistance and executive educational development.

To support the cause, Lucky Cement has donated a generous amount of Rs. 100 Million for the construction of this world-class institution. Mr. Muhammad Ali Tabba,

CEO - Lucky Cement also serves on the Board of Directors of KEI and is playing an active role in establishing this centre of excellence.

The Hub School Project

The Hub School Project, which is located near Hub Dam Road in Karachi, is spread over a land area of 250 acres out of which, 190 acres is reserved for construction of a

girls' boarding school, a university, playground, parks and residential facility for the staff. Lucky Cement has very generously contributed in the construction of this

non-profit school meant to educate the underprivileged children of the surrounding areas, especially females.

Construction Material Research Group – Fellowship at NED University

Lucky Cement has awarded research fellowship to Construction Material Research Group (CMRG) at NED University, Karachi. The purpose of this research fellowship is to promote the development of the civil infrastructure and construction material.

New Academic Block at IBA



The Aziz Tabba Foundation has signed an agreement with the Institute of Business Administration Karachi to donate a sum of Rs. 120 Million for up gradation and improvement of infrastructure at the IBA campuses. The amount will be used to construct a state-of-the-art academic block at the Main Campus which will be dedicated to the

memory of the Late Mr. Razzak Tabba. An agreement to the effect was signed by Dr. Ishrat Hussain, Dean and Director IBA and Mr. Muhammad Ali Tabba, CEO Lucky Cement in a ceremony held at the IBA City Campus on October 09, 2009.

Lucky City School

LCL runs a well-maintained primary school, up to class five, for the children of the factory workers in Pezu. The school is registered with the Bannu Education Board and provides quality and free of cost education to the children of the employees.

Primary School in Pezu



The Company has planned to construct a world-class primary school, near its factory in Pezu, District Lakki Marwat, in partnership with a renowned NGO, chartered by the

Government of Pakistan and endorsed by the World Bank. The school will be affiliated with Pakistan's well-known school system and will provide quality education to the

children of the area. The school will later be upgraded to secondary education.

Financial Support

Financial Assistance to Qamar Abbas

Qamar Abbas, a student from the tribal areas of Pakistan and son of a taxi driver, is the only student from Khyber Pakhtunkhwa to have been honored as the Star Boy of Pakistan and have his profile published in

'Who's Who in Pakistan' by South Asia Publications. He is also a Gold Medalist from the Technical Education Board of KP Province. Due to financial constraints he could not pursue his career as a Chartered

Accountant. To help him realize his dreams, Lucky Cement sponsored not only his educational expenses but also funded other boarding and lodging costs.

Financial Assistance to Sundus

Lucky Cement provided financial assistance to Sundus, daughter of a lawyer who was martyred during unavoidable conflicts between lawyers and police. Sundus's father left behind a daughter and a widow. This sudden incident left the grieved family in a difficult financial

position. Thanks to LCL scholarship, Sundus is able to continue with her education.

Sundus is a brilliant student at Institute of Business Management, pursuing her MBA with exceptional academic records. Lucky

Cement helped her and took care of the financial matters that stood in her way. This way, the Company played its role yet again in promoting education and helping the young talent of Pakistan.

Financial Assistance to Naveed

Lucky Cement sponsored for the education of Naveed, a resident of outskirts of Gilgit. Naveed is a student of Civil Et Environmental Engineering in NUST, Islamabad. Naveed is one of the few

students in Northern Areas of Pakistan to have the courage to pursue his dreams and make his career, despite financial hindrances. Lucky Cement appreciates such students and has

always been supportive in providing help for their progress. The Company was equally impressed with Naveed's commitment of getting a degree in Environmental Engineering.

Concern for Children Trust Partnership



Partnering up with Concern for Children Trust, Lucky Cement provided material support of cement to renovate three schools located at Machar Colony, a slum in suburbs of Karachi.

There are currently 35 small "private" schools in Machar Colony catering to the area's 200,000 students. Most schools suffer from terrible infrastructural issues, lack of ventilation, sanitation and lighting. Lucky Cement has undertaken the project

of renovation of these schools and have arranged for the provision of the basic necessities. This project is named as Project Kitab. The Company is also sponsoring the development of the syllabus of the school.

