



LUCKY  
CEMENT

# ACTIVE SUSTAINABILITY REPORT 2012



The world is at a critical juncture. Today, all of us are posed with a moral dilemma; should we continue our lifestyles the way they are or should we make a little sacrifice for our generations to come. Lucky Cement has adopted a futuristic approach in this regard knowing that a little responsibility now can make life easier for future generations.

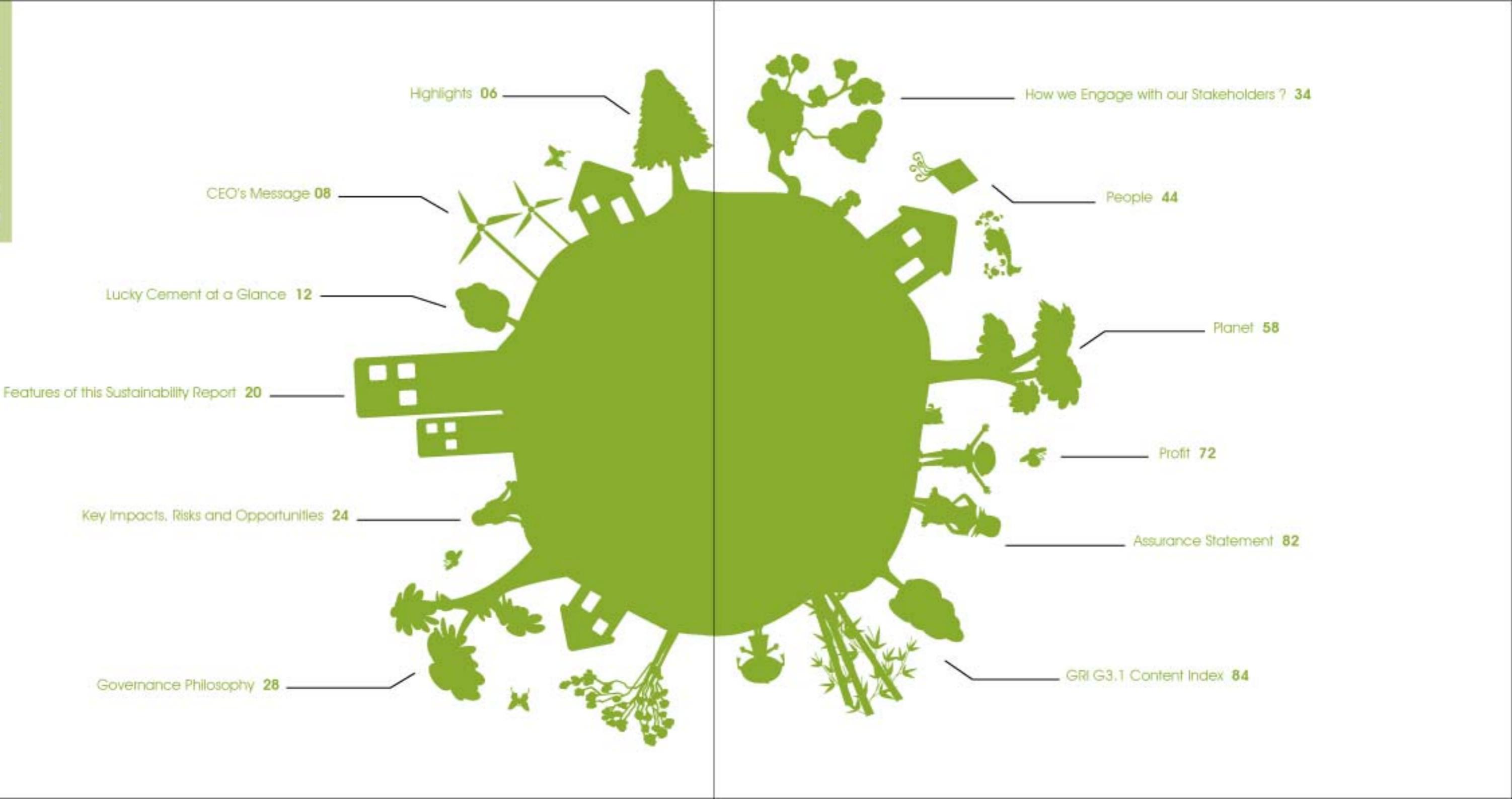




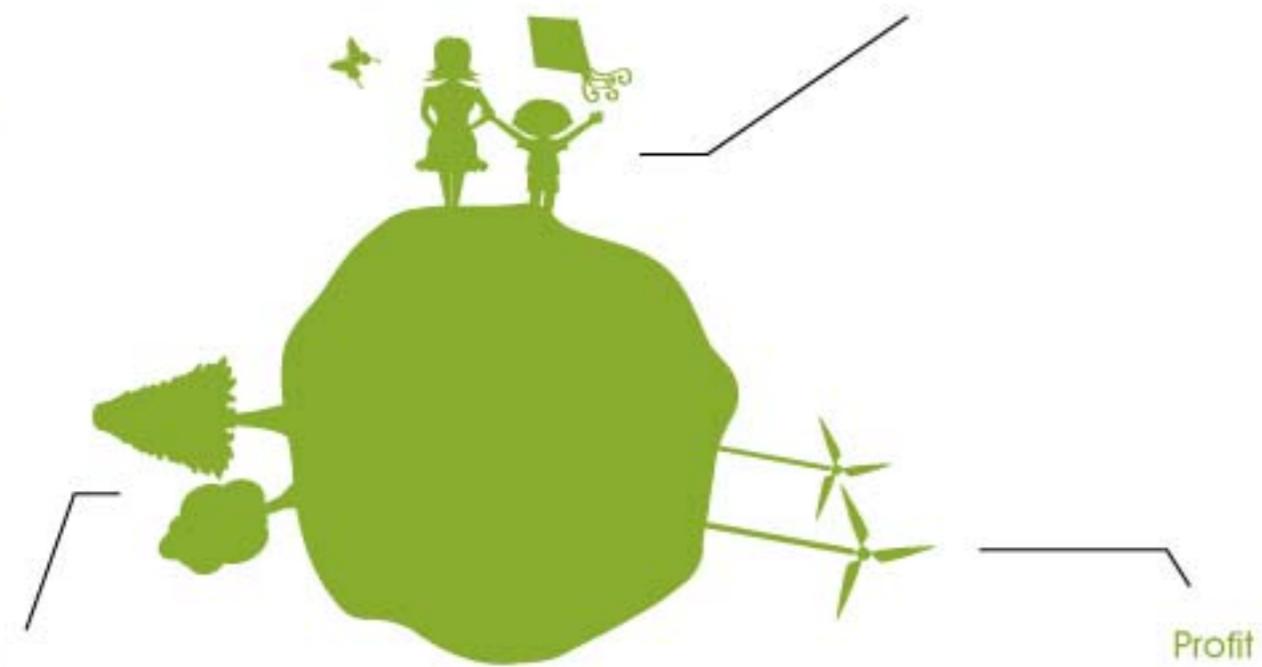
**Corporate Head Quarter**  
6-A, Muhammad ALI Housing Society,  
A. Aziz, Hashim Tabba Street,  
Karachi - 75950, Pakistan.



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## HIGHLIGHTS



### Planet

20,000 trees planted

Reduction of CO<sub>2</sub> emissions

108,918 tons CO<sub>2</sub> equivalent

(from fuel conversion and WHRS)

92% of the people expressed their contentment over the efforts of Lucky Cement towards generating income for local employees and businessmen.

Lucky Cement Limited contributes an unparalleled share of 18% to the cement industry.

### People

Community Investments

PKR 184.5 million

87% people say that Lucky Cement is a socially responsible organization

Free medical facilities to 20,000 + patients

## VISION

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

## CORE VALUES



## MISSION



I am delighted to present Lucky Cement's 2012 Sustainability Report. Published for the 2nd consecutive year, this report gives a transparent picture of the company's multi-dimensional sustainability initiatives.

Last year, to me and my team's delight, it is worth mentioning here that we not only attained application Level Check "A" from Global Reporting Initiative (GRI) for our Sustainability Report but we also won the Best Sustainability Report Award from the Joint Committee of the Institute of Chartered Accountants of Pakistan (ICAP) & Institute of Cost & Management Accountants of Pakistan (ICMAP).

Moreover for the 3rd consecutive year, we have won the Environmental Excellence Award from National Forum for Environment and Health. This shows our commitment to Sustainable Practices goes beyond just reporting it. For us, it is an expression of Lucky Cement's enduring commitment to contribute and provide leadership to building a sustainable, secure and inclusive future for the larger Pakistani society.

This year, we also went a step ahead by independently verifying this year's Sustainability Report by M/s. URS.

## Where do we stand?

Importance of construction industry within Pakistan can be realized by the fact that construction materials industry counts towards Pakistan's principle Industries. Over the last decade, Pakistan's cement production capacity has increased by more than 35 million tons per annum. The overall export of cement and clinker by Pakistani cement industry was 8.5 million tons and Lucky Cement's contribution towards this is unparalleled as we were able to export 2.25 million tons of cement and clinker in the financial year ended June 30, 2012 to African, Asian and Middle Eastern countries including Qatar, Afghanistan, India, South Africa, UAE, Oman and Yemen.

## What lies ahead?

Lucky Cement has come to a point where it is at the verge of becoming the first Pakistani origin Multinational Cement Company and we will soon be having our productions started in Congo and Iraq. Since its inception, we have always been looking to step out of our comfort zone wisely – it has helped us pass through those learning curves which have enriched us to be able to tackle challenges and competition even at international level. Locally, we are maintaining our status as the leading cement producing company of Pakistan by producing 5.9 million tons of cement in the year ended June 30, 2012. Over the years, more and more trust has been placed on us by our customers and other

stakeholders; we do understand our need to be more and more responsible towards our society.

Moreover, Lucky Cement has also played a major role towards taking forth the group strategy to diversify its portfolio and in doing so it has contributed towards making successful acquisition of ICI Pakistan Limited and have also pledged to invest in a new venture i.e. M/s. Yunus Energy Limited which will be producing energy through wind farms and adding the produced power to the national grid.



## Incorporating Sustainability into our Business Strategy

For me and my team, it is embedded in our hearts and minds that we do not just stand for profits rather we feel more convenient to express that we stand for our values and as far as sustainability is concerned, it is at the heart of our core values. Even in recent surveys conducted at Pezu and Karachi, results show that the community acknowledges Lucky Cement's high level of commitment to contribute towards the betterment of society in the areas of economics, environment and social welfare.

Also, I feel proud to express that Lucky Cement spent PKR 184.5 million towards our responsible business initiatives, which is 105% more than what we spent last year. As we stand for our values so do we want our society to be enriched enough to stand for the same values as our company, i.e. Social Responsibility, Ethics & Integrity, Excellence, Innovation, Customer Focused and Entrepreneurship.

We ensure that these values are upheld by all our employees in true letter and spirit and we keep a check on ourselves that our conduct with stakeholders and society, in general, should reflect these values:

It is to me and my team's delight to express that like in many other areas, even in the area of sustainable development for making a green economy we are at the forefront and pioneering by setting new benchmarks for the industry. Our sustainability philosophy draws upon our deep commitment to work with our stakeholders in building an exemplary Pakistani enterprise that strives to build a secure, sustainable and inclusive future for all our shared tomorrows. I, now feel honoured to dedicate this report, which entails our struggle for a sustainable future, to all the stakeholders and the nation.

**Muhammad Ali Tabba**  
Chief Executive



Lucky Cement has revolutionized the concept of pro-environment investments in the cement industry. I think, it is the responsibility of the whole industrial sector to safeguard the natural habitat and vouch for the sustainability of our planet.

**Muhammad Abid Ganatra**  
Executive Director



Being the industry leader and a responsible corporate citizen we embrace our social responsibility and place environmental sustainability at the heart of all our functions. We believe that all our departments are playing their part in contributing towards a cleaner and greener future, be it our awarded green supply chain, environmentally conscious operations, or our human resources policies and procedures.

**Noman Hasan**  
Chief Operating Officer



Due to our efforts we have not only moved from fossil fuel based energy generation to alternative energy sources, but we are now generating enough energy to cater to the needs of utility companies in an eco-friendly way. Through our Waste Heat Recovery plant we have substantially reduced our costs by co-generating electricity by the wasted heat, which was previously being fed to the atmosphere.

**Intisar Haqqi**  
Director Power Generation



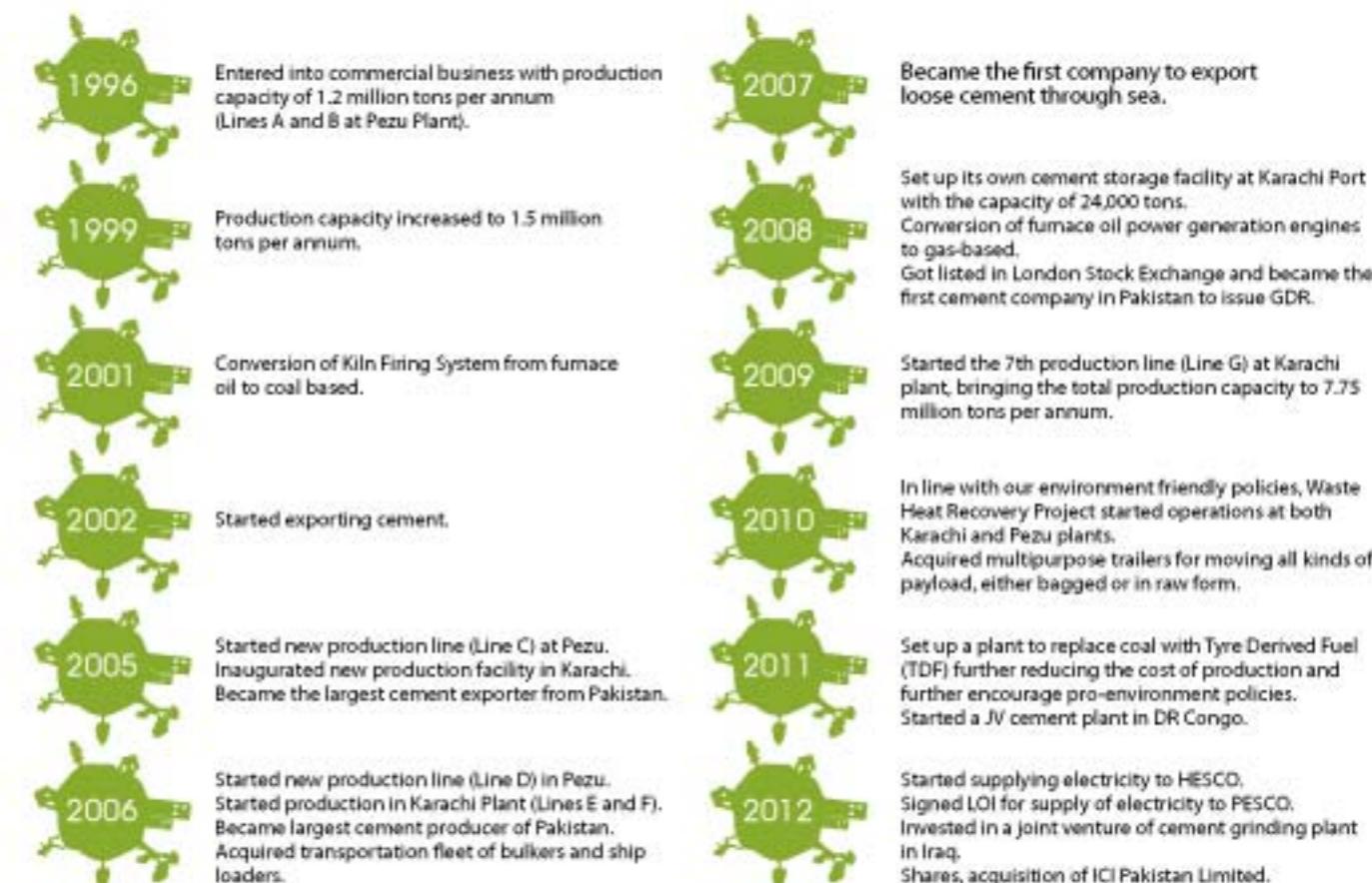


## Lucky Cement at a glance

The story of Lucky Cement is truly remarkable. From its incorporation in Pakistan on September 18, 1993 to becoming the only multinational company of Pakistan having manufacturing facilities abroad in 2011, the company represents true

good luck for all its stakeholders. Lucky Cement started its operations with the establishment of its first plant at Pezu, Lakkhi Marwat in 1996 and by the end of 2002, it started exporting cement. In 2005, Lucky Cement started another plant in Karachi and in the same year, became Pakistan's largest cement exporter. In 2006, Lucky Cement became the largest

cement producer of Pakistan. In 2011, Lucky Cement started a joint venture in DR Congo which gave it the privilege of the first and only truly multinational company of the country. In addition to DR Congo, the Company also has a joint venture in Iraq. Both the Congo and Iraq projects have not started operation as yet.



