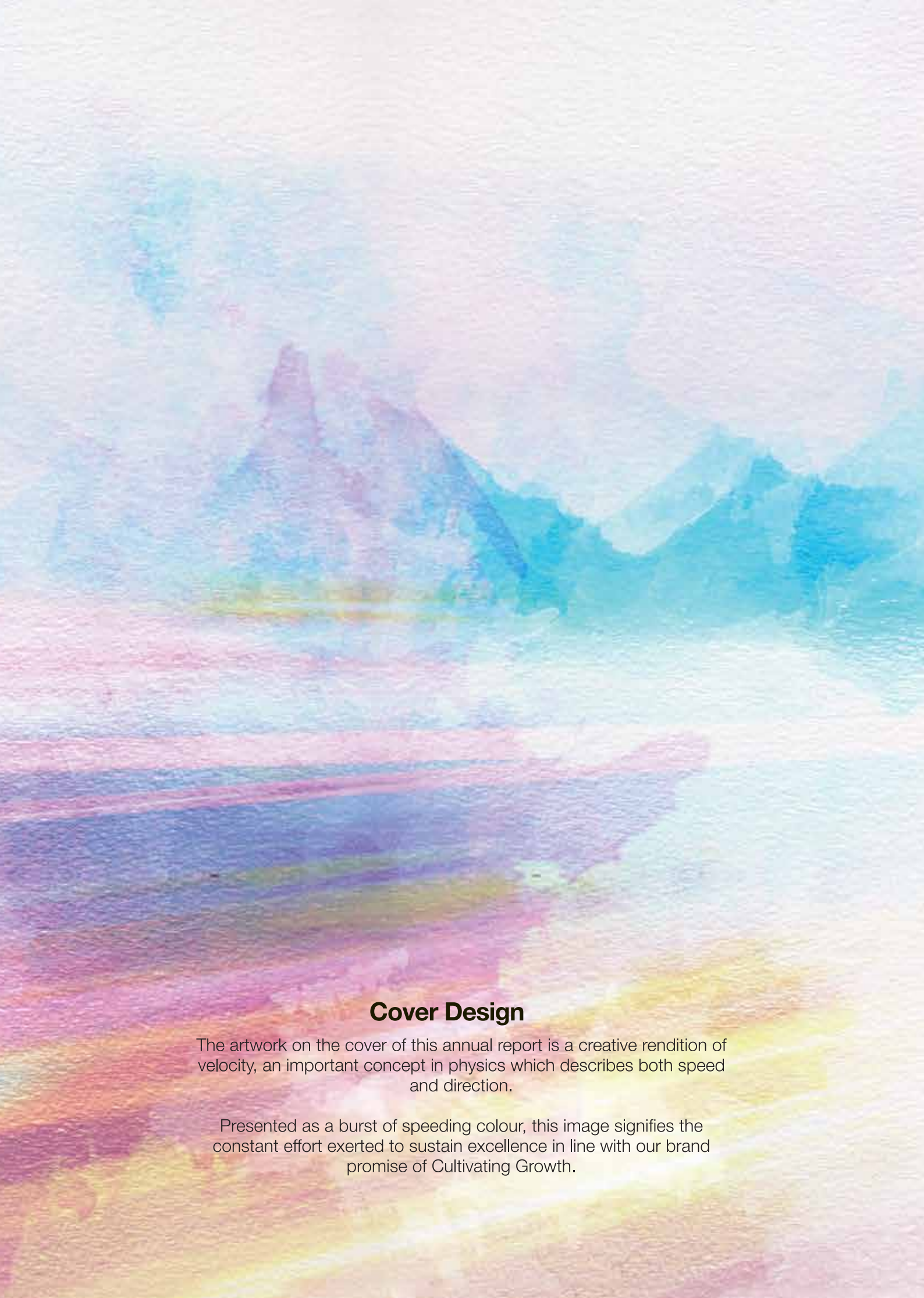




ICI PAKISTAN LTD.

Annual Report 2015-16

Sustaining Our Velocity



Cover Design

The artwork on the cover of this annual report is a creative rendition of velocity, an important concept in physics which describes both speed and direction.

Presented as a burst of speeding colour, this image signifies the constant effort exerted to sustain excellence in line with our brand promise of Cultivating Growth.



Sustaining Our Velocity

What direction are we moving in? Where do we want to be, and how fast can we get there? At ICI Pakistan Limited, these are important questions – ones that we ask ourselves regularly.

We know that these questions, and their answers, are vital to our growth and our success. They help us chart our course. They fuel our unrelenting drive for achievement. And they compel us to achieve the velocity we need.

Our diverse and dynamic Business portfolio keeps growing. We are a force to be reckoned with, but always a force for good; fostering development and improving lives in our communities. We are constantly on the move. And we never lose sight of the fact that speed is not the same as velocity – a clear trajectory, a defined vision, and the will to propel ourselves further.

This important distinction separates us from those who have speed but not vision; those who have might but lack endurance. We have come a long way but we are compelled to travel even further. And we are excited about the journey. Because we know that we'll get there as long as we sustain our velocity – to Cultivate Growth today, tomorrow, and beyond.

ICI Pakistan Limited at a Glance

ICI Pakistan Limited is a leading Pakistan-based manufacturing and trading company consisting of four diverse Businesses: Polyester, Soda Ash, Chemicals and Life Sciences. Through these Businesses, we manufacture and trade in a wide range of products including: polyester staple fibre (PSF), soda ash, general and specialty chemicals, toll-manufactured pharmaceuticals, nutraceuticals, animal health products and agricultural products (including chemicals, field crop seeds, vegetable seeds and more). The Company also has a management stake in the infant milk formula business under the name of NutriCo Pakistan Private Limited, which manages the import, marketing and distribution of select Morinaga Milk Industry Co. Limited products in Pakistan.

The history of our Company predates the formation of Pakistan. From modest beginnings as a trading company, today we can proudly state that ICI Pakistan Limited's Businesses are major players in their respective industries. We continue to bring together deep understanding of customer needs with industry expertise and innovative processes to achieve our promise of Cultivating Growth.

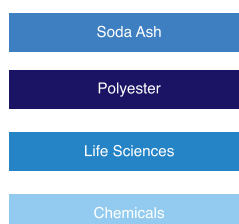
Ownership / About YBG

ICI Pakistan Limited became part of the Yunus Brothers Group (YBG) in December 2012, when Lucky Holdings Limited acquired the shareholding of ICI Omicron B.V. Established in 1962, YBG is one of the fastest-growing and most progressive Pakistani conglomerates with a wide portfolio of businesses including, but not limited to: cement, textiles, power generation and commodity trading.

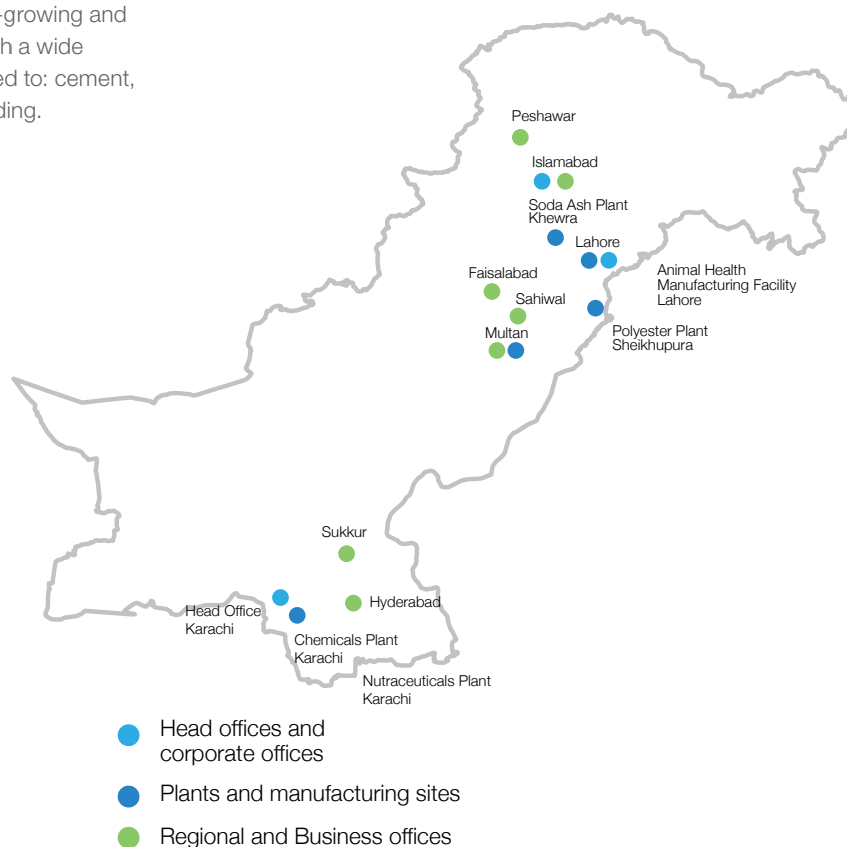
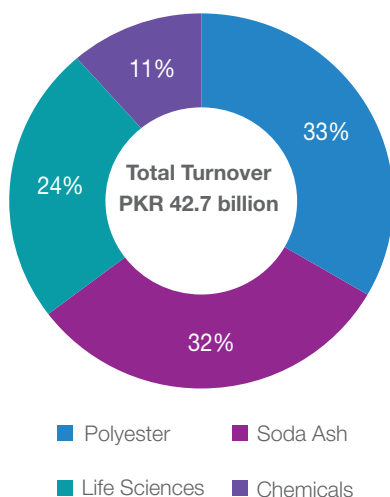
Our Scale and Presence

Industries we serve

Textiles
Paints
Appliances
Construction
Automobile
Footwear
Oil/Petroleum/Lube/Grease
Food & Beverage
Personal Care
Metal Cleaning/Engineering
Pharmaceuticals
Cement/Mining
Chemical Processing/Resins
Plastics/Rubber/Tanneries
Agrochemicals/Seeds
Coatings/Inks
Detergents and Laundry Soaps
Surgical
Fertilizers
Paper/Ceramics/Glass

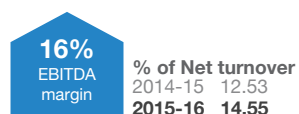


Total Turnover by Business



Key Performance Indicators

Statement of income

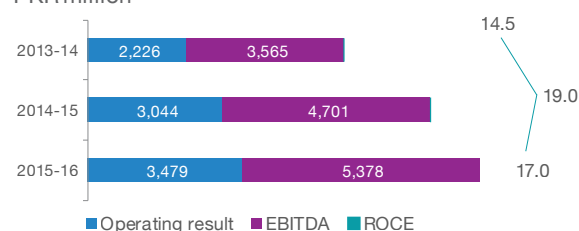


Ratios



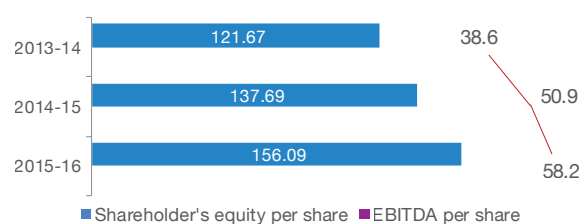
Operating result and EBITDA

PKR million



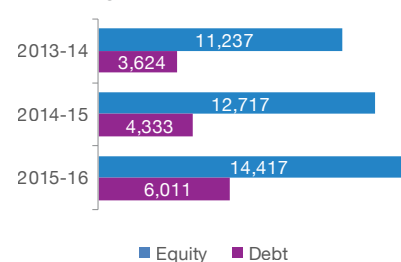
Shareholder's equity and EBITDA per share

In PKR



Net debt and equity

PKR million



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Financial Performance

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Our Values

Customer Centricity

We are committed to the success of our customers and their needs are at the centre of our universe - we exist because of them.

Integrity & Responsibility

Ethical and responsible behaviour is our license to operate. Uncompromising integrity in all our dealings is the backbone of our DNA. We have a zero tolerance policy to violations of our code and beliefs.

Innovation

To be responsive to the challenges of change and to new and existing opportunities, we need to constantly come up with better, smarter and simpler solutions.

Passion for People

Our success is based on the multiplier effect of our people. Our passion for people drives us to harness their energies, cultivate and nurture their talent, manage their well-being and, most importantly, create a learning environment conducive for development and growth.

Delivering Enduring Value

Delivering sustained growth and enduring value to benefit our shareholders, employees, suppliers, customers and the communities in which we operate.



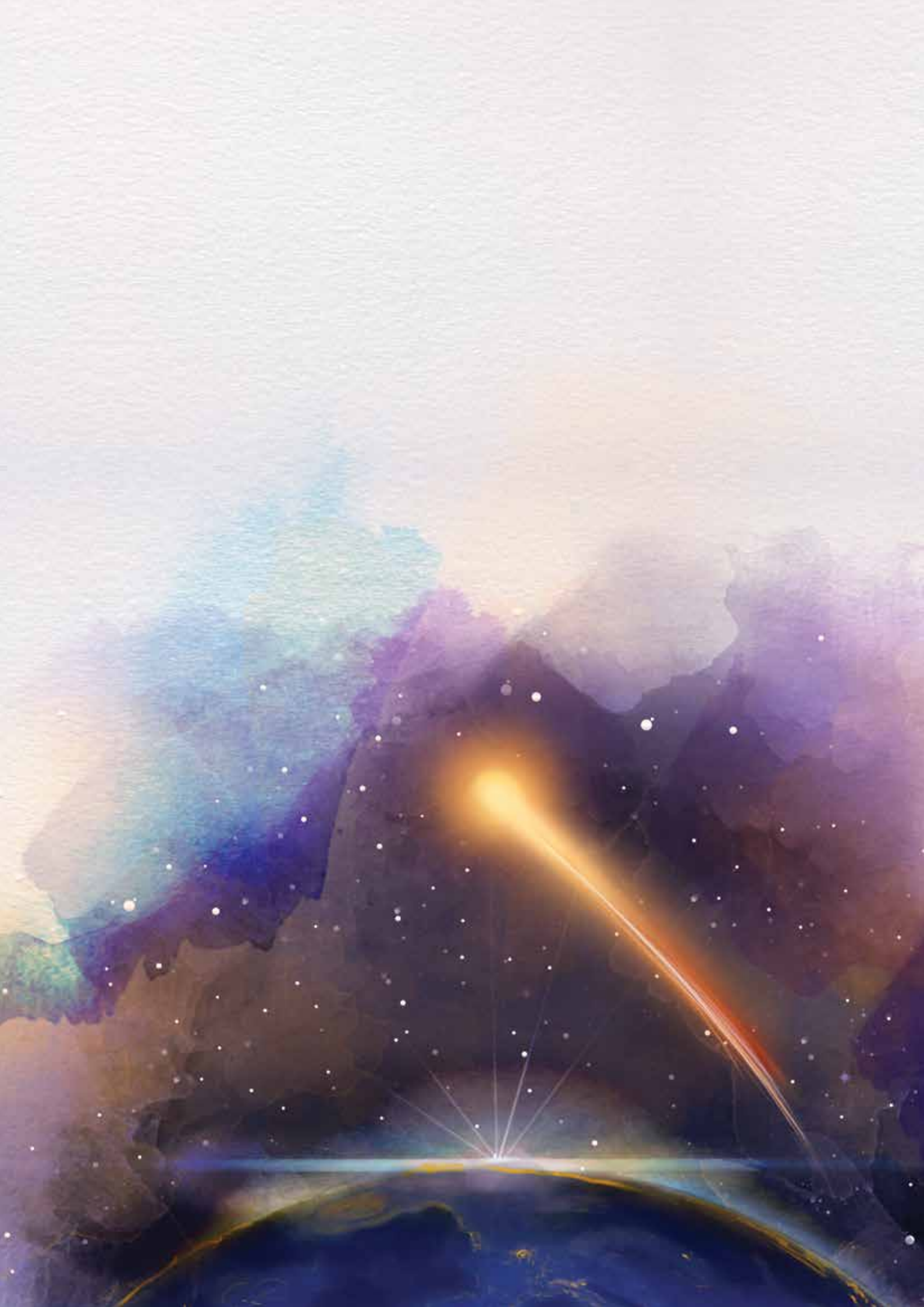
Overview & Strategy

A CLEAR TRAJECTORY

Speed is essential in this fast-paced world. But achieving speed without clear direction is futile - it doesn't get you where you need to go.

At ICI Pakistan Limited, we strive to ensure our vision and goals are clear, and our path to success is defined. That way, we cannot be derailed from our clear trajectory of growth.

This section highlights our strategic priorities, provides an overview of our key performance areas, and features the Chief Executive's message.





Our Vision

As the partner of choice, we aspire to build our local and international footprint through sustainable growth and by creating value for all our stakeholders.



Our Code of Conduct

At ICI Pakistan Limited, we have always believed in adhering to the highest ethical standards while conducting our business. Our business principles and ethical standards are enshrined in the ICI Pakistan Limited Code of Conduct.

A brief overview of the Code

Business Principles

Each employee should implement our core values, comply with and observe applicable laws, support fundamental human rights and give due regard to health, safety and the environment.

Business Integrity

- Bribery and any other form of unethical business practices are prohibited
- We promote free enterprise and require strict compliance with competition laws
- As responsible corporate citizens, we encourage participation in community activities and take all measures for the safety and health of our employees, as well as for the protection of the environment
- Employees are expected to maintain confidentiality, act in the Company's interests at all times, and also observe applicable laws, support fundamental human rights, and give due regard to health, safety and the environment

Company Responsibilities

The Code encourages us to:

- Adopt the spirit of open communication
- Provide equal opportunities and a healthy, safe and secure environment

- Ensure the rights of employees to join unions/associations
- Protect the personal data of employees
- Engage in an active performance and development dialogue

Employee Responsibilities

The Code provides employees guidance on their responsibilities vis-a-vis:

- Media relations and disclosures
- Inside information
- Corporate identity
- Protecting our intellectual property
- Internet use
- Business travel policy
- Prohibition on substance abuse

Message from the Chief Executive



Dear Stakeholders,

I am pleased to share that the year 2015-16 has seen ICI Pakistan Limited continue to make strides in fulfilling its brand promise, Cultivating Growth.

This report centres around the theme of Sustaining Our Velocity, which is reflective of the momentum achieved during the year under review. This theme also communicates our intent to continue to build upon our trajectory of growth.

From strong performances by our Businesses to value-adding innovations and initiatives undertaken by our corporate functions, I am confident that the information presented in this report will convey to you our determination to succeed in our aspiration of creating enduring value. Our customers and our stakeholders remain our top priority. In line with our Company values, providing you with the best products and services and safeguarding your interests are some of the key drivers that propel us on our journey.

During the year under review, unconsolidated profit after tax at PKR 2,843 million is 34% higher than the same period last year. Our operating result of PKR 3,479 million is 14% higher than it was during the same period last year.

As always, this success is attributable to the commitment and unrelenting drive for results of our people. This year witnessed robust top line growth in the Soda Ash, Life Sciences and Chemicals Businesses. The Soda Ash Business successfully commissioned its Dense Ash and Refined Sodium Bicarbonate plant expansions, enabling us to meet demand going forward whilst remaining the supplier of choice.