Ilm Jo Sohro School in interior Sindh

Lucky Cement also donated very generously towards the construction of a school "ILM JO SOHRO" which is aimed to provide free education to the children of the underprivileged areas of interior Sindh province.

Scholarships/ Educational Assistance

Lucky Cement offers various scholarship programmes for the students studying in numerous prestigious institutions across Pakistan to ensure that talented young Pakistanis have access to the quality education regardless of their financial stature. For this purpose, scholarship funds have been established at the various universities.

Institute of Business Management (IoBM)

Lucky Cement also setup a need-cum-merit scholarship at IoBM, needy students are thus referred by the institute administration to the Company for assistance.

Lahore University of Management Sciences (LUMS)



Extending the efforts to facilitate the youth of Pakistan with quality education, Lucky Cement has joined hands with Lahore University of Management Sciences (LUMS) to set up a scholarship program to sponsor students of LUMS – National Outreach Programme (NOP). Through this Outreach Programme, students from far flung areas of Pakistan are selected and provided full funding for education. The first batch of 23 Lucky Cement Scholars will graduate in 2014.

Institute of Business Administration (IBA)



In memory of its late founder and Chairman, Lucky Cement has established an on-going scholarship at IBA called "Lucky Cement – Abdul Razzak Tabba Scholarship" for the students who are exceptional in academics, but are in need of financial assistance.

Lucky Cement Scholarship for Pezu Students

Lucky Cement's management in Pezu has initiated a merit cum need based scholarship scheme for the local students of Graduate and Post Graduate levels, registered with HEC recognized institutions to enable them to acquire higher education.

Health

Colossal donations and initiatives have been witnessed from the Company for the betterment in health sector.

Memon Medical Institute



Memon Medical Institute (MMI) Karachi – a project of Memon Health and Education Foundation (MHEF) is a state-of-the-art hospital

offering health care facilities regardless of cast, colour, creed or ability to pay. Lucky Cement generously donated Rs. 10 Million to MMI to

help it achieve its vision of making quality health care accessible to all.

Maternity and Child Welfare Association

Continued financial assistance has been provided since several years towards “Support to Health and Welfare Program for Mothers and Children” which is an initiative by Maternity and Child Welfare Association of Pakistan.

Lucky Welfare Dispensary – Pezu, Khyber Pakhtunkhwa

Lucky Cement has set up a dispensary clinic in Pezu, Khyber Pakhtunkhwa for providing medical facilities and treatment to the patients at very subsidized rates. This clinic has been set up specially to support the residents of the area and employees of Lucky Cement Plant in Pezu and their family members.

Medical Assistance

Lucky Cement contributed towards bearing medical expenses of one its employees who suffered a brain haemorrhage and was hospitalized for more than five months. LCL stood by the side of this employee till he recovered and resumed his job in office.

Women and Children Hospital (WCH) – Ghazni Khel, Khyber Pakhtunkhwa

Lucky Cement is a major and regular donor of the Women and Children Hospital Ghazni Khel, Khyber Pakhtunkhwa (KPK). This hospital

provides necessary and quality maternity medical care to the poor and needy people. WCH is a 16-bed hospital in the remote area of

the KPK Province with a well-equipped Labour room, a diagnostic laboratory with an Ultrasound facility and an ambulance.

Ultrasound facility at Mother and Child Health Care Centre – Machar Colony

Lucky Cement, in partnership with Concern for Children Trust (CFC), is setting up an Ultrasound facility at Mother and Child Health Care Centre (MCH) in Machar Colony, a slum area in Karachi.

The Machar Colony has a population of approximately 750,000 people deprived of basic necessities of life including quality health care for women. By establishing this facility, Lucky

Cement and CFC aim at creating awareness about prenatal and post natal care of mother and child, safe child birth and prevention and cure of any disabilities in children at an early stage.

Children Cancer Hospital

Children Cancer Hospital is a project of Children Cancer Foundation and a premier facility exclusively dedicated to the care of children suffering from cancer. Lucky Cement provided financial assistance to this hospital for the smooth running of their functions.