## Nature of ownership and legal form

Lucky Cement is a listed public limited company incorporated under the Companies Ordinance, 1984. The shares of the Company are quoted on

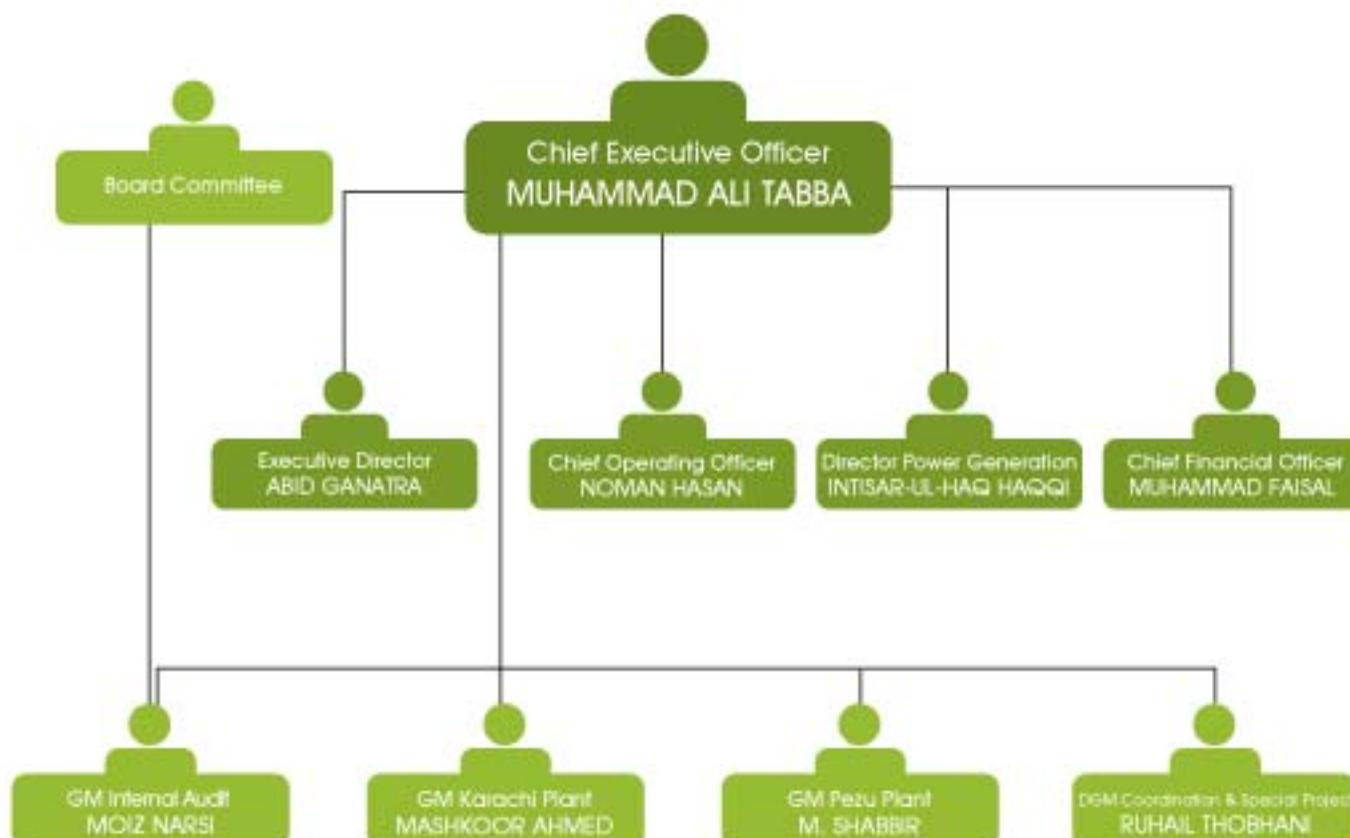
all the three stock exchanges in Pakistan. The Company has also issued Global Depository Receipts (GDRs) which are listed and traded on the Professional Securities Market of the London Stock Exchange. Each GDR represents 4 ordinary shares of the company with two way fungibility:

i.e. from GDR to ordinary shares and vice versa. GDR don't carry any voting rights. The GDRs were issued in May 2008.

The shareholding pattern of the Company is given below:

Shareholders' Category	Number of Shares As at June 30, 2012		Number of Shares As at June 30, 2011	
		% of Holding		% of Holding
Directors, Chief Executive Officer, their spouses and minor children	95,928,999	29.66	95,928,999	29.66
Associated companies, Undertakings and related parties	39,288,456	12.15	31,455,575	9.73
NIT and ICP	8,929,264	2.76	15,353,130	4.75
Public sector companies and corporations	4,803,983	1.49	4,477,920	1.38
Banks, development financial institutions, non-banking financial institutions, insurance companies, modarabas and mutual funds	26,495,460	8.2	16,743,086	5.18
General public				
Local	29,639,177	9.17	28,355,285	8.77
Foreign	96,036,944	29.7	108,391,856	33.52
Others	22,252,717	6.88	22,669,149	7.01
<b>Total</b>	<b>323,375,000</b>	<b>100</b>	<b>323,375,000</b>	<b>100</b>

## Organizational Structure



## Core Brands

Lucky Cement aims at producing cement to suit every user. The company is producing different variations of Ordinary Portland Cement and Sulphate Resistant Cement to meet needs of a wide range of customers. The following cement brands are available:

**Lucky Cement (Regular):** Lucky Cement Regular is our OPC brand and sells primarily in the North region markets of Pakistan.

**Lucky Star:** Lucky Star is our OPC brand which sells primarily in the South region markets of Pakistan.

**Lucky Gold:** Lucky Gold is our OPC brand which was introduced to penetrate into the Faisalabad market, and sells primarily in Faisalabad and surrounding areas.



### Lucky Sulphate Resistant Cement

**Cement:** Developed specially for use along shore lines and canal linings, Lucky SRC sells across entire Pakistan.

**Lucky Block Cement:** Developed specially for block makers with quick setting time, Lucky Block Cement is an OPC product which sells primarily in the Karachi market.

**Lucky Raj:** In order to attract the price conscious consumer, Lucky Raj is an OPC product introduced in Karachi markets.

## Diversified Markets

The Company has a well established distribution system in Pakistan making the quality products of Lucky Cement available from Karachi to Kashmir and Gawadar to Gilgit.

In addition to local market, the Company has successfully established a well diversified export market to

mitigate the risk of shortfall in local sales. Our high quality cement is being exported to following countries:

### Asia

- India
- Sri Lanka
- Central Asian countries
- Afghanistan

### Africa

- Tanzania
- Madagascar
- Mozambique
- South Africa
- Seychelles
- Comoros
- Kenya
- Uganda

Our brands are recognized and known as high quality products amongst its customers.

## Recognition of Our Efforts

Our efforts towards the betterment of society have been recognized on various platforms and we have been awarded in the below mentioned categories by various organizations.

### Best Sustainability and Corporate Report

Lucky Cement's sustainability report for the year 2011 secured the Best Sustainability Report Award. Also, Its Annual Report got 1st position in cement & sugar category. These awards are announced every year by the joint committee of the Institute of Chartered Accountants of Pakistan and the Institute of Cost and Management Accountants of Pakistan.

These awards bear testimony to the commitment of Lucky Cement to maintain fairness and transparency in disclosing information to shareholders.

### National CSR Excellence Award

Lucky Cement was honored with the National CSR Excellence Award by the CSR Association of Pakistan. Each year, these awards are given to companies that play active role in fulfilling their Corporate Social Responsibility. Lucky Cement has won

this award for three consecutive years. Lucky Cement's CSR initiatives and contributions towards the betterment of society have always been recognized and acknowledged. Pakistan Centre for Philanthropy also ranked Lucky Cement's philanthropic contribution for social development in Pakistan by ranking it among top 10 out of 532 public listed companies.



### Best Environment Performance for 2011-2012

Lucky Cement was awarded the prestigious award of the Best Environment Performance for 2011-2012 organized by the National Forum for Environment and Health (NFEH).



## Corporate Affiliations

Lucky Cement has representation on various platforms as mentioned below:

### Pakistan Business Council (PBC)

 **Pakistan Business Council** Lucky Cement is proud to be a leading member of the Pakistan Business Council (PBC). PBC aims at promoting and facilitating the integration of Pakistani businesses into world economy and to encourage the development and growth of Pakistani companies.

### Pakistan Institute of Corporate Governance (PICG)

 Good corporate governance is an essential pre-requisite for the integrity and credibility of any organization. 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.

### Corporate Social Responsibility Association of Pakistan

 **CSR Association of Pakistan** Lucky Cement is also a corporate member of CSR Association of Pakistan. The CSR Association promotes the notion among enterprises that a business is not to make profits only. Enterprises should make their investments responsible for the upliftment of society. Lucky Cement has always taken its social and environmental responsibilities seriously and has always been a generous contributor in community investments.

### Marketing Association of Pakistan (MAP)

 MAP promotes study of all branches of knowledge relevant to the profession of marketing. It provides facilities for inquiry and research into marketing problems.

## US Atlantic Council



### ATLANTIC COUNCIL

The US Atlantic Council has been a pre-eminent, non-partisan institution devoted to promoting trans-Atlantic co-operation and international security. The council provides an essential forum for navigating dramatic shifts in economic and political influence.



## Product Responsibility

Lucky Cement is fully aware of the fact that it owes its top position in the industry to its high quality products. The company has a dedicated quality assurance department to ensure that our products continue to meet the stringent quality standards that we have set for ourselves in light of the product quality standards in force in Pakistan and the countries to which we export (India, Mozambique, Madagascar, Afghanistan, UAE, Tanzania, South Africa etc).

### Customer Satisfaction

Satisfaction is integral to retaining old customers, attracting new customer and regaining lost customers. Lucky Cement acknowledges this principle and is ever willing to take initiatives to increase customer satisfaction. In fact, we are aiming at going beyond just customer satisfaction to customer delight. For this, the company is taking many initiatives as mentioned in stakeholder analysis. These initiatives help us identify areas for improvement and the demands of customers, leading to creation of ever-lasting delight for the customers.

### Customer Health and Safety

The management is committed to providing world-class quality cement to its customers and is concerned about the safety of its customers and consumers. The manufacturing units

have state-of-the-art facilities, cutting edge technology and quality management systems, which enable the company to deliver products that are safe. The products are tested internally to check that the strength of the cement as required by national and international standards has been achieved. The company also has the services of independent parties which serve as an additional check on the safety and quality of its cement.

Moreover, 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

Our product range complies with a range of standards, depending upon the territory where these are being sold. Over time we have marked the following standards on our bags:

- ISO 9001: 2008
- IQS: 5/1984
- KS EAS 18-1:2001
- SLS 107:2008
- IS 8112: 1989

- PS 232-1983 (R)
- SDS NO. 164/2008
- SANS 50197-1
- BS 4027: 1996
- BSS 12-1978
- BS-12/1996
- TBS

## Marketing Communications

In the past, the company had launched a television commercial with the theme tameer say tabeer tak. The Commercial was hailed for both its concept and content by different advertising agencies. No incident of non-compliance with regulations happened during the year.





## FEATURES OF THIS SUSTAINABILITY REPORT

### Reporting Period

This report details the performance of the company in having impact on society in the fields of People, Planet and Profit for the year ended June 30, 2012.

### Reporting Cycle

The Company prepares its sustainability reports in accordance with the requirements of G3-1 guidelines of Global Reporting Initiative (GRI) for every year. The last sustainability report of Lucky Cement Limited was published for the year ended June 30, 2011.

### Process for Defining Report Content

The contents of this report have been defined by analyzing the material issues of sustainability from business and stakeholder perspective. Considering business dynamics a set of twelve relevant sustainability drivers were identified. These drivers were prioritized on the basis of criteria to assess the business importance and stakeholder importance. The materiality matrix exercise to prioritize sustainability drivers was conducted among the senior management and communities. The result of this exercise can be depicted from the graph given on the next page.

### Boundary of the Report

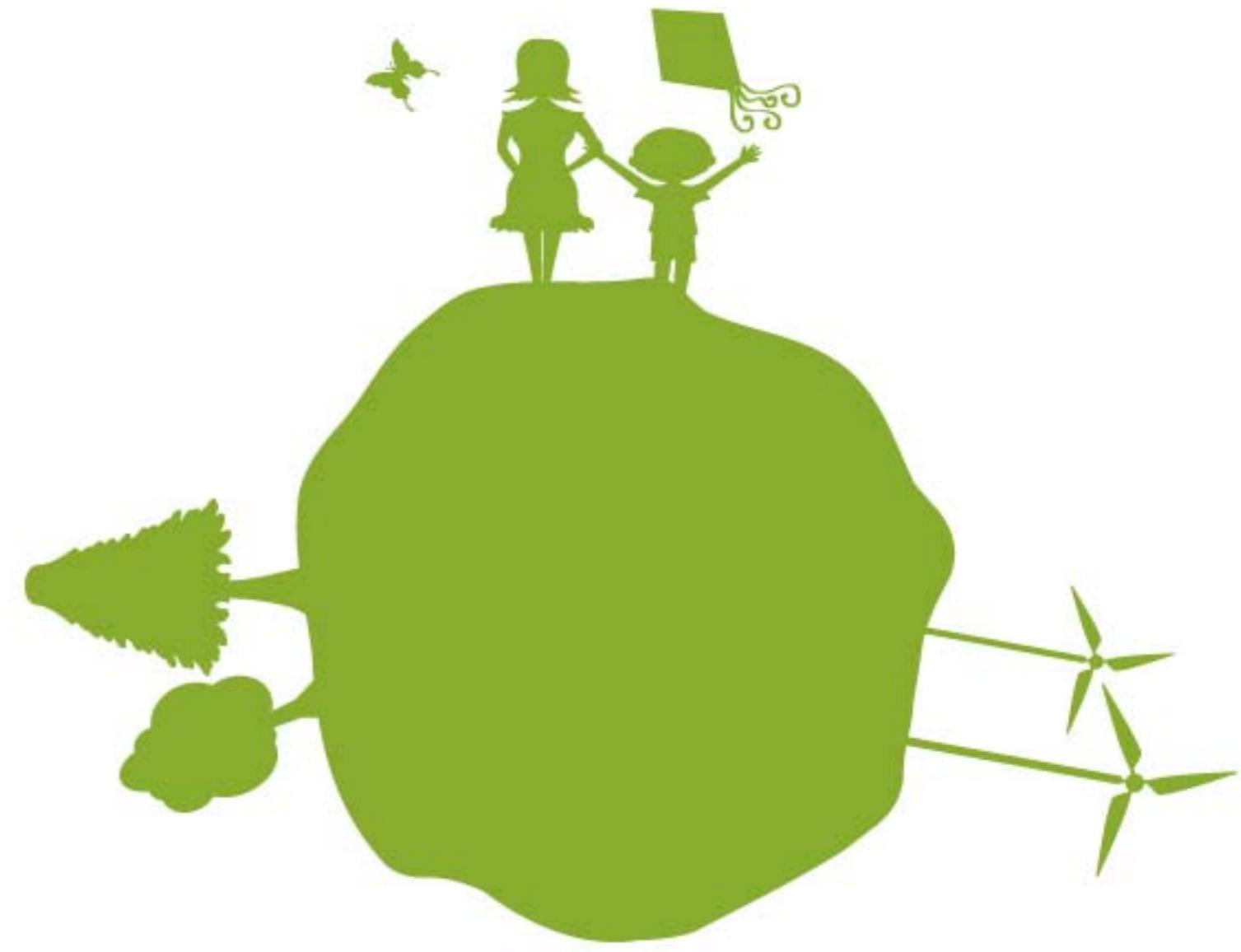
Only the Pakistan operations of Lucky Cement Limited are included for the purpose of this report. The Company has joint ventures in Iraq and DR Congo but since these plants have not yet started operations, they have not been considered for reporting.