The Life Sciences Business achieved sales of PKR 8.7 billion, with all Divisions of the Business posting their highest ever annual sales. Similarly, the Chemicals Business delivered its best ever financial performance with net sales income of PKR 3,981 million.

At the Polyester and Soda Ash Businesses, successful commissioning of steam and power projects during the year further enhanced the energy mix for both our larger manufacturing sites, delivering value, easing the energy cost burden and further strengthening their respective asset bases.

Revenues of the Polyester Business were negatively impacted due to declining prices across the petrochemical chain. The Business, however, mitigated the effects of strong headwinds through cost saving initiatives and product innovation. In doing

so, the Business demonstrated the perseverance and resolve that is fundamental to ICI Pakistan Limited's longstanding success.

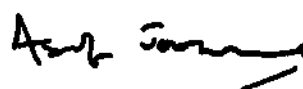
Another major development came about in the form of a further 10% increase in our stake in NutriCo Pakistan Private Limited, which manages the import, marketing and distribution of select Morinaga Milk Industry Co. Limited nutrition products in Pakistan. This investment brings our total participation in NutriCo Pakistan Private Limited to 40% versus last year's 30%; a sign of our confidence and commitment to growth of this Business.

It is important to remember that to achieve the success we continually aspire to, we must be more than a business. And I am proud to say that in this regard, ICI Pakistan Limited has always maintained a strong focus on its impact beyond sales and numbers.

We remain a socially responsible Company, with our sights set on continuing to optimise our processes for safer, more sustainable operations today and well into the future. We continue to engage with and serve our communities, aiming to add value to lives and livelihoods with initiatives in health, education, community development and environmental conservation. And as always, our people are at the very core of all that we do. Our employee engagement levels for this year reflect our commitment to our people and, in turn, their dedication to our collective journey of Cultivating Growth.

As we continue to build upon the legacy of what is one of Pakistan's leading companies today, I, along with my colleagues, look forward to another year of exciting opportunities at ICI Pakistan Limited as we strive to create greater value, in every sense of the word.

Warm regards,

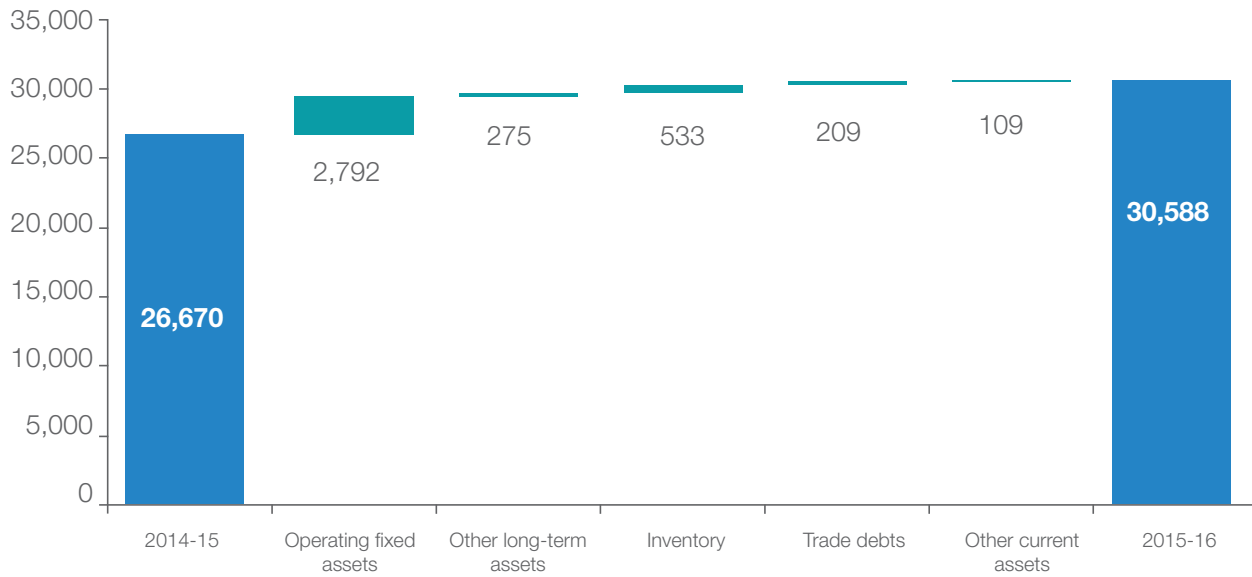


Asif Jooma
Chief Executive
ICI Pakistan Limited

Financial Statements at a Glance

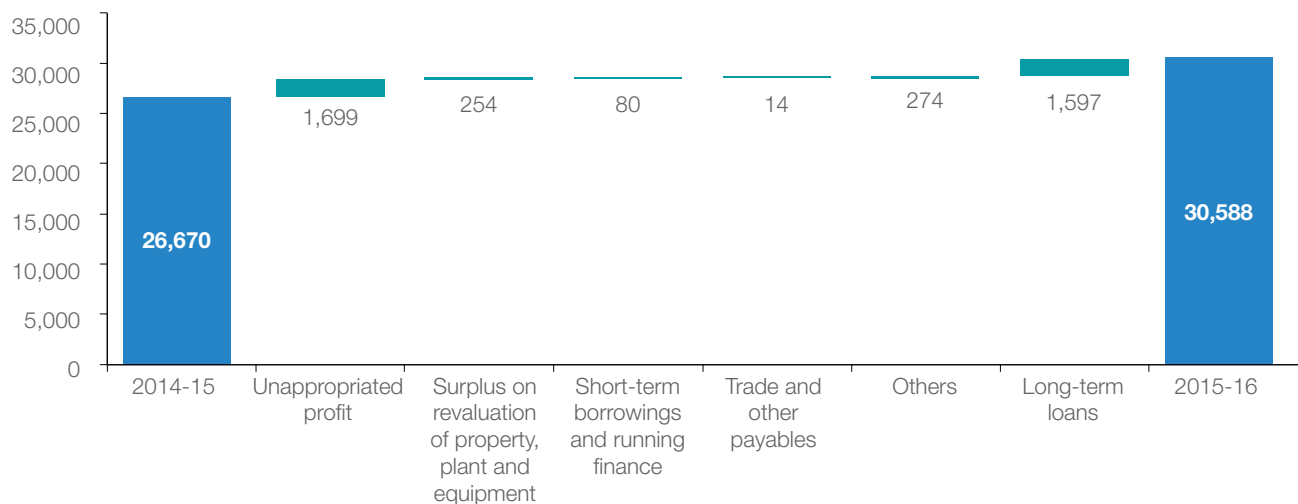
Assets

PKR million



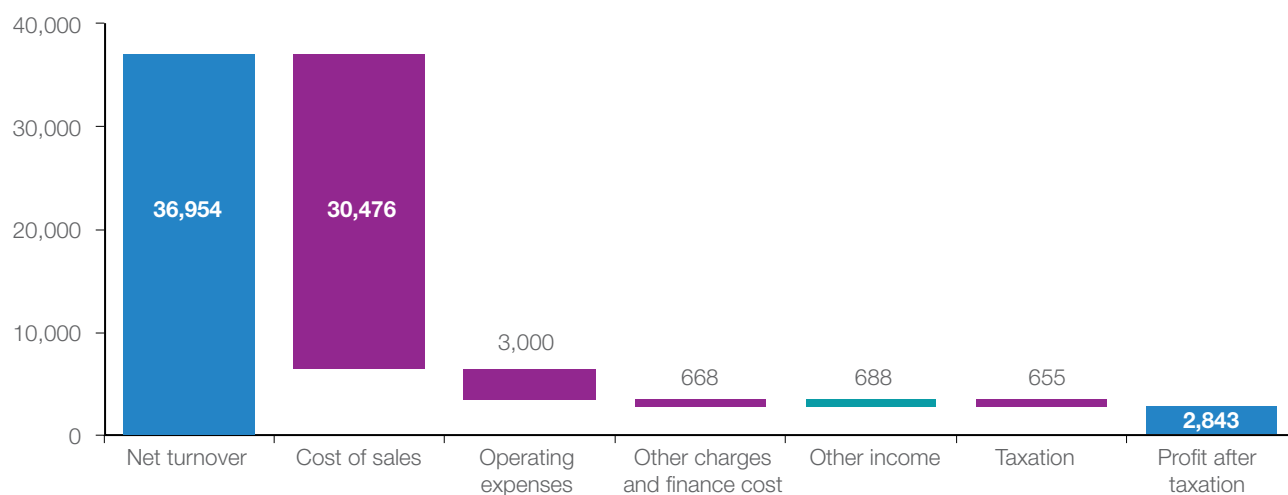
Equity and Liabilities

PKR million



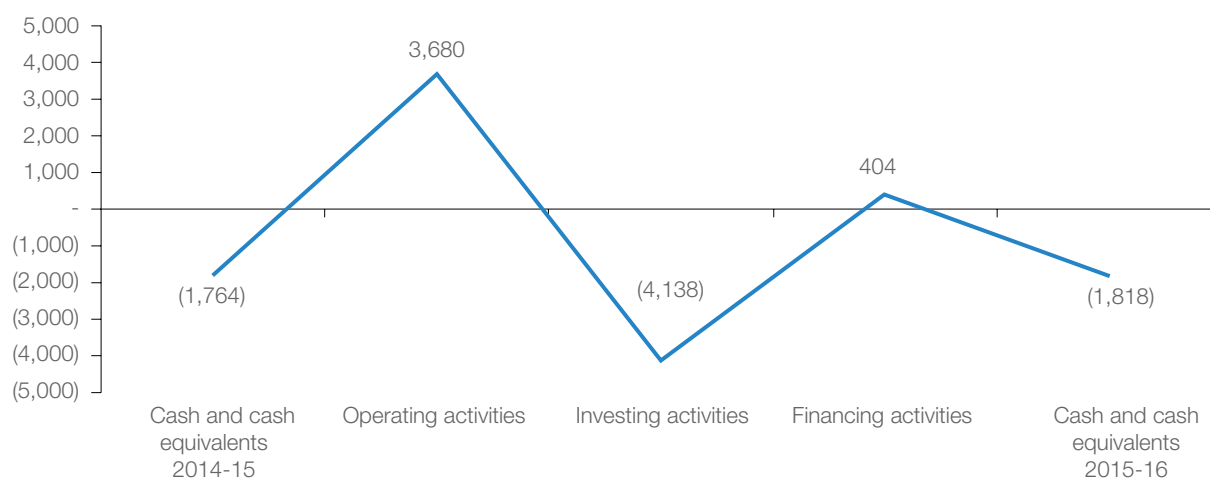
Profit and Loss Account

PKR million



Cash Flow

PKR million



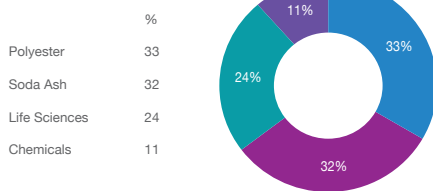
Financial Highlights

Our results compared to same period last year at a glance

- 2015-16 turnover up by 0.20%
- 2015-16 gross profit up by 12%
- 2015-16 profit after taxation up by 34%
- 2015-16 earnings per share: PKR 30.78 (June 30, 2015: PKR 23.02)

Turnover by business

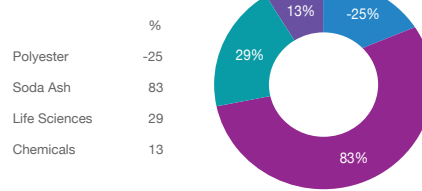
Total turnover PKR 42.7 billion



■ Polyester ■ Soda Ash ■ Life Sciences ■ Chemicals

Operating result by business

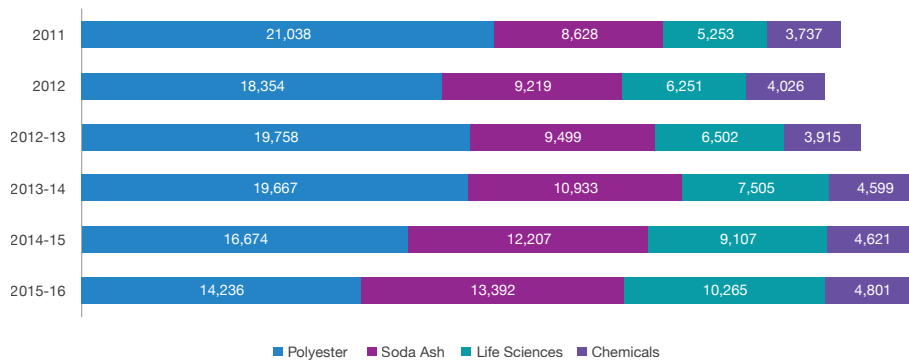
Total operating result PKR 3.5 billion



■ Polyester ■ Soda Ash ■ Life Sciences ■ Chemicals

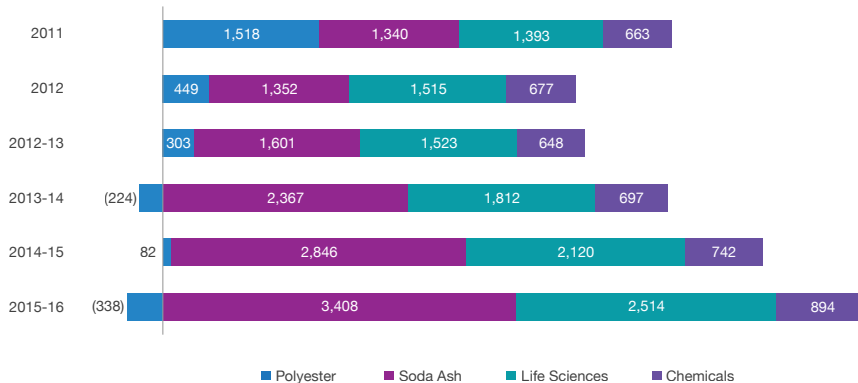
Turnover

PKR million



Gross profit

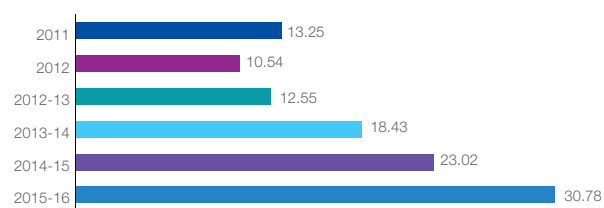
PKR million



2011, 2012 and 2012-13 numbers have been restated due to IAS 19 revision
Year 2012-13 is based on twelve months performance for a meaningful comparison

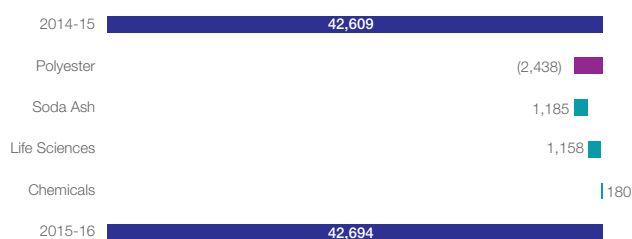
Earnings per share

PKR



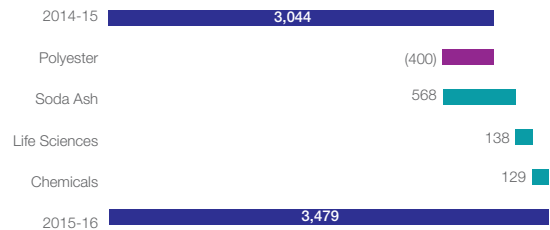
Revenue development (Business-Wise)

PKR million



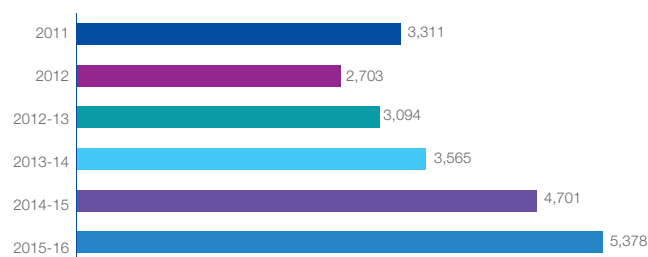
Operating result development (Business-Wise)

PKR million



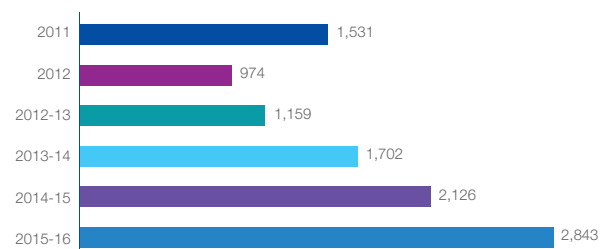
EBITDA

PKR million



Profit after taxation

PKR million

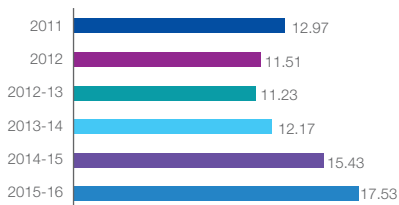


2011, 2012 and 2012-13 numbers have been restated due to IAS 19 revision
Year 2012-13 is based on twelve months performance for a meaningful comparison

Profitability ratios

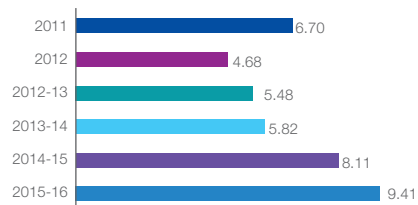
Gross margin

(%)



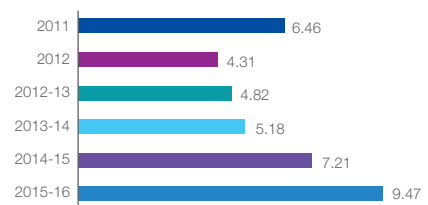
Operating result margin

(%)



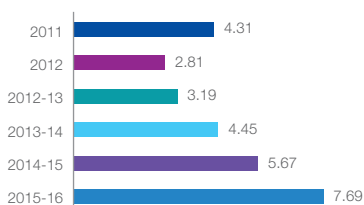
Profit before taxation margin

(%)



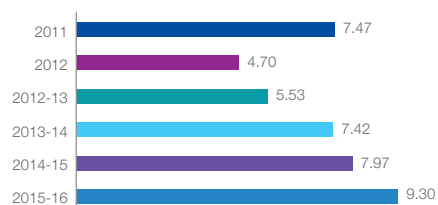
Profit after taxation margin

(%)



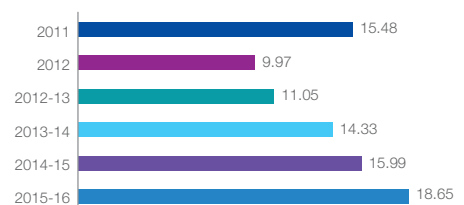
Return on assets

(%)



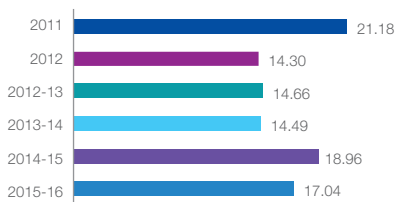
Return on equity

(%)



Return on capital employed

(%)



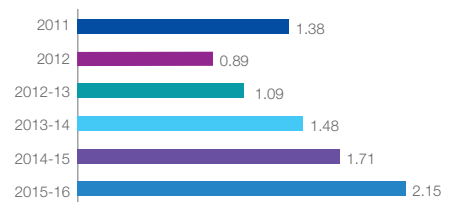
Revenue per employee

(PKR million)



