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

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**SUSTAINABILITY. FORTIFIED.**

*GRI Content Index is available on our website at the following link:

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

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

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

Social Responsibility
- Sustainable development
- Philanthropy
- Community development
- Environmentally conscious

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

Ethics and Integrity
- Prestige
- Honesty
- Uprightness
- Reliability

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

Excellence
- Benchmark practices
- Continuous improvement
- Efficient and effective performance

Community development
- Environmentally conscious

Sustainable development
CEO MESSAGE

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

With a history of less than two decades, we are known not just for making quality products; we are also remembered for our significant contributions in implementing programs that reduce energy consumption and address issues of environmental degradation. Projects like Waste Heat Recovery (WHR), Tyre Derived Fuel (TDF) and Refused Derived Fuel (RDF) have not only reduced our costs, but have taken our Carbon emissions to the minimum level. We are pleased to report that 71,400 tons of CO2 has been saved during the year 2010–2011 through our Waste Heat Recovery Plants.

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

Not just on the environmental front, we have also been actively working towards raising the living standards of the communities that surround us and the society as a whole. We have contributed considerable amount from our profits towards developmental and philanthropic initiatives every year. For us, we take this as our responsibility to address the issues of our stakeholders and environment.

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

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

Lucky Cement came into existence in 1996. It is Pakistan’s largest cement manufacturing Company with the production capacity of 7.75 million tons per annum. LCL is also Pakistan’s first and largest exporter of loose cement and is the only cement manufacturer to have loading and storage terminal at Karachi Port.

In 2010 – 2011, the local sales volume registered a growth of 11.07% from 3.12 million tons cement sold last year to 3.46 million tons during the year under review. Further, the export sales volume plunged sharply by 32.9% from 3.51 million tons last year to 2.35 million tons, thus resulting in achieving Rs. 26.01 Billion of revenue as compared to last year amounting to Rs. 24.5 Billion.

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

The Company has also issued Global Depository Receipts (GDRs) which are listed and traded on the Professional Securities Market of the London Stock Exchange.

The shares of the Company in the form of Global Depository Receipts (GDRs) are listed on the Professional Securities Market of the London Stock Exchange. Each GDR represents 4 ordinary shares of the Company with two way fugibility i.e., from GDRs to Ordinary Shares and vice versa. The GDR holders do not enjoy any voting rights. Out of the total GDRs issued in May, 2008, a substantial number has been converted into ordinary shares.

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

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

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

Organisational Structure

The shareholding pattern of the Company is given below:

<table>
<thead>
<tr>
<th>Shareholders’ Category</th>
<th>No. of shares as at June 30, 2011</th>
<th>Shareholding %</th>
<th>No. of shares as at June 30, 2010</th>
<th>Shareholding %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Directors, CEO and their spouse and minor children</td>
<td>95,928,999</td>
<td>29.66%</td>
<td>95,928,999</td>
<td>29.66%</td>
</tr>
<tr>
<td>Associated companies, undertakings and related parties</td>
<td>31,455,575</td>
<td>9.73%</td>
<td>31,455,575</td>
<td>9.73%</td>
</tr>
<tr>
<td>NII and KSP</td>
<td>15,153,130</td>
<td>4.75%</td>
<td>6,737,252</td>
<td>2.08%</td>
</tr>
<tr>
<td>Banks, Development Finance Institutions, Non-Banking Financial Institutions, Insurance Companies, Moderabas and Mutual Funds</td>
<td>16,740,086</td>
<td>5.18%</td>
<td>27,219,249</td>
<td>8.42%</td>
</tr>
<tr>
<td>Public Sector Companies and Corporations</td>
<td>4,477,920</td>
<td>1.38%</td>
<td>4,517,866</td>
<td>1.40%</td>
</tr>
<tr>
<td>General Public</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>· Local</td>
<td>28,155,285</td>
<td>8.77%</td>
<td>30,872,838</td>
<td>9.55%</td>
</tr>
<tr>
<td>· Foreign</td>
<td>108,391,856</td>
<td>33.52%</td>
<td>71,577,352</td>
<td>22.13%</td>
</tr>
<tr>
<td>Others</td>
<td>22,669,149</td>
<td>7.01%</td>
<td>58,065,829</td>
<td>17.03%</td>
</tr>
<tr>
<td></td>
<td>323,375,000</td>
<td>100.00%</td>
<td>323,375,000</td>
<td>100.00%</td>
</tr>
</tbody>
</table>

Nature of ownership and legal form

Lucky Cement Limited was incorporated in Pakistan on September 18, 1993 under the Companies Ordinance, 1984 (the Ordinance). The shares of the Company are quoted on all the three stock exchanges in Pakistan. The Company has also issued Global Depository Receipts (GDRs) which are listed and traded on the Professional Securities Market of the London Stock Exchange.

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

Lucky Cement Limited was incorporated in Pakistan on September 18, 1993 under the Companies Ordinance, 1984 (the Ordinance). The shares of the Company are quoted on all the three stock exchanges in Pakistan. The Company has also issued Global Depository Receipts (GDRs) which are listed and traded on the Professional Securities Market of the London Stock Exchange.

Lucky Cement Limited was incorporated in Pakistan on September 18, 1993 under the Companies Ordinance, 1984 (the Ordinance). The shares of the Company are quoted on all the three stock exchanges in Pakistan. The Company has also issued Global Depository Receipts (GDRs) which are listed and traded on the Professional Securities Market of the London Stock Exchange.
The Company has successfully established a well-diversified export market to mitigate the risk of shortfall in exports. The high-quality cement produced by the Company is being exported to many countries including India, Sri Lanka, Central Asian countries, Afghanistan, Iraq, Saudi Arabia, UAE, East Africa countries and its brand is recognized and known as the best quality product among high-profile buyers. The Company is also focusing to capture the demand coming in the local market for increasing its market share.

Markets Served

- India
- Sri Lanka
- Central Asian countries
- Afghanistan
- Iraq
- Saudi Arabia
- UAE
- East Africa countries

Cement Manufacturing Process

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

The extraction of limestone is made from the quarry near the plant site and is transported to the crusher by dumpers. The limestone is then crushed to the required size and is blended in large stockpiles. Corrective materials are then added so as to achieve the desired raw mix. This raw mix is converted to fine powder in the raw mill which is then stored in large blending silos.

Coal is procured from outside, which is crushed at the coal crusher and grinded to fine powder in the coal mill. This is used as fuel for firing in the pre-heater and kiln system. The raw meal stored in the silos goes through the pre-calciner and is pre-heated before going into the kiln. Pre-calcined raw meal is burnt inside the kiln at a high temperature to produce clinker. Hot clinker is then cooled and stored in stockpiles or silos. At the Cement Mill, gypsum, other additives and cementitious materials are added and grinded to make cement. The cement is then stored in blending silos and is packed and distributed to different places in bags or bulk containers from the cement storage.

Corporation Headquarter

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

Primary Brands

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

- Ordinary Portland Cement
- Sulphate Resistant Cement

Ordinary Portland Cement (OPC)

Ordinary Portland Cement is available in darker shade as well as in light shades in Lucky Star with different brand names to suit the requirement of users. It is used in all general constructions especially in major prestigious projects where cement is to meet stringent quality requirements; it can be used in concrete mortars and grouts etc.

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

Sulphate Resistant Cement (SRC)

Sulphate Resistant Cement’s best quality is to provide effective and long lasting strength against sulphate attacks and is very suitable for constructions near seashores as well as for canal linings. It provides very effective protection against alkali attacks.

Brands Available at Lucky Cement

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

No. of shares as at June 30, 2011

<table>
<thead>
<tr>
<th>Shareholding %</th>
</tr>
</thead>
<tbody>
<tr>
<td>1514</td>
</tr>
</tbody>
</table>

SUSTAINABILITY REPORT
2011: The ‘Year of Change’

As we work our way through the challenges of being ahead of the rest, we have shown the spirit, courage and confidence of changing the way the World sees us. We have not only changed the way we work, but have also challenged ourselves to change the way we think. Over the years, the Company has grown substantially, which has brought us face to face with the increased expectations and wide variety of needs of the stakeholders.