### Data Measurement Techniques

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



## Sustainability Materiality Matrix



## KEY IMPACTS, RISKS AND OPPORTUNITIES



### Key Impacts, Risks and Opportunities Relating to Sustainability

While thriving ahead of its competitors, Lucky Cement also fosters a culture of responsibility, excellence and compliance. It is this thought which is reflected in every step we take since the beginning, as we started our operations apart from other legal and compliance related matters; we are also complying with local environmental laws and international standards. In the earlier phase, our operations were completely assessed under the set procedures and guidelines of "Environmental Impact Assessment" which is now part of Pakistan Environmental Protection Act 1997. Moreover, we are also complying with internationally agreed environmental standards as prescribed by International Standards Organization (ISO) in the form ISO 14001 : 2004 standards. We are the first cement company in Pakistan to be complying with these standards. We would have not gone forth to take these steps had we not felt the responsibility on our shoulders about our society. Everyone from top management level to operational level staff understands that cement is a carbon and energy intensive industry and if we keep only profits in perspective, for the purpose of our growth then it will just be a myopic view of what actually we want to achieve? Thus, it is important to realize being a socially aware and responsible

corporate citizen that what impact are we having on our society due to our operations and activities? Broadly, we have categorized these impacts as: People, Planet and Profits (this sustainability report also covers these topics in separate sections). Moreover, we feel quite convenient to express that having this feel of responsibility has not burdened us with more additional tasks and costs; rather it has created more opportunities for us to explore and thrive ahead of our competitors.

### People

It is worth mentioning that our budget for the reporting year went beyond PKR 184.5 million which is 105% more than what we spent in the financial year 2010-11. The details of our community investments are mentioned in the Economical (Profits) section of the report, along with financial highlights. Our spending in CSR related activities have followed a theme of "Transferring our core values to the society" – thus our focus is not just limited to just one aspect rather we have touched various areas including education, health and Infrastructure development. Moreover, we are strictly adhering to international labour and human rights standards and have taken very robust corporate governance related measures. Furthermore, 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. Moreover, we also organize basic life support training for our employees, which enable them in identifying several life-threatening emergencies. Furthermore, as far as our organization is concerned we now operate as 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. Hence, it is again worth mentioning that by taking such measures we have invested in strengthening our values and foundations on which we stand. As Lucky Cement is now at the verge of becoming the first multinational cement company of Pakistan and being a company which has major contribution in exporting cement from





Pakistan; we feel more responsible in representing our country at various international forums. With the growing Lucky Cement, there lies more responsibility on our shoulders whether it is in the area of product quality, our professional conduct and core values or the impact we are having on our society. We not only carry our own image in the international market but we also carry the credentials of Pakistan and Pakistani people in the international markets, with these additional responsibilities we make sure that our risk management system is updated enough to accommodate these aspects. In the long run we see ourselves as a diversified conglomerate who will be representing the nation on various platforms and markets – therefore we make sure that our performance is not just monitored and controlled based on our financial parameters. Our competitive position in the international markets is dependent on our progress in various other parameters such as product quality,

community development and eco-friendliness. We carried out an internal exercise using a sustainability materiality matrix (Refer section: Features of our sustainability report), in which opinion was asked from key decision makers of the company to prioritize these areas in accordance with their importance to business and stakeholders. Based on this analysis, we have come up with the attached map which states their respective position in accordance with their importance.

### Planet

Consider the area of environment (Planet), we have taken appropriate measures and made timely investments in projects relevant to generating energy from alternative sources which will not only free us from dependence on fossil fuels but will also reduce green house gas emissions. The likes of these projects are waste heat recovery power plant, tyre derived fuel power plant and

refuse derived fuel power plant – these projects have not only proved to be eco-friendly but have also contributed towards significantly reducing our operational costs.

Moreover, we have now come in a position that we are generating surplus energy which is being supplied to Hyderabad Electric Supply Corporation via 22km link and we have also signed a letter of intention with Peshawar Electric Supply Corporation for the provision of electricity. So these measures have also additionally helped us in generating additional income by selling energy. Furthermore, it is to the credit of our technical staff that is always keen to make the process more and more energy efficient and figuring out ways to save energy as much as possible. They keep an eye on updating their operational and maintenance plan for the plant and motors.

Moreover, we have also taken measures like tree plantation, supply chain enhancements and celebrating earth hour which have helped us build our reputation as a responsible corporate citizen. So for us sustainable development is not just a challenge but a source of capitalizing more opportunities and setting new benchmarks in Pakistan's cement industry.

### Profits

It is important to state that the cement industry itself accounts for an overall estimated 25.8% of Pakistan's GDP and has managed to export 8.5 million tons of cement and clinker. Lucky Cement's contribution to these exports is unparalleled and currently stands at 26.3% whereas in local market our share stands at 15.5%. This remarkable progress has been made possible by our team which comprises of around 2000 personnel directly employed by us. So as it goes in the professional world, in return for their commitment and loyalty we ensure to facilitate them enough so that they and their families can afford a reasonable living standard. Moreover, apart from directly supporting these employees and their families, due to our progress and activities we are also indirectly supporting various households especially those who are part of our green supply chain. Furthermore, consider the example of Pezu which was just a small village of population not more than 3,000, in 1993, when we started; now it stands as an important part of Lakki Marwat District having population of around 35,000 people whose earning affairs are directly or indirectly linked with Lucky Cement's activities.

Last but not least, it is important to mention here that Lucky Cement has set such benchmarks that we take pride in being considered as educators for other key players in the market.





We are fully committed to upholding the values and norms of excellence in corporate governance. We believe that a strong oversight over the day to day affairs leads to the creation of value for the company.

The overall governance responsibility is vested in the Board of Directors. The board functions under the leadership of Mr. Muhammad Yunus Tabba. The Board discharges its governance responsibilities with the help of input from external auditors, internal auditors, corporate and legal and formal reporting systems comprising of highly professional and dedicated teams. This mechanism helps the Board in timely

identifying and correcting irregularities. The board also considers the business matters and then guides the daily affairs by giving strategic direction to the responsible functional head.

## What is the composition of our Board?

When deciding on the board composition, due consideration is given to the qualifications and expertise in the relevant field. However, the company is as yet not taking gender into consideration for formation of board committees. As required by the applicable

laws, the Company's board consists of both executive and non-executive directors. On a board of 9 members (including CEO), we have 6 non-executive and 3 executive members (including CEO). All the members bring a vast range of experience and vision to the board, thereby securing best interest of stakeholders and the Company. The board meets at least once in every quarter. However, additional meetings are also held whenever necessary. The names and the number of meeting attended by the board members during the year are as follows:

Name	Designation	No. of Directorships			No. of Meetings Attended
		Public Listed Companies	Public Non Listed Companies	Private Companies	
Mr. Muhammad Yunus Tabba	ED/ BOD Chairman	3	6	3	4
Mr. Muhammad Ali Tabba	CEO/ Executive Director	3	7	6	4
Mr. Muhammad Sohail Tabba	Non-Executive Director	3	7	4	3
Mr. Imran Yunus Tabba	Non-Executive Director	2	7	2	3
Mr. Jawed Yunus Tabba	Non-Executive Director	4	6	3	4
Mrs. Rahila Imam	Executive Director	2	5	0	4
Mrs. Mariam Tabba Khan	Non-Executive Director	3	7	3	4
Mr. Manzoor Ahmed	Non-Executive Director	10	0	0	1
Mr. Ali J. Siddiqui	Non-Executive Director	3	0	0	2

## Board of Directors and its Committees

Audit Committee	Budget Committee	Human Resource & Remuneration Committee	Corporate Governance Committee
Chairman: Muhammad Sohal Tabba	Chairman: Jawed Yunus Tabba	Chairperson: Mariam Tabba Khan	Chairman: Manzoor Ahmed
Members: Imran Yunus Tabba Jawed Yunus Tabba Mariam Tabba Khan Ali J Siddiqui	Members: Imran Yunus Tabba Muhammad Sohal Tabba Rahila Aleem	Members: Imran Yunus Tabba Ali J Siddiqui	Members: Jawed Yunus Tabba Rahila Aleem

### ( i ) Functions of Audit Committee

Some of the important functions performed by the Audit Committee are as follows:

- Review of quarterly, half yearly and annual financial statements of the company, prior to their approval by the Board.
- Review of the significant related party transactions and of internal audit reports.
- Review of the management letter issued by external auditors.
- Monitoring compliance with the best practices of corporate governance.

### ( ii ) Functions of Budget Committee

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 any corrective action in case of major variances.

- To recommend any matter of significance to the Board of Directors.

### ( iii ) Functions of Human Resource & Remuneration Committee

The Committee's principal functions include:

- To review and advise on the Human Resource policies of the Company and its revision from time to time as and when necessary.
- To determine the remuneration and terms of service of the Chief Executive and other non board Directors of the Company including their performance benefits and other benefits such as pensions, gratuity, 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.

### ( iv ) Functions of 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 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.

Company's management and shareholders allows the shareholders to ask questions on financial, economic, social and any other issue and to provide any recommendation including sharing ideas to improve the performance of the Company. The Board responds to all such queries and takes necessary actions accordingly.

### ( iii ) Formal Reporting Lines

As mentioned in the organizational chart, 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 as well as management 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 with the opportunity to provide recommendations relevant to their business operations.

The following information is provided to the Board of Directors:

### ( ii ) Shareholders

Every year, the Company calls Annual General Meeting of its shareholders in accordance with the requirements of the Companies Ordinance, 1984. The interactive session between the

- 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.

### (b) Environmental

- Measures to reduce carbon emissions which includes use of alternative fueling method and
- Operation of waste heat recovery systems
- Status of compliance with all prevalent environmental protection laws.

### (c) Compliance

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



## 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 full board. Based on such discussion, the Board of Directors itself evaluates board's performance to determine whether the board and its committees are functioning effectively.

## Remuneration of Board of Directors

The remuneration of Chairman, Chief Executive and other Executive Directors is not linked with their performances. The executive directors are paid fixed salaries as per company's HR policies and salary levels. All the directors are paid Director's fee for attending board meetings which is also fixed in light of applicable laws and regulations. The performance criteria are finalized by the board on the recommendation of HR and Remuneration Committee. This criteria is based on the financial performance and other parameters related to growth of the Company.

## Managing Conflict of Interest

The Company in compliance with the Code of Corporate Governance annually circulates and obtains a signed copy of Code of Ethics applicable to all its employees and Directors. Further, the directors are annually reminded of the insider

trading circular issued by the Securities & 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 and audit committee for their approval. Further all the transactions with the related parties are fully disclosed in the annual accounts of the Company.



# HOW WE ENGAGE WITH OUR STAKEHOLDERS?



Our unbelievable progress is the result of our strong bonds with our key stakeholders. The guiding force behind our strong relationship with our stakeholders has been the principle that tough time may come and go, but relationships properly nurtured, lead to creation of value for the Company year after year.

## Stakeholders' Expectations



These stakeholders are selected through an informal assessment procedure. To remain aware of changes in stakeholder requirements and strengthen the nexus with our stakeholders, we regularly analyze the concerns and expectations of our

stakeholders through surveys, feedback and cater to them through robust, innovative and effective strategies. Indeed, we owe our leadership position

in the cement industry of Pakistan to these effective means of engagements with our stakeholders.

## Customers and Dealers:

With customer focus as one of our values, we are always coming up with new ways to interact with our customers and dealers;

Activity	Description	Frequency
Dealers, Retailers, Block-Makers Get-Together	As a token of appreciation for our dealers and retailers, an annual get-together was organized in April 2012. More than 1,000 cement dealers, retailers and block makers attended the event and appreciated our efforts to engage with our customers.	Annual
Masons and Contractors Convention 2012	Like many other avenues, Lucky Cement became the first cement company this year to hold a convention for the ultimate consumers of cements; masons and contractors. The event brought together more than 300. Our marketing team appreciated the masons and contractors for their loyalty to our brands and listened to their concerns.	Annual
Market Visits by our Salesforce	To get the first hand knowledge of market and develop closer intimacy with its customers, our salesforce is always in the field. Information gathered by them is analyzed to create further value for customers.	Continuous
Customer Services and Support Desk	We are proud to be the first cement company to have developed a customer hotline to discuss any problem being experienced by them in the use of cement. A dedicated technical expert maybe reached just by dropping an email or a telephone call.	Continuous
Customer Satisfaction Survey	To keep abreast of the changing demands of its customers, Customer Satisfaction Survey is conducted among all dealers, retailers and block-makers.	Annual
Customer Satisfaction Feedback	To help improve the product and service, 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 helps meet the new trends emerging in the market.	Continuous



The results of all the above engagement activities are thoroughly evaluated. We have also hired a dedicated market research specialist, who provided further insight into the world of our customers. After evaluations have been made, recommendations are submitted to the relevant departments such as production, sales etc. In light of result of above mentioned engagements, the Company took following initiatives during the year:

### Lucky's "RAJ"

In response to the frequent requests by its customers to introduce a brand for lower-income customers, we have launched RAJ cement during the year. RAJ was welcomed by customers with open arms and it recorded reasonable success. RAJ's success was yet another proof of customers' trust in Lucky Cement.

### Umrah Scheme

Like previous years, this year too, 5 Lucky sub-dealers, retailers and block-makers were sponsored for Umrah by Lucky Cement.



### Product Quality

- Regular testing of cement from independent third parties in accredited labs
- Endorsement of products by various national standardization bodies.

### Product Availability

- 5 new dealership agreements
- 1 new warehouse

### Concrete Mix Designing

We are also offering our customers the facility of having the concrete mix designed by our expert to get better results from our quality products.

### Non-Monetary Incentives

To provide adequate return to the efforts of customers to uphold the brand name of the company, we

undertook the following:

- Distribution of wall-clocks, calendars, writing pads and diaries
- Replacement of shop boards of majority of its retailers.

### Customer Delight - What's Next?

Riding on the astounding success of the Company-customer bond, we are planning to add more value to our customers in the year 2013. We plan to open up distributorship in some remote areas and develop new brands meeting the needs of our customers.

The customer engagement activities of the Company further increased the trust of our customers in us. This trust is manifested in the annual sales revenue of the Company which witnessed a **growth of 28%** during the year 2012.



## Employees

Activity	Description	Frequency
Lucky Charm	Lucky Charm is our quarterly newsletter which is uploaded on our website as well as distributed to each department. The newsletter allows our employees to communicate with their peers through various articles, learn from the expertise of company's senior executives through their interviews and remain up-to-date with happenings at the company.	Quarterly
Performance Management System	We have rolled out a comprehensive Performance Management Program for all our management employees. This system has enabled the high-ups to provide feedback to the performance of their subordinates and discuss their career progressions. The system also allows us to do training needs assessment which is expected to significantly enhance the outcomes of trainings both quantitatively and qualitatively.	Annual
Exit Interviews	We also conduct interviews of employees leaving the company. This serves the purpose of SWOT analysis of our human resource policies.	

As a result of our employee engagements, we have taken valuable initiatives during the year. For details, please refer the PEOPLE section of this report.

## Media

We recognize that being the leader of cement industry, we should



engage more frequently with the external world. Thus, we are making all possible efforts to disseminate our news and happenings to external

The intimate relationship with media led to phenomenal success for Lucky Cement during the year. The Company's website visits increased at a brisk pace during the year. Also its facebook follower-ship grew exponentially during the period under consideration.

stakeholders through active interaction with the media. We continuously engage with media through:

- Issuing press releases, briefings and presentations
- Corporate communications department which is staffed with highly qualified professionals

In order to respond more promptly to the demands of the media, we took the following actions during the year:

### Social Media

We launched our own facebook page during the year. The page



allows our stakeholders to express their views and helps the company circulate its news in the fastest possible way. The page has quickly garnered a good number of likes. The corporate communication team is also coming up with innovative games and competitions on the page.

The page may be accessed at [www.facebook.com/luckyceamentlimited](http://www.facebook.com/luckyceamentlimited)

Our relationship with our employees has enabled us to continuously deliver high standards. Our capacity utilisation, which stands at **76.6%** is higher than the average utilization in Pakistan of **70.37%**. This is a glaring testimony to the commitment of employees to the Company.



## Company's Website

We updated our website during the year under review. The website, with its highly friendly user interface, allows access to its internal newsletter, file job applications and access its annual and sustainability reports.

The website may be accessed at [www.lucky-cement.com](http://www.lucky-cement.com)

## Local Community

We realize that with great powers, come greater responsibilities. We believe that we are under an obligation to give something back to the people from whom we derive our leadership position. As an acknowledgment of this responsibility, we are engaged in various community development projects with strategic focus on education and health.