Community Development Programmes

Water Supply Scheme at Darra Pezu



Lucky Cement established water supply scheme and distribution lines to provide clean drinking water to the residents of Darra Pezu. The 9 Km long water supply line provides clean drinking water facility to the residents of the rural localities situated in the outskirts of Darra Pezu town. The distribution line starts from Lucky Cement's Pezu Plant and provides water to outskirts of Pezu by connecting with two wells made by LCL. From these wells, water is then passed to the old distribution lines and hence spreads all over Darra Pezu.

Electricity Supply at Darra Pezu

Lucky Cement installed a transformer for uninterrupted supply of electricity to the localities in the outskirts of Pezu district.

Flood Relief Campaign

The country underwent the worst ever floods in the history of its independence, last year. More than three million people were left homeless and displaced and scores were swept away by mighty flood streams. State of

emergency was declared in all the provinces and the Government, with little resources, was unable to put an end to the catastrophe. The Province of Khyber Pakhtunkhwa was the worst hit by this natural disaster. Nearly 10

million people were affected in the region, countless were resting on their already wrecked ruins of their homes and even the basic necessities like water and food were scarce in the area.



Supply of Fresh Drinking Water:
 Within Pezu : 5000 Households (70% of total Pezu Population)
 Outside Pezu: 2000 Households

Model Village in DI Khan



After providing relief to the affected of the massive destructions caused by floods and heavy rains last year, Lucky Cement focused all the efforts towards rehabilitation of the IDPs. Lucky Cement generously donated 600 cement bags for the construction of a model village in Dera Ismail Khan.

DI Khan Airport Renovation



BEFORE



AFTER

The Company also took responsibility of the renovation of DI Khan Airport as a welfare gesture for the locals of the area and to boost overall commerce and economy. Upgrading of the airport exterior and interior has been completed, along with provision of furniture for both arrivals and departure lounges.

Corruption

Prevention of Corruption at Workplace

Ethics and Integrity being one of our core values and by virtue of code of corporate governance, LCL has zero tolerance approach to corruption. We strongly believe in and practice highest standards of ethical behaviour, both within the organisation as well as in our external relationships. Company is in the

process of formalising a code of conduct document that will be made mandatory for board of directors and employees to signify. Outside Interest Disclosure recently introduced in the Company is another step in the same direction. The Audit Committee of the Board met with regular intervals during the year to

review, the adequacy and effectiveness of the internal controls, including those relating to the strengthening of the Company's risk management policies and systems.

There have been no significant incidents of corruption during the year ended June 30, 2011.

Public Policy

Disclosure on Management Approach

The senior management of the Company participates in a large number of industry fora to help contribute to debates on public policy issues related to the Company's business.

Public Policy Position and Lobbying Activities

Lucky Cement is a member of various national and international organisations as part of their lobbying activities which mainly include Pakistan Business Council and Pakistan Institute of Corporate Governance. For details please refer the section "Governance and Commitments".

Anti-Competitive Behaviour

Disclosure on Management Approach

Lucky Cement believes in fair trade practices and encourages healthy competition across the industry. The Company therefore requires all its directors and employees to be well-acquainted with the relevant competition and restrictive trade practices laws. All employees are responsible for familiarizing themselves with the requirements of these laws as any violation may result in penalties and / or criminal offences.

Product Responsibility

Management Approach

The applicable product standards, regulatory requirements, Customer Feedback Mechanism and other internal systems form the core of product responsibility. The Company complies with applicable Pakistani, BIS, European (EN), South African, Kenyan, Indian and Sri Lankan codes for its products. The details required are based on the aforementioned standards and are made available to the customers through Test Certificates and printing on the packaging. The information concerns the physical and chemical properties of the products apart from traceability information.

Aspects

Customer Health and Safety

The management is committed to provide world-class quality cement to its customers and is concerned about the safety of its customers and consumers. The product is internationally benchmarked that conforms to the various international standards as indicated above. The manufacturing units have state-of-the-art facilities, cutting edge technology and international quality management systems, which are constantly reviewed and upgraded. There are no significant health and safety impacts for the customers as the product contains all the natural raw-materials such as limestone, laterite, gypsum etc that are non-hazardous in nature. However, in compliance with the South African and Kenyan standards, a safety notice is embossed on the packaging material of cement sold in the said markets, which enlightens customers over the safety measures to be taken including suitable safety clothing, dust masks etc. For other markets the Company plans to educate the customers over product handling in the near future including for example using face-masks and gloves.