Here is how we have addressed the challenges of Change:

The New Corporate Identity

We have recently introduced our new identity which marks a significant milestone in our history. The centrepiece of our identity is our logo. The hexagon presents the values and attributes that is our strength and represents our quality parameter. Our quality parameter comprises of our promise to be equipped with state of the art technology, our foresight and innovation to compete with international standards, our commitment to quality and maintaining the diversity of our portfolio to meet customer needs. Our logo represents the core values, ones that we uphold and live by.

Supply Chain Management

As we expand the depth of our operations, our main focus is being the industry trend-setter in a cost efficient manner. In the current market scenario, where only cost efficiency can help a company survive the competition, we are not only focused on cost reduction, but we aim at delivering the product to the right place at the right time. This calls for a well-defined integrated supply chain management program that offers high-quality and low-cost products within the shortest possible lead time. Our procurement process is directly beneficial for all the stakeholders. Our combined purchase strategies give us the leverage and add to our negotiation strength. We have redesigned our internal process in a way that it is in the best interest of all the stakeholders.

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

Strategic Changes in Organisational Operations

There is no single formula for success as it has many diversified facets. Recently, we welcomed our Chief Operating Officer to our clan. This marked the beginning of the change which we had envisioned – the need for repositioning ourselves in the face of competitive conditions. We are not only introducing young blood in all lines of management, but are also establishing proper channels for supply chain management and brand development.

We have changed our organisational design as such that we are now a matrix organisation, having functional reporting structures and our Governance body is in line with the best Corporate Governance practices.

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

IT Development

With growing business needs, we have adopted customized management information systems to provide efficient business solutions. Therefore, our management team played a strategic role in process development and meeting the ever-increasing business challenges.

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

Energy Efficiency

Energy efficiency is a powerful and cost-effective path towards achieving a sustainable future. We have taken numerous initiatives towards saving energy. We have substantially reduced our Carbon Dioxide emissions by state-of-the-art Waste Heat Recovery Plant at our production facilities, which qualifies us for Carbon Credits. We are now planning to replace Coal burning by Tyre Derived Fuel (TDF). This project is a value-addition in cement manufacturing sector as it contains about the same amount of energy as oil and 25% more energy than coal. This means that each ton of the TDF used can replace the impacts of 1.25 tons of coal and coal mining and reduces Carbon emission by 19%. Lucky Cement also has the credit of preparing feasibility and educating other players in the industry.

Smart Logistical Set-up

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

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

Our Karachi Plant Logistics Department, with guidance of our senior management, worked tirelessly to turn this idea into a workable reality and set a new trend in the cement industry. In the first phase, 18 trailers have been inducted in our transportation fleet. These trailers are used to transport bagged cement from factory to port and on return they carry Coal from port to factory. These trailers can carry goods upto 80 tons. This venture does not only strengthens the overall logistical capacity of Lucky Cement, but also reduces heavy transportation cost and the cost of outsourcing transport contractors.
AWARDS AND ACHIEVEMENTS
Awards received in the reporting period

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

National CSR Excellence Award

Appreciating and acknowledging Lucky Cement’s continuous efforts to raise the Educational and Health standards and Environment-friendly business practices, CSR Association of Pakistan awarded Lucky Cement with the National CSR Award. Each year, these awards are given to companies that play active roles in fulfilling their Corporate Social Responsibility. Lucky Cement receiving this Award for two consecutive years.

National CSR Excellence Award

Recognitions from Chamber of Commerce and Industry:

- Karachi Chamber of Commerce and Industry: Awarded the Export Trophy to Lucky Cement for highest exports of cement from Pakistan.
- Khyber Pakhtunkhwa Chamber of Commerce and Industry: Awarded the following distinctions:
  - Top Sales Tax Payer
  - Top Income Tax Payer
  - Top Exporter
  - Top Importer
  - Exports Trophy 2009 – 2010

Brand of the Year Award

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

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

Annual Environment Excellence Award

National Forum for Environment and Health (NFEH) awarded Lucky Cement with the Environment Excellence Award 2011 to recognize a number of Lucky Cement’s pro-environment initiatives including installation of Waste Heat Recovery Plant at its production facilities, active participation in various community based environmental programs including efforts to promote “cleaner and greener” Pakistan by cycling and beach cleaning initiatives and association with the President of Pakistan’s Forestation Program to contribute towards a cleaner environment. NFEH is affiliated with United Nations and is supported by Ministry of Environment, Government of Pakistan.

Recognitions from Chamber of Commerce and Industry:

- Karachi Chamber of Commerce and Industry: Awarded the Export Trophy to Lucky Cement for highest exports of cement from Pakistan.
- Khyber Pakhtunkhwa Chamber of Commerce and Industry: Awarded the following distinctions:
  - Top Sales Tax Payer
  - Top Income Tax Payer
  - Top Exporter
  - Top Importer
  - Exports Trophy 2009 – 2010
REPORT PARAMETERS
This is the first Sustainability Report of Lucky Cement Limited. The report covers initiatives taken by the Company towards its engagement with the environmental and socio economic performance.

Reporting period

The report contains quantitative data for the above mentioned period where as the initiatives taken by the Company and the qualitative data has been presented from July 2009 to June 2011. This report is prepared in accordance with level A requirements of G3-1 guidelines of Global Reporting Initiative (GRI). For GRI Content Index, log on to our website www.lucky-cement.com.

Reporting cycle

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

Contact point for questions regarding the report or its contents

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

Process for defining report content

The report reflects the material issues which have significant economic, environmental and social impacts that can substantially influence the assessment or decisions of our stakeholders. The Company continues to proactively engage with key stakeholders, who either have a major interest or are significantly affected by our operations, products or services. All the issues which are significant in nature considering the concerns of the stakeholders and the Company are analysed in the materiality graph as mentioned below. These issues are covered in detail in the remainder of the report.

Boundary of the report

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

Data measurement techniques and the basis of calculations

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

Sustainability Materiality Matrix

The sustainability issues are prioritised on materiality matrix with high priority to low priority.

- Low Priority
- Medium Priority
- High Priority

The materiality matrix shows the importance of issues to the business and the importance of issues to stakeholders. The matrix helps in identifying the material issues that need to be addressed by the company.

Low Priority
- Product Quality
- Customer Satisfaction
- Corporate Governance
- Environmental Impact
- Industrial Relations
- Employee Satisfaction & Training
- Public Policy & lobbying
- Tax
- Occupational Health & Safety
- Plantation

Medium Priority
- Community Development
- Regulatory Compliance

High Priority
- Sustainability Materiality Matrix
GOVERNANCE & COMMITMENTS
Governance Approach

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

The Company fosters culture in which high standards of ethical behaviour, individual accountability and transparent disclosures are ingrained in all its business dealings and shared by its board of directors, management and employees. The Company is fully equipped with systems and procedures to ensure that its board of directors is well-informed and well-equipped to fulfill its overall responsibilities and to provide the management with the strategic direction needed to create long-term shareholder value.

Board of Directors and Committees

The Company follows a unitary board structure which consists of an optimum combination of executive and non-executive directors. All the directors bring a wide range of experience to the board, thereby ensuring best interest of stakeholders and the Company. The vision, mission and values of the Company steer the decisions of the board of directors. The board meets at least once in every quarter. However, additional meetings are also held on as-and-when need basis.