Activity	Description	Frequency
Regular meetings with Pezū Welfare and Peace Committee	In order to engage with the residents of Pezū, we regularly meet the representatives of Pezū Parishadaiyat which consists of opinion leaders of the community. This committee passes on the concerns of the locals.	Continuous
Site Visits	Our management regularly visits its surroundings to identify opportunities for community development work and evaluate the impacts of completed projects.	
Partnership with Charity Organizations	We have made alliances with few renowned charity organizations such as Concern for Children Trust, Family Education Services Foundation, SUT and Aziz Tabiba Foundation. The benefit of having partnership with these specialized set-ups is that they conduct thorough stakeholder analysis and monitoring of the charity work. This helps in proper channelling of funds into educating and uplifting the lives of the underprivileged..	Continuous
Community Impact Surveys	This year, the Company in conjunction with its sustainability consultants, A.F. Ferguson & Co. started the practice of meeting all the stakeholders and discussing with them their expectations of Lucky Cement.	Continuous
Sponsoring Charity Events	We sponsor various charity and professional events. These events allow company to come across various players of community development and charity organizations.	As and when need arises



Activity	Description	Frequency
Co-ordination Department	We have a formally dedicated department to handle community concerns, initiate activities etc.	Continuous

As an outcome of community engagement, we have carried out numerous community development activities during the years. Please refer PEOPLE section of this report for more details.

## Investors and Shareholders

At a time when we are embarking upon the ambitious projects of Iraq and DR Congo, the importance of satisfying our Investors cannot be

over-emphasized. We employ the following techniques to engage with finance providers:

The confidence of investors in the Company is growing day by day, this is manifested in growth of share price of the Company which moved from Rs. 71.84 as at 1 July 2011 to Rs. 115.39 as at June 2012.

Activity	Description	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 valuable suggestions.	Annual
Quarterly, Half-yearly and Annual Reports	The Company, in compliance with applicable laws, periodically sends out its quarterly, half-yearly and annual reports to its shareholders as well as uploads them on its website. The Company being, listed, also communicates its results to all the stock exchanges where the Company is listed.	As per applicable laws
Press Releases	The Company updates its shareholders on various issues of potential interests through press releases.	As and when need arises
Investors Relations	The Company realizes 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.	As and when need arises

We are continuously exploring new opportunities to create further value for our shareholders and investors to give them a better return on their investments.



## Regulators

We believe in strict compliance of applicable laws and regulations. To maintain this compliance, we promptly and regularly file all the applicable statutory returns and forms with various regulatory bodies. We have an open-door policy towards all the regulators.

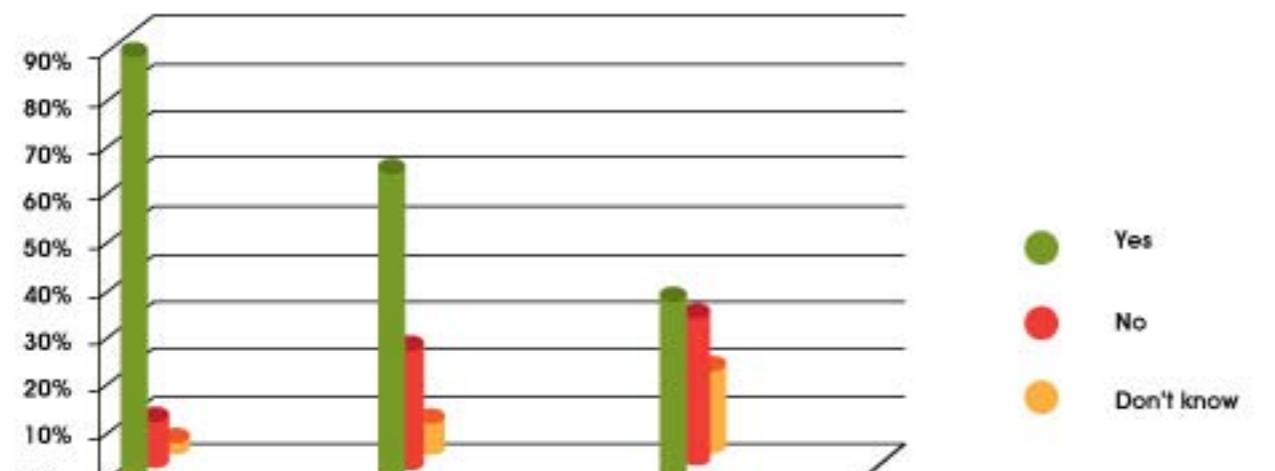
## Local Community Survey, Conducted at Karachi and Pezu Plant

A survey was conducted at Pezu and Karachi in which local community was asked to give their input on Lucky Cement's efforts towards the betterment of People, Planet and Profit

and whether the activities of Lucky Cement are affecting their lives or not ? The overall results of the survey were positive and meaningful which has helped us in strengthening our faith to continue our efforts for a better society and exert more efforts in those areas that need improvement.

Social (People)	Yes	No	Don't know
Do you agree that Lucky Cement has played a vital role in improving the education standard of the local population?	63%	32%	5%
Are you aware of Lucky Cement's social welfare initiatives such as drinking water supply and establishment of dispensary, in Pezu?	87%	13%	0%
Do you agree that Lucky Cement has played a vital role in curbing radicalization in the locality?	47%	34%	21%
Environment (Planet)	Yes	No	Don't know
Does your daily routine get affected by the production activities of Lucky Cement in the locality?	39%	37%	13%
Do you get disturbed by the noise pollution and GHG emissions by Lucky Cement?	39%	34%	26%
Economic (Profit)	Yes	No	Don't know
Do you agree that Lucky Cement has contributed towards the improvement of local employment and businesses?	92%	8%	0%
Do you agree that Lucky Cement has contributed towards improving the living standard of local people?	87%	11%	3%





87% of people were happy with  
Lucky Cement's initiatives for  
social welfare.



92% of people were content with  
Lucky Cement's efforts for supporting  
local employment and business.





## Society

### Local Community

We, at Lucky Cement are fully aware of the fact that the fruits of our success should be shared with the society. We believe in being a socially responsible company that actively supports development of society.

#### Education

Education has always been the cornerstone of all our social responsibility interventions. We are furthering the cause of education by making education both accessible and affordable from the primary to the university level. In this regard, we have forged strong alliances with the top-notch universities of the country.

**(a) More Entrepreneurs, More Jobs**  
Considering entrepreneurship as one of our core values, we realize its importance towards developing local economy and boosting employment. As we are based in a country where around 60% of population comprises of youth under the age of 30, there is a need to create more jobs. Also, Pakistan is expected to be the 4th most populous country in the world by the end of 2050. Such alarming growth in population will entail a need for even more jobs. To raise up to this challenge of creating jobs, we need more entrepreneurs. Recognizing this challenge, the company has



formed nexus with the following universities who have a proud history of producing creative entrepreneurs:



Lucky Cement has been our generous donor and has provided financial assistance to our students. With their unwavering financial contributions over the years, the Company has demonstrated their deep commitment to education. Your support has played a key role in our success and with your help we are able to have provided the students "Abdul Razzaq Tabiba Academic Block". We look forward to continue this healthy partnership with you.

**Dr. Ishrat Hussain**

#### Institute of Business Administration

- 18 bright and deserving students studying at IBA on Lucky Cement sponsorship.
- Programs include BBA, BS and MBA.
- 25% to 100% scholarship depending upon their academic record and extent of financial assistance needed.
- Total outlay incurred on IBA scholarships during the year amounted to Rs. 4,434,950.

In addition to the scholarships, we are supporting the construction of a new block at IBA. The company has donated Rs. 120 million for the block which is located at the main campus. The construction is expected to be completed in the month of June 2013.

**The Company has a three-pronged strategy in terms of community development. These being:**

- Building and developing skill sets through education;
- Healthcare
- Other areas of Community development and relief.

#### Lahore University of Management Sciences

We have partnered with the Lahore University of Management Sciences (LUMS) for its National Outreach Program (NOP). The NOP has the philosophy that money should not be the hindrance in the quality education of a bright individual.



Under NOP, a deserving student is entitled to 100% scholarship.  
• 32 students have been sponsored by Lucky Cement under the NOP.  
• Lucky Cement contributed Rs. 10,192,500 towards the educational expenses of these students during the year.

I topped Peshawar board but I did not get any scholarship. I cleared the admission test from some renowned universities, but due to poor financial conditions, I could not get admission there. Then I got my LUMS admission test result and thanks to NOP and the support of Lucky Cement, I am now studying in one of the most prestigious universities of Pakistan.

Shehzad Rashid

(b) Nurturing Innovation  
The importance of arts, literature and culture in making a society civilized, prosperous and moderate has always been stressed in history. These attributes, when combined, inculcate innovation to the masses. Being an innovative organization, we



#### Indus Valley School

- Promoting innovation by sponsoring the education of five creative minds at the Indus Valley School of textile designing and architecture.
- Company contributed Rs. 316,875 towards their educational expenses during the current year.

have embraced the responsibility of making the society creative and has partnered with the Indus Valley School.

#### (c) Watering its Roots:

A tree can grow stronger only if its roots are strong. We are the leader of cement industry in Pakistan and are now extending its presence globally. This growth can only be sustained if our roots are strong. Thus the company is investing heavily in improving the standard of living in Pezu and Karachi in particular and Pakistan in general. Few such initiatives are as follows:

#### Lucky City School

Lucky City School is a state-of-art

#### Lucky City School

- 43 students currently studying at Lucky City School
- Course curriculum is in line with international standards.
- 63 students enrolled since inception
- All the expenses, such as stationery, books etc are provided by the company.

school being managed by the company at its Pezu plant. This school is for all Lucky Cement employee kids and offers quality education from Nursery to Class six.

#### PEZU Scholarship

As already mentioned, we place great emphasis on creating social well-being in the areas of its operations. Thus, we have started a scholarship program to help the local Graduate and Post Graduate students, who cannot afford to pay their educational expenses, realize their ambitions.

#### Hub School

We have partnered with Ahmed E.H. Jaffer Foundation and are funding the construction of a girls' boarding school, university, playground, parks and residential facility for the school staff.

#### Hub School

- Located in the remote area of Hub Dam
- Spread over an area of 250 acres.

#### (d) Beyond Academic Education

We believe that sound educational progress is only possible if students are provided with facilities for physical fitness and recreation. Therefore, the company helped Gomal University, Dera Ismail Khan, construct a world-class swimming pool, gymnasium and day care centre. More than 5,700 students and 794 faculty and staff members are



Prof. Dr. Mansoor Akbar Kundt  
Vice Chancellor, Gomal University

expected to benefit from these efforts of Lucky Cement. We contributed Rs. 4,457,136. This initiative of the Lucky Cement has been highly appreciated by the students and faculty members of the university.

The construction of the project is valuable and commendable for the development of academic and non-academic activities amongst students and Gomal University Campus Community. Gomal University employees and staff are thankful to the authorities of the Lucky Cement for their support and hope that they will support the institution for further projects.

#### (e) Some Other Initiatives

Beside the above, few other educational endeavors carried out by Lucky Cement are as follows:

- Sponsoring the cash prizes and other awards for meritorious students of Government Higher Secondary School Pezu
- A state-of-the-art computer institute has been established near Karachi plant. The company also trained the teachers of the institute.
- Partnership with Concern for Children-Project Kitab. Under this project, the Concern for Children trust has adopted 3 schools, in partnership with its donors. At these schools, the trust is carrying out physical infra-structure development, teachers training, syllabus designing and monitoring and evaluation of the performance of the schools. Lucky Cement facilitated the construction of these schools by donating Rs. 700,000 and 300 bags of cement.

#### Health

##### (a) Sindh Institute of Urology and Transplant

Sindh Institute of Urology and Transplant is a state-of-the-art hospital and research facility. SIUT provides free healthcare to patients. Lucky Cement donated Rs. 10 million during the year to SIUT. Partnership with SIUT is a clear testimony of our commitment to people's health.

##### (b) Healthy Mothers, Better Nation

Recognizing this fundamental pre-requisite for a developed nation, we have taken various initiatives to solve maternal health issues. In this connection, our efforts are aimed at the under-privileged section of Karachi and Khyber Pakhtunkhwa. The Company has helped to develop the following facilities during the year:

- Women and Children Hospital (WCH), GhazniKhel:  
This hospital is being run in partnership with Saifullah Foundation. We contributed Rs. 1.2 million for the hospital during the year. WCH is 16-bed hospital with well-equipped labor room, diagnostic laboratory and ultrasound facility.

- Mother and Children Health Care Centre, Machar Colony: Machar Colony is a remote colony of Karachi with an approximate population of 750,000. This project has been initiated in collaboration with the Concern for Children Trust. We contributed Rs. 528,780 towards the project during the year and 351 patients have been facilitated with the ultrasound facility.

#### (c) Survival of the Fittest

In this age of cut-throat competition, we realize the importance of having a healthy and fit workforce. Operating in an industry which is considered as pollution intensive, we remain extra cautious for our staff while having a preventive approach. We have established dispensaries for its employees and their spouses and kids. On average 300 patients per month, were treated at the dispensary during the year.

Moreover, we have also developed a dispensary for the residents of Pezu outside its plant to overcome the dearth of health facilities in the area. On average 1,560 patients per month were facilitated during the year.

#### Salient Features

- Free of cost 24 hours consultancy and medicine
- Full-time doctor, dispenser and support staff availability.
- ECG machine

### Other Community Development Initiatives Building a Sound Footing

We believe that for the economic progress of any country, a solid infra-structure is inevitable. A sound infra-structure not only benefits corporations but it is equally important for the masses who get employment as well as their standard of living improve. We undertook various initiatives during the year to help develop a strong infra-structure:

#### (a) Inundated by Water Rescued by Lucky Cement

Like previous year, the villages and towns of interior Sind were hit with catastrophic floods this year. We immediately started relief work in the affected areas through its employees. We distributed tents, medicines, water bottles and edibles to the flood hit families.

#### (b) Helping hands in testing times

Lucky Cement actively participated in providing relief to the victims of the Pezu Police Station Blast on the second day of Eid-ul-Fitr. Taking immediate actions, senior management of LCL Pezu Plant gathered to initiate the efforts. LCL ambulances transported the critically injured to the Civil Hospital, D.I. Khan and first aid was provided at Lucky Dispensaries. Lucky cement met with the officials of the local security agencies, NGO's, and government personnel to assure cooperation and support whenever needed.

- Distribution of necessities to approx. 6,000 households
- Investment on the relief efforts amounted to Rs. 9.84 million.
- Donated Rs. 3.7 million to the Karachi relief Trust for betterment of flood victims.



#### (c) Water is Life

We have taken various steps to provide clean, fresh drinking water in Pezu. These include:

- Pipeline for Wanda Ahmed Khan: This provides water to almost 80 households. During the year, Lucky donated Rs. 1,278,260 towards this project.
- Pipeline for Pezu: This reaches around 1,700 households.
- Separate tube well for nearby villages of Pezu- This benefits around 3,500 households.

#### (d) Bigger, Faster, Stronger

Sports play an important role in making a society fit and strong. We have donated Rs. 9 million for the construction of All Pakistan Memon Federation's A.R. Tabba Sports Complex. The complex offers various sports facilities such as swimming, table tennis and logging etc.

#### (e) Other Infrastructural development Initiatives

Some other infra-structural projects carried out by us during the year are as follows:

- Donated furniture to Shah Hasan Khel and Hayat Khel School through Pakistan Army.

- Donated cement bags for construction of Jamia masjid Pezu.
- Donated cement bags for construction of Pakistan Army check post at Bannu.
- Donated furniture and office equipments to Police station Pezu.
- Constructed check post for Lakki Marwat police.

#### iv. Special attention to individuals with Special abilities

We have been helping the individuals with special abilities to find a respectable position in the society. In this regard, our focus has been to build capacity among these privileged people which will allow them to lead respectable lives.

Upholding this value, we took the following initiatives during the year:

#### (a) Partnership with Family Education Services Foundation

Family Education Services Foundation (FESF) is a non-profit organization whose mission is to enhance the quality of life for all members of the community, especially those who are disadvantaged. Among its many programs, Deaf Research Program, Eduseva Program, Community Services and MOVE are worth mentioning. Lucky



Cement donated Rs. 1 million to FESF during the current year by adopting 17 students whose educational expenses for the year will be borne by this donation. We are committed to extending our support for the organization in the years to come.