Net income per employee

(PKR million)

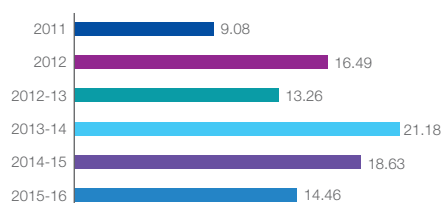


2011, 2012 and 2012-13 numbers have been restated due to IAS 19 revision
Year 2012-13 is based on twelve months performance for a meaningful comparison

Liquidity and other ratios

Efficiency ratios

Price earning ratio (PKR)



Current ratio

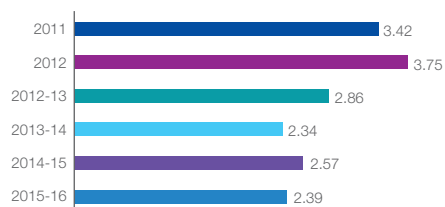


Inventory days

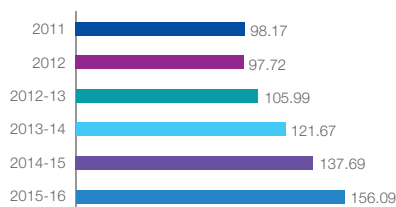


Cost ratios

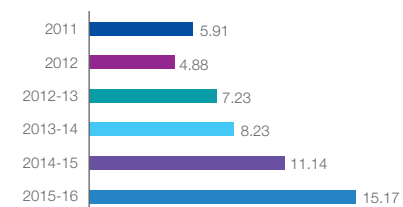
Administration cost as % of net turnover



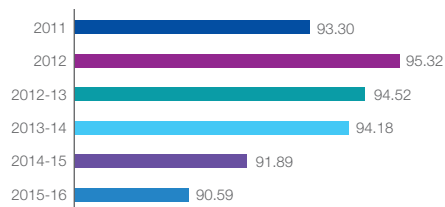
Stockholder's equity per common share (PKR)



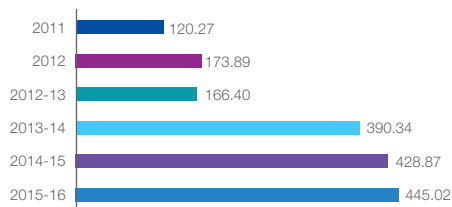
Debtor days



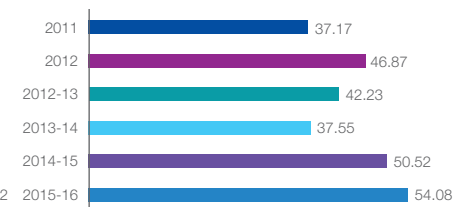
Operating cost as % of net turnover *



Market value per share (PKR)



Creditor days



2011, 2012 and 2012-13 numbers have been restated due to IAS 19 revision

Year 2012-13 is based on twelve months performance for a meaningful comparison

* Operating cost includes cost of sales, selling, distribution, administration and general expenses

Operating & Financial Highlights

		January to December						July to June			
Ratios		2007	2008	2009	2010	2011	2012	2012-13	2013-14	2014-15	2015-16
						Restated	Restated	Restated			
Profitability Ratios											
Gross margin	%	20.93	19.77	19.96	19.03	12.97	11.51	11.23	12.17	15.43	17.53
Gross profit turnover	%	18.54	17.22	17.52	16.91	12.01	10.56	10.28	10.89	13.59	15.18
Operating result margin	%	12.96	10.98	10.65	10.57	6.70	4.68	5.48	5.82	8.11	9.41
Profit after taxation margin	%	7.75	6.70	7.19	6.91	4.31	2.81	3.19	4.45	5.67	7.69
Profit mark-up	%	26.47	24.64	24.94	23.51	14.90	13.01	12.66	13.85	18.25	21.26
Profit before taxation margin	%	12.02	10.12	10.81	10.62	6.46	4.31	4.82	5.18	7.21	9.47
Return on equity	%	14.42	13.89	14.19	15.72	15.48	9.97	11.05	14.33	15.99	18.65
Return on capital employed	%	23.87	21.77	19.38	22.43	21.18	14.30	14.66	14.49	18.96	17.04
Return on assets	%	9.51	10.08	9.54	11.02	7.47	4.70	5.53	7.42	7.97	9.30
Return on fixed assets	%	34.92	32.61	32.82	40.91	28.55	15.99	18.75	19.00	21.34	20.39
Growth Ratios											
Net turnover	%	17.63	20.74	2.27	23.57	1.10	(2.35)	5.83	5.42	(1.88)	(1.50)
Operating results	%	20.37	2.29	(0.81)	22.62	(35.94)	(31.69)	(5.07)	12.04	36.76	14.28
EBITDA	%	18.40	-	1.04	19.45	(28.89)	(18.38)	1.82	15.20	31.89	14.39
Profit after taxation	%	22.61	4.37	9.77	18.78	(36.95)	(36.42)	(9.35)	46.91	24.88	33.75
Efficiency Ratios											
Asset turnover	Times	1.23	1.51	1.33	1.59	1.73	1.67	1.73	1.67	1.41	1.21
Fixed asset turnover	Times	2.69	2.97	3.08	3.87	4.26	3.41	3.42	3.26	2.63	2.17
Inventory turnover	Times	6.24	6.39	6.08	6.71	7.15	5.18	6.27	6.53	5.69	4.99
Current asset turnover	Times	2.55	3.46	2.56	2.96	3.13	3.53	3.77	3.66	3.47	3.16
Capital employed turnover	Times	2.08	2.28	2.07	2.39	3.41	3.33	2.92	2.78	2.65	2.09
Operating working capital turnover	Times	(20.62)	21.09	121.06	35.56	(10.90)	26.59	12.24	19.88	20.74	16.99
Debtor turnover ratio	Days	13.65	11.81	11.08	8.90	5.91	4.88	7.23	8.23	11.14	15.17
Creditor turnover ratio	Days	78.24	50.52	41.00	40.06	37.17	46.87	42.23	37.55	50.52	54.08
Debtor turnover ratio	Times	26.74	30.92	32.94	41.03	61.74	74.75	50.51	44.35	32.77	24.06
Creditor turnover ratio	Times	3.80	6.31	7.25	7.46	7.88	6.25	6.84	7.39	5.46	5.01
Inventory turnover ratio	Days	59.85	52.43	58.00	51.19	50.53	60.93	62.67	55.83	61.65	69.97
Operating cycle	Days	(4.74)	13.72	28.08	20.03	19.28	18.94	27.66	26.51	22.27	31.05
Revenue per employee	PKR'000	17,946	21,044	21,852	26,878	32,025	31,644	34,022	33,160	30,206	27,890
Net income per employee	PKR'000	1,391	1,410	1,572	1,858	1,381	888	1,086	1,476	1,712	2,146

Dividend includes both approved and recommended during the year

2011, 2012 and 2012-13 numbers have been restated due to IAS 19 revision

Year 2011 onwards exclude the effect of Paints Business due to demerger

Year 2012-13 is based on twelve months performance for a meaningful comparison

*Interest cover and finance costs (% of net turnover) is zero in 2009, 2010 and 2011 due to net interest income

Ratios		January to December						July to June			
		2007	2008	2009	2010	2011	2012	2012-13	2013-14	2014-15	2015-16
						Restated	Restated	Restated			
Cost Ratios											
Operating costs (% of net turnover)	%	87.04	89.02	89.35	89.43	93.30	95.32	94.52	94.18	91.89	90.59
Administration costs (% of net turnover)	%	3.30	4.05	4.14	3.70	3.42	3.75	2.86	2.34	2.57	2.39
Selling costs (% of net turnover)	%	4.67	4.74	5.17	4.77	2.85	3.08	2.90	4.00	4.75	5.73
Finance costs (% of net turnover)*	%	0.44	0.32	-	-	-	0.36	0.76	1.01	1.07	1.03
Equity Ratios											
Price earnings ratio	PKR	15.29	5.12	11.44	8.24	9.08	16.49	13.26	21.18	18.63	14.46
Earnings per share	PKR	12.86	13.42	14.73	17.50	13.25	10.54	12.55	18.43	23.02	30.78
Dividend per share	PKR	6.00	6.50	8.00	17.50	9.00	5.50	2.00	8.00	11.50	15.50
Dividend cover	Times	2.14	2.06	1.84	1.00	1.47	1.92	6.27	2.30	2.00	1.99
Dividend yield	%	3.77	3.86	6.07	12.53	6.13	3.63	1.24	3.05	2.45	3.31
Dividend payout	%	46.66	48.43	54.31	100.00	81.57	52.17	15.94	43.41	49.97	50.35
Market value per share at the end of year	PKR	196.65	68.71	168.49	144.24	120.27	173.89	166.40	390.34	428.87	445.02
Market value per share at the start of year	PKR	115.50	196.65	68.71	168.49	144.24	120.27	129.85	166.40	390.34	428.87
Highest market value per share	PKR	234.30	212.50	197.54	186.37	170.34	180.01	185.67	395.71	597.56	566.94
Lowest market value per share	PKR	116.00	68.71	51.07	110.25	112.00	119.81	135.37	160.99	366.39	410.00
Break-up value per share with surplus on revaluation	PKR	89.20	96.62	103.85	111.35	85.58	105.73	113.55	128.59	143.93	165.07
Break-up value per share excluding surplus on revaluation	PKR	81.91	89.68	97.14	104.81	98.17	97.72	105.99	121.67	137.69	156.09
Cost of debt at year end	%	-	-	-	-	-	10.45	10.17	9.49	7.16	5.67
Liquidity Ratios											
Current ratio	Ratio	1.44:1	1.81:1	1.92:1	2.17:1	1.22:1	1.05:1	1.31:1	1.38:1	1.02:1	1.15:1
Quick ratio / Acid test ratio	Ratio	0.97:1	1.02:1	1.27:1	1.39:1	0.76:1	0.42:1	0.61:1	0.70:1	0.49:1	0.55:1
Cash ratio	Ratio	0.58:1	0.44:1	0.77:1	0.85:1	0.50:1	0.09:1	0.10:1	0.11:1	0.01:1	0.01:1
Leverage Ratios											
Debt to equity	%	-	-	-	-	-	3.22	19.28	28.36	19.26	28.07
Total debt to capital ratio	Ratio	0:100	0:100	0:100	0:100	0:100	3:97	15:85	21:79	16:84	21:79
Operating leverage ratio	%	3.84	2.69	2.70	2.17	2.81	4.26	3.50	3.64	3.18	3.12
Interest cover*	Times	28.42	32.29	-	-	-	12.83	7.34	6.12	7.72	10.18
Summary of Cash Flows											
Cash generated from / (used in) operations	PKR million	4,312	1,188	4,938	3,716	4,127	(1,964)	(164)	4,819	5,015	4,788
Net cash generated from / (used in) operating activities	PKR million	4,094	970	4,476	2,334	2,875	(3,177)	(971)	3,807	3,748	3,680
Net cash used in investing activities	PKR million	(1,397)	(1,781)	(938)	(753)	(510)	(2,126)	(941)	(2,401)	(4,372)	(4,138)
Net cash generated from / (used in) financing activities	PKR million	(869)	(833)	(1,041)	(1,388)	(2,151)	(796)	1,453	933	(1,555)	404
Cash and cash equivalents at December 31 / June 30	PKR million	3,615	1,971	4,468	4,662	4,633	(1,466)	(1,924)	415	(1,764)	(1,818)

Dividend includes both approved and recommended during the year

2011, 2012 and 2012-13 numbers have been restated due to IAS 19 revision

Year 2011 onwards exclude the effect of Paints Business due to demerger

Year 2012-13 is based on twelve months performance for a meaningful comparison

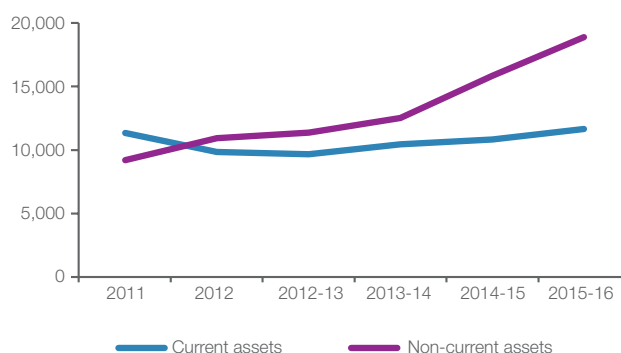
*Interest cover and finance costs (% of net turnover) is zero in 2009, 2010 and 2011 due to net interest income

Analysis of Financial Statements

Six Years Analysis of Balance Sheet

Assets

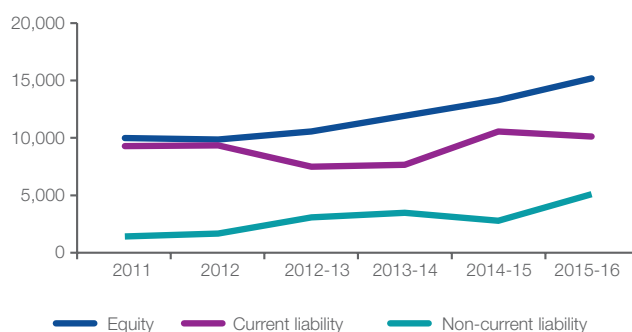
Over 6 years the asset base of the Company has increased at a CAGR of 8% mainly due to property, plant and equipment, and Investment in Associates. During the year ended June 30, 2014-15 the Company invested PKR 720 million in NutriCo Pakistan (Pvt) Limited, which is involved in marketing and distribution of infant milk and nutritional products, resulting in 30% ownership. During the current financial year the Company invested a further PKR 240 million in NutriCo Pakistan (Pvt) Limited, resulting in increase in ownership to 40% as at the balance sheet date. Substantial growth in property, plant and equipment is due to investment in multiple expansion projects such as in-house steam, power and heating systems, Refined Sodium Bicarbonate (RSB), Dense Ash (DA) and Light Ash (LA) capacity expansion projects.



Equity and liabilities

The shareholder's equity comprises share capital and reserves. The equity has increased at a CAGR of 9% over the past 6 years primarily due to increase in retained profits of the Company and revaluation surplus. Subsequent to revaluations in October 1959, September 2000, December 2006 and December 2011, a further revaluation was conducted by an independent valuer as at June 30, 2016.

Liabilities of the Company have increased at a CAGR of 8% in the past 6 years. This is largely due to long-term loans obtained for multiple expansion projects in the Soda Ash and Polyester Businesses. Current liabilities have increased due to the current portion of long-term loans being due for repayment each year, increased mark-up on long-term loans, short-term borrowings and running finance.



Six Years Analysis of Profit and Loss

Net turnover

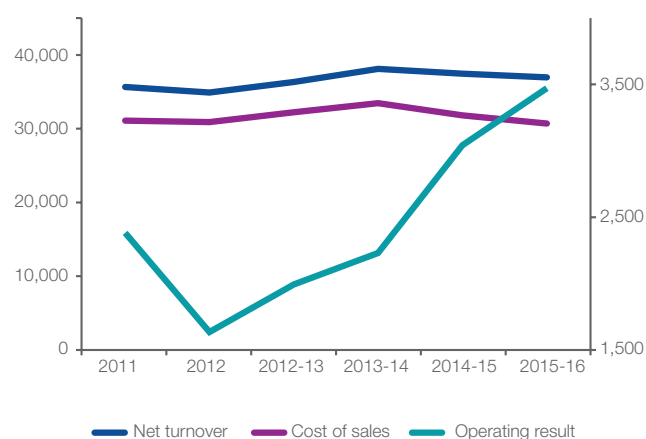
Decline in net turnover in 2012 was observed due to lower volumes and prices in the Polyester Business with downstream demand impacted by the deteriorating energy crisis. An increasing trend was achieved in two consecutive years, FY 2012-13 and FY 2013-14. In FY 2012-13 the increase was due to higher revenues in the Polyester and Soda Ash Businesses, driven by volumetric growth and pricing impact as a consequence of continued raw material cost push and rupee devaluation. Sales in the Chemicals Business remained flat following the transfer of the AkzoNobel chemicals portfolio to Akzo Nobel Pakistan Limited. During the current financial year, net turnover has declined as compared to last year. This is primarily attributable to lower revenues in the Polyester Business, which declined 15% in line with a downward correction of prices across the petrochemical chain.

Cost of sales

Cost of sales reflected an increasing trend till FY 2013-14 primarily due to reliance on expensive fuel alternatives due to gas outages. However, the Company has successfully achieved a dip in cost of sales from FY 2013-14 onwards due to the commissioning of in-house steam, power and heating systems easing the energy cost burden, coupled with reduction in fuel prices.

Operating result

A significant dip of 32% was observed in 2012 due to lower PSF volumes and a significant reduction in margin over feedstock, coupled with an escalation in gas outages, forcing the Polyester and Soda Ash Businesses to rely on significantly more expensive alternate fuel, coupled with one-off demerger and divestment expenses. Subsequent to year 2012, a consistent increase was achieved with the highest operating result in the current financial year primarily due to Soda Ash, Life Sciences and Chemicals Businesses compensating for lower operating result in the Polyester Business mainly driven by higher sales volumes and lower raw material and energy costs as a consequence of lower furnace oil and coal prices.

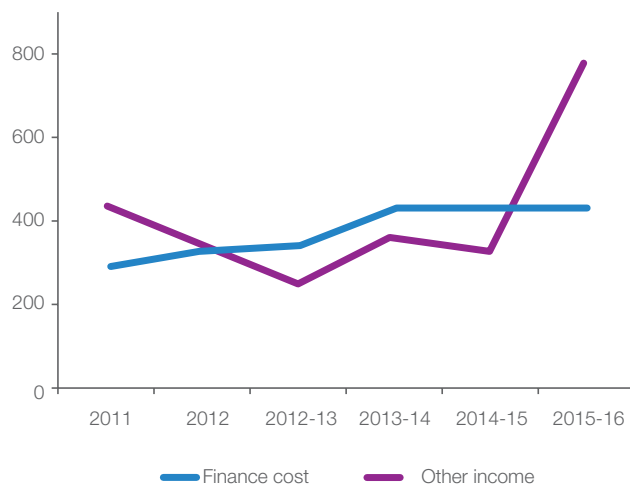


Finance cost

Finance cost increased over the years as a result of increase in long-term borrowings and short-term running finance to cater to the financing needs of multiple expansion projects, as well as meeting increased working capital requirements.

Other income

Other income showed a record increase in the current year at a CAGR of 12% over the past six years primarily due to dividend income. In FY 2014-15, dividend of PKR 40 million and PKR 150 million was received from investment in equity shares and Associate respectively. During the current year, dividend of PKR 458 million and PKR 150 million was received from Associate and Subsidiary Company respectively.