Composition of Directors, Other Directorships and Attendances

<table>
<thead>
<tr>
<th>Name of Directors / Chief Executive</th>
<th>Designation / Category (Executive / Non-Executive)</th>
<th>No. of Directorships (Total: 4)</th>
<th>Board Meetings Attended (2010-2011)</th>
<th>Audit Committee Meetings Attended (2010-2011)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. Muhammad Yunus Tabba</td>
<td>Chairman / Executive</td>
<td>3</td>
<td>3</td>
<td>N/A</td>
</tr>
<tr>
<td>Mr. Muhammad Ali Tabba</td>
<td>CEO / Executive</td>
<td>2</td>
<td>4</td>
<td>N/A</td>
</tr>
<tr>
<td>Mr. Muhammad Sohail Tabba</td>
<td>Director / Non-Executive</td>
<td>3</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>Mr. Imran Yunus Tabba</td>
<td>Director / Non-Executive</td>
<td>2</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>Mr. Jawed Yunus Tabba</td>
<td>Director / Non-Executive</td>
<td>4</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Mrs. Rahila Ameer</td>
<td>Director / Executive</td>
<td>2</td>
<td>2</td>
<td>N/A</td>
</tr>
<tr>
<td>Mrs. Mariam Tabba Khan</td>
<td>Director / Non-Executive</td>
<td>3</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>Mr. Ali J Siddiqui</td>
<td>Director / Non-Executive</td>
<td>2</td>
<td>-</td>
<td>2</td>
</tr>
<tr>
<td>Mr. Munirzor Ahmed</td>
<td>Director / Non-Executive</td>
<td>2</td>
<td>-</td>
<td>2</td>
</tr>
</tbody>
</table>

Board Committees

Audit Committee

The committee is chaired by Mr. Muhammad Sohail Tabba. Sohail Tabba has vast experience in the manufacturing sector and is currently heading Spinning Mill in the country as Chief Executive. At present, the committee comprises of 5 members, all of whom are non-Executive Directors. The function of the audit committee is to enhance confidence in the integrity of an organisation’s processes and procedures relating to internal control and corporate reporting. The committee is entrusted to ensures the transparency and accuracy of financial reporting and disclosures, effectiveness of external and internal audit functions, robustness of the systems of internal audit and internal controls and effectiveness of compliance systems. The significance of Audit Committee has become more prominent in today’s complex business environment thus resulting in ever increasing need for the board to evaluate performance.

Budget Committee

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

- Review and analyze the annual and revised budgets as prepared by the Company and recommend the final budget to the Board for its approval.
- Review and analyze the budget comparison with actual results on quarterly and annual basis and give appropriate direction for corrective measures in case of major variances.
- To recommend any matter of significance to the Board of Directors.
The remuneration of Chairman, Chief Executive and other Executive Directors are linked to their performance. The performance criteria are finalized by the board on the recommendation of the HR and Remuneration Committee. These criteria are based on the financial performance and other parameters related to growth of the Company.

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

The remuneration of Chairman, Chief Executive and other Executive Directors are linked to their performance. The performance criteria are finalized by the board on the recommendation of the HR and Remuneration Committee. These criteria are based on the financial performance and other parameters related to growth of the Company.

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

The transactions with all the related parties are made on arms-length basis and complete details are provided to the board for their approval. Further, all the transactions with the related parties are fully disclosed in the annual accounts of the Company.
Good corporate governance is an essential prerequisite for the integrity and credibility of any company. It builds greater confidence and trust by ensuring transparency, fairness and accountability with respect to shareholders and other stakeholders. Giving due importance to this objective, Lucky Cement has obtained corporate membership of the Pakistan Institute of Corporate Governance (PICG). PICG aims to strengthen compliance and conformance by companies, corporations and other institutions to applicable laws and regulations and generally to enhance self-regulating practices that are comparable with the best global practices in good governance. PICG is involved in training and education, creating awareness, undertaking research, publishing guidelines and other resource material. It also provides a forum for discussion on corporate governance.

Corporate Affiliations

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

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

Good corporate governance is an essential pre-requisite for the integrity and credibility of any company. It builds greater confidence and trust by ensuring transparency, fairness and accountability with respect to shareholders and other stakeholders. Giving due importance to this objective, Lucky Cement has obtained corporate membership of the Pakistan Institute of Corporate Governance (PICG). PICG aims to strengthen compliance and conformance by companies, corporations and other institutions to applicable laws and regulations and generally to enhance self-regulating practices that are comparable with the best global practices in good governance. PICG is involved in training and education, creating awareness, undertaking research, publishing guidelines and other resource material. It also provides a forum for discussion on corporate governance.

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

Lucky Cement is also a corporate member of the CSR Association of Pakistan. The CSR Association of Pakistan promotes CSR principles and practices to businesses in Pakistan because it makes companies more innovative, productive, and competitive. Lucky Cement has always taken its social and environmental responsibilities seriously and has always been a generous contributor in philanthropic projects.

National Environmental and Quality Standards

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

Compliance

[Images of certificates and compliance documents]
The Company follows a symbiotic approach with its various stakeholders and believes that if it fulfills their concerns and expectations, the stakeholders will identify their prosperity and well-being with the growth of the Company and support the Company in ensuring its long-term and sustained growth. The Company is driven by the needs of its customers, shareholders, local communities and the society at large.

Stakeholders Expectation

<table>
<thead>
<tr>
<th>Stakeholders</th>
<th>Key Expectations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees</td>
<td>Recognition and feedback, Regular orders, Timely payments</td>
</tr>
<tr>
<td>Suppliers</td>
<td>Health support, Education support, Employment generation, Infrastructure</td>
</tr>
<tr>
<td>Local Community</td>
<td>Community welfare programmes, Infrastructure, Community welfare programmes</td>
</tr>
<tr>
<td>Shareholders and Investors</td>
<td>Good returns, Growth, Stability, Good corporate governance</td>
</tr>
<tr>
<td>Customers and Dealers</td>
<td>Product availability, Product quality, Competitive price, Customer service</td>
</tr>
<tr>
<td>Regulatory Authorities</td>
<td>Compliance, Active participation, Corporate governance, Company’s contribution towards direct and indirect taxation</td>
</tr>
</tbody>
</table>

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

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

<table>
<thead>
<tr>
<th>Activity</th>
<th>Activity Details</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Trainings</td>
<td>Employee training sessions are conducted to help develop the human capital professionally and keep them updated and acquainted with the ongoing and emerging changes in the environment</td>
<td>Ongoing</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Activity</th>
<th>Activity Details</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trainer/Organiser</td>
<td>Theme</td>
<td>Attendees/Trainees</td>
</tr>
<tr>
<td>Pakistan Institute of Management</td>
<td>Preparation of Human Resource Policy Manual</td>
<td>Khalid Ghulfor (HR) Adeel Gharri (HR)</td>
</tr>
<tr>
<td>Pakistan Institute of Management</td>
<td>Diploma in Supply Chain Management</td>
<td>Tahir Saeed (SCM)</td>
</tr>
<tr>
<td>International Learning Centre - Berlitz</td>
<td>Mandarin Language</td>
<td>Khurram Maqsood (SCM)</td>
</tr>
<tr>
<td>Centre for Executive Education - IBA</td>
<td>Fundamentals of Supply Chain Management</td>
<td>Muhammed Athar (SCM)</td>
</tr>
<tr>
<td></td>
<td>22 Immutable Laws of Branding</td>
<td></td>
</tr>
<tr>
<td>Muhammed Athar (SCM)</td>
<td>Branding, Production and Properties of Cement, Selling Process etc.</td>
<td>Sales and Marketing Staff</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Activity</th>
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<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Complaint and Grievance Mechanism</td>
<td>The Company has a formal complaint and grievance mechanism in place whereby the employees’ concerns are raised via a separate official email ID, received and monitored by the CEO of the Company and discussed in the meeting of the Board of Directors.</td>
<td>Ongoing</td>
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</table>

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

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

Staff and Family Picnic (Annual)

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

Customers

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

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

Shareholders and Investors

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

<table>
<thead>
<tr>
<th>Activity</th>
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<tbody>
<tr>
<td>Annual General Meeting</td>
<td>The Company convenes AGM in accordance with the Companies Ordinance, 1984. AGM provides a platform to engage with the shareholders and listen to their views and suggestions.</td>
<td>Annual</td>
</tr>
<tr>
<td>Financial Reporting</td>
<td>The Company being a listed company publishes its periodic financial statements (annual, half-yearly and quarterly) at the stock exchange and makes it available as well as at the Company’s website so as to communicate the Company’s financial results to the shareholders and potential investors.</td>
<td>Periodic (Annual, Half-yearly and Quarterly)</td>
</tr>
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<tr>
<th>Activity</th>
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</table>
The Company realises the importance of interaction with the existing and potential shareholders and investors and hence participates in various local and international investor conferences held from time to time to help boost the investor base of the Company so as to expand it.

In the above context, the Company has been attending the Pakistan Day Conferences held in New York and Singapore to meet and interact with existing and potential investors for attracting foreign investment to the Company which are attended by banks, asset management, insurance companies and various other corporate individuals. During the year, the management participated in the Company specific investor conference organised by Arif Habib here in Karachi. The conference was well attended and appreciated.