#### (b) Sponsorship of the Lahore Businessmen Association for Rehabilitation of the Disabled (LABARD) Fund-raiser

LABARD operates under the patronage of Lahore Chamber of Commerce and Industry and has been helping the privileged sections of the society to obtain jobs. Numerous people have benefitted from its efforts. We contributed Rs. 500,000 towards this noble cause.

#### (c) Sponsorship of Special Olympics

The honorable President of Pakistan, Mr. Asif Ali Zardari is the Patron in Chief of SOP (Special Olympics, Pakistan). It was through the efforts of SOP that Pakistani contingent that participated in the Special Olympic World Summer games held in Athens, Greece, from 25 June 2011 to 4 July 2011 returned with medal in almost sports. We contributed Rs. 1,000,000 towards this noble cause.

Apart from these, we also sponsored the fund raiser organized by the Behbud Association Karachi, a Non-Government Organization.



## Prevention of Corruption

Ethics and Integrity is one of our core values and thus we have a zero tolerance approach towards corruption and other similar unethical acts. We strongly believe in practicing ethical conduct of highest standards, both within the organization as well as in our external relationships.

Though a formal policy of assessment of operations for risk of corruption is not in place, the company has necessary controls in place to mitigate this risk.

Our Internal Audit Department evaluates the internal controls and operations to see that unethical activities are prevented, detected and corrected. The Audit Committee works in collaboration with the internal audit department and identifies to the Board of Directors any finding relating to the adequacy and effectiveness of the internal controls, including those relating to the strengthening of our risk management policies and systems.

Our employees undergo a detailed orientation program in which they are informed about ethical dilemmas that they may confront during their stay at the company. The employees are also informed about the safeguards available to them should they face such situations.

No significant incident of corruption was identified during the year ended June 30, 2012.

## Anti-competitive Behaviour

Being a company that has customer-focus as its core values, we believe that the consumers have a right to have the product of their choice at a reasonable price. Thus we promote fair trade practices and encourage healthy competition across the industry. Despite having the leadership role in the cement industry,

we have never sought to exploit our position to our advantage at the detriment of other stakeholders. Though the company's commitment to fair trade practices dates back to its very inception, still The Competition Commission of Pakistan held it accountable, along with all other cement manufacturers of Pakistan on August 27, 2009 on the alleged ground of formation of cartel for marketing arrangement and thereby imposed alleged penalty at the rate of 7.5% on total turnover of each company consisting of both local and export sales. The amount of penalty imposed on the Lucky Cement is Rs. 1,271,840,925/- which has already been challenged and sub-judice before the Honorable Lahore High Court. Our legal counsel is however confident that the Company was not guilty and there are reasonable chances of company's success in the said case.

## Human Capital

People deliver results. Therefore, human capital is the most valuable asset of any organization. We, at Lucky



Cement, recognize that our strength is not just our business strategies and international penetration but also our intellectual capital- The Human Resource. We, therefore aim to achieve the organizational strategic goals by attracting, retaining and developing the best. We, at Lucky Cement, believe in hiring the most talented, the brightest and the smartest. We believe that to sustain our astounding success and growth, we must foster a culture of innovation, inclusiveness, professionalism and excellence. Our focus is always on striving to reach a status where the company employees could regard themselves as truly LUCKY to be a part of the Lucky fraternity. To achieve this goal, apart from the non-monetary incentives and cultural aspects, we offer competitive compensation packages at all levels of the company.

We are proud to boast one of the biggest work forces in the cement sector of Pakistan. As at June 30, 2012, our human capital strength was 2,223 employees.

## Labour - Management Relations

We recognize the importance of maintaining a good, cordial relationship with company's labour force. For this, we have dedicated Industrial Relation managers whose prime responsibility is to ensure that fair labour practices are being carried out at all our locations and the expectations of labour force are being met aptly. We also place a keen emphasis on ensuring compliances with all the labour laws. The HR department at Head office and at the plants play a very critical role in bridging the company and laborers demands by conciliating and arbitrating all the issues to ensure a win-win situation.

## Occupational Health and Safety

We are committed to provide safe work environment to all our employees in general, and the employees at plant in particular. We, therefore, conduct risk assessments to identify all the risks that might cause harm in workplace. After this assessment, Standard Operating Procedures have been developed to cater to safety incidents that may occur.

We train our workers about the risks to health and safety and the procedures to minimize such risks. Strict emphasis is placed on adhering to the safety guidelines by everyone. We believe in going beyond the requirements of the safety laws and believe in following the international best practices. This is a two-faceted strategy that ensures that

company's operations run smoothly as well as all our stakeholders remain in the best shape of their health. We have also developed a safety manual that helps all employees to safeguard unnecessary injuries and maintain the clean 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.



During the year, at both manufacturing facilities of the company, Karachi and Pezu, frequent drills, awareness workshops and trainings on safety and health were conducted. The doctors present at the dispensaries on the two sites educated employees on basic life support and fire fighting. At Karachi plant workers' families also received education and training on treatment mechanisms.

## Learning and Development

We believe that personal and professional growth opportunities are vital in reinforcing the commitment of employees. So we believe in providing

opportunities of training and education to our employees. Every year, numerous employee of the company take part in various in-house and external training programs. These trainings are planned on the basis of training needs assessments which draws on the results of Performance Management System. Training sessions are also planned on the basis of goals and requirements of each department.

The trainings are aimed at equipping our workforce with new researches and developments taking place in various fields. The trainings also serve the purpose of honing the skills of the future leadership, succession planning and capacity, competency building.

This year, 22 employees belonging to different management levels, were sent on external training programs. Some of the areas on which training were conducted during the year are Fundamental of Supply Chain Management, Advanced Concrete Technology & Its Application, Marketing Strategy, Compensation, Benefit and Talent Management. A total 2,144 hours of training was imparted to employees. Management level wise break up of training hours is as follows:

Management Level	Hours
Highest Management	43.15
Senior Management	1,849.15
Middle Management	252



## Diversity and Equal Opportunity

Being the only cement company that has operations in both the Southern and Northern regions of the country, we attach paramount significance to employing work force that is representative of all the ethnic and religious groups of the country. As far as the representation of females in the work force is concerned, as of today, we are lagging behind in our objectives. However, this is due to the nature of company's operations.



Management level	Less than 30 years	30- 50 years	More than 50 years	Total
Highest	0	16	9	25
Senior	4	89	19	112
Middle	90	271	72	433
Total	94	376	100	570

Management level	Male	Female	Total
Highest	25	0	25
Senior	109	0	112
Middle	429	7	433
Total	563	7	570

To overcome this lacuna, we have partnered with USAID to recruit and retain female employees through a Management Trainee program. An analysis of various diversity factors is as follows:

## Equal remuneration for women and men

We are an equal opportunity employer. We believe that the remuneration of any employee should be commensurate with the experience, set of skills and responsibility level of an individual. A new performance management program, [a mix of MBO-Management by Objective and Balanced Scorecard] has recently been introduced in the Organization to serve

as a basis for fair reward management system regardless gender or any other biases. We have also carried out a comprehensive benefits benchmarking against other companies operating in the sector.

## Recreational activities during the year

### Cricket Tournament

Separate cricket tournaments were organized at Karachi and Pezu plants. Both the tournaments were fiercely

fought by all the teams right throughout but it were Lucky Patriots and Dolphins that outdid all others and won the tournament at Karachi and Pezu respectively.

Both Cricket tournaments attracted the attention of the entire Lucky staff and the employees turned out great numbers to cheer for favourite teams.





#### Aftar Dinner

To celebrate the holy spirit of the month of Ramadan, the company organised an Aftar Dinner at the Marriott Hotel, Karachi. It was a unique event as it brought together the entire staff of Karachi office and induced in them great religious fervor.

#### Family Fest

Lucky Family Fest was one of its kind initiative wherein all employees from Head Office and KP Plant along with their spouses. The idea was to emphasize the importance of good social relations in work environment.

#### Core Value Workshop

In order to create synergy amongst the employees and to educate them on the corporate values of the company, a training workshop "Values in Action" was organized at the Tabba Heart Institute auditorium. The workshop was



#### Sky is the limit

We are striving for continuous improvement in its Human Resource Strategy. The Company has devised a plan of revamping the HR practices through various short-term, medium term and long term targets. Going forward, we are planning to:

- Conduct a comprehensive employee satisfaction and feedback survey. The results of the survey will be incorporated into the HR strategy.
- Benchmark our benefits and rewards against other cement companies. Thus this exercise will be carried out to ensure that Lucky employees have the most competitive benefits and rewards.

#### Human Capital Analysis

##### Employee force by location

- Head office
- Pezu plant
- Area Marketing
- Power gen- Karachi
- Power gen- Pezu
- Karachi Plant

**Total**

	2012	2011
215	199	
1,143	1,099	
61	54	
107	101	
101	104	
596	553	
<b>2,223</b>	<b>2,110</b>	

##### Employee force by contract type

- Contractual employees- Karachi
- Contractual- Pezu
- Permanent employees- Karachi
- Permanent employees- Pezu

**Total**

13	17	
9	8	
966	890	
1,235	1,195	
<b>2,223</b>	<b>2,110</b>	

All employees are full-time employees of the company.

##### Employee force by gender

- Male employees- Karachi plant
- Male employees- Pezu plant
- Male employees- Head Office

**Total male employees**

699	648	
1,244	1,200	
270	249	
<b>2,213</b>	<b>2,097</b>	

##### Female employees- Karachi

##### Female employees- Pezu

##### Female employees- Head Office and area marketing

**Total female employees**

4	6	
0	3	
6	4	
<b>10</b>	<b>13</b>	

##### Employee force by age-group

- < 30
- 30-50
- >50

**Total**

405	461	
1,454	1,339	
364	310	
<b>2,223</b>	<b>2,110</b>	



## Human Capital Analysis

	2012	2011		2012	2011
<b>Incoming employees</b>					
<b>Gender-wise breakup</b>					
- Male	262	205	Male	161	180
Rate	11.79%	9.72%	Rate	7.24%	8.53%
- Female	3	2	Female	7	7
Rate	0.13%	0.09%	Rate	0.31%	0.33%
<b>Age-wise breakup</b>					
< 30	81	58	< 30	77	75
Rate	4%	3%	Rate	3%	4%
30-50	133	120	30-50	71	89
Rate	6%	6%	Rate	3%	4%
>50	51	29	>50	20	23
Rate	2%	1%	Rate	1%	1%
No. of employees covered by CBA					
			590	400	
% of total employees					
			27%	19%	

## Human Capital Analysis

	Karachi		Pezu	
	No.	Rate (Note)	No.	Rate (Note)
Injuries	9	1.13	98	5.94
Occupational disease	-	-	4	0.24
Lost days	84	11	84	5
Absenteeism days	-	-	684	352
Work related fatality	-	-	1	-

Note 1: These represent rate per 200,000 person hours worked.



## Human Rights

We are committed to supporting and protecting the nationally and internationally proclaimed human rights, as well as ensuring that we are not complicit in any human rights abuses. To ensure that we are fulfilling our commitment towards human rights, we comply with all the applicable laws, rules and regulations. However, we believe that there is still a need to do a lot. We acknowledge that we should form concrete policies and documented procedure to further uphold human rights. We are looking into these aspects and hope to achieve substantial ground in this area in years to come.

## Freedom of association and collective bargaining

We respect the right of our employees to create an association and represent themselves as an association. Accordingly, the labor force working in the Company enjoys complete freedom to elect their collective bargaining agent (CBA) and become part of any

legal association or platform that is working to protect their rights. CBA and the Company work in complete harmony with mutual respect and coordination. The Company does not have a formal human rights screening process for suppliers. But since the Company does business with reputed suppliers, the risk of violation of this right by the suppliers is minimal.

## Preference to locals

As stated earlier, we believe in no discrimination policy. Any potential employee, customer or supplier, who meets the basic criteria, is selected regardless of his creed and colour. In fact, we prefer local community members when it comes to employment. A significant number of the total staff at the two factories of the company is comprised of people from neighboring towns and villages. This may be judged from the fact that when Lucky Cement started its operations in Pezu, its population was 2,500 and today, the population of the town

is 35,000. 50% of population directly depends upon Lucky for their livelihood. 30% of population indirectly depends upon Lucky for their economic activities. With the start of Lucky's operation in the region, new economic activities started – new shops opened, new small scale businesses evolved (e.g., trucks transportation, fuel etc.)

Lucky Cement has transformed the lives of locals. Me, my family and many others in the area can now afford better living standards and education.

The growth, my area and Lucky Cement has provided to me - I am paying this back to the community by volunteering weekly 4-5 hours in teaching the graduate students. Lucky Cement is not worth less than gold for Pezu.

Rafiullah Khan  
Senior Deputy Manager E&I - Pezu





## An Environmentally Aware Company

We understand by observing various calamities closely including recent series of floods in Pakistan which is a result of the rapid impact due to change of climate. As we were contributing towards the rehabilitation of affected people, we came to realize that the impact has not just hurt the affected people in the short term but had long term repercussions casted on the lives of many people. It created food shortage; epidemic diseases disturbed the credit cycle of farmers and had huge financial implications. The ever-increasing environmental degradation with challenge 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 and a leading producer of Cement in Pakistan, 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 been playing a dynamic role and pioneering the efforts to go for sustainable development. 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. At every hierarchical level in Lucky Cement, everyone understands it well that the cement industry is a carbon intensive industry, realizing this fact has always urged us and our employees to take the responsibility of staying an "Environment friendly" organization. Broadly, we categorize our efforts to stay environment friendly in two categories:

(1) Alternative energy generation resulting in reduction in green house gas emissions.

(2) Conservation of energy. This categorization has enabled us to accumulate our capabilities at every level and get focused towards finding out possibilities at every stage of the processes, to reduce energy consumption and green house gas emissions; whilst making sure that we stay ahead of our competitors in terms of production.

**Compliance with International Environmental Standards (ISO 14001:2004 Certified)**  
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 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.

**Environment Excellence Award**  
Won 9th Annual Environmental Excellence Award from National Forum for Environment and Health (NFEH) in recognition of our efforts towards establishing a Green economy. Consecutively winning it the third time 2010, 2011 and for 2012.



**Supporter of World Wildlife Federation-Pakistan (Supporting Biodiversity)**  
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 collaborated with WWF Pakistan and in doing so, also fulfilled its responsibilities, staying true to its core values.

#### Alternative energy generation resulting in reduction in green house gas emissions

Our plants at Pezu and Karachi run on self energy generating power plants and we are now generating enough energy which not only fulfills our own needs at these production facilities; but we have also entered into agreements with Hyderabad Electric Supply corporation and are in talks with Peshawar Electric Supply Corporation for the same. We only purchase energy for use in our head office in Karachi and area offices nationwide. During the reported year the energy purchased was 570 GJ resulting in 32 tons of Carbon emissions. Details about our self generating units are cited below:

#### Tyre Derived Fuel Power Plant

We, being the largest cement producer in Pakistan and one of the biggest exporters have taken another lead by shifting from coal to Tyre Derived Fuel (TDF), generated by burning shredded tyres. The TDF plant has been installed at our plant in Karachi. We have invested approximately one billion Rupees in this project.

The proposed activity of using scrap tyres as supplemental fuel / energy source is less expensive than fossil fuels and offers the potential advantage of reducing Carbon emissions. This project is a value-addition in cement manufacturing sector as it contains about the same amount of energy as oil and 25% more than coal. This means that each tonne of the TDF used can replace the impacts of 1.25 tons of coal and coal mining and reduces Carbon emissions by 20-25%. Apart from tyres, we are also considering using other alternative fuels from raw materials like Municipal Solid Waste (MSW) and Rice Husk, which are known as Refused Derived Fuel (RDF). The installation and commissioning of TDF and RDF plants has significantly reduced Lucky Cement's operational costs, thus providing yet another cost-effective business solution.

#### Waste Heat Recovery Power Plant

Another pro-environment and cost effective initiative of Lucky Cement is the Waste Heat Recovery (WHR) cost power plant through which we have substantially reduced our cost by co-generating electricity by the waste heat, which was previously being fed to the atmosphere.



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, thus producing electricity. The estimated annual CO<sub>2</sub> reduction by virtue of WHR Plant at Pezu is 29,918 metric tons and at Karachi plant it is 50,000 metric tons.

Due to our efforts we have not only moved from fossil fuel based energy generation to alternative energy sources, but we are now generating enough energy which is catering the needs of utility companies in an eco-friendly way. We have already started supplying electricity to Hyderabad Electric Supply Corporation (HESCO) and have also signed Letter of Intention for supply of electricity to Peshawar Electric Supply Corporation (PESCO).