Six Years Analysis of Cash Flows

Operating activities

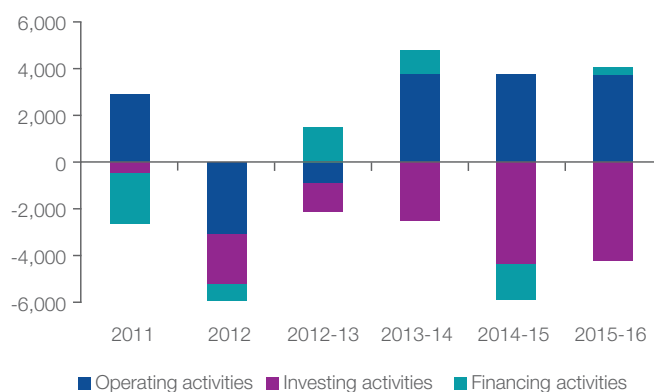
The Company's operating cash flow has increased at a CAGR of 5% over the past 6 years due to improved business performance, especially in the Soda Ash and Life Sciences Businesses.

Investing activities

Cash used in investing activities has increased at a CAGR of 52% over the past 6 years and mainly comprises investment in capital expenditure and in Associate. The Company invested PKR 960 million in NutriCo Pakistan (Pvt) Limited which was partially offset by cumulative dividend of PKR 798 million received from Associate, Subsidiary and investment in equity shares.

Financing activities

Financing activities mainly comprise long-term loans obtained and dividends paid to shareholders. The Company has financed its expansion needs by obtaining long-term loans which were partially offset by dividend payments.



SWOT Analysis

Strengths

- Diversified product portfolio, with Businesses closely aligned to the needs of the country and local population. Portfolio includes soda ash, PSF, pharmaceuticals, nutraceuticals, animal health products, seeds, various chemicals and investment in NutriCo Pakistan Pvt. Ltd. (the associate), which is involved in marketing and distribution of infant milk and nutritional products
- Supplying products to almost every industry in the country
- Strong brand equity
- Geographical presence in the local and international markets
- Operating at low gearing levels
- Part of the renowned Yunus Brothers Group (YBG), with competent management and vast experience of multiple sectors
- Competent and committed human resources
- Leading manufacturing concern with over 70 years of successful operation
- Leading soda ash producer



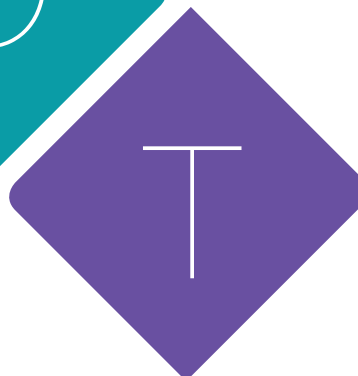
Weaknesses

- Dependence on consistent supply of key raw materials, such as PTA, coke and MEG
- Dependence of major operating segments on fuel sources such as coal, gas and furnace oil



Opportunities

- Expansion to meet growing Soda Ash demand in the country.
- In-house manufacturing facility of pharmaceutical and animal health products
- Further ventures such as NutriCo Pakistan Pvt. Ltd. and nutraceuticals products
- First mover advantage through introducing black fibre
- Opportunity to export various products



Threats

- Volatile international raw material and fuel prices and government levies
- Volatility of exchange rates
- Unavailability of natural resources, e.g. gas
- Dumping of imported products
- Unfavourable law and order situation

Vertical and Horizontal Analysis

Profit and Loss Account

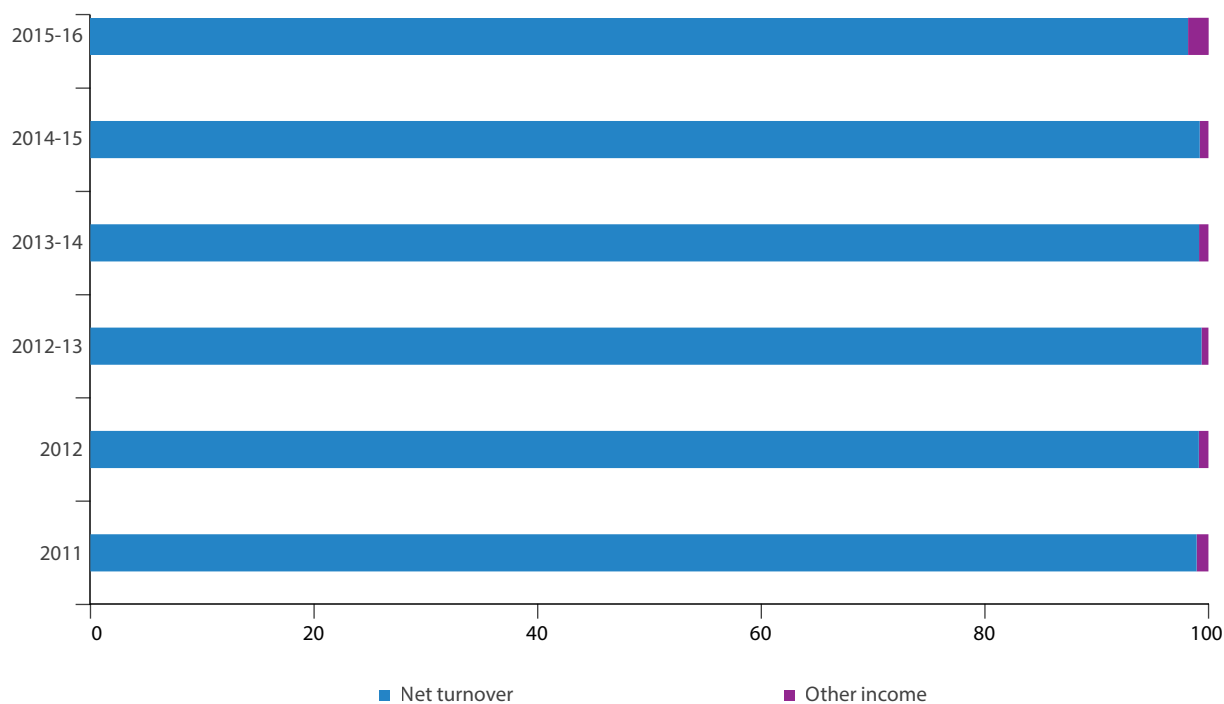
Vertical Analysis

	January to December				July to June							
	2011	2011	2012	2012	2012-13	2012-13	2013-14	2013-14	2014-15	2014-15	2015-16	2015-16
	PKR m	%	PKR m	%	PKR m	%	PKR m	%	PKR m	%	PKR m	%
	Restated		Restated		Restated							
Net turnover	35,516	100.0	34,682	100.0	36,268	100.0	38,234	100.0	37,515	100.0	36,954	100.0
Cost of sales	30,910	87.0	30,688	88.5	32,193	88.8	33,582	87.8	31,726	84.6	30,476	82.5
Gross profit	4,606	13.0	3,994	11.5	4,075	11.2	4,652	12.2	5,790	15.4	6,479	17.5
Selling & distribution expenses	1,013	2.9	1,069	3.1	1,052	2.9	1,530	4.0	1,782	4.8	2,118	5.7
Administration & general expenses	1,215	3.4	1,300	3.7	1,036	2.9	896	2.3	964	2.6	882	2.4
Operating result	2,378	6.7	1,625	4.7	1,987	5.5	2,226	5.8	3,044	8.1	3,479	9.4
Finance cost	261	0.7	294	0.8	311	0.9	387	1.0	403	1.1	383	1.0
Other charges	207	0.6	133	0.4	151	0.4	181	0.5	231	0.6	285	0.8
Other income	384	1.1	298	0.9	225	0.6	323	0.8	294	0.8	688	1.9
Profit before taxation	2,295	6.5	1,496	4.3	1,749	4.8	1,981	5.2	2,703	7.2	3,498	9.5
Taxation	763	2.1	523	1.5	591	1.6	279	0.7	578	1.5	655	1.8
Profit after taxation	1,531	4.3	974	2.8	1,159	3.2	1,702	4.5	2,126	5.7	2,843	7.7

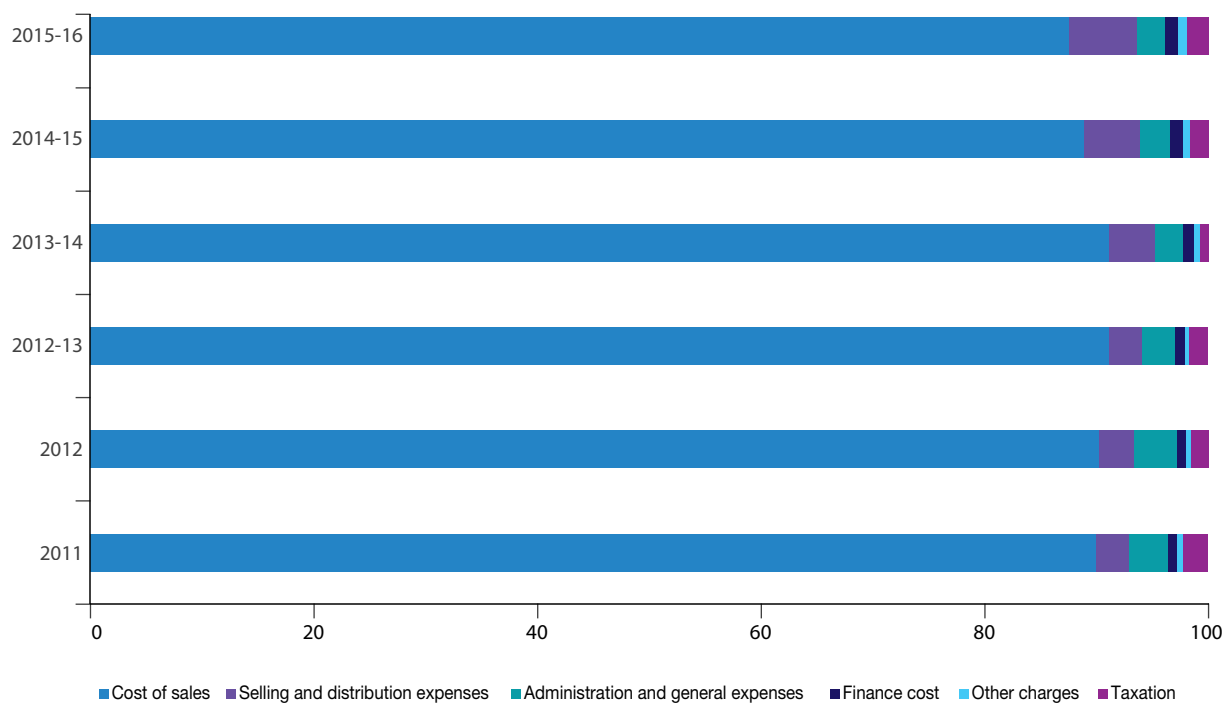
Horizontal Analysis

	January to December				July to June							
	2011	2011	2012	2012	2012-13	2012-13	2013-14	2013-14	2014-15	2014-15	2015-16	2015-16
	PKR m	%	PKR m	%	PKR m	%	PKR m	%	PKR m	%	PKR m	%
	Restated		Restated		Restated							
Net turnover	35,516	1.1	34,682	-2.3	36,268	4.6	38,234	5.4	37,515	-1.9	36,954	-1.5
Cost of sales	30,910	8.7	30,688	-0.7	32,193	4.9	33,582	4.3	31,726	-5.5	30,476	-3.9
Gross profit	4,606	-31.1	3,994	-13.3	4,075	2.0	4,652	14.2	5,790	24.5	6,479	11.9
Selling & distribution expenses	1,013	-39.5	1,069	5.5	1,052	-1.6	1,530	45.5	1,782	16.5	2,118	18.9
Administration & general expenses	1,215	-6.5	1,300	7.0	1,036	-20.3	896	-13.6	964	7.6	882	-8.5
Operating result	2,378	-35.9	1,625	-31.7	1,987	22.3	2,226	12.0	3,044	36.8	3,479	14.3
Finance cost	261	59.2	294	12.7	311	5.8	387	24.4	403	4.1	383	-4.8
Other charges	207	-31.9	133	-35.8	151	14.1	181	19.6	231	27.8	285	23.1
Other income	384	-21.1	298	-22.2	225	-24.6	323	43.6	294	-9.2	688	134.3
Profit before taxation	2,295	-38.5	1,496	-34.8	1,749	16.9	1,981	13.2	2,703	36.5	3,498	29.4
Taxation	763	-41.4	523	-31.5	591	13.0	279	-52.8	578	107.3	655	13.4
Profit after taxation	1,531	-36.9	974	-36.4	1,159	19.0	1,702	46.9	2,126	24.9	2,843	33.8

Profit and Loss Analysis (Income) (%)



Profit and Loss Analysis (Expenses) (%)



2011, 2012 and 2012-13 numbers have been restated due to IAS 19 revision
Year 2012-13 is based on twelve months performance for a meaningful comparison

Balance Sheet

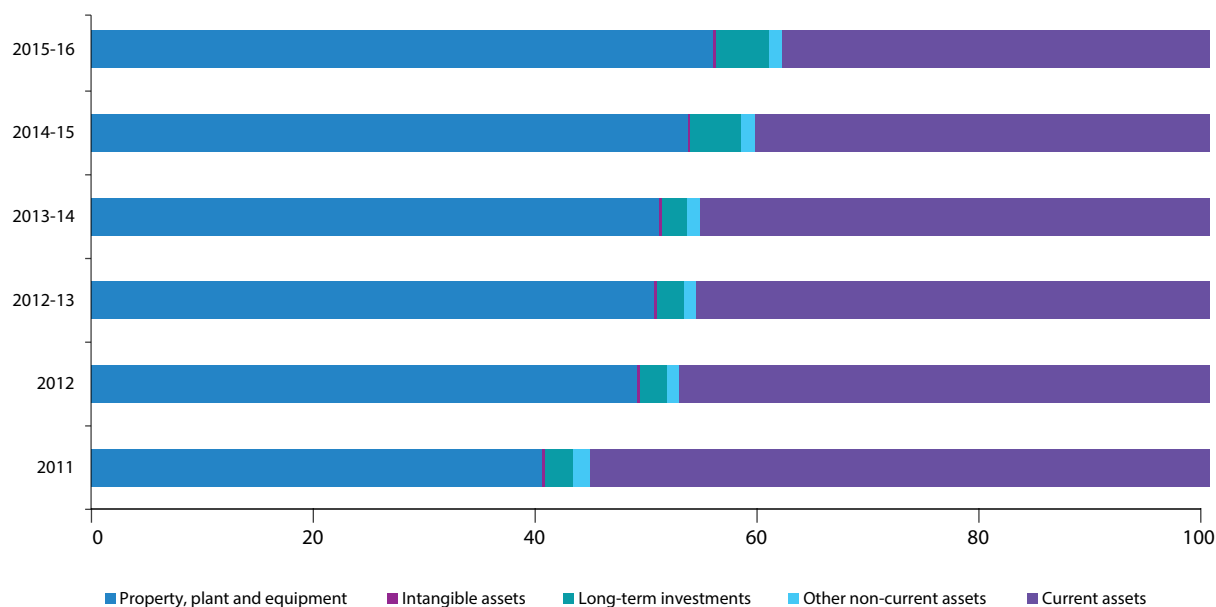
Vertical Analysis

	January to December				July to June							
	2011	2011	2012	2012	2012-13	2012-13	2013-14	2013-14	2014-15	2014-15	2015-16	2015-16
	PKR m	%	PKR m	%	PKR m	%	PKR m	%	PKR m	%	PKR m	%
	Restated		Restated		Restated							
Total equity and revaluation reserve	9,891	48	9,766	47	10,488	50	11,877	52	13,294	50	15,246	50
Non current liability	1,340	7	1,593	8	3,068	15	3,486	15	2,763	10	5,174	17
Current liability	9,281	45	9,355	45	7,389	35	7,574	33	10,614	40	10,168	33
Total equity and liabilities	20,512	100	20,714	100	20,945	100	22,937	100	26,670	100	30,588	100
Non current assets	9,154	45	10,898	53	11,331	54	12,501	54	15,843	59	18,910	62
Current assets	11,358	55	9,816	47	9,614	46	10,437	46	10,827	41	11,678	38
Total assets	20,512	100	20,714	100	20,945	100	22,937	100	26,670	100	30,588	100

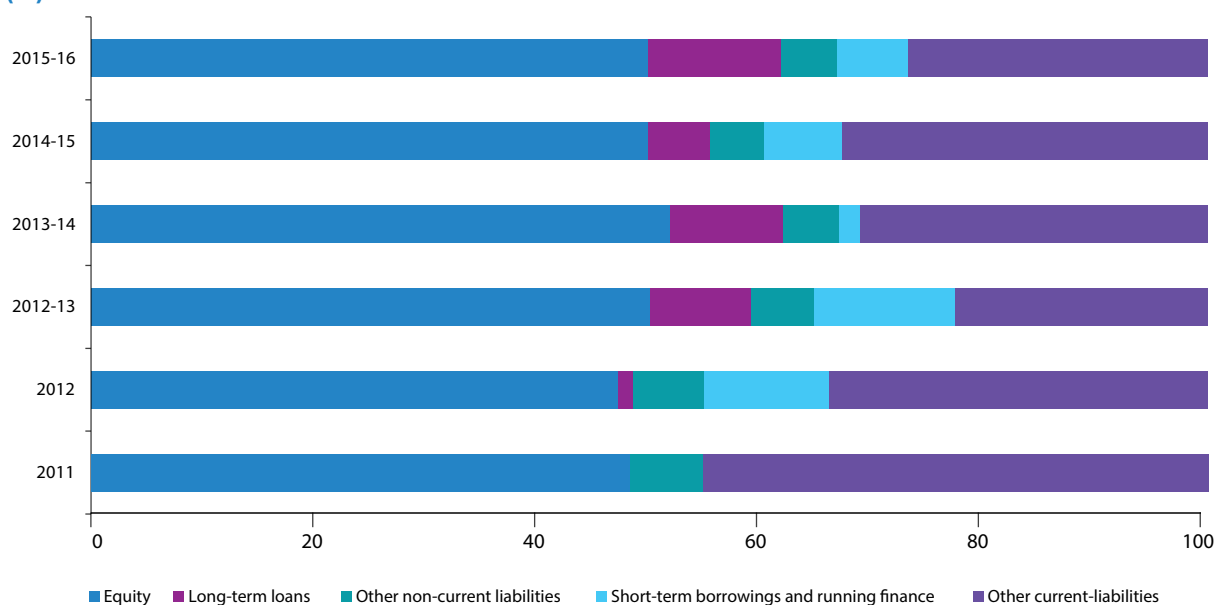
Horizontal Analysis

	January to December				July to June							
	2011	2011	2012	2012	2012-13	2012-13	2013-14	2013-14	2014-15	2014-15	2015-16	2015-16
	PKR m	%	PKR m	%	PKR m	%	PKR m	%	PKR m	%	PKR m	%
	Restated		Restated		Restated							
Total equity and revaluation reserve	9,891	-36	9,766	-1	10,488	7	11,877	13	13,294	12	15,246	15
Non current liability	1,340	23	1,593	19	3,068	93	3,486	14	2,763	-21	5,174	87
Current liability	9,281	69	9,355	1	7,389	-21	7,574	3	10,614	40	10,168	-4
Total equity and liabilities	20,512	-7	20,714	1	20,945	1	22,937	10	26,670	16	30,588	15
Non current assets	9,154	-10	10,898	19	11,331	4	12,501	10	15,843	27	18,910	19
Current assets	11,358	-4	9,816	-14	9,614	-2	10,437	9	10,827	4	11,678	8
Total assets	20,512	-7	20,714	1	20,945	1	22,937	10	26,670	16	30,588	15