Product Service and Labelling

The Company ensures legitimacy, transparency and good governance and strives to comply with every relevant applicable laws and regulations. For the purpose of product packaging and labelling, the Company complies with the requirements of the various local and international quality standards, the Company's products are certified with. The product information on the various packaging bags in compliance with the relevant quality standards for the local and international markets is as follows:

Customer Satisfaction

Customer Satisfaction is of prime importance to us to build long-term, mutually beneficial relationships with our customers, anticipating their needs, appreciating their patronage and delighting them in unique, rewarding ways.

Customer Feedback Mechanism of the Company includes the circulation of Customer Feedback forms that welcome customers' feedback and help us improve and provide quality product and service. It is also an important tool to evaluate customer satisfaction.

Customer Privacy

We exercise utmost care in handling customer privacy. The Company has a customer database in place which stores all the information and is centrally controlled. We consider it our duty to secure the privacy of customer database.

There have been no complaints regarding breach of customer privacy and loss of customer data during the year.

Infographic

Product/Market	Brand Name and Logo	Content	Strength of the product (N/ PSI)	Applicable Standards and their mark/stamp	Safety Notice	Concrete Content Guidance
Local (Paper Bags)						
Lucky Star	✓	✓	✓	ISO: 9001:2000 BSS: 12-1978 PS: 232-1983(R)	Not required	Not required
Lucky Gold	✓	✓	✓	ISO: 9001:2000 BSS: 12-1978 PS: 232-1983(R)	Not required	
Lucky Regular	✓	✓	✓	ISO: 9001:2000 BSS: 12-1978 PS: 232-1983(R)	Not required	Not required
International (Polypropylene Bags)						
South Africa	✓	Not required	✓	SABS	✓	✓
Mozambique		Not required	✓	BS- 12/1996	✓	✓
India	✓	Not required	✓	IS- 8112	Not required	Not required
Iraq	✓	Not required	✓	ISO: 9001:2008 BS: 4027/1996 PS: 612-1989(R)	Not required	Not required
Srilanka	✓	Not required	✓	SLS: 107:2008	Not required	Not required
Afghanistan	✓	Not required	✓	ISO: 9001:2008 BS-EN: 197-1:2000 PS: 232-2008(R)	Not required	Not required
Kenya	✓	Not required	✓	ISO: 9001:2008 KS-EAS: 18-1	Not required	Not required
UAE	✓	Not required	✓	BS: 4027/1996	Not required	Not required

Milestone

1993	Listed on Karachi, Lahore and Islamabad Stock Exchanges.
1996	Entered into commercial business with production capacity of 1.2 million tons per annum (Lines A and B at Pezu Plant).
1999	Production capacity increased to 1.5 million tons per annum.
2001	Conversion of Kiln Firing System from furnace oil to coal based.
2002	Started exporting cement.
2005	Started new production line (Line C) at Pezu. Inaugurated new production facility in Karachi. Became the largest cement exporter from Pakistan.
2006	Started new production line (Line D) in Pezu. Started production in Karachi Plant (Lines E and F). Became largest cement producer of Pakistan. Acquired transportation fleet of Bulkers and Ship loaders.
2007	Became the first company to export loose cement through sea.
2008	Set up its own cement storage facility at Karachi Port with the capacity of 24,000 tons. Conversion of furnace oil power generation engines to Dual Fuel Engines. Got listed in London Stock Exchange and became the first Cement company in Pakistan to issue GDR.
2009	Started the 7th production line (Line G) at Karachi Plant, bringing the total production capacity to 7.75 million tons per annum.
2010	Waste Heat Recovery Project started operations at both Karachi and Pezu Plants. Acquired multi-purpose trailers for moving all kinds of payload, either bagged or in raw form.
2011	Signed MOU to sell 20 MW electricity to Hyderabad Electric Supply Company (HESCO). In process of setting up a plant to replace coal with Tyre Derived Fuel (TDF) to further reduce cost of production Invested in a joint venture in DR Congo.

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