#### Dual Fuel Conversion

We primarily rely on coal for the thermal heat requirement and on natural gas for the generation of electricity for all of our electrical energy requirements. We have in-house power generation units at its Karachi and Pezu plant, producing, 1.75 MW of energy. All the power generation units have been converted from furnace oil to natural gas, to ensure environmental efficiency. The Company saved approximately 29,000 metric tons of CO<sub>2</sub> emission annually by converting its power generation from Heavy fuel

**79,918 tons**

of CO<sub>2</sub> emissions have been reduced during the year 2011-12 through Waste Heat Recovery system.



oil to natural gas. The conversion project was conducted under the guidelines of Ministry of Environment and Clean Development Mechanism (CDM) of the United Nations Framework Convention on Climate Change (UNFCCC).

#### Yunus Energy - Wind farms

Yunus Energy Limited the Company vide Extraordinary General Meeting held on May 31, 2012 has approved to invest in equity of its associated company i.e. M/s. Yunus Energy Limited to the extent of Rs. 385,000,000/- . This shows our commitment to contribute towards a Green Pakistani enterprise where energy is supplied to residential and industrial sector in a manner which does not hold burden of Carbon intensive power generation.

#### Conservation of Energy

It is worth mentioning here that due to our team's efforts we have considerably reduced both direct energy per ton of clinker produced and direct green-house gas emissions per ton of clinker produced. This year direct energy consumption was 4.3 GJ per tons of clinker produced (in 2011, it was 4.77 GJ/ton of clinker produced) and direct green house gas emissions was 0.84 eqv. tons of CO<sub>2</sub> per tons of clinker produced (in 2011, it was 0.87 eqv. tons of CO<sub>2</sub> per ton of clinker produced).

Our technical staff, realizing the fact that overall energy usage in industry has a major weight of reactive load usage which includes motors, has taken commendable steps by having

- \* **10% reduction in direct energy consumption per tons of clinker produced.**
- \* **3.5% reduction in direct greenhouse gas emissions per ton of clinker produced.**

#### Employee Awareness session

An employee awareness session was conducted at Pezu plant by our consultants M/s. A.F. Ferguson & Co. for production and operational staff. The purpose of the session was to encourage employees for taking initiatives at every level in order to contribute towards Lucky Cement's struggle for sustainable development and its pioneering efforts for becoming a socially responsible citizen.

#### Efficient operational and maintenance plan for Motors (Inductive Load) and plant

The credit goes to our technical staff that they are utilizing their skills and knowledgebase to keep on maintaining the efficiency level of our plants at Karachi and Pezu. It is only by their efforts that our plant, despite the fact it is running 24/7 throughout the year with intermittent shut down breaks, almost same utilizes same level of energy as it used to when it was initially installed.

Our technical staff, realizing the fact that overall energy usage in industry has a major weight of reactive load usage which includes motors, has taken commendable steps by having

a better operational and maintenance plan which has reduced the excitation energy required to start motors.

#### Power Factor Correction System

Since the beginning of our production facilities, our technical staff is well equipped with the required knowledge of Power Factor correction system installed which ensure to keep the overall power factor as linear as possible.

#### Other Eco-friendly Initiatives

##### Tree Plantation

We have always shown a front line demeanor and have adopted all the possible means of being an environmentally and socially responsible corporate player. Our Corporate Communications team thus participated in tree plantation on World Environment Day and various other occasions

to support the cause of cleaner and greener Pakistan. We have planted trees pledged to further extend its resources and play a vital role in leading the environmental revolution throughout the industry. We have been planting trees consecutively in the last few years and this year we reached our target of 20,000 trees.



and play a vital role in leading the environmental revolution throughout the industry. We have been planting trees consecutively in the last few years and this year we reached our target of 20,000 trees.



### **Earth hour and Beach Cleaning**

While celebrating the Earth Hour 2012, all unnecessary lights were switched off for an hour. Our employees gathered at the Mazar-e- Quaid to recognize the importance of curtailing energy expenditure. The employees vowed to implement the spirit of Earth Hour in their daily lives and also create awareness about the climatic changes in their circles of influence.

Beach Cleaning was organized on 4 July 2011 at Seaview, Clifton. 175 employees of Lucky Cement limited participated in the event and made all possible endeavors to make the beach as clean as possible.



### **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/Nm<sup>3</sup>. Our bag filter systems are giving exemplary results and have brought the emission down to 35 mg/Nm<sup>3</sup>, 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.

Environmental performance in the following areas are mentioned below:

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



## **Material and Energy utilization 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.

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

**Extraction of raw materials from quarry is carried out in a highly scientific and professional way to avoid possibilities of land slide. Actions to exploit raw materials do not involve any activity, which may alter or adversely affect ground or surface water supply.**



MATERIALS	UNIT OF MEASUREMENT	2012	2011
Materials used by weight / volume			
<b>1. Natural Raw Materials</b>			
• Limestone	tons	7,513,667	7,523,030
• Clay	tons	1,250,231	1,298,058
• Lafelite	tons	205,022	227,283
• Gypsum	tons	306,935	302,657
<b>2. Associated Materials</b>			
• Coal	tons	760,412	803,716
• Diesel used for mining equipment	Litres	4,551,145	3,025,478
• Diesel used for logistics	Litres	1,717,137	1,869,418
• Diesel used for production	Litres	689,271	905,661
• Diesel used for power generation	Litres	900,214	1,409,373
• Natural Gas used for power generation	Nm³	124,674,983	127,480,935
• Furnace oil used for power generation	tons	99	2,187
• Furnace oil used for production	tons	625	1,536
• Lubricants	Litres	33,124	605,674
• Refactory bricks	Nos.	98,539	169,891
• Castables	tons	673	1,164
• Grinding media	tons	121	338
• Rice husk	tons	15	2,039
<b>3. Packing Materials (tons)</b>			
• Paper bags	tons	10,871	3,141
• Polypropylene bags	tons	9,696	4,858

## Energy

Cement production is one of the most energy intensive industrial processes in the world. We primarily rely on coal for the thermal heat requirement and on natural gas for the generation of electricity. As mentioned earlier, we also co-generate electricity through wasted heat recovery.

We have power generation units at both Karachi and Pezu plant. All of the generation units are primarily based on Natural Gas. We generated 140,167,360 kWh through Waste Heat Recovery 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.

We annually save approximately 100,000 tons of CO<sub>2</sub> emission by converting its power generation from HFO to Natural Gas

The following data pertains to direct energy consumption for the year:

DIRECT ENERGY CONSUMPTION	2012	2011
<b>1. Energy consumed for production</b>	GJ	GJ
• Coal	20,771,252	21,954,135
• Furnace Oil	50,292	58,732
• Diesel	25,089	32,966
<b>2. Energy consumed for mining and transportation</b>		
• Diesel	228,165	178,174
<b>3. Energy consumption for Power Generation</b>		
• Natural gas	4,256,857	4,642,654
• Diesel	32,768	51,301
• Furnace Oil	4,352	96,144
<b>4. Renewable energy generated</b>		
• Waste Heat Recovery System(kWh)	140,167,360	424,178



## Emissions

We have 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 and Cement manufacturing 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 National Environmental Quality Standards (NEQS).

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.

## 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 with some instances of excursions witnessed during the year.

The combination of special burner and firing equipment in the calciner 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)

We aim to monitor and minimize 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 with some instances of excursions witnessed during the year.

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 SO<sub>2</sub>. However, most of this SO<sub>2</sub> 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. 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.

We use 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 and dropping distances during material transfers are

kept as minimum as permissible during material transfer thereby reducing emissions of particulate matters.

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.

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.

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

### Direct Greenhouse Gas Emissions

1. Direct Emissions
  - Production (Calcination process)
  - Coal
  - Natural Gas
  - Diesel
  - Mining
  - Logistics
  - Production
  - Power generation
- Furnace Oil - Power generation
  - Production

Total

	2012	2011
	CO <sub>2</sub> (eqv. tons)	CO <sub>2</sub> (eqv. tons)
Production (Calcination process)	3,300,668	3,168,678
Coal	1,395,204	1,474,658
Natural Gas	238,922	260,453
Diesel	12,276	8,160
- Mining	4,632	5,042
- Logistics	1,859	2,443
- Production	2,428	3,801
- Power generation	337	7,442
Furnace Oil - Power generation	3,893	4,546
- Production		
Total	4,960,218	4,935,223

## Emissions

### Emission of dust, SOx and NOx.

1. Oxides of Nitrogen (NOx)
2. Oxides of Sulphur (SOx)
3. Particulate Matter (PM)
4. Carbon monoxide
5. Unburned hydrocarbons

	2012	2011
	Emission (kgs)	Emission (kgs)
1. Oxides of Nitrogen (NOx)	352,364	802,960
2. Oxides of Sulphur (SOx)	314,531	14,925
3. Particulate Matter (PM)	3,739,440	68,577
4. Carbon monoxide	2,386,074	828,469
5. Unburned hydrocarbons	687,418	687,000



## 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. Regular repair and maintenance of the plant guarantees compliance of noise levels with the NEQS.

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 different points on the boundary walls of the plant site where minimal instances of excursions were witnessed.

## Biodiversity

There is no worth mentioning 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 programme has been planned in a well organized manner. A master plan for green belts in the Lucky Cement has been developed. The programme 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-I and Phase-II. The major variety of trees planted so far include Gyacum, Eucalyptus, Neem, Ashoka, Palm and Kite. Besides these trees several hundred ornamental and flower bearing plants and shrubs have also been planted. By the completion of Phase-IV plantation in 2013, 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

There is no river, canal, lake or pond in the near vicinity of the plant 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 site is around 328 million gallons and 310 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 & 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 process.

Water discharged from cooling towers is treated and used for meeting the irrigation requirements of the green areas and tree plantation zones.

There is acute water shortage in Pezu. 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 Organization (WHO) guideline values for drinking water.

## Waste

All of the waste generated at the plant sites is managed in an environmentally sustainable manner. We are in the process of locating scrap purchasers who are certified by Environmental Protection Agency (EPA) to dispose off the scrap through proper methods.

### 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.

### Solid waste

Solid waste is generated from the plant operations at various points. Bag houses are among the major collectors of solid wastes in the form of Particulate Matter. This is used as a useful additive in the cement.

### 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.

### Medical waste

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

### 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 of calciner / burner.

### 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 the contractors.

### Paper bags

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

### 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.

### Medical waste

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



#### 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.

#### Waste from Quality Control

Cement cubes (broken by strength determination), cement, pieces of cement pellets, daily analyzed 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.

#### Empty drums and 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 market demand in the open market as well.

#### Cotton rags

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

#### Grinding media

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

#### Miscellaneous waste

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

Although the company maintains the record of all disposals by type and disposal method, but there is no system available to reliably estimate the total weight of all the disposals including discharged water. 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.





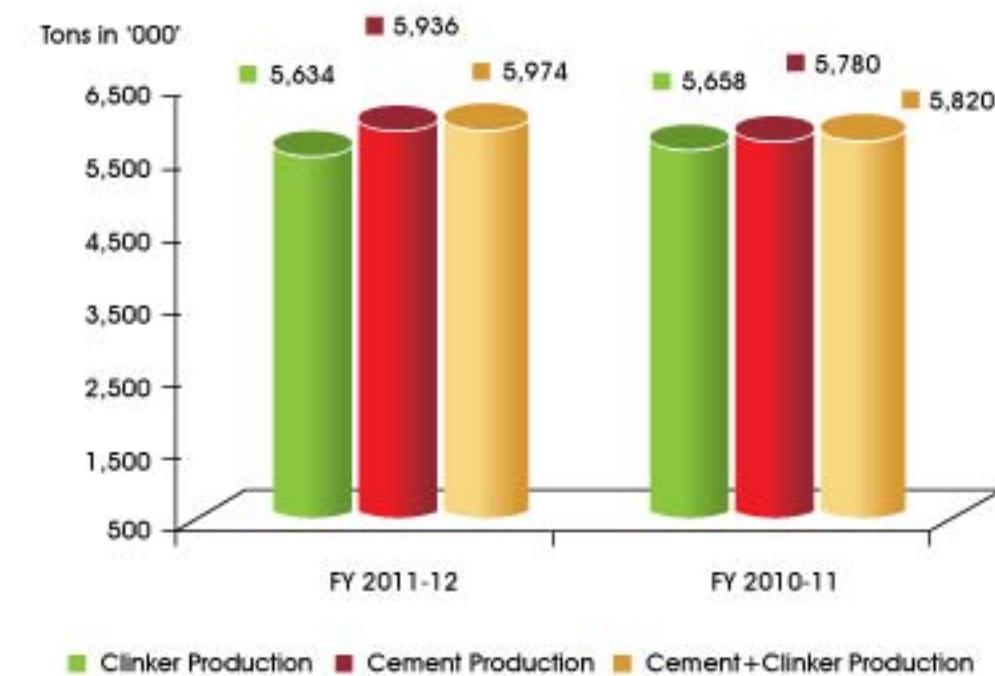
## Business Performance Production & Sales Volume Performance

The combined capacity of the two plants of Lucky Cement is 7.75 million tons per annum. We had a capacity utilization of 77% during the year and earned an EPS of Rs. 20.97.

We have a sound financial foothold with reserves and surplus of Rs. 30.03 billion and debt equity ratio of 0.01 as at June 30, 2012.

The production statistics of Lucky Cement limited Company for the financial year under review:

### Annual Production



## Market Analysis

A comparison of dispatches of the industry and Lucky Cement for the financial year ended on June 30, 2012 with the same corresponding period preceding year is as under:

PARTICULARS	2012 (Tons)	2011 (Tons)	GROWTH / (DECLINE) (Tons)	%
<b>Cement Industry</b>				
Local Sales	23,947,161	22,001,964	1,945,197	9%
Export Sales				
Cement				
- Bagged	8,110,217	8,690,876	(580,659)	(7%)
- Loose	457,612	536,899	(79,287)	(15%)
Sub-Total	8,567,829	9,227,775	(659,946)	(7%)
Clinker	3,955	200,168	(196,213)	(98%)
Total Export	8,571,784	9,427,943	(856,159)	(9%)
Grand Total	32,518,945	31,429,907	1,089,038	3%
<b>Lucky Cement</b>				
Local Sales	3,722,420	3,464,300	258,120	7%
Export Sales				
Cement				
- Bagged	1,789,973	1,804,375	(14,402)	(1%)
- Loose	457,612	513,899	(56,287)	(11%)
Sub-Total	2,247,585	2,318,274	(70,689)	(3%)
Clinker	3,955	37,099	(33,144)	(89%)
Total Export	2,251,540	2,355,373	(103,833)	(4%)
Grand Total	5,973,960	5,819,673	154,287	3%

LCL - Market Share (%)	2012	2011
<b>Market Share</b>		
Local Sales	15.5%	15.7%
Export Sales		
Cement		
- Bagged	22.1%	20.8%
- Loose	100.0%	95.7%
Sub-Total	26.2%	25.1%
Clinker	100.0%	18.5%
Total Export	26.3%	25.0%
Grand Total	18.4%	18.5%

A comparative year-wise analysis of market share of Lucky Cement is as under:



## Financial Performance

A comparison of the key financial results of the Company for the financial year ended June 30, 2012 with the same period last year is as under:

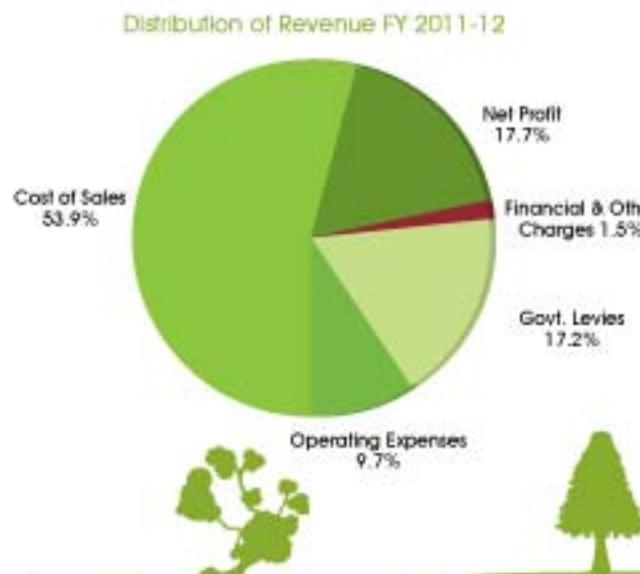
PARTICULARS	FY 2011-12	FY 2010-11	% Change
Sales revenue	33,323	26,018	28.08%
Gross profit	12,721	8,711	46.03%
Operating profit	9,010	5,161	74.58%
Profit before tax	8,324	4,321	92.66%
Net profit after tax	6,782	3,970	70.82%
Earnings per share	20.97	12.28	70.82%

\* Rupees in millions except EPS.