In compliance with the Code of Corporate Governance under the listing regulations of the stock exchange, the Company notifies information to the stock exchange from time to time. This helps the shareholders remain connected with the Company. The notifications mainly include:

- Financial Results
- Board of Directors’ meetings minutes etc.

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

As a token of appreciation for the Company’s dealers and retailers, an annual conference is arranged whereby the dealers and retailers share their thoughts and best practices. Gift hampers and give-aways are also distributed.

During the year, a large event was organised on May 30, 2011 at PAF Museum in which over 1200 cement dealers, retailers and block makers were invited where their efforts to promote and market Lucky Cement were acknowledged and appreciated and prizes and gifts were distributed based on their annual performance.
### Local Community

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

### Regulatory Authorities

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

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

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

Lucky Cement, addressing these issues, has taken steps such as installing Waste Heat Recovery Plant, which does not need any external fed fuel to operate and uses the wasted heat from the system as its fuel. This project has enabled us to bring the Carbon emission to minimum level and qualifies us for Carbon Credits. Energy efficiency is a powerful and cost-effective path towards achieving a sustainable future. We have taken numerous initiatives towards saving energy. Our production lines are equipped with pollutant trapping and suppression systems to control dust particles and other emissions with the help of environment-friendly bag houses and we have planted more than 25,000 trees at our production facility.

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

Safety and security of the employees is taken into consideration and all the measures for health and safety are taken at all levels. For us, safety and security means not just protecting our employees from any hazards, but also taking all the requisite measures to prevent any harm. We ensure that all our stakeholders are protected from any potential hazards. We effectively control any risks to injury or health that could arise at the workplace and educate our employees on how to deal with risks and train them with various first-aid techniques. We regularly arrange fire-fighting sessions at our Plants to educate our employees about types of fire extinguishers, their uses and other related information. Practical demonstrations along with theoretical explanations are regularly conducted at our factories with skilled instructors.

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

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

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

Lucky Cement has always been a step ahead and has played a significant role in bringing about a revolution in the Pakistani cement industry.
ECONOMIC PERFORMANCE
The Pakistan Cement Industry concluded its financial year 2011 with negative growth of 8.32% and achieving total sales volume of 31.36 million tons as compared to last year volume of 34.21 million tons. The demand in domestic markets registered a decline of 6.69% and achieved volume of 21.97 million tons against the last year volume of 23.55 million tons. This decline was mainly attributed due to devastating floods and lack of Government spending on public infrastructure and other development projects. The export sales volume registered a decline of 11.94% and achieved a volume of 9.39 million tons as compared to volume of 10.66 million tons in the same period last year.

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

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

Distribution of Revenue FY 2010-11

Lucky Cement achieved 15.76% domestic market share in the year 2011.
The local sales revenue of the Company increased by 41.85% to Rs. 20,131 Million during the financial year because of increase in sales volume and the prices of cement on the backdrop of increase in production cost. Whereas the export sales revenue declined by 21.70% to Rs. 11,636 Million due to decline in bulk cement export and shifting of export volume to domestic markets.

### Sales Revenue

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

#### Increase in Sales Revenue

- **9.34%** increase in gross sales
- **11.07%** increase in local sales volume
- **6.16%** increase in total sales revenue
The per ton cost of sales of the Company increased by 19.26% during the financial year as compared to same period last year. The major cost component comprising of fuel and power increased by 23% even after the positive impact of cheap electricity generation from waste heat recovery plants. The prices of coal in the international markets increased by 40% as compared to same period last year. The raw material cost due to diesel prices and the packing material cost increased by 12% and 15% respectively which resultantly increased the total cost of production.

Distribution of Cost of Sales FY 2010-11

The Company achieved gross profit rate of 33.3% for the year ended June 30, 2011 compared to 32.6% achieved last year.

Gross Profit to Sales

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

Margins

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

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

26.6% increase in earnings per share

7.35%  9.67%  9.84%  9.70%  12.28%  14.21%
2006  2007  2008  2009  2010  2011

Generation and Distribution of Direct Economic Value

| Amount in '000 | Revenues       | 31,769,539 |
|               | Operating costs| 16,477,452 |
|               | Govt. taxes    | 6,474,185  |
|               | Depreciation and amortization | 1,572,036 |
|               | Employee salaries, benefits and other costs | 1,129,979 |
|               | Donations for social and environmental cause | 99,922 |
|               | Finance cost   | 493,165    |
|               | Dividend to shareholders | 1,293,500 |
|               | Economic value retained for re-investment | 3,970,400 |

31,769,539

Contribution to National Exchequer

TAXES PAID

2007  2008  2009  2010  2011
4,137  3,507  5,339  5,002  6,474

4,041  4,764  6,472  10,046  18,823
2007  2008  2009  2010  2011

Donations

Employee Benefits

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

13.1% increase in average salary per employee

Rs. in million

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

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

An Environmentally aware Company

The ever-increasing environmental degradation, with challenges of energy deficiency, food shortage, deforestation and rapidly increasing carbon footprints indicate an alarming need for a sustainable and comprehensive management of the environment. As an industrial giant, Lucky Cement plays a significant role in implementing a program that reduces energy consumption and addresses issues of environmental degradation that are growing in size and complexity. Over the years, the Company has played a dynamic role in bringing environmental revolution in the Cement industry of Pakistan.

Waste Heat Recovery (WHR) Plant

Lucky Cement, pioneering innovation, reduced its cost by co-generating electricity by the wasted heat, which was previously being fed to the atmosphere. This power generation unit does not need any external fuel to operate, but it uses the wasted heat from the system as its fuel. Thus we are saving cost, environment and curtailling our energy needs in a unique way. This is a Chinese technology branded as SINOMA. The design of this plant hinges around the idea of encapsulating all the wasted heat from the production system and using this steam to heat up boilers which eventually runs the turbine engines, thus producing electricity. Apart from saving cost it is able to prove our corporate social responsibility by taking our carbon emission to minimum level. Lucky Cement qualifies for Carbon Credit allowances on this achievement under the Kyoto Protocol.

The estimated annual CO2 reduction by virtue of Dual Fuel conversion of Furnace oil engines, it is 29,018 metric tons and WHR at Karachi Plant is 50,000 metric tons.

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

Environmental Benefits of Waste Heat Recovery

Reduction in pollution

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

Reduction in auxiliary energy consumption

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

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

The company has modified its existing power generators being used in cement manufacturing process at the Pezu Plant. The project augments reduction of greenhouse gases (GHG) emission for electricity generation, by replacement of a higher carbon intensive fossil fuel mix (heavy fuel oil) with a lower carbon intensive fossil fuel mix (Natural Gas).

The project is estimated to result in an annual reduction of approx. 24 Thousand tonnes of CO2 and result in a sustainable development under the guidelines of the Ministry of Environment and Clean Development Mechanism (CDM) of the United Nations Framework Convention on Climate Change (UNFCC).

Certified Emission Reduction (CER) Credits

The Waste Heat Recovery Project qualifies for Clean Development Mechanism (CDM) under the Kyoto Protocol. CDM allows emission-reduction projects in developing countries to earn Certified Emission Reduction (CER) credits, each equivalent to one ton of CO2. These CERs can be traded and sold and are used by industrialized countries to meet a part of their emission reduction targets set by the Kyoto Protocol.

ISO 14001 : 2004

A major glory was added to the Company’s profile when we got ISO 14001 certification and proved that we are an eco-friendly Company which satisfies all the international Environmental Standards. Lucky Cement is Pakistan’s only Cement Company to have been certified with ISO 14001. Environment friendly business practices and responsibility to conserve the environment has always been on the forefront at Lucky Cement.
World Environment Day 2011

Lucky Cement believes that it is vital that in any plan of development, actions should be ecologically favourable and in connection with the development and sustainability of the environment. To rejoice the spirit and help in saving the Mother Nature, Lucky Cement went green by celebrating World Environment by changing their mode of transportation to cycling and walking instead of vehicles. Dressed in Yellow T-Shirts and Maroon caps, a team of 75 people cycled and walked on the streets of Clifton town and showed their commitment to a cleaner and greener Pakistan. This team of officials also went to Karachi Beach and collected garbage and cleaned the surrounding areas of the beach.

Supporting the Government for a Greener Pakistan

We ensure that environment preservation and progress go hand in hand, and we have initiated and invested in a number of programs that has shown results and will go a long way in maintaining a clean and green environment for our future generations. We have joined hands with the Government of Pakistan to support the President Forestation programme. As a part of this programme Lucky Cement will plant trees throughout its vicinity during upcoming years.