Balance Sheet Analysis (Assets) (%)



Balance Sheet Analysis (Equity and Liabilities) (%)



2011, 2012 and 2012-13 numbers have been restated due to IAS 19 revision
Year 2012-13 is based on twelve months performance for a meaningful comparison

Quarterly Analysis

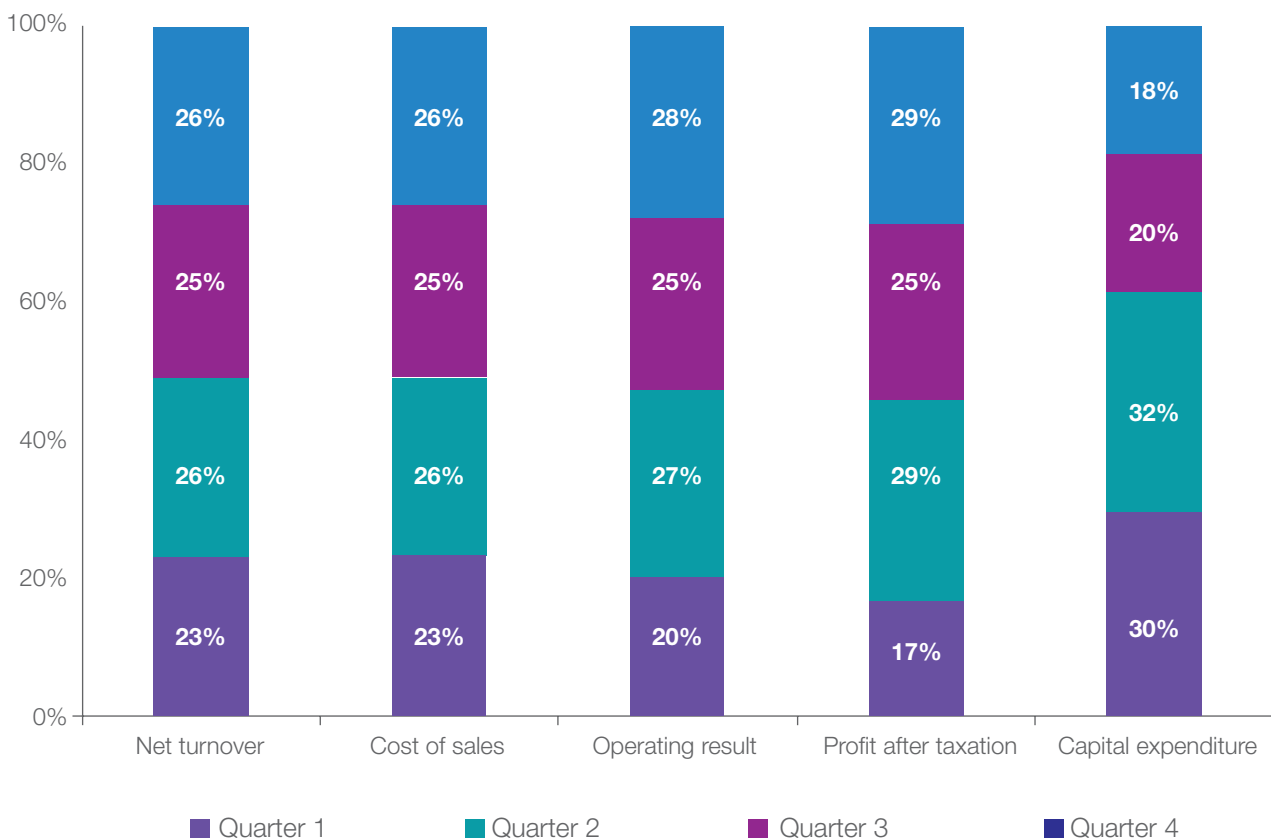
In PKR '000

	Net Turnover	Cost of Sales	Operating Result	Profit After Taxation	Capital Expenditure
Quarter 1	8,501,892	7,078,731	703,946	474,890	1,260,801
Quarter 2	9,561,657	7,885,092	944,065	830,222	1,358,165
Quarter 3	9,243,900	7,644,546	863,100	724,130	855,000
Quarter 4	9,646,988	7,867,542	967,596	813,944	780,189
	36,954,437	30,475,911	3,478,707	2,843,186	4,254,155

Analysis of Variation in Interim results with final accounts

Operating result improved over the quarters to PKR 3,478 million for the full year. The highest quarterly operating result for the year was achieved in Q4 amounting to PKR 968 million. This was primarily due to improved performances in the Soda Ash, Life Sciences and Chemicals Businesses which compensated for the lower operating result in the Polyester Business. Performance of the Soda Ash Business was mainly driven by higher sales volumes and lower raw material and energy costs as a consequence of lower furnace oil and coal prices. The highest quarterly profit after taxation for the year

of PKR 830 million was achieved in Q2 mainly due to dividend income of PKR 255 million cumulatively from our subsidiary company and Associate. Profit after taxation remained stable in the second half of the year, mainly due to an improved operating result and a further dividend income of PKR 278 million from our Associate company. The maximum operating result achieved in the last quarter, reduced finance cost in the second half of the year, coupled with the higher dividend income in the first half of the year translated into profit after taxation of PKR 2,843 million for the year with an EPS of PKR 30.78



Net Turnover	Cost of Sales	Operating Results	Profit After Taxation
Quarter 1			
<p>Lower by 9% compared to the same period last year (SPLY), primarily due to lower revenues in the Polyester Business, which declined by 28% in line with the downward correction of prices across the petrochemical chain.</p> <p>The Pharmaceuticals and Agri Divisions within the Life Sciences Business posted double digit growth, with the Agri Division being the major contributor. The Soda Ash and Chemicals Businesses grew by 10% and 14% respectively compared to SPLY.</p> <p>The domestic polyester staple fibre (PSF) market continued to remain under pressure due to a continuous oversupply of PSF in both the domestic and regional markets coupled with dumping from China.</p>	<p>The commissioning of the in-house steam, power and heating systems in June 2015 at the Polyester plant and the optimal usage of coal fired boilers at the Soda Ash plant significantly alleviated the energy cost burden by replacing expensive fuel with coal for electricity and steam generation.</p> <p>Lower imported raw material prices for the Soda Ash Business were also major contributors to improved performance.</p>	<p>Despite a higher operating loss in the Polyester Business, the operating result is 2% above the SPLY, primarily due to strong growth of 11% and 66% compared to the SPLY in the Soda Ash and Chemicals Businesses respectively.</p>	<p>PAT is 35% higher compared to the SPLY, mainly due to dividend income of PKR 75 million from NutriCo Pakistan (Private) Limited.</p>
Quarter 2			
<p>Lower by 3% compared to the SPLY, primarily due to lower revenues in the Polyester Business, which declined by 22% in line with the downward correction of prices across the petrochemical chain.</p> <p>The reduction in crude oil prices resulted in lower sales value in Polyester Business. The domestic PSF market continued to remain under pressure due to the continuous oversupply and dumping of PSF from China.</p>	<p>Downward price adjustments of the entire petrochemical chain resulted in a significant reduction in feedstock prices compared to the SPLY.</p> <p>In-house steam, power and heating systems continued to deliver value to the Businesses.</p>	<p>Operating result was 3% lower compared to the SPLY due to higher operating loss in the Polyester Business. However, strong growth in the Soda Ash and Chemicals Businesses as compared to the SPLY of 26% and 18% respectively partially offset the adverse impact of the Polyester Business.</p>	<p>PAT was 23% higher compared to the SPLY due to dividend income of PKR 150 million and PKR 105 million from ICI Pakistan PowerGen Limited and NutriCo Pakistan (Private) Limited respectively, and due to reduced finance cost.</p>
Quarter 3			
<p>Increased by 4% compared to the SPLY, primarily due to higher revenues across most of the Businesses, which offset the impact of lower revenues in the Polyester Business.</p>	<p>Crude oil prices declined to the lowest levels in almost nine years, leading to a reduction in prices across the petrochemical chain.</p> <p>In-house steam, power and heating systems continue to deliver value to the Businesses.</p>	<p>Operating result was 41% higher compared to the SPLY, due to strong growth in the Soda Ash, Life Sciences and Chemical Businesses.</p>	<p>PAT was 60% higher compared to the SPLY due to better business performance, reduced finance cost and dividend income of PKR 178 million from associate.</p>
Quarter 4			
<p>Increased by 3% compared to the SPLY. This was primarily attributable to growth in the Soda Ash, Life Sciences and Chemicals Businesses which was partially offset by lower revenues in Polyester Business.</p>	<p>Remained almost flat as compared to the SPLY, mainly due to lower raw material and energy costs as a consequence of lower furnace oil and coal prices.</p>	<p>Operating result was 24% higher than the SPLY due to improved performance of 66% and 54% over the SPLY in the Life Sciences and Chemicals Businesses respectively.</p>	<p>PAT is 26% higher as compared to the SPLY mainly due to better operating result and dividend income of PKR 100 million from associate.</p>

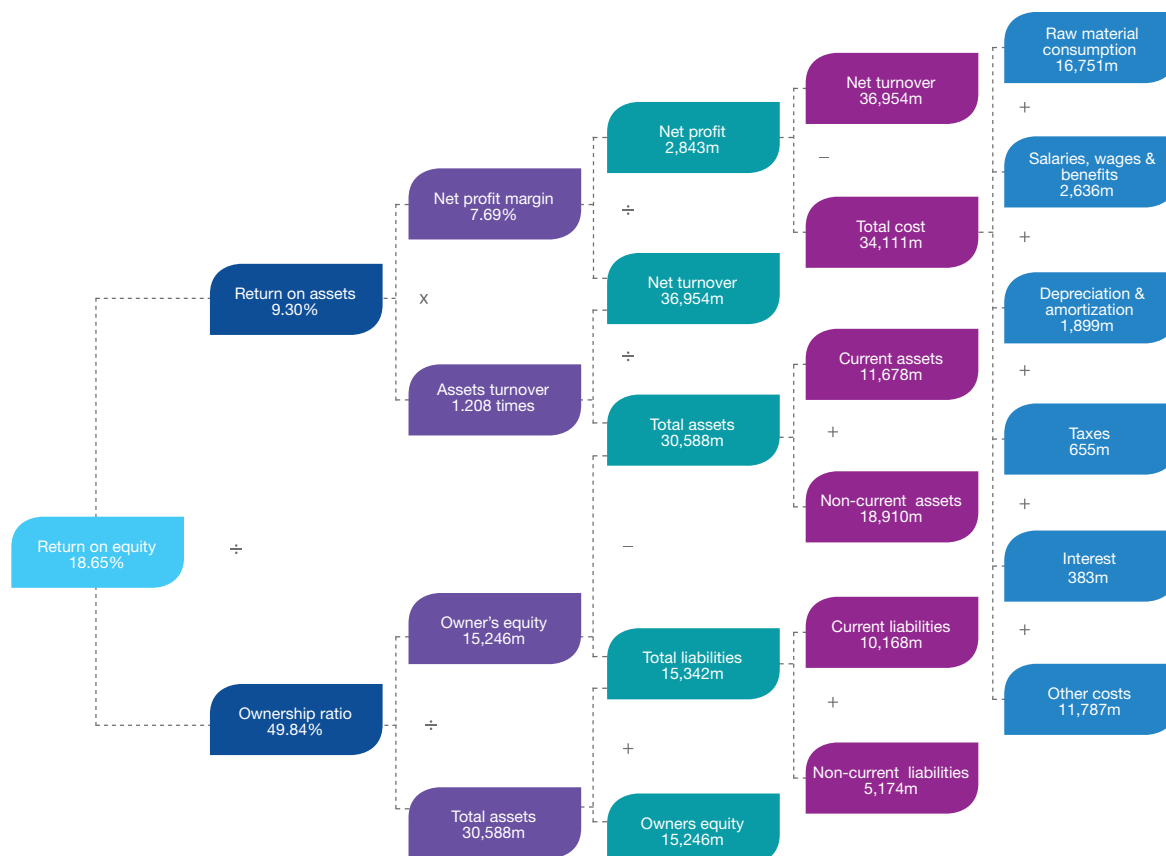
DuPont Analysis

DuPont Analysis	2015-16	2014-15
Tax burden	18.73%	21.37%
Interest burden	9.87%	12.97%
Operating result margin	9.41%	8.11%
Asset turnover	1.208 times	1.407 times
Gearing	28.07%	19.26%
Return on equity	18.65%	15.99%

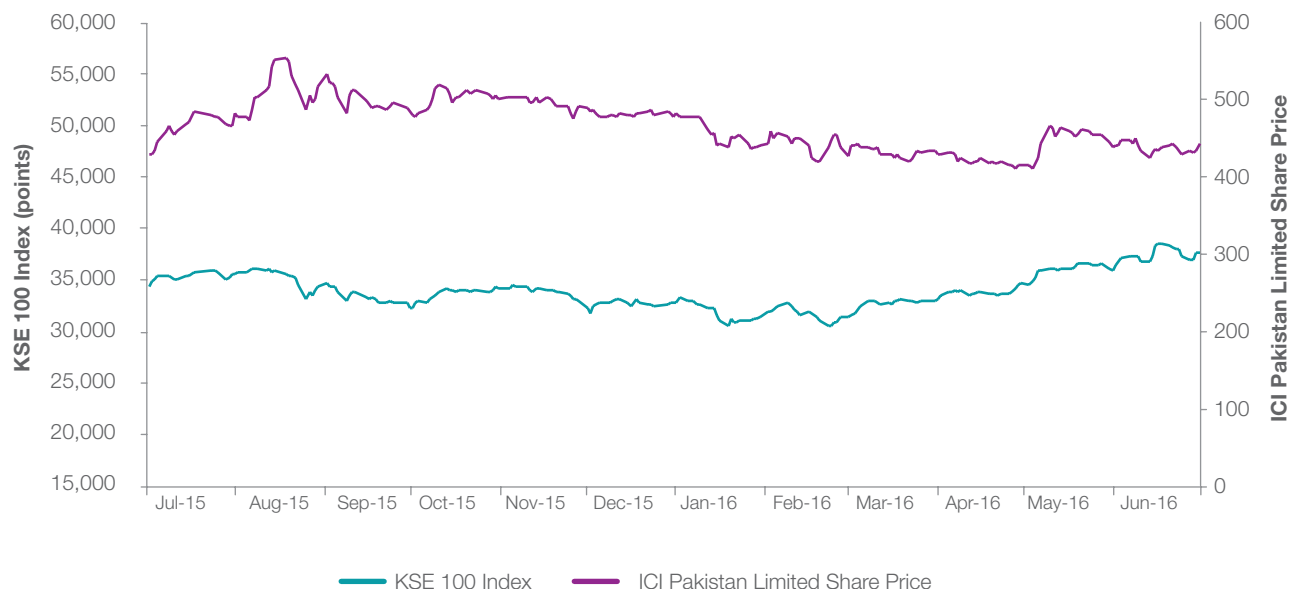
Profit after tax amounting to PKR 2,843 million is 34% higher than SPLY. This is mainly due to reduced cost of sales, lower finance cost and increased other income. Reduction in cost of sales is attributable to successful operation of energy projects, coupled with reduction in raw material and fuel prices. Long-term loans and short-term financing facilities were availed by the Company from various banks to manage capital expenditure and working capital requirements, however, as a result of a reduction in interest rates and keen negotiations with banks, finance costs for the year is 5% lower compared to the SPLY. Other operating income is 134% higher than SPLY, primarily due to higher dividend income from Associate and dividend income from

Subsidiary Company during the current year. Total assets of the Company witnessed an increase of 15% mainly due to investment in property, plant and equipment as a result of expansion projects and further investment in NutriCo Pakistan Pvt. Ltd. (the Associate).

Ownership ratio remained almost stagnant as compared to SPLY due to proportionate increase in Owner's equity and total assets. Owner's equity increased due to enhanced unappropriated profit, and revaluation surplus arising due to a revaluation exercise conducted during the year. As a result, the return on equity of the Company was recorded at 18.65% compared to 15.99% reported in the previous year.



Share Price Sensitivity Analysis



During the financial year ended June 30, 2016, the Company's share price increased from PKR 428.87 to PKR 445.02, delivering a price return of 3.77%. During the year, the Company reported profit after tax (PAT) amounting to PKR 2,843 million and earnings per share (EPS) of PKR 30.78, which is 34% higher than the same period last year.

Factors that contributed to maintaining investors' confidence and interest in ICI Pakistan Limited include:

Investment for Growth

ICI Pakistan Limited is committed to Cultivating Growth through various expansion projects. In the Soda Ash Business, new Dense Ash (DA) and Refined Sodium Bicarbonate (RSB) plants, and two new power and steam generation projects were commissioned successfully during 2015-16. The 75 KTPA Soda Ash expansion project was launched during the current year, with work currently progressing as per plan. The Life Sciences and Chemicals Businesses also continued to expand, posting significant growth in their business segments.

Diversification in New Business

The Company has been consistent in following its corporate strategy for growth through diversification and expansion. While already diversified in various business segments, during the year in review, the Company further invested PKR 240

million in NutriCo Pakistan (Private) Limited ("Associate"), bringing its total investment in our Associate to 40%. The Company believes that the nutrition and infant formula business provides significant growth opportunities in Pakistan.

Improved Performance

The Company's operating results registered a growth of 14% as compared to the same period last year. The remarkable improvement in profitability of the Soda Ash, Life Sciences and Chemicals Businesses has contributed significantly towards the improved performance of the Company. Further, the higher dividend income from Associate and dividend income from Subsidiary also improved the profitability of the Company.

Ownership by Yunus Brothers Group (YBG)

YBG acquired ICI Pakistan Limited in December 2012. Share price after the acquisition increased by 162%, registering an annual growth rate (CAGR) of 32%. This massive growth depicts the interest and confidence level of our investors. The vision of YBG is to grow the Company's local and international footprint by strengthening its existing businesses and exploring new avenues for growth and diversification.