## Revenues

During the year under review, we have achieved an overall net sales revenue growth of 28% attributed to 3% increase in volume and 25% increase in net retention. The domestic sales revenue registered a robust growth of 42% because of better prices of cement compared to last year on the back of increase in cost of production.

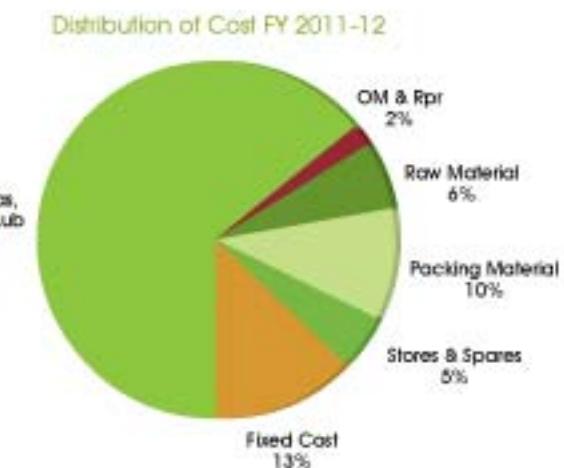
We derived 62% of our revenue from domestic sales whereas the export sales accounted for 38% of our revenue during the financial year under review.



## Cost of Production

The per ton cost of sales of the company was increased by 15.9% during the financial year under review which was attributed due to increase in raw material, fuel and energy cost, salaries and wages as well as other manufacturing cost.

The raw material cost was increased by 21%. The fuel and energy cost increased by 21% and other cost components consisting of salaries and wages, store and spares, depreciation and other manufacturing expenses were increased considerably.



## Gross Profit

We achieved a gross profit rate of 38.2% for the year ended June 30, 2012 compared to 33.5% achieved during the same period last year.



### Profit Before & After Tax

This year we earned a before tax profit of Rs. 8.32 billion and after tax profit of Rs. 6.782 billion for the year under review compared to Rs. 4.32 billion and Rs. 3.97 billion in 2011 respectively.



### Earnings Per Share

The earnings per share of the company for the year ended June 30, 2012 was Rs. 20.97 which registered a robust growth of 70.82% over preceding year.

A comparison of quarter-wise EPS trend is as under:



## Statement of Value Addition & its Distribution

## WEALTH GENERATED

Total revenue inclusive of sales tax and other income  
Bought-in-material and services

## WEALTH DISTRIBUTION

#### To Employees:

### To Government

#### To Society

Promotion towards education, health and environment

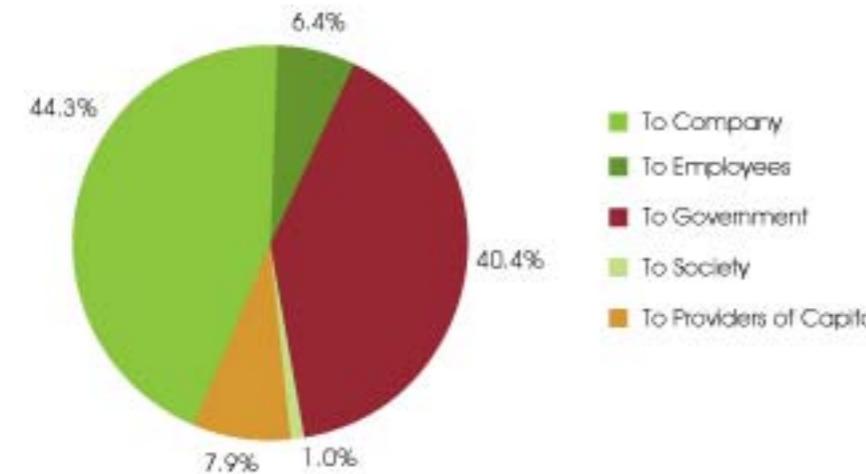
To Providers of Capital  
Dividend to shareholders  
Mark-up / Interest expenses on borrowed funds

### To Company

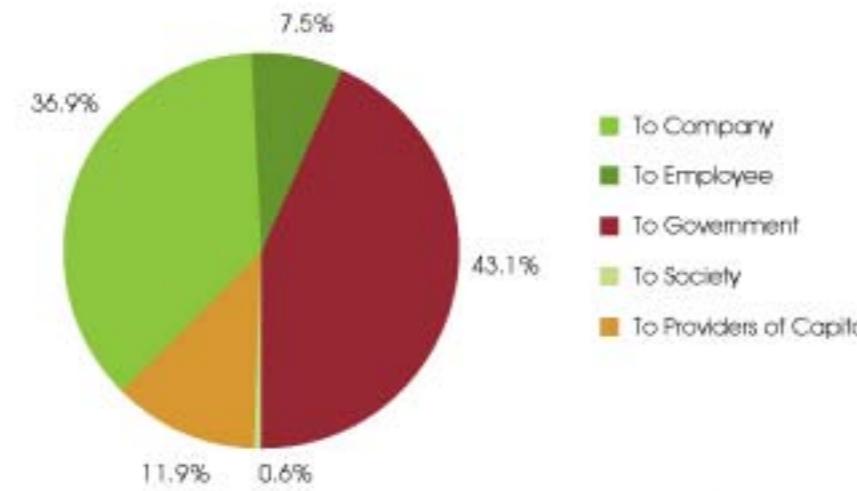
2012 Rs. in '000'	%	2012 Rs. in '000'	%
39,128,351 (19,928,801)		31,769,539 (16,747,452)	
19,199,550	100.0%	15,022,087	100.0%
1,219,159	6.4%	1,128,979	7.5%
7,765,927	40.4%	6,474,185	43.1%
184,507	1.0%	89,822	0.6%
1,293,500	6.7%	1,293,500	8.6%
229,713	1.2%	493,165	3.3%
8,506,744	44.3%	5,542,436	36.9%
19,199,550	100.0%	15,022,087	100.0%



## Wealth Distribution 2012



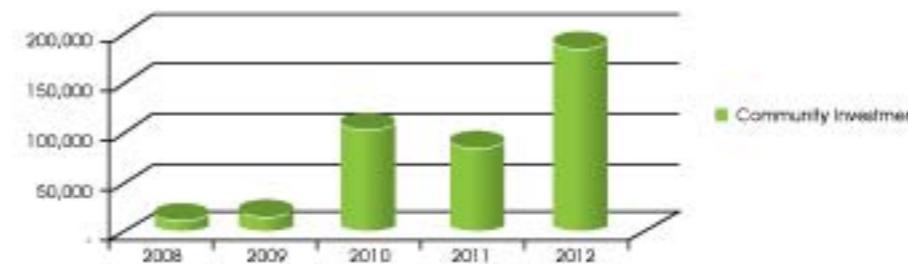
## Wealth Distribution 2011



Also, during the financial year 2011-12, our overall budget for activities related to social welfare; having social, environmental and economical impact, increased by 105%. A huge amount of 184.5 million PKR was invested in the form donation, scholarships and infrastructure development. A breakup of this expenditure is given below:

DONEES	PAK RUPEES
Institute of Business Administration	120,000,000
Sind Institute of Urology and Transplantation (SIUT) Karachi	10,000,000
Rashan bags for flood victim in interior Sindh	9,840,421
All Pakistan Meman Federation	9,000,000
Ahmed E.H.Jaffer Foundation	6,000,000
Gomal University D.I.Khan	4,457,136
Karachi Relief Trust	3,793,400
Laying of Water Pipe Line at Wanda Ahmad Khan	1,278,260
Saifullah Foundation	1,200,000
A.P.C.M.A.	1,000,000
Family Education Services	1,000,000
Concern for children hospital	700,000
Concern for Children Trust	628,780
Developments in Literacy	100,000
Sath Development Initiatives	100,000
Various	317,445
Sub Total	169,315,442
<b>SCHOLARSHIPS</b>	
Institute of Business Administration	4,434,950
Lahore University of Management Sciences	10,192,500
Various	564,085
Sub Total	15,191,535
Grand Total	184,506,977

### Community Investment



### Contact Point for questions regarding the report

For clarification on the Report, please contact the Deputy General Manager Co-ordination and Special Projects at the Head Office, or via e-mail; [ruhai@lucky-cement.com](mailto:ruhai@lucky-cement.com)



**Independent Assurance Report:**

United Register of Systems have been engaged by Lucky Cement Limited to perform an independent assurance engagement in regard to the following aspects of Lucky Cement's 2012 Sustainability Report (the "Report"):

**Scope:**  
Our engagement was designed to provide the readers of the Report with limited assurance on whether the information in the Report is in all material respects fairly presented in accordance with the reporting criteria described below.

**Management's Responsibility:**  
The management of Lucky Cement Limited is responsible for the preparation of the Sustainability Report in accordance with GRI 3.1 guidelines of the Global Reporting Initiative (GRI). This responsibility includes the selection and application of appropriate methods to prepare the Sustainability Report and the use of assumptions and estimates for individual sustainability disclosures which are reasonable in the circumstances.

**Practitioner's Responsibility:**  
Our responsibility is to express a conclusion (based on our work performed) as to whether any matters have come to our attention that cause us to believe that the Sustainability Report for the fiscal year 2012 has not been prepared, in all material respects, in accordance with the aforementioned criteria.

**Basis of the Assurance:**  
We conducted our work in accordance with the International Standard on Assurance Engagements (ISAE) 3000. This standard requires that we comply with ethical requirements, plan and perform the assurance engagement under consideration of materiality to support our conclusion with limited assurance.

**Assurance Methodology:**  
The procedures selected depend on the practitioner's judgment. Within the scope of our work we performed amongst others the following procedures:

- Inquiries of management responsible for the preparation of the Sustainability Report regarding the process to prepare the Sustainability Report and the underlying internal control system;
- Inquiries of management responsible for the topics Corporate Sustainability, Innovation, Customers and portfolio, Compliance, Environmental predictors, Product responsibility, Occupational health and safety management, Employees, Suppliers and Corporate citizenship;
- Inspection and sample testing of the systems and process documentation for collection, analysis,

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904079  
+91 921 33881333  
+91 921 33881124  
+91 921 33881292  
E: [info@ursregister.com](mailto:info@ursregister.com)  
W: [www.ursregister.com](http://www.ursregister.com)  
M: +91 91 2001100 8668444  
S: [info@ursregister.com](mailto:info@ursregister.com)

Prepared Office: 83 College Street, Brixton, London SW2 1AB  
UK Tel: 020 7611 2001/02 Company Registration No: 2021103  
URS is a member of the Register of Systems (Holding) Limited

Operational Safety



**plausibility checks and aggregation of sustainability data;**

- Analytical procedures on selected sustainability data;
- Comparison of selected data with corresponding data in the Lucky Cement's Sustainability Report 2011;
- Inspection of documents regarding the stakeholder dialogue and development process of Lucky Cement Limited's sustainability program;
- Benchmarking the sustainability performance data against the requirements of GRI 3.1 guidelines' disclosures.

**Conclusion:**  
Based on the procedures performed, as described above, the information in The Report does not, in all material respects, appear to be unfairly presented in accordance with the criteria described in 'Basis of Assurance'.

Nothing has come to our attention that causes us to believe that the selected quantitative sustainability information of the Sustainability Report has not been prepared, in all material respects in accordance with G3.1 Guidelines of Global Reporting Initiative (GRI).

URS has identified some recommendations for improvement which are submitted to management of Lucky Cement Limited through a separate letter of recommendation.


**Ali Khan**  
CEO  
United Register of Systems

**Shabir Mehta Aaji**  
Partner  
G M Aziz and Co, Chartered Accountants  
ICAP Membership No.: 1054

Dated: February 01, 2013



# GRI G3.1 CONTENT INDEX

**Application level**      **A +**      **Assured by URS**

## Standard Disclosures Part I: Profile Disclosures

### 1. Strategy and Analysis

Profile Disclosure	Description	Reported	Cross-reference /Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation
1.1	Statement from the most senior decision-maker of the organization.	Fully	Refer page 8			
1.2	Description of key impacts, risks, and opportunities.	Fully	Refer page 25			

### 2. Organizational Profile

2.1	Name of the organization.	Fully	title Page			
2.2	Primary brands, products, and/or services.	Fully	Refer page 16			
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	Fully	Refer page 14 & 15			
2.4	Location of organization's headquarters.	Fully	Refer page 3			
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Fully	Refer page 13 & 14			
2.6	Nature of ownership and legal form.	Fully	Refer page 14			
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Fully	Refer page 16			
2.8	Scale of the reporting organization.	Fully	For net revenue/sales, please refer page 76. For number of employees, please refer page 56. For annual clinker and cement production, please refer page 72. For total capitalization breakdown by debt and equity, please refer page 91 of the 2012 Annual Report ( <a href="https://www.lucky-cement.com/Images/documents/Annual_Report_2012.pdf">https://www.lucky-cement.com/Images/documents/Annual_Report_2012.pdf</a> )			

Profile Disclosure	Description	Reported	Cross-reference /Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	Fully	There were no significant changes during the period.			
2.10	Awards received in the reporting period.	Fully	Refer page 17			
<b>3. Report Parameters</b>						
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	Fully	Refer page 21			
3.2	Date of most recent previous report (if any).	Fully	Refer page 21			
3.3	Reporting cycle (annual, biennial, etc.)	Fully	Refer page 21			
3.4	Contact point for questions regarding the report or its contents.	Fully	Refer page 80			
3.5	Process for defining report content.	Fully	Refer page 21			
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, supplement). See GRI Boundary Protocol for further guidance.	Fully	Refer page 21			
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scopes).	Fully	There were no limitations.			
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	Fully	There are no operational joint ventures or subsidiaries of Lucky Cement Limited.			
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.	Fully	Refer page 21			
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	Fully	No re-statements of information have been made.			
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Fully	There has been no significant changes from previous reporting periods.			
3.12	Table identifying the location of the Standard Disclosures in the report.	Fully	GRI Content Index			
3.13	Policy and current practice with regard to seeking external assurance for the report.	Fully	The report has been externally assured by URS. Please refer to the assurance report.			



Profile Disclosure	Description	Reported	Cross-reference /Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation
<b>4. Governance, Commitments, and Engagement</b>						
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organisational oversight.	Fully	Refer page 29-32			
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	Fully	Refer page 29			
4.3	For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.	Fully	Refer page 29			
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Fully	Refer page 31			
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	Fully	Refer page 32			
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Fully	Refer page 32			
4.7	Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity.	Fully	Refer page 29			
4.8	Extremely developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	Fully	Refer page 7			
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence of compliance with internationally agreed standards, codes of conduct, and principles.	Fully	All the functions of the Board of Directors of the company are aimed at overseeing the company's management of its affairs and compliance with local and international standards and statutes. For specific information which the BOD considers with respect to economic, environmental and social aspects, please refer page 31.			



Profile Disclosure	Description	Reported	Cross-reference /Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	Fully	Refer page 32			
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	Fully	Refer page 30, 32 and 50			
4.12	Extremely developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	Fully	Refer page 18, 58			
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: "Has positions in governance bodies;" "Participates in projects or committees;" "Provides substantive funding beyond routine membership dues; or" "Views membership as strategic."	Fully	Refer page 18			
4.14	List of stakeholder groups engaged by the organization.	Fully	Refer page 35			
4.15	Base for identification and selection of stakeholders with whom to engage.	Fully	Refer page 35			
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Fully	Refer pages 36-41			
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	Fully	Refer pages 36-41			



## Standard Disclosures Part II:

### Disclosures on Management Approach (DMAs)

G3.1 DMAs	Description	Reported	Cross-reference /Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
DMA EC	Disclosure on Management Approach EC						
Aspects	Economic performance	Fully	The management is fully committed towards sustainable development in a way that we not only increase shareholders' value but also contribute towards economic well-being of society. Also refer Pages 60 & 81				
	Market presence	Fully	The company is serving market throughout the country and also exporting to various regions in Asia and Africa. Also, Refer Page 16				
	Indirect economic impacts	Fully	We are not only preferring local employees and local supplies (which is indirectly contributing to uplift the livelihoods of other people in the locality) but we are also making diversified community investments. Refer Page II for donation details.				
DMA EN	Disclosure on Management Approach EN						
Aspects	Materials energy Water Biodiversity	Fully Fully Fully Fully	Refer page 64. Refer page 65. Refer page 69. The management is committed to sustainable management of all the biological resources in the area and around the project sites which will be protected by all means. Refer Page 68				
	Emissions, effluents and waste	Fully	Refer page 67				
	Products and services	Fully	Refer page 66				
	Compliance	Fully	All of LCL's activities are in compliance with the World Bank Guideline values for cement manufacturing- 1998 as well as within the mandatory legal standards - NEQS set under the Pakistan Environmental Protection Act - 1997(PEPA - 1997).				
	Transport	Fully	Our transport activities represent a relatively small part of our total carbon and environmental footprints. Nonetheless we are involved in a number of initiatives to mitigate the impact of transport on the environment including logistic optimisation				
	Overall	Fully	The management is committed to invest in all such projects which would help reduce and manage our environmental footprint.				