Tree Plantation at various localities

Lucky Cement has always shown a front line demeanour and has adopted all the possible means of being an environmentally and socially responsible corporate player. Lucky Cement’s team planted trees pledged to further extend its resources and play a vital role in leading the environmental revolution throughout the industry.

Atmospheric Pollution Control

We have taken steps to ensure minimal dust and gaseous emission from our plant. Our production lines are equipped with pollutant trapping and suppression systems to control dust particles and other emissions with the help of environment-friendly bag houses. The World Bank Standard for the dust concentration and gaseous emissions is maximum 50 mg/Nm³. Our bag filter systems are giving exemplary results and have brought the emission down to 35 mg/Nm³, which is far better than the set standards, which is very far below the minimum requirements of National Environmental Quality Standards of Pakistan. Please refer section on ‘Emissions’ for more details. Trees and greenery around the production facility also helps in particle emission control and acts as dust traps.

Environment Excellence Award

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

WWF – PAKISTAN

In order to conduct its conservation efforts independently, WWF Pakistan approached the local corporate sector to play its role of taking up an important national cause of conservation of Pakistan’s natural heritage and take ownership of work and values of WWF, support its effort and guarantee its future. Lucky Cement very willingly became an active corporate member of WWF Pakistan and in doing so, also became a leader in fulfilling our environmental and social responsibility.

Environmental performance in the following areas are mentioned below

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

Material and Energy utilisation for production activity

The production of cement includes mining, crushing and grinding of raw materials (principally limestone and clay); calcining the materials in a rotary kiln; cooling the resulting clinker; mixing the dinker 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 in Lucky Cement. The use of pre-heaters and pre-calcer is both economically and environmentally preferable over wet process. Energy consumption in dry process cement manufacturing is half than that required under wet process. Initially, the crushed raw materials (raw meal feed i.e. limestone, clay, ash and sand) enter the raw mill to be dried and ground. A fan draws hot combustion gas from the top of the pre-heater tower into the raw mill to evaporate moisture from the raw meal, as it is ground. The prepared raw meal feed is transported to a blending silo where it is held pending introduction to the pyro-process.

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

Extraction of raw materials from quarry is carried out in a highly scientific and professional way so as to avoid possibilities of land slide or else. Actions to exploit raw materials do not involve any activity, which may alter or adversely affect ground or surface water supply. So also with the exception of soil under raw materials within the quarry, no soil degradation takes place due to extraction activities.
begin the calcinations process of the limestone. The preheater tower consists of multiple cyclone stages, which provide direct contact between the hot combustion gases and the kiln feed. When limestone is calcined, calcium carbonate dissociates to produce calcium oxide and carbon dioxide (CO₂). This step consumes about 85% of the theoretical thermal energy required by the process and occurs at temperatures of about 900°C. A majority of the limestone is calcined in the calciner and preheater tower. The remainder of the calcining takes place at the feed end of the rotary kiln.

Once through the calcining zone of the rotary kiln, the partially calcined feed moves into the burning zone. Fuel enters the rotary kiln pyro-processing system via the burner nozzles at the kiln discharge end of the kiln. Clinker is discharged from the lower, hot end of the rotary kiln into the clinker cooler, where forcing air through the moving bed of hot material cools it. The cooled clinker is transported by conveyor system to clinker storage and then to the finish mill system. The pre-heated air from the clinker cooler process is used as secondary combustion air in the rotary kiln, tertiary combustion air for the calciner, and is also used to dry the conventional fossil fuels in the coal mills. The dry process, by re-use of the hot gases for drying raw materials and with the use of the vertical tower for calcining the raw material is very energy efficient. The rapid heating of the raw materials is the key to the efficiency of the preheater tower. The entrainment of the raw material in the air stream and collection of the solids through the cyclones transfers heat to the raw material rapidly and efficiently. The addition of fuel in the precalciner also prepares the raw material for final chemical transformation in the rotary kiln. This efficiency is borne by the typical heat requirement for a preheater / precalciner system that is approximately 3,200 kJ/kg of clinker, compared to about 5,400 kJ/kg of a clinker for a wet kiln.

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

The processes to create the finished cement product are as follows:

1. Preheater
2. Kiln calcination
3. Clinker cooler
4. Clinker storage
5. Clinker grinding
6. Clinker packing, storage and transport for sale

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

### Materials Used by Weight / Volume (EN1)

<table>
<thead>
<tr>
<th>Materials used by weight / volume (EN1)</th>
<th>FY 10-11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Limestone</td>
<td>tons</td>
</tr>
<tr>
<td>Clay</td>
<td>tons</td>
</tr>
<tr>
<td>Laterite</td>
<td>tons</td>
</tr>
<tr>
<td>Gypsum</td>
<td>tons</td>
</tr>
<tr>
<td>Coal</td>
<td>tons</td>
</tr>
<tr>
<td>Diesel used for mining equipment</td>
<td>Litres</td>
</tr>
<tr>
<td>Diesel used for logistics</td>
<td>Litres</td>
</tr>
<tr>
<td>Diesel used for production</td>
<td>Litres</td>
</tr>
<tr>
<td>Furnace oil used for production</td>
<td>tons</td>
</tr>
<tr>
<td>Lubricants</td>
<td>Litres</td>
</tr>
<tr>
<td>Refractory bricks</td>
<td>Nos</td>
</tr>
<tr>
<td>Castables</td>
<td>tons</td>
</tr>
<tr>
<td>Grinding media</td>
<td>tons</td>
</tr>
<tr>
<td>Rice husk</td>
<td>tons</td>
</tr>
<tr>
<td>Polypropylene bags</td>
<td>tons</td>
</tr>
<tr>
<td>Paper bags</td>
<td>tons</td>
</tr>
</tbody>
</table>

Clinker Production

<table>
<thead>
<tr>
<th>Rs. in million</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
</tr>
<tr>
<td>4,573</td>
</tr>
</tbody>
</table>
Energy

Cement production is one of the most energy intensive industrial processes in the world. In many world regions, energy cost is 50% to 60% of the direct production cost of cement. Energy cost is incurred due to the need for large quantities of thermal heat for the kiln, calcinations and drying processes and electrical energy for operation of motors for grinding mills, fans, conveyers and other motor driven process equipment. The Company primarily relies on coal for the thermal heat requirement and on natural gas for the generation of electricity for all of its electrical energy requirements. As mentioned earlier, the Company also co-generates electricity through wasted heat (Refer: Environmental Initiatives).

The Company has generated 114,459,900 kWh (at Karachi Plant 71527.9 MWh & Pezu 42932 MWh ) through Waste Heat Recovery process during the year. Coal consumption has been reduced from approximately 170 kg/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.

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

Alternative Energy

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

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

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

Energy Consumption

<table>
<thead>
<tr>
<th>Source of Energy</th>
<th>Unit of Measurement</th>
<th>FY 10-11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Energy (EN3)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Energy consumed for production</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Coal</td>
<td>GJ</td>
<td>21,954,135</td>
</tr>
<tr>
<td>Furnace Oil</td>
<td>GJ</td>
<td>58,732</td>
</tr>
<tr>
<td>Diesel</td>
<td>GJ</td>
<td>32,966</td>
</tr>
<tr>
<td>2. Energy consumed for mining and transportation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Diesel</td>
<td>GJ</td>
<td>178,174</td>
</tr>
<tr>
<td>3. Energy consumption for Power Generation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Natural gas</td>
<td>GJ</td>
<td>4,642,654</td>
</tr>
<tr>
<td>Diesel</td>
<td>GJ</td>
<td>51,301</td>
</tr>
<tr>
<td>Furnace oil</td>
<td>GJ</td>
<td>96,144</td>
</tr>
<tr>
<td>4. Renewable energy</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Waste Heat Recovery System</td>
<td>GJ</td>
<td>424,178 *</td>
</tr>
</tbody>
</table>