Year in Review

Q1 Q2

July—Sep 2015

ICI Pakistan Limited receives ICAP/ICMAP award

Board of Directors Meeting, August 7, 2015

Board of Directors Meeting, August 26, 2015

Chief Executive's Communication Session held in Khewra

Polyester Business Customer Conference held in Russia

Full scale commercial launch of Terylene Black after successful trials in 2014-15

Oct—Dec 2015

Chemicals Business celebrates HSE&S milestone of 19 years without Lost Time Injury (LTI)

Annual General Meeting (AGM), October 27, 2015

Board of Directors Meeting, October 27, 2015

Highest ever Dense Ash production achieved by the Soda Ash Business

US Consul General visits the Chemicals plant and Head Office Karachi

Ladies Welfare Centre inaugurated in Khewra

Steam and power project commissioned at the Polyester Business

New Dense Ash plant commissioned at the Soda Ash Business

ICI Pakistan Limited holds corporate briefing at the Pakistan Stock Exchange (formerly Karachi Stock Exchange)

Nutraceuticals manufacturing facility commercialised

Q3

Jan—Mar 2016

ICI Pakistan Limited receives MAP award for fifty years of association

Board of Directors Meeting, February 18, 2016

Chief Executive's Communication Session held at Mozang Office, Lahore

Extraordinary General Meeting (EOGM), March 18, 2016

Hamqadam Community Clinic inaugurated in Khewra

Life Sciences Annual Business Conference in Istanbul, Turkey

'iMPACT gender diversity forum launched across the Company

10% further equity participation in NutriCo Pakistan Private Limited bringing our total shareholding to 40%

Q4

Apr—Jun 2016

Long Service Awards held at Polyester, Sheikhpura

Board of Directors Meeting, April 21, 2016

Board of Directors Meeting, June 6, 2016

Two new power and steam projects commissioned by the Soda Ash Business

Life Sciences Business, Animal Health Division enters into bovine genetics segment in partnership with Cogent Breeding UK

Second 'iMPower Employee Engagement Survey conducted in partnership with Gallup, with higher than target score achieved

14 KTPA Refined Sodium Bicarbonate plant expansion

New ICI Pakistan Limited website launched

Earth Day and World Environment Day celebrated across the Company



Sustainability Guiding Principle

We are committed to reducing environmental impact on our planet by delivering more sustainable products and solutions to our customers. We can achieve this only if sustainability is at the heart of everything we do, integrated in all areas of our operations - for the benefit of our customers, shareholders, employees and, in fact, the world around us.

Awards and Achievements



MAP Award for Fifty Longstanding Years of Association

The Management Association of Pakistan (MAP) held the 31st Corporate Excellence Awards on February 24, 2016 where ICI Pakistan Limited received the MAP award for Fifty Longstanding Years of Association.

The award marked a relationship of fifty years between MAP and ICI Pakistan Limited, one of the longest associations that MAP has ever held with an organisation. ICI Pakistan Limited was presented with a memento to commemorate this occasion.

The ICAP/ICMAP Best Corporate Report and Sustainability Awards

The Institute of Chartered Accountants of Pakistan (ICAP) and the Institute of Cost and Management Accountants of Pakistan (ICMAP) jointly held the Best Corporate Report and Sustainability Awards 2014, in September 2015.

ICI Pakistan Limited secured fifth position in the Chemicals category of the Best Corporate Report Awards 2014 and third position in the Best Sustainability Report Awards 2014.

The objective of the awards is to recognise excellence in corporate and sustainability reports and encourage responsible reporting by organisations.

Passion for People

Our passion for people enables us to acquire, develop and retain employees who share our unrelenting drive for achievement and growth. These passionate individuals, in turn, propel us to achieve the velocity we need. With a talented and dynamic team of more than 1,300 and growing, we know that our success is based on our people. To ensure that we harness their energies to the fullest, we continue to cultivate and nurture their talent, manage their wellbeing and create a learning environment conducive to development and growth that will transform them into the leaders of tomorrow.

The Engagement Difference

We firmly believe that success comes when employees are engaged and aligned with the Company's vision, and when they feel valued and listened to. Therefore, as we continue to build our brand promise of Cultivating Growth, our people's engagement is of paramount importance. In line with this belief, we partnered with Gallup in 2015 to conduct its famous Q12 Employee Engagement Survey to take a stock of organisational effectiveness and engagement levels. With a remarkable participation rate of 97%, we heard a full spectrum of opinions from across ICI Pakistan Limited followed by an impactful action planning process, which gave everyone the opportunity to have their say and make a difference. 2016 was the second year of the survey, in which more than 99% of our employees made their voices heard. With a stellar performance across all businesses and functions, this year's score of 4.16 reflects an impressive increase of 0.29 as compared to last year's score of 3.87. In terms of percentile, this score places the Company at the 58th percentile compared with other companies in the Gallup Global Database, as opposed to the 35th percentile last year. This score is well ahead of Gallup's recommended trajectory score and is a true reflection of the interest and confidence that our people have shown towards our collective future.

Hiring Tomorrow's Leaders, Today

We hire for tomorrow. At ICI Pakistan Limited, we understand that the success of our businesses is dependent on the quality of our people. We continued to strengthen our talent pipeline through a two pronged approach to talent acquisition i.e. highly structured trainee programmes and rewarding lateral positions. In this regard, twenty-five fresh graduates from reputable institutes were hired during the year in commercial, finance and technical streams following a comprehensive selection process, whereas 195 experienced professionals joined the Company laterally at various management positions.

Our Best-in Class Talent Management Process

Our Capability Groups in the area of Commercial, Technical, Finance and HR/Others are a critical link in the overall Talent Management Framework. We completed our Talent Management cycle for 2015-16 by conducting quarterly Capability Group Meetings, annual Succession Planning Forum and Leadership Talent Reviews. During this cycle, talent gaps were identified and comprehensive plans were put into place to build the required capability and ensure robust succession.

Talent Movement across Businesses and Functions



The diversity of our four unique Businesses, with their presence in almost every industry, provides us the perfect opportunity to challenge our employees and significantly contribute to their development. For the year in review, talent movement across Businesses and functions was recorded at 14% providing cross-functional business exposure and ongoing opportunities for learning and growth.

Nurturing the Leader in You

We continuously strive to provide our people with diverse learning and developmental avenues to ensure an all-encompassing approach to capability building. Such opportunities include, but are not limited to: coaching, mentoring, job rotation, challenging projects, trainings, conferences, memberships in professional forums etc. We strongly believe that learning is key to continuously improving the way we work and grow our business. Learning is fundamental to Cultivating Growth.

In line with this belief, ICI Pakistan Limited launched its Leadership Development Roadmap earlier this year in order to accelerate capability building, and to provide a structured and integrated framework to our talent



Paul Keijzer conducting 'Leading High Performance Teams' for our functional leaders

development. This roadmap focuses on developing leadership capabilities at each level in the organisation offering us the unique opportunity not only to grow in our existing roles but more importantly to achieve our ongoing career aspirations. Under this roadmap, more than 10 customised training modules have been developed, along with executive coaching sessions and learning projects, to cater to the varying learning needs of our leaders at all levels in the organisation. Since January 2016, more than 572 of our managers spread across five different leadership levels have gone through one LDRM learning intervention or the other.

To build better understanding of our managers on their HR role as line managers, a two day workshop, 'HR for Non-HR Managers,' was launched this year and was attended by 85 people managers. Similarly, in order to strengthen the functional excellence of our engineers, our Core Development Programme for engineers was relaunched with the help of both internal and external faculty. In addition to these programmes, functional and managerial trainings progressed as per the training need assessment.

For the year in review, we successfully invested 27,448 man-hours of training across ICI Pakistan Limited vs. 23,392 training man-hours during the same period last year, reflecting a 17% year-on-year increase on functional and leadership development of our employees.

Ensuring Top-of-the-Line Performance

Our Performance and Development Discussion (P&DD) process continues to be an essential tool for providing regular and candid feedback to managers, along with aligning their performance and development with Company strategy. The P&DD process was concluded as per guidelines, ensuring that employees continue to benefit from clear and credible assessment systems and career discussions.



Asif Jooma (CE) sharing his candid thoughts on gender diversity

Maximising Mentoring Opportunities

In order to provide our employees with an opportunity to reach out to knowledge, talent, networks and leaders, we have a formal mentoring programme in place, which is called RISE (Reach out, Inspire, Sustain, and Enable). This programme provides a one window solution to our employees where they can select their mentors, develop and manage their objectives, and sustain relationships through the RISE portal. At the moment, there are 31 active mentors in the mentor bank.

The Gender Diversity 'iMPACT'

On International Women's Day this year, the Company launched 'iMPACT, our gender diversity forum, with a pledge to increase our female workforce from 5% today to 10% by 2018 through focused gender supportive initiatives.

This platform has been introduced to focus on what more we can do to advance gender equality throughout our organisation. 'iMPACT' will provide women at ICI Pakistan Limited an opportunity to interact with other women, discuss various challenges and opportunities, draw inspiration from each other, and work towards collective solutions. Under the banner of this programme, we have partnered with Lean In Circles which will link us to global best practices on bridging the gender gap and will provide us an online medium to interact with other women at ICI Pakistan Limited.

It's the Environment that makes it Happen!

With our relentless desire to grow, to innovate and to excel, we never stop enabling, developing and believing in our people! We know we'll achieve our ambitions as long as we sustain our velocity – to Cultivate Growth today, tomorrow, and beyond.



Technology Developments

Corporate IT Vision

Fuelling Business Enablement

"To act as an effective business enabler, ensuring visibility and compliance through innovative and sustainable information solutions, and by embracing the best infrastructure and technology."

Highlights of 2015-2016

Strong Alignment of Businesses and IT

Our major focus at the beginning of the year was to strongly align the direction of our Businesses and Corporate IT. The Chief Financial Officer, Business Heads, Functional Heads and the Corporate IT team came together to identify business needs and suggest associated IT solutions. This joint objective setting exercise enabled us to set a clear direction for the year with a focus on achieving maximum efficiency and effectiveness through IT solutions aligned with the Company's business needs.

Enabling our Sales Force through Mobility

An innovative project was undertaken by Corporate IT and members of the Pharmaceuticals Division of the Life Sciences Business, with the aim of enabling our sales force and improving its productivity. A mobile-based solution, the Sales Force Effectiveness application, was developed to monitor the performance of our sales team, gather analytics and identify areas of improvement. The application has been launched country-wide at all major locations.

Microsoft SharePoint Migration (2007 to 2013)

In keeping with our promise to continuously upgrade and strengthen our systems, our Microsoft SharePoint intranet portal was upgraded from 2007 to 2013, a new, cutting-edge platform. This was a one-of-a-kind migration in Pakistan due to its complexity and uniqueness, and was successfully completed by our team.

SAP ERP at Animal Health and Nutraceuticals Plants

With the commencement of operations at our Animal Health and Nutraceuticals manufacturing facilities, SAP Enterprise Resource Planning (ERP) is now being used for all accounting, production, supply chain and quality management processes. The best business practices and controls have been implemented for sustainable and reliable operations with in-depth analysis and visibility across the value chain.

Revamp of ICI Pakistan Limited Website

The ICI Pakistan Limited website was completely revamped to better reflect the Company's brand identity and the diversity of our Businesses, while also showcasing the zeal and passion of our people and the value system of ICI Pakistan Limited.

Business Intelligence and Analytics

The Management has been equipped with analytics in the form of clear Key Performance Indicators (KPIs) in finance, sales, supply chain, production, maintenance, HR and other disciplines. Business Intelligence has also consolidated all corporate reporting from the Businesses and extracted KPIs for immediate analysis such as profitability of Businesses, their segments and a consolidated ICI Pakistan Limited view, in a one-click operation.



Corporate IT and Dell partnered for a hardware replacement project

SAP SCM Planning (MRP) at Polyester Business

Improving reliability and robust planning across the value chain, the SAP Supply Chain Management (SCM) Planning solution has been implemented at the Polyester Business which will bring together the sales, production and supply chain teams in a more unified manner. The introduction of system-based planning will better equip the Polyester Business to face ever-changing business dynamics and challenges through effective coordination between its various stakeholders.

Moving to Cloud Computing with Microsoft Office 365

In the pursuit of introducing cutting-edge technology and the latest infrastructure practices, we are now moving towards cloud computing, which has revolutionised the way organisations operate, making them more agile and cost-effective than ever before. Microsoft Office 365 is the solution of choice and we will begin migration to cloud computing in 2016-17, whereby email, essential software and services along with collaboration and VoIP services will be migrated to the cloud.

SAP Success Factors

ICI Pakistan Limited's HR processes and talent management practices have remained a benchmark for the industry over the years. The SAP Success Factors talent management



The Corporate IT team at the Annual IT Conference

solutions have been evaluated for adoption. These will add great value to our processes and procedures with easy-to-use interfaces and the promise of a better employee engagement experience.

Team Dynamics

Our team is a blend of rich experience and youthful energy. It comprises talented individuals who are committed to providing first-class service to their colleagues. Our aim is to achieve the best levels in terms of processes, efficiencies and controls.

Future Outlook

Building upon the initiatives that were taken in 2015-16, our focus will transform from automation to enablement, leading towards the eventual digital transformation of the organisation. We will continue to look for opportunities and innovations that enable our Businesses to work smarter and faster through mobility and digital transformation while continuously investing in our people.

Health, Safety, Environment and Security

Our philosophy is to provide a safe working environment for our people by operating responsibly with minimum impact on the planet. We are committed to working towards a cleaner world, a safer workplace and quality manufacturing, for which we adhere to global standards.

ICI Pakistan Limited maintains an enduring commitment to the highest standards of health and safety for its employees, customers and contractors, as well as to the protection of the environment in the communities in which it operates. The Company's focus has been on assessing the effectiveness of existing regulatory frameworks and approaches to the management of hazard and risk within its Businesses, ensuring that these systems are sufficiently robust to safeguard employees and the public against accidents and ill-health.

Beliefs and Principles

Our aim is to deliver enduring value to our stakeholders by providing sustainable solutions to our customers. We believe this is essential to the success of our Company. To achieve this, we require processes that ensure sustainable business operations to not only meet our needs today but protect the planet's resources.

Thus, we continuously innovate and improve our HSE&S performance and work ethics through corporate leadership, the dedication of our employees and the application of the highest professional standards in our work.

The principles by which we operate are:

- **Work-related Injuries and Illnesses are Preventable**
We believe that we must endeavour to protect those working at our sites, our business partners and our suppliers from accidental or deliberate harm, damage or loss. Therefore, our target is zero injury.

- **Discover Measures to Reduce Carbon Footprint**
Carbon footprint can be minimised through pollution prevention, efficient utilisation of energy resources, conservation of water, reduction of natural resource consumption and emissions, and continuous minimisation and recycling of waste. Emissions from hazardous materials can be prevented and reduced by proactively implementing new technologies and utilising new products.
- **Continuous Improvement of our HSE&S Performance**
We aim to improve continuously through strategic management, the dedication of our people and adherence to the highest professional and ethical standards. This will in turn benefit HSE&S performance, highlight safety and security and enhance measures for product stewardship that will provide business opportunities and competitive advantages.
- **Transparency**
Our stakeholders have a right to information about our operations and HSE&S performance; transparency in this regard promotes and increases trust.

HSE&S Management System

The ICI Pakistan Limited HSE&S Management System comprises policies, standards and guidelines that cover all aspects of the Company's operations within the country. The system is aligned with the internationally recognised Responsible Care Management System (RCMS), ISO 14001:2004 and OHSAS 18001:2007.

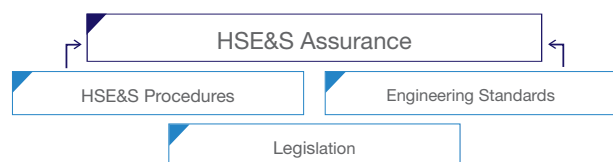
During 2015-16, all Businesses and locations aligned their local HSE&S procedures with the new management system. An HSE&S Management audit was also conducted to determine the baseline compliance level of the revised

procedures. In addition to this, all Businesses and locations aligned their local engineering procedures with the corporate versions.



HSE&S Assurance Process

To be successful, a system must have clearly outlined processes and a defined organisational structure for implementation. The HSE&S Management System is implemented at ICI Pakistan as follows:



Process	Structure
Learning Events/ Incident Reporting	Site/Location HSE&S Committee
Competence	Specialist HSE&S Forum
Procedural Compliance	Executive HSE&S Management Team
Management of Change	Site Communications Sessions
HSE&S Communications	Training Programme for All Staff Levels
Auditing	Management Audit, Specialist Audit, Operational Audit

Year in Review 2015-16

Health

Hundred percent compliance with Health Assessment (HAPI) and Work Environment (HYPI) monitoring programmes resulted in the conclusion of the year with no reportable occupational illness. Health awareness sessions on coronary heart disease, diabetes, cardiopulmonary resuscitation, active immunisation against pneumonia, basic lifesaving techniques, medical emergency handling and first aid were conducted at our Businesses and locations.

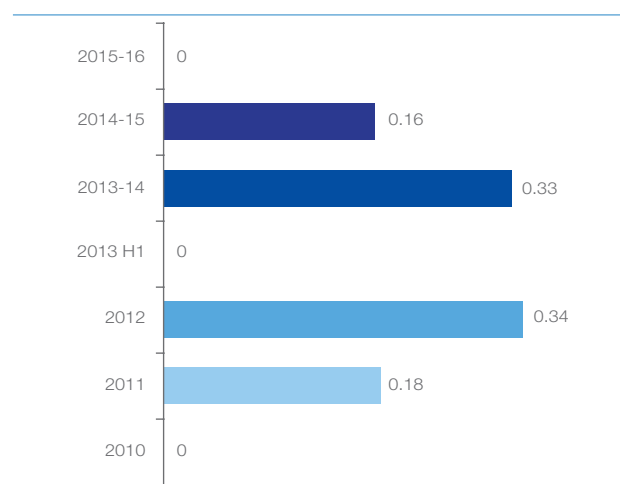
Following the first aid training conducted in May 2015, a refresher first aid training course was held this year at the Polyester plant site by Red Crescent Pakistan to ensure maximum retention and currency of knowledge. Regular refreshers of this nature are imperative to building an efficient and effective emergency response mechanism.

The Polyester Business also arranged typhoid vaccinations for employees, keeping in view the devastating effects of this disease, which is responsible for 0.2 million deaths per annum. This exercise is currently on-going and to date, 200 management and non-management employees have been vaccinated.

Health awareness e-campaigns on swine flu and the Congo virus were also conducted at the Mozang office.

Safety

The Company continued to demonstrate its unwavering commitment to Health, Safety, Environment and Security. There were no reportable injuries for employees, supervised contractors or independent contractors during the year. The HSE&S performance of the Businesses continues to improve as the Polyester, Soda Ash, Life Sciences and Chemicals Businesses achieved 7.98, 7.93, 1.40 and 5.06 million man-hours without injury respectively.



Total Reportable Injury Rate

A sharper focus on operational discipline and even stricter adherence to the Company's Health, Safety, Environment and Security Management system is being planned for 2016-17.

Environment

The Company continued to focus on reducing its Operational Eco Efficiency (OEE) footprint. The Soda Ash, Polyester and Chemicals Businesses reported compliance with liquid and air emissions on National Environmental Quality Standards (NEQS).

Security

ICI Pakistan Limited continually focuses on achieving zero harm to people and assets by adopting sustainable measures on security issues. People and asset security was ensured by assessing each new security threat and defining appropriate



Soda Ash Business conducts a safety drill as part of its HSE&S improvement plan

controls, and through review and frequent auditing. Modern surveillance techniques were utilised to ensure the security of people and assets at our plant sites and other locations.

HSE&S Awareness Workshops

It is our strong belief that for employees to contribute to achieving our health and safety goals, they must have an awareness of recognised safety standards and systems, and be able to identify unsafe and unhealthy situations.

The education and training of each employee plays an important role in achieving a truly safe, secure workplace. Companywide HSE&S Awareness Workshops were carried out to familiarise participants with the ICI Pakistan Limited HSE&S Policies underpinning the implementation of various procedures. The workshop content was designed to develop a thorough understanding of the system through active participation in group discussions and exercises.

The key objective of the workshop was not just to provide a better understanding of the Company's HSE&S Management System but also to assist the management in developing strategies to prevent accidents.