G3.1 DMAs	Description	Reported	Cross-reference /Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
DMA LA	Disclosure on Management Approach LA						
Aspects	Employment Labour-management relations Occupational health and safety Training and education Diversity and equal opportunity Equal remuneration for women and men	Fully Fully Fully Fully Fully Fully	Please refer page 50 Please refer page 51 Please refer page 51 Please refer page 51 Please refer page 52 Please refer page 53				
DMA HR	Disclosure on Management Approach HR						
Aspects	Investment and procurement practices	Fully	The approach referred to on page 57 pertains to both investment and procurement practices.				
	Non-discrimination	Fully	As mentioned in the Labour Practices section, hiring decisions are made without regard to applicant's race, colour, cast, religion, sex, or national origin. Our compensation packages are based on the responsibility level of the position and not related to race, gender, religion, age or any other such factor. Same holds true for our suppliers, customers and other stakeholders who are always judged on merit and without any bias.				
	Freedom of association and collective bargaining	Fully	Please refer page 57				
	Child labour	Fully	Lucky Cement strongly discourages child labour. Our selection procedures require presentation of government issued identity card which makes sure that no one below the legal age is employed by the company.				
	Prevention of forced and compulsory labour	Fully	As part of our prohibition on forced or compulsory labour, we do not require anyone to perform hazardous tasks against their will or tasks that are detrimental to their health or wellbeing. All the Pakistan laws with respect to labour practices are fully complied. the workforce is made to work only the allowed number of hours under the statutory and adequate breaks are provided in working hours. Naturally, all employees are free to leave the company at any time.				

G3.1 DMAs	Description	Reported	Cross-reference /Direct answer	If applicable, indicate the part not reported	Reason for omission	Explana- tion	To be repor- ted in
<b>DMA HR Disclosure on Management Approach HR</b>							
Aspect	Security practices	Fully	We have contracted with some of the leading security companies of the country in respect to risks identified to the business facilities and persons. The security companies have provided armed guards at Lucy Clement facilities who carry firearms in accordance with the provisions of Pakistan laws. The contractors are responsible for training the guards in human rights practices as per applicable laws.				
	Indigenous rights Assessment	Fully	Please refer page 57.				
		Fully	A formal assessment mechanism of operations and supplies with respect to human rights is not in place. However, the company has necessarily mitigating controls in place to ensure that no human rights violations take place.				
	Remediation	Fully	With respect to the internal stakeholders, we take care to make sure that all the genuine claims and grievances raised by any employee should be resolved in a transparent manner as early as possible. Our human resource functions at our head office and plants remain constantly engaged with employees to obtain feedback and resolve issues that have a potential to become grievances. With respect to external stakeholders, the company does not have a formal mechanism to deal with grievance related issues. However, any person who believes that his rights have been abused is free to contact the company through various channels such as website, or visit the company's offices, the person is also free to exercise his fundamental right of approaching the court of law.				

G3.1 DMAs	Description	Reported	Cross-reference /Direct answer	If applicable, indicate the part not reported	Reason for omission	Explana- tion	To be repor- ted in
<b>DMA SO Disclosure on Management Approach SO</b>							
Aspect	Local communities	Fully	Please refer 45.				
	Corruption	Fully	Please refer 50.				
	Public policy	Fully	The Company is a member of various important national and international forums which include All Pakistan Cement manufacturers Association, Pakistan Business Council, Pakistan Institute of Corporate Governance and US Atlantic Council etc. For details please refer the section "Corporate Affiliations" on page 18.				
<b>DMA PR Disclosure on Management Approach PR</b>							
Aspect	Customer health and safety	Fully	A formal assessment during different life stages is not done. This is because once the cement is produced to the required strength it poses no significant health and safety hazards for the customers as the product contains all the natural raw-materials such as limestone, silica, gypsum etc that are non-hazardous in nature. As far as packing is concerned, the bags used are perforated. The reason behind using such bags is to allow release of hot air as the cement cooks. This prevents the bag from bursting. Please refer 19.				
	Product and service labeling	Fully	For the purpose of product packaging and labeling, the company complies with the requirements of the standards applicable in the country where the product is being sold. Please refer 19.				



## Standard Disclosures Part III: Performance Indicators

### Economic

G3.1 DMAs	Description	Reported	Cross-reference /Direct answer	If applicable, indicate the part not reported	Reason for omission	Explana- tion	To be reported in
<b>DMA PR Disclosure on Management Approach PR</b>							
Aspect:	Marketing communications	Fully	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. The Company's IT department has placed sufficient controls around this database to ensure its integrity, confidentiality and accuracy.				
	Customer privacy	Fully	As the Company believes in fair trade practice, we make sure that our advertisement and other marketing communications are in good faith and taste. We aim at educating the masses about our products and don't make exaggerated claims about our quality and practices. The Company has a newly established Brand department which works in collaboration with the legal department to ensure compliance of adverts and marketing communications with applicable laws and regulations.				
	Compliance	Fully	The Company has the highest respects for all the laws and regulations to which it is subject to. The Company has a dedicated Legal department which ensures that the Company is in compliance with the relevant statutes.				

Performance Indicator	Description	Reported	Cross-reference /Direct answer	If applicable, indicate the part not reported	Reason for omission	Explana- tion	To be reported in
<b>Economic Performance</b>							
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	Fully	Please refer Page 29				
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	Fully	There are no major financial implications due to climate change. However the related risks and opportunities have been mentioned on Page 25				
EC3	Coverage of the organization's defined benefit plan obligations.	Fully	The Company operates an unfunded Gratuity scheme covering all permanent employees. Contribution is made to the scheme on the basis of actuarial valuations. For details please refer note 4.11 of the Financial statements in our 2012 annual report. <a href="http://www.lucky-cement.com/images/documents/Annual_Report_2012.pdf">http://www.lucky-cement.com/images/documents/Annual_Report_2012.pdf</a>				
EC4	Significant financial assistance received from government.	Fully	No financial assistance received during the year.				
<b>Market presence</b>							
EC6	Policy, practices, and proportion of spending on locally-based suppliers of significant locations of operation.	Fully	To the benefit of local businesses it is worth noting that Lucky Cement is currently operational at two sites - Karachi and Peshawar. In order to ensure smoothness in our operation, we make sure that we remain connected with reliable and quality conscious suppliers. This way we are also helping local businesses dwelling within the nearby areas of Karachi and Peshawar plants to flourish and grow with us. Our common practice is to prefer local suppliers as they can be more relied on for long term commitment.				
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	Fully	Our policy to hire people is based purely on merit. However, we do consider the location of employees as an important factor too as it not only boosts the local employment and economy but it also ensures that we are hiring the right person for the right position with a long term commitment to stay and grow with us. Although our main production sites are in Karachi and Peshawar and our major human resource is from the nearby areas, our employment pool is not just confined to these two areas.				



Performance indicator	Description	Reported	Cross-reference /Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
<b>Indirect economic impacts</b>							
ECII	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	Fully	Refer Page 61				
<b>Environmental</b>							
Performance indicator	Description	Reported	Cross-reference /Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
<b>Materials</b>							
EN1	Materials used by weight or volume.	Fully	Refer Page 64				
EN2	Percentage of materials used that are recycled input materials.	Fully	None.				
<b>Energy</b>							
EN3	Direct energy consumption by primary energy source.	Fully	Refer Page 65				
EN4	Indirect energy consumption by primary source.	Fully	Refer Page 66				
<b>Water</b>							
EN8	Total water withdrawal by source.	Fully	Refer Page 69				
<b>Biodiversity</b>							
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	Fully	Refer Page 68				
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Fully	Refer Page 68				



Performance indicator	Description	Reported	Cross-reference /Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
<b>Emissions, effluents and waste</b>							
EN16	Total direct and indirect greenhouse gas emissions by weight.	Fully	Standard used - WBCSD GHG Protocol - Methodology calculation based on the specific audit fuel factor, default values from POC. Refer Page 66, 67 & 68				
EN17	Other relevant indirect greenhouse gas emissions by weight.	Fully	There are no other indirect GHG emissions.				
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Fully	Refer Page 69-61				
EN19	Emissions of ozone-depleting substances by weight.	Fully	There are no emissions of ozone depleting substances.				
EN20	NOx, SOx, and other significant air emissions by type and weight.	Fully	Estimation has been made based on air emission testing reports. Refer Page 67.				
EN21	Total water discharge by quality and destination.	Not					Not available
EN22	Total weight of waste by type and disposal method.	Not				Total weight of waste disposed off	Not available
EN23	Total number and volume of significant spills.	Fully	There are no significant spills during the year 2011-12.				
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	Fully	None. Refer Page 68				
<b>Products and services</b>							
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Fully	Refer Page 60 & 61				
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	Fully	None				



Performance Indicator	Description	Reported	Cross-reference /Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
<b>Compliance</b>							
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	Fully	None				
<b>Transport</b>							
<b>Social: Labour Practices and Decent Work</b>							
Performance Indicator	Description	Reported	Cross-reference /Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
<b>Employment</b>							
LA1	Total workforce by employment type, employment contract, and region, broken down by gender.	Partially	Please refer page 55.	Regional analysis	Not applicable	LCL has operations only in Pakistan. Therefore, regional analysis of workforce is not applicable.	
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	Partially	Please refer page 56.	Regional analysis	Not applicable	LCL has operations only in Pakistan. Therefore, regional analysis of workforce is not applicable.	
LA15	Return to work and retention rates after parental leave, by gender.	Fully	All female employees are entitled to parental leaves. None of the employees availed leaves during the year.				
<b>Labour/management relations</b>							
LA4	Percentage of employees covered by collective bargaining agreements.	Fully	Please refer page 57.				
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	Fully	There has been no significant operational changes during the year.				



Performance Indicator	Description	Reported	Cross-reference /Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
<b>Occupational health and safety</b>							
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	Fully	There is no such formal health and safety committee. However, health and safety programmes are implemented and monitored on the effective recommendations of employees.				
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender.	Fully	Please refer page 58.				
LA8	Education, training, counselling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	Fully	Please refer page 49-51.				
<b>Training and education</b>							
LA10	Average hours of training per year per employee by gender, and by employee category.	Partially	Please refer page 51.			Average number of training hours per employee by gender.	Not material
LA12	Percentage of employees receiving regular performance and career development reviews, by gender.	Fully	100% for management employees. The management by objective (MBO) system is in place for performance reviews.			We do not report on this disclosure as the gender diversity is not considered material to LCL.	
<b>Diversity and equal opportunity</b>							
LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	Partially	Please refer page 52.			Minority group membership	Not material
						The company does not discriminate against minority groups and thus does not maintain its record.	



Performance Indicator	Description	Reported	Cross-reference /Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
<b>Equal remuneration for women and men</b>							
IA14	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	Fully	There is no gender based distinction for salary and remuneration.				
<b>Social: Human Rights</b>							
Performance Indicator	Description	Reported	Cross-reference /Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
<b>Investment and procurement practices</b>							
HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening.	Fully	There is no agreement and contract that include clauses incorporating human rights concerns, or that have undergone human rights screening.				
HR2	Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening, and actions taken.	Fully	No suppliers, contractors and business partners has undergone human rights screening.				
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	Fully	Orientations training is compulsory for all employees which covers policies and procedures and other concerning aspects of human rights that are relevant to operations. In percentage terms it is 100%.				
<b>Non-discrimination</b>							
HR4	Total number of incidents of discrimination and corrective actions taken.	Fully	No such incident was reported during the year.				



Performance Indicator	Description	Reported	Cross-reference /Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
<b>Freedom of association and collective bargaining</b>							
HR5	Operations and significant supplies identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights.	Fully	Refer Page 54 and 63. There has been no such violations identified.				
<b>Child labour</b>							
HR6	Operations and significant supplies identified as having significant risk for incidents of child labour, and measures taken to contribute to the effective abolition of child labour.	Fully	There has been no such violations identified.				
<b>Prevention of forced and compulsory labour</b>							
HR7	Operations and significant supplies identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of all forms of forced or compulsory labour.	Fully	There has been no such violations identified.				
<b>Security practices</b>							
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	Fully	The training of security personnel is the responsibility of the contractor.				
<b>Indigenous rights</b>							
<b>Assessment</b>							
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	Fully	No operation has been subject to human rights review or impact assessment.				



Performance Indicator	Description	Reported	Cross-reference /Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
<b>Remediation</b>							
HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms.	Fully	No grievance filed during the year.				
<b>Social: Society</b>							
Performance Indicator	Description	Reported	Cross-reference /Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
<b>Local communities</b>							
SD1	Percentage of operations with implemented local community engagement/ impact assessments, and development programs.	Fully	The community investments of the company (pages 44-52) are the results of assessments of the impact of operations on local communities.				
SD9	Operations with significant potential or actual negative impacts on local communities.	Fully	There are no such operations that have significant potential or actual negative impacts on the local communities. Mining activities, which include blasting of limestone quarries, may however have negative impacts on the surrounding communities and the local residents. However, there is no residential area in the outskirts of the quarries, which might be affected due to such activities. Despite no significant consequences, satisfactory preventive measures are in place which mainly include a prior notification of the blasting exercise to the residents of even the far surrounding areas and putting red flags around the blasting area etc.				
SD10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	Not		Not applicable	As discussed in SD9 there are no such operations that have significant potential or actual negative impacts on the local communities. Hence, the disclosure is not applicable.		



Performance Indicator	Description	Reported	Cross-reference /Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
<b>Corruption</b>							
SD2	Percentage and total number of business units analyzed for risks related to corruption.	Fully	Refer page 50				
SD3	Percentage of employees trained in organization's anti-corruption policies and procedures.	Fully	All employees of LCL are provided with orientation training at the time of joining. Such orientation programme includes training pertinent to the company's code of conduct and anti-corruption policy.				
SD4	Actions taken in response to incidents of corruption.	Fully	No incident occurred, so no responsive action.				
<b>Public policy</b>							
SD5	Public policy positions and participation in public policy development and lobbying.	Fully	The senior management of the Company participates in the lobby referred to on page 18 and contributes to solving the issues which the cement sector and the business community are facing.				
<b>Anti-competitive behavior</b>							
SD7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	Fully	Refer page 50				
<b>Compliance</b>							
SD8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	Fully	No fines and non-monetary sanctions for non-compliance with laws and regulations were imposed on the company during the year.				



Performance Indicator	Description	Reported	Cross-reference /Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
<b>Customer health and safety</b>							
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	Fully	Continuous assessment of cement during different stages of life cycle is not done as the cement once produced to required strength, is safe from the point of view of customer health and safety, the company takes various steps mentioned on page 19 to make sure that cement is made to required strength.				
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	Fully	There have been no such non-compliances during year.				
<b>Product and service labelling</b>							
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	Fully	Refer pages 19				
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes.	Fully	There have been no such non-compliances during the year.				
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Fully	Refer page 36				
<b>Marketing communications</b>							
PR6	Practices for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	Fully	As the Company believes in fair trade practices, we make sure that our advertisement and other marketing communications are in good faith and taste. We aim at educating the masses about our products and don't make exaggerated claims about our quality and practices. The Company has a newly established legal department which works in collaboration with the legal department to ensure compliance of adverts and marketing communications with applicable laws and regulations.				
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes.	Fully	No such incidence of non-compliance, occurred.				

Performance Indicator	Description	Reported	Cross-reference /Direct answer	If applicable, indicate the part not reported	Reason for omission	Explanation	To be reported in
<b>Customer privacy</b>							
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Fully	There have been no complaints regarding breach of customer privacy and loss of customer data in during the year.				
<b>Compliance</b>							
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	Fully	No such fine was imposed.				

**Our Sustainability Consultants:**  
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