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

Sources for Power Generation

- Natural Gas
- Furnace Oil
- Waste Heat Recovery

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

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

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

Emissions from Power Generation Process

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

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Parameters</th>
<th>Units</th>
<th>NEQ Limits</th>
<th>Generator 3</th>
<th>Generator 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Particulate Matter</td>
<td>MgNem³</td>
<td>300-500</td>
<td>28</td>
<td>23</td>
</tr>
<tr>
<td>2</td>
<td>Sulphur dioxide</td>
<td>MgNem³</td>
<td>1700</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>3</td>
<td>Oxides of nitrogen</td>
<td>MgNem³</td>
<td>400</td>
<td>191</td>
<td>328</td>
</tr>
<tr>
<td>4</td>
<td>Carbon monoxide</td>
<td>MgNem³</td>
<td>800</td>
<td>590</td>
<td>339</td>
</tr>
<tr>
<td>5</td>
<td>Carbon dioxide</td>
<td>MgNem³</td>
<td>–</td>
<td>465</td>
<td>5.46</td>
</tr>
</tbody>
</table>

Emissions from Cement Manufacturing Process Stacks

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

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Parameters</th>
<th>Units</th>
<th>NEQ Limits</th>
<th>Cooler Bag Houses</th>
<th>Kiln Chimneys</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Particulate Matter</td>
<td>MgNem³</td>
<td>300-500</td>
<td>&lt;10</td>
<td>18 – 25</td>
</tr>
<tr>
<td>2</td>
<td>Sulphur dioxide</td>
<td>MgNem³</td>
<td>1700</td>
<td>0-2</td>
<td>2 – 20</td>
</tr>
<tr>
<td>3</td>
<td>Oxides of nitrogen</td>
<td>MgNem³</td>
<td>400</td>
<td>4-20</td>
<td>215 – 324</td>
</tr>
<tr>
<td>4</td>
<td>Carbon monoxide</td>
<td>MgNem³</td>
<td>800</td>
<td>Nil</td>
<td>150 – 175</td>
</tr>
<tr>
<td>5</td>
<td>Carbon dioxide</td>
<td>MgNem³</td>
<td>–</td>
<td>0.01 – 0.05</td>
<td>3.2 – 4.4</td>
</tr>
</tbody>
</table>

Emission minimization measures

Nitrogen Oxides (NOx)

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

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

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

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

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

Sulphur Oxides (SOx)

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

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

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

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

Like NOx emissions, the power house emissions of SOx are guaranteed by the supplier of the generators, to remain within the NEQS – Pakistan limits. Moreover, the Company has shifted from the use of Furnace Oil to Natural Gas for power generation. This has also contributed in the significant reduction of the SOx emissions.

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

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

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

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

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

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.

71,400 tons of CO₂ has been saved during the year 2010-2011 through Waste Heat Recovery system.

**Noise**

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

As regards noise levels at the limestone quarry, for blasting Ammonium Nitrate and Furnace Oil (ANFO) in the ratio 94:6 are used. This dynamite is of very low intensity. It is used in holes having depth of 10m, spacing 4m and burden 3m. With this system of blasting the noise levels are of very low intensity. Further more during blasting, delay relays are used which not only reduces the noise level but also cut upon the levels of Particulate Matter and reduce jerks and vibrations.

The plant site at Pezu is surrounded by high hills in a semi-circle on its North-East side. These hills are additionally good barrier for noise cut off in the environment.

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

**Emissions**

<table>
<thead>
<tr>
<th>Emissions</th>
<th>FY 10-11</th>
<th>Emissions of dust, SOx and NOx (EN2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Greenhouse Gas</td>
<td>CO₂ (ton)</td>
<td></td>
</tr>
<tr>
<td>Direct Emissions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Production (Clinkering process)</td>
<td>3,168,678</td>
<td></td>
</tr>
<tr>
<td>• Coal</td>
<td>1,474,658</td>
<td></td>
</tr>
<tr>
<td>• Natural Gas</td>
<td>260,453</td>
<td></td>
</tr>
<tr>
<td>• Diesel</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Mining</td>
<td>8,160</td>
<td></td>
</tr>
<tr>
<td>• Logistics</td>
<td>5,042</td>
<td></td>
</tr>
<tr>
<td>• Production</td>
<td>2,443</td>
<td></td>
</tr>
<tr>
<td>• Power generation</td>
<td>3,801</td>
<td></td>
</tr>
<tr>
<td>Furnace Oil</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Power generation</td>
<td>7,442</td>
<td></td>
</tr>
<tr>
<td>• Production</td>
<td>4,546</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>4,935,223</td>
<td></td>
</tr>
</tbody>
</table>

**Particulate Matter**

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

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

The management of Lucky Cement is keen to keep their cement plant environment friendly and a model for cleaner production. To achieve this target besides energy optimization, massive tree plantation program has been planned in a well-organized manner. A master plan for green belts in the Lucky Cement has been developed. The program is designed for implementation in three Phases. Under Phase-I plantation and green belts were developed within and around the cement manufacturing processes. Under Phase-II massive tree plantation has been carried out in the open areas at front end of the Lucky Cement land and around the power 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 Kike. Besides these trees several hundred ornamental and flower bearing plants and shrubs have also been planted. By the completion of Phase-III plantation in 2012, about 25,000 trees of different varieties would have been planted at Lucky Cement premises.

Wildlife

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

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

Fisheries and aquatic biology

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

Water

The ground water pumped out on annual basis at Pezu and Karachi plant sites is around 300 million gallons and 288 million gallons respectively to meet the water requirements at Lucky Cement. The ground water is extracted mechanically using electrical motors through deep bore holes. The major consumption is in toilets, washrooms, kitchens/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 processes.

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

Karachi

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

Pezu

There is acute water shortage in the area. Lucky Cement has installed 12 deep wells (tube wells) outside the project site because water was not found on the site. People of the area use water from these wells for drinking. To assess the quality of ground water in the area, water samples were taken from tube wells and tested in the laboratory. According to the laboratory test results, the quality of water is satisfactory for drinking according to the World Health Organisation (WHO) Guideline values for Drinking Water.

Waste

All of the waste generated at the plant sites is managed in environmentally sustainable manner hence no damage is caused to the environment. The Company is also in the process of locating scrap purchasers who are certified by Environmental Protection Agency (EPA), who dispose off the scrap through proper methods and the Company will sell all their scrap through these vendors in future.

Sewage

Approximately 18,000 gallons/day of sewage is generated from the Pezu plant. It is treated to bring its pollution load within the specified values of the NEQS, Pakistan for the applicable parameters before its end use for irrigation of vegetation and trees within the plant boundaries. Resultantly, ambient environment is not affected in any way due to sewage. The sewage treatment technology is based upon activated sludge method because of its being efficient and latest in nature.
Solid waste

Solid waste is generated from the plant operations at various points. Bag houses are among the major collectors of solid wastes in the form of Particulate Matter. This is used as a useful additive in the cement. The other worth mentioning solid wastes generated from the project activity and their disposal methods are as follows:

**Raw Materials**

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

**Paper bags**

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

**Metal / wooden waste**

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

**Cotton rags**

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

**Medical waste**

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

**Waste from Quality Control**

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

**Grinding media**

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

**Used oil and lubricants**

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

**Furnace oil sludge**

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

**Brick 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.

**Empty drums or containers**

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

**Miscellaneous waste**

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

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

Employment

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

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

Labour – Management relations

We recognize the importance of good Industrial Relations Management, as labour is the key force behind execution of our day to day operations. There are dedicated IR Managers in the organisation, whose primary responsibility is to ensure Industrial Peace by ensuring fair labour practices, effective and efficient grievance handling and ensuring labour related compliances with the statutes. Conflict resolution department at Plants and HR department in Head office play a very critical role in harmonising labour and employee relations. There is a tribunal committee that conciliates and arbitrates all the issues and ensures a win-win situation.
One of our foremost priorities is to provide a safe and healthy working environment to our employees. Safety implementation on plant guidelines have to be followed by everyone. Due to difference in nature of work environment at plants and corporate offices, the level and responsibilities pertaining to safety, health and environment vary according to the location. At Plants the operations heads are primarily responsible for developing OH&S policies and their execution, whereas at Head Office level the responsibility lies with the Head of Human Resources and Admin. We are also an ISO 14001:2004 compliant organisation. We believe that it is our duty to protect the health, safety and welfare of our workers and other people who might be affected by our business. This means; we make sure that all stakeholders are protected from anything that may cause harm and we effectively control any risks to injury or health that could arise at the workplace. Lucky Cement provides information to workers about workplace safety and health issues in both plants in Karachi and Pezu. The workers are informed through regular internal communication channels such as supervisor-worker meetings, internal newsletter, and internal safety workshops. Each worker is also trained to obey safety rules and to exercise caution in all work activities. Standard Operating Procedures have been developed in an event of an incident to provide immediate remedy to the hazard. We conduct risk assessments that address all the hazards that might cause harm in workplace. We train all our workers about the risks in the workplace and instruct them on how to deal with the risks. Ensuring health and safe working conditions for employees is one of the most important issues at Lucky Cement and we are committed to playing an active part in the process.