HSE&S Management Audit 2015-16 & Improvement Plans

The HSE&S Management Audit process, which commenced with audits of all manufacturing sites and locations last year across the Company, was completed during the year. Based on the auditors' findings and recommendations, the Businesses and locations are preparing their 2016-17 HSE&S improvement plans.

Chief Executive's Trophy

We evaluate the HSE&S performance of all our Businesses and locations annually against pre-determined criteria in order to fairly assess the performance objectives of every Business. The best-performing Business is awarded a trophy. This year, the baseline compliance level is set by the results of the HSE&S Management Audit and the Chief Executive's HSE&S Trophy will be announced on the basis of HSE&S Management Audit results in 2016-17.

Training

HSE&S trainings are a vital component of the Company's Safety Management System. These training programmes focus on health and safety concerns to deal with potential hazards in the best way possible. The programme helps employees better



HSE&S Awareness workshop at Soda Ash

understand their job responsibilities, brings new ideas to the workplace, reinforces existing ideas and practices, and aligns our safety and health programme objectives with our actions. The following training sessions regarding HSE&S were conducted Companywide through the year:

- Refresher training on first aid
- Defensive driving training by the Motorway Police
- 'Working at heights' training
- Rescue 1122 team visit to Polyester Business
- Basic housekeeping
- Use of Personal Protective Equipment (PPEs)
- Hazard identification
- Emergency response drills
- 'Use Of Helmet' campaign
- 5S Training

World Water Day

World Water Day was celebrated at the Soda Ash Business with senior management communicating the importance of water management in every walk of life. An awareness session was also conducted at the Safety Improvement Team forum for employees and contractor staff. Special posters with messages on water management and conservation were displayed around the residential and works areas.

World No Tobacco Day

World No Tobacco Day is observed every year on May 31 by all UN member states. Following a 24-hour period of abstinence from tobacco use, attention is further drawn to the long term adverse impacts of tobacco use.

In May 2016, the Polyester Business devised smoking cessation strategies to motivate people to quit or reduce tobacco use. Contractors and safety supervisors were made aware of the devastating health impacts of tobacco smoking or chewing through a presentation delivered by the HSE&S and Training Department. Visuals on health impact used during the session captured great attention and three individuals from the New Coal Fired Boiler Area made a pledge to quit tobacco use.

The Life Sciences Business, in collaboration with the Surgical Oncology Society of Pakistan, organised an anti-smoking awareness walk in Lahore to reinforce the message that smoking causes untold suffering for individuals and their loved ones.



Arshaduddin Ahmed (GM Chemicals) addresses his team as they celebrate their HSE&S milestone of 19 years without LTI

Earth Day

Celebrated annually on April 22 worldwide, Earth Day aims to encourage people across the world to be more environmentally-conscious. Since its establishment, Earth Day has been widely supported in the corporate sector as an ideal day to declare a commitment to preserving and safeguarding the environment.

The Soda Ash Business celebrated this event by conducting awareness lectures, quizzes, and a poster competition. Pledges to preserve the environment were signed and a tree plantation drive was carried out afterwards. The Polyester Business celebrated this event with the students of the nearby Tibbi Harriya School, which is supported by the ICI Pakistan Foundation, by sharing best practices for environmental conservation with the students. An eco-painting competition was also carried out in which more than 50 students took part, and the winning student was awarded the title of Eco-Mentor. Tree plantation was also carried out at the training centre of the Polyester Business.

World Environment Day

World Environment Day is celebrated each year on June 5, marking the need for awareness, political consideration and action for environmental issues. The preservation of our environment is a key concern at ICI Pakistan Limited and therefore we have always supported Environment Day activities.

Every year Environment Day is celebrated under a specific theme/slogan, and this year the slogan was "Fight against Illegal Trade in Wildlife". An awareness session was conducted that shared valuable information regarding the importance of wildlife, facts regarding endangered species, worldwide wildlife trafficking, negative impacts of illegal wildlife trade and the best possible ways to preserve wildlife resources. A quiz programme, awareness walk and environment related videos were also part of the event.

International Fire Fighters Day

International Fire Fighters Day was celebrated on May 4 with the Soda Ash fire fighters team which is always ready



Cake cutting ceremony held at the Chemicals Plant to celebrate 4.67 million man-hours of injury-free operation

and willing to serve the community. Members of our senior management joined the staff and appreciated the fire fighters' voluntary service to the local community.

Tree Plantation Drives

Companywide tree plantation drives were continued through the year, encompassing Soda Ash, Polyester, Life Sciences and Chemicals Businesses along with the Head Office in Karachi.

The Head Office organised a tree plantation drive at Abdullah Haroon Vocational Training Institute in the nearby community of Lyari during which volunteers and the institute's students joined hands to plant nearly 450 saplings.

The Soda Ash Business planted approximately 12,000 trees at the plant site, residential areas, in the community and along the highway. The District Officer Environment and EPA Punjab Team, along with the senior management of Soda Ash participated in these activities, demonstrating their commitment towards a greener future.

The Animal Health Division of the Life Sciences Business planted 600 trees at their manufacturing facility as well as in the surrounding area along Multan Road. Similarly, the Polyester Business also conducted tree plantation activities at various occasions, planting a total of 5,000 trees to improve the environment and create awareness among the public about the world's depleting resources and the need to protect and conserve them.

Behavior Based Safety (BBS) Programme

The primary objective of the BBS Programme is to create a positive and safe workplace for employees by developing positive safety recognition of management and peers through supportive leadership. The Programme continued at regular intervals to identify site employee behaviour and its associated impact on safety.

Community Investment

The CSR activities of ICI Pakistan Limited are managed through the ICI Pakistan Foundation, a registered trust run and managed by a Board of Trustees. Additionally, numerous other community activities are carried out directly by the Company itself.

The Foundation's philosophy places primary focus on four main areas: education, health, community and environment. However, it also supports civic development through investment in community projects, disaster relief and rehabilitation activities. This year, the ICI Pakistan Foundation formally incorporated all CSR initiatives under the umbrella of the Hamqadam Programme, which is further subdivided into the following relevant areas below.

Education

Vocational Training

Electrical Wireman Courses: Following three successful batches of the Household Electrical Wireman Course at our Polyester Manufacturing plant for Sheikhpura community youths, this year, the ICI Pakistan Foundation upgraded the programme to a three-phase Industrial Electrical Wireman Course. Fifteen students have been registered in the course

which is being run in accordance with the TEVTA Punjab curriculum.

An Electrical Wireman short course was also initiated in our neighbouring community of Lyari, Karachi, located near the Head Office of ICI Pakistan Limited. Operated in partnership with the Abdullah Haroon Vocational Training Centre, Lyari, this course aims to improve employability for the youth of Lyari. Twenty-four students are registered thus far.

Ladies' Welfare Centre: Funds for the construction of a new facility for the Ladies' Welfare Centre in Khewra were provided. Originally established in 1970 to empower community women through vocational training, the Centre's classes impart marketable skills such as stitching, knitting, embroidery and cooking to girls and women from the Khewra community. To date, 1,200 students have received vocational training. The new, expanded facility will allow greater numbers of women to benefit from vocational training.

Computer Skills and Language: MS Office and English Language classes were initiated at the Abdullah Haroon Vocational Training Institute, Lyari, in collaboration with



ICI Pakistan Limited, in collaboration with Literate Pakistan, Jugnoo Sabaq, launches the second session of its Adult Literacy Programme, Karachi



The Polyester team gathers outside the Tibbi Hariya School



Asif Jooma (CE) and the Soda Ash team inaugurate the Staff Residential Estate Children's Park in Khewra

Literate Pakistan. By equipping young people from Lyari with computer literacy and fundamental English language skills, we hope to open doors to gainful employment and higher learning. Over 200 boys and girls have registered (150 girls and 70 boys) in the three-month course.

Adult Literacy: The second session of the Adult Literacy Programme, held in collaboration with Literate Pakistan's Jugnoo Sabaq, commenced in May 2016 at the Kakapir Village, Sandspit, Karachi. Currently, 20 female students are enrolled.

Primary Education Support: The ICI Pakistan Foundation has supported the Kakapir Village community school for over a decade. Currently, over 243 boys and girls are enrolled at the school, and the impact of our engagement with the community can be seen in the increased awareness of the importance of education that led to demand for adult literacy classes.

The Foundation also continued its support of the Government Boys and Girls Primary School, Tibbi Hariya, Sheikhpura.

Higher Education Support

Murshid Hospital School of Nursing Upgrade: As part of an ongoing focus on empowering women with education and improved career opportunities, the Foundation provided funds to upgrade Murshid Hospital's School of Nursing in Karachi to college level. Funds will be utilised to purchase books and equipment for a skills lab. Currently, 148 students, mostly women, are enrolled in the three-year diploma programme. Post upgrade, the school will offer a four-year degree programme for nursing students.

Pakistan Agricultural Coalition: In addition, the Foundation continues to contribute funds to the Pakistan Agricultural Coalition, Lahore, to set up an agricultural technical institute.



Pakistan Day Celebrations at the Children's Cancer Hospital, Karachi

Statement of Charity Account*

PKR million

	2015-2016	2014-2015
Education	11.04	3.64
Health	11.34	7.14
Environment	2	-
Others	-	0.5
Total PKR	24.38	11.28

* Amounts shown are actual commitment



Mrs Suhail A Khan with the students of the Ladies Welfare Centre, Khewra



A lively tableau performance at the Children's Cancer Hospital, Karachi

Health

Hamqadam Community Clinic: The Foundation provided funds to set up a community clinic at Khewra. As Khewra is a remote area, the availability of female doctors has been an issue of concern. The Clinic is being run and managed by the Marie Adelaide Leprosy Centre (MALC), Karachi, and supervised by a lady doctor, a midwife/lady health visitor and other staff, especially to cater to mother-and-child healthcare issues, particularly pregnancy-related concerns. The Foundation also donated a state-of-the-art ambulance to the clinic for community use.

Eye Care Programme: Our longstanding eye care programme celebrated its silver jubilee this year, marking 25 years of successful eye care interventions. Held in collaboration with the Layton Rahmatullah Benevolent Trust (LRBT), the programme has benefitted deserving patients from the Khewra region and beyond. From July 2015 to June 2016, ten eye clinics were held, during which period 4,422 OPDs, 740 major/minor surgeries and 3,287 refractions were performed.

Child Life Foundation: The Foundation completed its first year of a three-year pledge made to the Child Life Foundation, which operates and manages the Paediatric Emergency ward in Civil and Jinnah Hospitals, Karachi, treating one child every minute.

Livestock

A livestock wellbeing programme was started for dairy farmers, introducing the 'Cattle Crush,' which is the name given to an especially manufactured cage or pen that restrains animals safely for the duration of veterinary procedures. This safe restraining method prevents injury to both, veterinary staff/handlers and animals themselves. A total of 25 units are being installed in remote areas across Pakistan, particularly in the KPK and Potohar region.

Community

Independence Day with Paediatric Patients: Company volunteers arranged Independence Day celebrations for paediatric patients at Karachi's Civil Hospital and National Institute of Cardiovascular Diseases (NICVD) under the banner of our Hamqadam programme. Young patients participated enthusiastically in this fun-filled activity, and the management teams at both public sector facilities were highly appreciative of the effort.

Sustainability Awareness at SOS Village: Volunteers engaged with children to educate them on recycling and reusing everyday household materials. Over 150 children participated in this activity, eagerly embracing the concept of minimising waste and finding new uses for discarded objects, producing remarkably creative objects out of simple items.



Ilm-o-Hunar
(Education)



Zindagi Sehat kay Saath
(Health)



Hamqadam
(Community)



Aap ka Mawaishi Aap ka Sarmaya
(Livestock)



Saaf Mahol Taza Hawa
(Environment)



Independence Day festivities at the Civil Hospital, Karachi



Dr. Nadeem Baig (Executive Director NICVD) with ICI Pakistan Limited Volunteers at Independence Day celebrations

Environment

Allama Iqbal Municipal Park: The Foundation renovated the Allama Iqbal Municipal Park at Pind Dadan Khan, Khewra. Besides landscaping and tree plantation, the park also features playground equipment for the community's children.

Tree Plantation: Earth Day and World Environment Day were celebrated with tree plantation drives at Khewra; Sheikhpura; Life Sciences' Multan Road facility, Lahore; and in Lyari, Karachi. Over 1,000 saplings were planted in total.

Biodegradable Envelopes: We continue to utilise biodegradable envelopes (as opposed to regular paper envelopes) to mail the Company's annual reports to its stakeholders. This initiative helped save: 27 trees; 4.86 cubic

yards of landfill space; 3.2 barrels of oil; 11,340 gallons of water; and 6,642 kilowatt hours of electricity.

Energy Conservation: To create awareness for the conservation and protection of natural resources, the Company participated in international Earth Hour by switching off unnecessary lights at all our sites at the designated time.

Governance & Compliance

SPEED & CONFIDENCE COMBINED

Our Governance and Compliance policies ensure that while we maintain our speed towards our ultimate goal, Cultivating Growth, we never compromise on accountability and integrity.

This section includes the Board of Directors report, details of business performance and activities, and our Governance, Compliance and Risk Management policies.

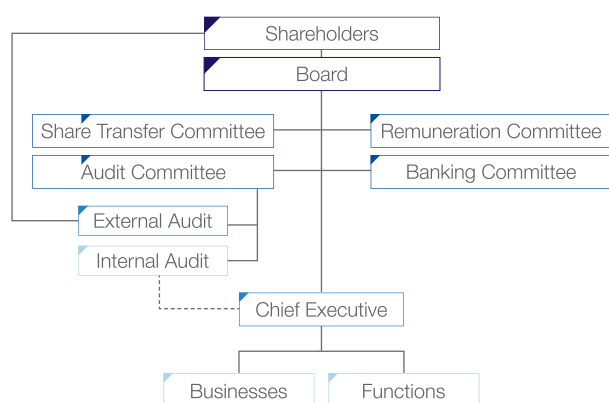


Corporate Governance & Compliance

The corporate governance structure of ICI Pakistan Limited (the 'Company') is based on the Company's Articles of Association and statutory, regulatory and other compliance requirements applicable to companies listed on the stock exchange, complemented by several internal procedures. These procedures include a risk assessment and control system, as well as a system of assurances on compliance with applicable laws, regulations and the Company's Code of Conduct.

Corporate Governance Statement

ICI Pakistan Limited is a public limited company established under the laws of Pakistan. The shares of the Company are listed on the Pakistan Stock Exchange Limited (PSX).



Major External Regulations

- Companies Ordinance, 1984 and other allied laws
- Listing Regulations/Rule book of the Pakistan Stock Exchange (PSX).
- Code of Corporate Governance and Securities Act 2015.
- CDC Regulations
- Other SECP Regulations, Circulars, Notifications and Guidelines etc.

Major Internal Regulations

- The Articles of Association of the Company
- Code of Conduct
- Significant policies
- Financial Remits

The Board of Directors is responsible for governing the organisation by establishing Board policies; setting the goals, objectives and strategies the Company is required to adopt, and formulating policies and guidelines for achieving the said goals and objectives. The Board is accountable to the shareholders for the discharge of its fiduciary function. The management is responsible for implementation of the aforesaid goals and strategies in accordance with the policies and guidelines laid down by the Board of Directors. In order to facilitate the smooth running of the day-to-day affairs of the Company, the Board entrusts the Chief Executive (CE) with necessary powers and responsibilities. The CE is, in turn, assisted by an Executive Management Team (EMT) comprising the Chief Financial Officer and the Heads of Businesses and Functions. The Board is also assisted by a number of sub-committees comprising mainly of independent/non-executive directors.

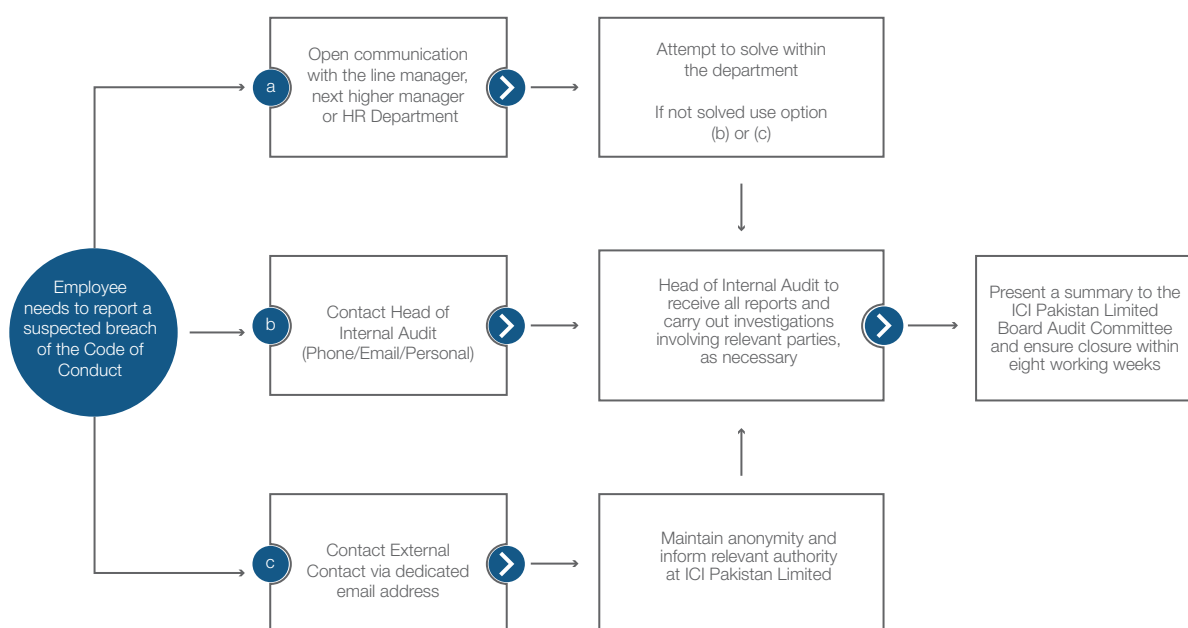
Code of Conduct

ICI Pakistan Limited has always held in high esteem the best practices of corporate governance and believes in widely propagating values and ethics for strict adherence by all employees, contractors, suppliers and others while doing business for the Company. Even before the introduction of the requirement in the Code of Corporate Governance (CCG) in 2002, ICI Pakistan Limited had a comprehensive Code of Conduct in place. In order to apprise employees of the Code of Conduct, the Company organises training sessions and induction programmes on a regular basis to ensure compliance at all levels. Furthermore, all employees are required to sign a declaration of compliance with the Code of Conduct upon joining the Company, as well as renewing this declaration electronically on a regular basis.

Speak Up (Whistleblowing Policy)

In order to facilitate strict adherence to the Code of Conduct, employees have access to the Company's Speak Up (whistleblowing) programme through which any employee can report suspected unethical dealings by any employee confidentially, either via telephone or e-mail, to the relevant HR Manager or the Head of Internal Audit. In addition, to further enhance anonymity, a third party (a renowned firm of Chartered Accountants) is hired and can be approached for filing of complaints. All complaints are thoroughly investigated and the results of the investigation are communicated to the complainant (given that a return address is provided). This process is overseen by the Board Audit Committee.