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

A live example of our belief in encouraging diversity and equal opportunity is female engineers working at our plants. Similarly we have employee mix representing almost all major ethnic backgrounds of Pakistan. The Company believes in giving fair chance of employment and career progression strictly based on merit regardless of religion, caste, creed and gender etc.
Equal remuneration for women and men

We believe in fairness and objectivity when it comes to rewarding our employees. A new Performance Management Program, a mix of MBO-Management by Objective and Balanced Scorecard, has recently been introduced in the organisation to serve as a basis for fair reward management system regardless of gender or any other biases. Jobs with similar internal relative worth are clubbed together in different work levels and remuneration is based on the required knowledge, complexity and level of responsibility the job entails.

General Safety Manual for Lucky Cement

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

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

How we care for our employees

Facilities for plant employees
- Subsidized Mess
- Residential Facility
- Swimming Pool
- Dispensary
- Ambulance
- Shuttle Service
- On site Gym
Disclosure on Management Approach

Human rights screening in case of significant investment and procurement agreements

We strongly believe and support the idea of protection of human rights while conducting our business. As for our goods and service providers, by and large we do business with recognized suppliers; a formal system of supplier’s evaluation is in place. In our business award decisions, we will continue to place substantial value upon incumbent and potential suppliers who consistently respect basic human rights.

Freedom of association and collective bargaining

In line with our philosophy of provision and protection of human rights, the Labour working in the Company enjoys complete freedom to elect their collective bargaining agent and associate themselves with any legal association or platform that is working to protect the labour related rights in the country. CBA and the Company work in complete harmony with mutual respect and coordination. The ultimate objective to have a win-win situation and work towards a common goal of making Lucky Cement a successful organisation. The Company has a union that represents the interest of workers. Lucky Cement respects the freedom of its employees to create an association to represent themselves and to join and actively participate in this association.

Remediation on employee grievances and claims

Our Human Resource function both at our head offices and plants remain constantly engaged with employees to obtain feedback on work related environment and other issues that have a potential to become a grievance (like provision of facilities as per policies, treatment by supervisors etc). Prompt actions are taken to address all the genuine claims and grievances raised by any employee.

Cherishing Intellectual Capital

People deliver results. Therefore, Human Capital is the most valuable asset of any organisation. Strength of Lucky Cement is not just its business strategies and international penetration but, its skilled intellectual capital - The Human Resource. We, therefore aim to achieve the organisational strategic goals by attracting, retaining and developing our employees. We realise the role of HR through strategies that are in-line with our core organisational values. Our HR department is responsible for not just recruiting, but also to ensure that this asset is well equipped to contribute positively towards the growth of the organisation.

The growing importance of attracting and retaining the highest quality employees is demonstrated by the fact that our HR policies are designed to guarantee best practices to attract, recruit and retain highest quality of human capital. This is further supported by the fact that Lucky Cement was awarded with the 1st Global HR Award by Global Media Links (GML) and Better Pakistan Forum (BPF) on June 20, 2010 in the category of having the “Most Innovative Infrastructure-Technology based HR system”. It has further strengthened the HR strategies and practices which are implemented in Lucky Cement.
Change Management

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

Learning Culture

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

Training and Development

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

Employee Satisfaction / Motivation

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

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

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

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

Employee Empowerment

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

Lucky Cement believes in involving all the levels of management in decision making. Brain storming sessions are held, everyone is asked to give their valuable opinion and a decision is reached upon. Ideas and opinions are always encouraged from each level of the management. The Lucky Cement management believes in giving equal opportunity to every member of the Lucky Cement team to share their expertise whenever and wherever needed.

Employee Welfare

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

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

Access to Quality Education

The school in Pezu effectively caters to the educational needs of children of our employees. The motive behind this setup is to provide a platform to unveil talent and polish skills for a better tomorrow. The school is registered with Bannu Education Board and provides education till the fifth standard. This school provides quality and free of cost education to the children of employees who are working day and night for the betterment of the Company.

Recreational Activities

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

Staff and Family Picnic

Picnic at Dreamworld Resort

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

Internal Newsletter

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

Excursion at Farm House

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

Favourable Working Conditions

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

Award Ceremony for Long Service, Pezu

Lucky Cement cherished the dedication and services of all the employees. Lucky Cement is fortunate to have many employees who have been serving the Company for more than a decade. This shows that our pro-employee policies are not only beneficial in monetary terms, but also provide job satisfaction to our employees. On June 4, 2011, the Pezu factory management held a grand award ceremony for appreciating and acknowledging the services of such employees. Awards and gifts were given to around 50 employees, who have been associated with the Company for 15 years and more. GM HR was also present at the event. He reaffirmed the commitment of the management, with the employees, to continue working for employee welfare and took assurance from the employees that they will continue working towards the betterment of the Company. We congratulate all the 50 employees for their achievements and are grateful for their services and dedication.

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

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

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

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

Hajj 2011

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

Child and Forced Labour

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

Social responsibility is one of the core values of the Company towards which the Company has an uncompromising commitment and hence it incurs heavy community investments. The Company tends to work towards the welfare of the underserved sections of the society to help them provide a quality life. The Company's activities are wide and far ranging. Its initiatives include innovative projects that foster sustainable growth through building and honing skill sets, through education and training, healthcare, extensive development and infrastructural facilities. As such, through these steps the Company strives to build stable communities.

Community Engagement Impetus

We share a symbiotic relationship with our community and believe in the trusteeship concept. The communities around us give us the license to operate and other valuable resources that help us sustain in the environment. Therefore, it is vital to us that communities around us grow and see us as crucial towards the achievement of their aspirations. We constantly look for issues and concerns where we can partner with communities and local administration to contribute to inclusive growth.

Corporate Social Responsibility

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

Education

Education is a powerful tool to combat the cut-throat / ever increasing competition of today’s fast-paced world. The importance of education in Pakistan is indeed rising with passing time. Although Pakistan has a history of producing learned individuals, it still needs to improve not just on the quality of education but also on the number of people being educated. Supporting and promoting educational endeavours has always been at fore-front in all the CSR projects Lucky Cement carries out. We believe that it is education that lifts a society to the heights of progress and development.

Educational projects currently being conducted include the following:

Karachi School of Business and Leadership (KSBL)

Karachi Education Initiative (KEI) is a not-for-profit organisation, being run by group of diverse business leaders. KEI is establishing a world class graduate and post graduate level school in Karachi by the name of Karachi School of Business and Leadership (KSBL). KEI has partnered with Judge Business School (JBS) of the University of Cambridge for KSBL's
The Hub School Project

The Hub School Project, which is located near Hub Dam Road in Karachi, is spread over a land area of 250 acres out of which, 190 acres is reserved for construction of a girls’ boarding school, a university, playground, parks and residential facility for the staff. Lucky Cement has very generously contributed in the construction of this non-profit school meant to educate the underprivileged children of the surrounding areas, especially females.

Construction Material Research Group – Fellowship at NED University

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

New Academic Block at IBA

The Aziz Tabba Foundation has signed an agreement with the Institute of Business Administration Karachi to donate a sum of Rs. 120 Million for upgradation and improvement of infrastructure at the IBA campuses. The amount will be used to construct a state-of-the-art academic block at the Main Campus which will be dedicated to the memory of the Late Mr. Razzak Tabba. An agreement to the effect was signed by Dr. Ishrat Hussain, Dean and Director IBA and Mr. Muhammad Ali Tabba, CEO Lucky Cement in a ceremony held at the IBA City Campus on October 09, 2009.

Lucky City School

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

Primary School in Pezu

The Company has planned to construct a world-class primary school, near its factory in Pezu, District Lakki Marwat, in partnership with a renowned NGO, chartered by the Government of Pakistan and endorsed by the World Bank. The school will be affiliated with Pakistan’s well-known school system and will provide quality education to the children of the area. The school will later be upgraded to secondary education.

Financial Assistance to Qamar Abbas

Qamar Abbas, a student from the tribal areas of Pakistan and son of a taxi driver, is the only student from Khyber Pakhtunkhwa to have been honored as the Star Boy of Pakistan and have his profile published in ‘Who’s Who in Pakistan’ by South Asia Publications. He is also a Gold Medalist from the Technical Education Board of KP Province. Due to financial constraints he could not pursue his career as a Chartered Accountant. To help him realize his dreams, Lucky Cement sponsored not only his educational expenses but also funded other boarding and lodging costs.

Financial Assistance to Sundus

Lucky Cement provided financial assistance to Sundus, daughter of a lawyer who was martyred during unavoidable conflicts between lawyers and police. Sundus’s father left behind a daughter and a widow. This sudden incident left the grieved family in a difficult financial position. Thanks to LCL scholarship, Sundus is able to continue with her education.

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Financial Assistance to Naveed

Lucky Cement sponsored for the education of Naveed, a resident of outskirts of Gilgit. Naveed is a student of Civil & Environmental Engineering in NUST, Islamabad. Naveed is one of the few students in Northern Areas of Pakistan to have the courage to pursue his dreams and make his career, despite financial hindrances. Lucky Cement appreciates such students and has always been supportive in providing help for their progress. The Company was equally impressed with Naveed’s commitment of getting a degree in Environmental Engineering.

Concern for Children Trust Partnership

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

Ilm Jo Sohro School in interior Sindh

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

Scholarships/ Educational Assistance

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

Institute of Business Management (IoBM)

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

Lahore University of Management Sciences (LUMS)

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

Institute of Business Administration (IBA)

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

Lucky Cement Scholarship for Pezu Students

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

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

Memon Medical Institute

Memon Medical Institute (MMI) Karachi – a project of Memon Health and Education Foundation (MHEF) is a state-of-the-art hospital offering health care facilities regardless of caste, colour, creed or ability to pay. Lucky Cement generously donated Rs. 10 Million to MMI to help it achieve its vision of making quality health care accessible to all.

Maternity and Child Welfare Association

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

Lucky Welfare Dispensary – Pezu, Khyber Pakhtunkhwa

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

Medical Assistance

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

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

Lucky Cement is a major and regular donor of the Women and Children Hospital Ghazni Khel, Khyber Pakhtunkhwa (KPK). This hospital provides necessary and quality maternity medical care to the poor and needy people. WCH is a 16-bed hospital in the remote area of the KPK Province with a well-equipped Labour room, a diagnostic laboratory with an Ultrasound facility and an ambulance.

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

Lucky Cement, in partnership with Concern for Children Trust (CFT), is setting up an Ultrasound facility at Mother and Child Health Care Centre (MCH) in Machar Colony, a slum area in Karachi. The Machar Colony has a population of approximately 750,000 people deprived of basic necessities of life including quality health care for women. By establishing this facility, Lucky Cement and CFT aim at creating awareness about prenatal and post natal care of mother and child, safe child birth and prevention and cure of any disabilities in children at an early stage.

Children Cancer Hospital

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

Community Development Programmes

Water Supply Scheme at Darra Pezu

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

Memon Medical Institute

Memon Medical Institute (MMI) Karachi – a project of Memon Health and Education Foundation (MHEF) is a state-of-the-art hospital offering health care facilities regardless of caste, colour, creed or ability to pay. Lucky Cement generously donated Rs. 10 Million to MMI to help it achieve its vision of making quality health care accessible to all.
Electricity Supply at Darra Pezu

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

Flood Relief Campaign

The country underwent the worst ever floods in the history of its independence, last year. More than three million people were left homeless and displaced and scores were swept away by mighty flood streams. State of emergency was declared in all the provinces and the Government, with little resources, was unable to put an end to the catastrophe. The Province of Khyber Pakhtunkhwa was the worst hit by this natural disaster. Nearly 10 million people were affected in the region, countless were resting on their already wrecked ruins of their homes and even the basic necessities like water and food were scarce in the area.

Model Village in DI Khan

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

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

DI Khan Airport Renovation

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

Prevention of Corruption at Workplace

Ethics and Integrity being one of our core values and by virtue of code of corporate governance, LCL has zero tolerance approach to corruption. We strongly believe in and practice highest standards of ethical behaviour, both within the organisation as well as in our external relationships. Company is in the process of formalising a code of conduct document that will be made mandatory for board of directors and employees to signify. Outside Interest Disclosure recently introduced in the Company is another step in the same direction. The Audit Committee of the Board met with regular intervals during the year to review, the adequacy and effectiveness of the internal controls, including those relating to the strengthening of the Company’s risk management policies and systems.

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

Disclosure on Management Approach

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

Public Policy Position and Lobbying Activities

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

Anti–Competitive Behaviour

Disclosure on Management Approach

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

Product Responsibility

Management Approach

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

Customer Health and Safety

Customer Health and Safety

The management is committed to provide world-class quality cement to its customers and is concerned about the safety of its customers and consumers. The product is internationally benchmarked that conforms to the various international standards as indicated above. The manufacturing units have state-of-the-art facilities, cutting edge technology and international quality management systems, which are constantly reviewed and upgraded.

There are no significant health and safety impacts for the customers as the product contains all the natural raw-materials such as limestone, laterite, gypsum etc that are non-hazardous in nature. However, in compliance with the South African and Kenyan standards, a safety notice is embossed on the packaging material of cement sold in the said markets, which enlightens customers over the safety measures to be taken including suitable safety clothing, dust masks etc. For other markets the Company plans to educate the customers over product handling in the near future including for example using face-masks and gloves.

Customer Satisfaction

Customer Satisfaction

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

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

Customer Privacy

Customer Privacy

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

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

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<tr>
<th>Product/Market</th>
<th>Brand Name</th>
<th>Content</th>
<th>Strength of the product (N/PS)</th>
<th>Applicable Standards and their mark/stamp</th>
<th>Safety Notice</th>
<th>Concrete Content Guidance</th>
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### Milestone

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
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</thead>
<tbody>
<tr>
<td>1993</td>
<td>Listed on Karachi, Lahore and Islamabad Stock Exchanges.</td>
</tr>
<tr>
<td>1996</td>
<td>Entered into commercial business with production capacity of 1.2 million tons per annum (Lines A and B at Pezu Plant).</td>
</tr>
<tr>
<td>1999</td>
<td>Production capacity increased to 1.5 million tons per annum.</td>
</tr>
<tr>
<td>2001</td>
<td>Conversion of Kiln Firing System from furnace oil to coal based.</td>
</tr>
<tr>
<td>2002</td>
<td>Started exporting cement.</td>
</tr>
<tr>
<td>2005</td>
<td>Started new production line (Line C) at Pezu.</td>
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<tr>
<td>2006</td>
<td>Started new production line (Line D) at Pezu.</td>
</tr>
<tr>
<td>2007</td>
<td>Became largest cement exporter from Pakistan.</td>
</tr>
<tr>
<td>2009</td>
<td>Became largest cement producer of Pakistan.</td>
</tr>
<tr>
<td>2011</td>
<td>Signed MOU to sell 20 MW electricity to Hyderabad Electric Supply Company (HESCO).</td>
</tr>
<tr>
<td>2012</td>
<td>Became the first cement company to issue GDR.</td>
</tr>
<tr>
<td>2013</td>
<td>Started the 7th production line (Line Q) at Karachi Plant, bringing the total production capacity to 7.75 million tons per annum.</td>
</tr>
<tr>
<td>2014</td>
<td>Waste Heat Recovery Project started operations at both Karachi and Pezu Plants.</td>
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<tr>
<td>2015</td>
<td>Acquired multi-purpose trailers for moving all kinds of payload, either bagged or in raw form.</td>
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<tr>
<td>2016</td>
<td>Signed MOU to sell 30 MW electricity to Hyderabad Electric Supply Company (HESCO).</td>
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<tr>
<td>2017</td>
<td>In process of setting up a plant to replace coal with Tyre Derived Fuel (TDF) to further reduce cost of production.</td>
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