A Depiction of the Whistleblowing Process



Speak Up Reports During the Year

Number of Speak Up reports to Audit Committee during the year ending June 30, 2016	3
Number of Speak Up investigations completed and cases closed	3

Board Composition

The present Board of ICI Pakistan Limited comprises a well-balanced mix of executive, non-executive and independent directors. It has eight directors: two executive directors, four non-executive directors and two independent directors. The Chairman of the Board is a non-executive director. The positions of Chairman and Chief Executive are held by separate individuals with clearly defined roles and responsibilities.

ICI Pakistan Limited has had an Audit Sub Committee and an HR and Remuneration Sub Committee of the Board much prior to the introduction of the Code of Corporate Governance, comprising mainly of non-executive directors including the Chairman. The terms of reference of these Committees are provided in this report.

Internal Control

ICI Pakistan Limited has a sound system of internal control and risk management. The Board has an overall responsibility to oversee internal control processes. The Risk management and internal control processes are designed to safeguard the Company's assets and to appropriately address and/or mitigate emerging risks faced by the Company. The Company

maintains a clear organisational structure with a well-defined chain of authority. Senior management has the responsibility of implementing procedures, monitoring risk and assessing the effectiveness of various controls. Comprehensive details regarding the Risk Management System are separately disclosed in these Financial Statements.

Insider Trading

The Company has a stringent policy on insider trading and securities transactions. The policy paper, which is circulated to all employees of the Company from time to time, lays down the procedure employees must follow while dealing in shares of the Company. Closed periods are announced by the Company prior to the announcement of financial results during which "Executives" (defined by the Board to be employees drawing a basic salary of PKR 2.4 million or above in a year) and some finance staff are barred from dealing in the Company's shares. These individuals can deal in the Company's shares only outside the closed periods. Any transaction carried out by an Executive in the shares of the Company has to be reported to the Company Secretary within four days of execution of the transaction with relevant details of purchase/sale of shares.

Competition Law

As embodied in our Code of Conduct, ICI Pakistan Limited supports the principles of free enterprise and fair competition. The Company competes vigorously but fairly with its competitors within the framework of applicable laws – all to provide better and increasingly useful products and more efficient services to our customers.

The Legal Department conducted a comprehensive Competition Law Training for relevant employees in 2014-2015. We continue to ensure compliance with competition laws. Additionally, all employees are apprised of relevant competition laws in the Code of Conduct, for which each employee signs a declaration of compliance upon joining the Company and on a regular basis thereafter.

United Nations Global Compact (UNGC)

ICI Pakistan Limited remains committed to making the UNGC's Ten Principles a part of our strategy, culture and day-to-day operations. The Ten Principles form a set of core values in the areas of human rights, labour standards, the environment and anti-corruption.

Adequate Disclosure

At ICI Pakistan Limited, it is our endeavour to continue to be transparent in all our dealings with all stakeholders. This is achieved through adequate and comprehensive disclosure of all communications to our shareholders and other stakeholders, including our financial statements.

All critical accounting estimates, rules and procedures governing extraordinary transactions, or any changes in accounting policies along with their financial impact, are disclosed in the notes to our financial statements. We follow the Companies Ordinance, 1984, and applicable IAS and IFRS (International Accounting Standards and International Financial Reporting Standards). In addition, we endeavour to provide as much supplementary information in our financial statements as possible.

Annual General Meeting (AGM)

The Company holds its AGM of the shareholders in light of The Companies Ordinance, 1984, Listing Regulations, Code of Corporate Governance and its Articles of Association. We request all our shareholders to participate in the AGM and other general meetings as and when covered. We also ensure that a copy of the annual report containing the agenda and notice of our AGM is dispatched to every shareholder at her/his registered address within the stipulated time.

During the last Annual General Meeting of the Company, no issues were raised by the shareholders present. Queries raised with regard to polyester staple fibre (Polyester Business), Morinaga products manufacturing facility in the country and coal fired boilers at Khewra (Soda Ash Business), were responded to accordingly.

Ownership and Control Structure

Complete disclosure of ICI Pakistan Limited's shareholding structure is given in the pattern of shareholding pursuant to the Companies Ordinance, 1984, and the Code of Corporate

Governance in the printed accounts of the Company. Our share capital is comprised of ordinary shares. No other class of shares is issued by the Company. Yunus Brothers Group (YBG) holds 86.68% shares in the Company, details of which are disclosed in the pattern of shareholding. The rest of the shares are held by the general public and institutions.

Related Party Transactions

We maintain a complete and updated list of related parties. All transactions with related parties are carried out on an unbiased, arm's-length basis as per formulas approved by the Board of Directors. A complete list of all related party transactions is compiled and submitted to the Audit Committee every quarter. The Internal Audit Function ensures that all Related Party Transactions are done on an arm's length basis and releases a quarterly report to that effect to the Board Audit Committee. After review by the Audit Committee transactions are placed before the Board for their consideration and approval.

Material Interests of Board Members

Directors are required to disclose, at the time of appointment and on an annual basis, the directorships or memberships they hold in other corporate bodies. This is in pursuance with Section 214 of the Companies Ordinance, 1984, which also requires Directors to disclose all material interests. We use this information to help us maintain an updated list of related parties. In case any conflict of interest arises, the matter is referred to the Board's Audit Committee.

Offices of the Chairman and CE

In compliance with good governance practices, the position of the Chairman of the Board of Directors and the office of the Chief Executive are held by separate incumbents with clear demarcation of roles and responsibilities.

Brief Roles & Responsibilities of Chairman and CE

The Chairman's primary role is to ensure that the Board is effective in its tasks of setting and implementing the Company's direction and strategy. The Chairman is responsible for assessing and making recommendations regarding the effectiveness of the Board, the committees and individual directors in fulfilling their responsibilities, besides avoidance of conflicts of interest. The Chairman represents the Non-Executive Directors of the Board and is entrusted with the overall supervision and direction of the Board's proceedings, and has the power to set the agenda, give directions and sign the minutes of the Board meetings.

The Chief Executive is the senior most full-time executive of the Company to whom all Business and functional heads report. He is responsible for presentation of the Company's aims and policies to the government and all stakeholders.

The Chief Executive is responsible for the performance of the Company, in accordance with the Business strategy as adopted by the Board. The Chief Executive reports to the Board of Directors.

The responsibilities of the Chief Executive include:

- Formulating and successfully implementing company policy after Board approval.
- Directing strategy towards the profitable growth and operation of the Company.
- Developing strategic operating plans that reflect the longer-term objectives and priorities established by the Board.
- Maintaining an ongoing dialogue with the Chairman of the Board to keep him fully informed of all significant developments.
- Putting in place adequate operational planning and financial control systems.
- Ensuring that the operating objectives and required standards of performance are understood by all Company employees.
- Monitoring of operating and financial results against budget.
- Taking remedial action where necessary and informing the Board of significant changes.
- Ensuring that the Company is in compliance with all applicable laws.
- Building and maintaining an effective executive team and appropriate succession plans.

Chief Executive Performance Criteria

The performance of the Chief Executive is evaluated on a blend of quantitative value and qualitative values-driven objectives. Quantitative value-driven objectives relate to growth and financial performance of the Company while qualitative values relate to the Company's performance on sustainability parameters. Underpinning both these objectives is the "how" component, which measures what processes and policies were implemented and complied with.

Evaluation of the Board's Performance

The Board evaluates its performance by looking at the overall performance of the Company. Every member of the Board tries to attend all the meetings of the Board and to actively participate in its proceedings. Discussions are held on various strategic issues. The Board ensures that the Company adopts the best practices of corporate governance in all areas of its operations and has a robust internal control system. The Board closely monitors major capital expenditure projects including balancing, modernisation and replacement. Succession planning and compliance with all regulatory requirements are also areas which the Board focuses closely on throughout the year. The Board is fully cognisant of the Company's commitment to its sustainability strategy based on social, economic and environmental factors and has issued appropriate policy guidelines to ensure continued maintenance of performance in these areas.

In line with global best practices, ICI Pakistan Limited has developed and successfully implemented a methodology for self-evaluation of the Board's performance as an entity on the basis of factors i.e. board composition, leadership and planning, board effectiveness, board accountability, strategy and performance, organisation, risk management, ethics and compliance.

Internal and External Audit

Our Internal Audit function plays a pivotal role in providing the Board with objectivity in evaluating and improving the effectiveness of risk management and related control systems throughout the Company. The Head of Internal Audit independently reports to the Audit Committee and administratively to the Chief Executive. KPMG has been hired to perform internal audits within the Company. The Head of Internal Audit ensures that the audit plan, as approved by the Audit Committee, is effectively and seamlessly implemented via close coordination with KPMG.

Internal audits are executed across all Businesses by our independent internal auditors and all findings are reported to the Senior Management and the Audit Committee of the Board. Action plans are followed up rigorously to ensure that timely corrective action is implemented for the effective functioning of controls. The Board, through the Audit Committee, has reviewed the assessment of risks, internal control and disclosure procedures and suggested remedial actions where applicable. The role of the Audit Committee is to assist the Board in fulfilling its oversight responsibility regarding the integrity of ICI Pakistan Limited's financial statements, risk management and internal control, compliance with legal and regulatory requirements, the external auditors' performance, qualifications and independence, and the performance of the internal audit function. The external auditors are appointed by the shareholders on a yearly basis at the AGM at the recommendation of the Board of Directors. The partner in charge of our audit is rotated every five years as per local regulations.

Risk Management

The Board has the overall responsibility of overseeing the risk management processes, which include both risk management and internal control procedures. The Company's processes, which are documented and regularly reviewed, are designed to safeguard assets and address risks that the Businesses might face or that may impact business continuity. These are, in turn, reported to the Board and senior management for timely action where required, to ensure uninterrupted operations.

The Company maintains a clear organisational structure with a well-defined chain of authority. Senior management is responsible for implementing procedures, monitoring risk and assessing the effectiveness of various controls.

During the year, the Board approved a robust Enterprise Risk Management (ERM) framework which is integrated within the organisation to help address risks in a timely manner. The model is based on comprehensive, interactive and management-oriented systems and processes. These enable early identification, evaluation and assessment, and appropriate responses to risks that could materially affect the achievement of strategic, operational, financial and/or compliance objectives.



Risk	Type	Risk Mitigation Plan	Risk Exposure Rating*
Changing economic conditions, government policies and law and order situation <ul style="list-style-type: none"> Local competition Risk of ad-hoc tariff adjustments on imports impacting local producers, such as ICI Pakistan Limited Large scale cheap imports at uneconomical prices or dumping in Pakistan by major international manufacturers 	Strategic	Continued commitment to customer centricity, product quality, innovation and supply chain efficiencies, along with a strong market footprint, can help us appropriately respond to challenges posed by weak economic and demand conditions. The Board and management endeavour to define and implement a clear strategy to overcome these strategic external risks by regularly benchmarking production efficiencies against competitors' to minimise cost. The Board and management continuously seek dialogue with policy makers through various business forums in the overall interest of domestic industries, and are actively vigilant with policies and proceedings of cases filed against anti-dumping. Training is also provided to update concerned stakeholders with regard to the law and order situation.	High
Exposure to liabilities arising from non-compliance with laws and regulations.	Compliance	We closely monitor changes in the regulatory environment and adapt to all significant changes in a timely manner. We are dedicated to compliance with all legal and regulatory requirements with special emphasis on conformity to our Code of Conduct. We operate under a comprehensive Competition Law compliance programme including training, monitoring and assessment.	Medium

Risk	Type	Risk Mitigation Plan	Risk Exposure Rating*
Inability to attract, engage and retain high potential/promotable talent.	Strategic	Our key focus remains on the growth and wellbeing of our intellectual capital. The re-launch of ICI Pakistan Limited's value driven competency framework (Success Factors) provides the roadmap for talent acquisition and development activities, ensuring that the right talent is available for the delivery of strategic ambitions. Advancing the wellbeing and engagement of our workforce is a high priority and we consider it a commitment that encompasses employee satisfaction and competitive benefits. The Board and management place great emphasis on attracting, educating, motivating and retaining our workforce, through further strengthening tools such as our Performance and Development Discussion, organisation health surveys and ensuring robust succession planning in the Company.	Medium
Overdependence on single source suppliers and major principals	Operational/ Commercial	We continuously engage our principals in a strategic view of business in Pakistan to align and create a common view of the business. We emphasise the satisfaction of our suppliers and work hard to outperform their expectations. We safeguard the Company's position through secured contracts and continue to seize opportunities to launch our own range of products/brands to reduce dependency on principals. We will further explore alternate suppliers and perform concrete and thorough research on their product ranges to have an alternate ready if required.	Low to Medium
Product risk Adverse events and reporting in the press on the quality or performance of products	Operational/ Commercial	Continued focus on quality control, at principal level and at business level (e.g. storage/transportation at correct temperatures, etc.) We also ensure detailed information is available on packaging, and training needs of staff are regularly monitored for reporting of adverse events. We also have defined standard operating procedures for crisis management and media handling. Moreover, our customer complaint management system aids in the timely review of the concerns and needs of every customer. We further conduct gap analyses to improve our testing methodologies so as to comply with our value of customer centricity.	Low to Medium

Risk	Type	Risk Mitigation Plan	Risk Exposure Rating*
Commodity Risk Reduction or increase in demand for seasonal imported goods versus plan/ outlook	Operational/ Commercial	Review plan on an on-going basis and in case of any changes in market dynamics, highlight issues/ scenarios to the principal in advance, negotiating quantities and prices.	Low
Failure to keep pace with technological advancements	Strategic	Our management highly values data security, automation of operations and technological advancement in the relevant industries. We have invested in a robust management reporting system, research and development, and lab infrastructure to improve in-house capabilities. We maintain close ties with our customers and consult them to remain updated on the changes taking place in the industry. Our business development team regularly issues a news bulletin containing information on new developments and changes taking place across the industry globally.	Low
HSE&S compliance risk HSE&S risks in production and supply chain processes can adversely affect our operations. These risks concern areas such as personal health and safety, product safety and operating eco-efficiency. An unlikely scenario can involve major incidents with high impact for our organisation as well as our local communities, which may cause business disruption and reputational damage.	Health & Safety	For us, compliance with HSE&S standards is our license to operate. The Company continues to focus on energy conservation, waste and operational efficiencies and eco-efficiency foot print reduction. A detailed report on HSE&S performance and development in 2015-16 is available in the report.	Low

Risk	Type	Risk Mitigation Plan	Risk Exposure Rating*
Fluctuation in exchange rates Continued depreciation of the Pakistani Rupee against the US Dollar has a negative impact on the financial results of our Businesses through erosion of margins, particularly in the Life Sciences Business, where prices of pharmaceutical products are capped by the Ministry of Health.	Financial	We have a centralised treasury and forward contracts are obtained from time to time to limit the exposure to foreign currency risk. However, the erosion of margins because of an inability to raise prices as highlighted is a risk the Company has to take, and one which is being partially mitigated through the introduction of generic brands and continuous engagement with policy makers in the government.	Low
Interest rate risk Risk of an increase in interest rates having an advance impact on the profitability of the Company.	Financial	The Company has availed financing for working capital requirements at competitive spreads and major borrowing is set on a floating rate. For other borrowings, the interest rate risk is at an acceptable level.	Low
Credit Risk Risk of default in payments by credit customers in the current challenging economic conditions, leading to adverse financial impact on the Company.	Financial	The Company's counterparty risk is sufficiently diversified with established limits for key customers. Credit reviews are regularly conducted to align the exposure in keeping with changing conditions while remaining within the bounds of the overall risk appetite of the Company.	Low
Liquidity Risk Risk of the Company being unable to fulfil its financial obligations due to non-availability of sufficient funds	Financial	The Company ensures optimum utilisation of cash generated by operations and has sufficient financial lines with various institutions to meet any funding requirements.	Low

*Risk exposure rating is based on the likelihood and impact of the risk on the entity as a whole, and translated as such, based on established criteria.

Board and Management Committees

Committees of the Board

Audit Committee with Brief Terms of Reference

The Audit Committee ensures that the Company has a sound system of internal financial and operational controls. Chaired by an Independent Director, the Committee serves as the eyes and ears of the Board, assisting it in the discharge of its fiduciary responsibilities.

The Audit Committee reviews the periodical financial statements of the Company and announcements of results to the stock exchange. An important responsibility of the Committee is to recommend to the Board the appointment of external auditors, facilitate the external audit and discuss with the external auditors major observations arising from interim and final audits. In doing so, the Committee also reviews the Management's response thereto.

In addition, the main responsibilities of the Audit Committee also include risk management; compliance with relevant statutory requirements; review of legal matters which may significantly impact financial statements; monitoring compliance with the best practices of corporate governance, investigating any violations thereof, and ensuring coordination between internal and external auditors are also the main responsibilities of the Audit Committee.

In carrying out its duties, the Audit Committee has the authority to discuss any issue within its remit directly with the management, internal auditors or external auditors, and may obtain outside legal or professional advice on the matter, if deemed necessary. The Audit Committee comprises three members, of whom two are Non-Executive Directors. The Chairman of the Committee is an Independent Director and the Head of Internal Audit acts as the Secretary to the Committee. The Chief Financial Officer and representatives of internal auditors attend Audit Committee meetings by invitation.

The Audit Committee meets at least four times a year. At least once a year, it meets external auditors independent of the CFO and the internal auditors.

Human Resource and Remuneration Committee

The Human Resource and Remuneration Committee is a Sub-Committee of the Board and is responsible for reviewing and recommending the selection, evaluation and compensation of the Chief Executive, the Executive Management Team, and the Head of Internal Audit.

Additionally, it also reviews and recommends HR management policies and the succession planning process for the position of the Chief Executive and his direct reports.

The Committee also takes into consideration the recommendations of the Chief Executive on such matters as key management positions and who reports directly to the CE, and obtains approval on such recommendations from the Board.

The Committee comprises five members; three Non-Executive Directors including the Chairman of the Committee, one Executive Director and one independent Director. The General Manager Human Resource acts as the Secretary to the Committee. The Committee meets at least once a year.

Banking Committee

This Committee comprising two Executive Directors and one Independent Director has been constituted to approve matters relating to opening, closing and day-to-day operations of bank accounts. The resolutions passed by the Banking Committee are subsequently ratified by the Board.

Share Transfer Committee

The Share Transfer Committee consists of two Executive and one Non-Executive Director. This Committee approves registration(s), transfers and the transmission of share(s). Resolution(s) passed by the Share(s) Transfer Committee are subsequently placed at Board meetings for ratification.

Management Committees

Executive Management Committee

The Chief Executive is the Chairman of the Executive Management Committee. The Committee comprises all Business and Functional Heads. This Committee meets once a month under the chairmanship of the Chief Executive and is responsible for strategic business planning, decision making and overall management of the Company.

HSE&S Management Committee

The Health, Safety, Environment and Security Committee monitors Companywide practices. It oversees the Health, Safety, Environment and Security functions of the Company and is also responsible for ensuring that all our operations are environment-friendly and compliant with the prevalent regulatory framework.

Succession Planning Forum

This forum is chaired by the Chief Executive and meets periodically to review the Company's succession planning and talent pipeline at all levels. This forum is supported by the following capability groups:

- Commercial Capability Group
- Technical Capability Group
- HR Capability Group
- Finance and IT Capability Group

Company Information

Board of Directors

Muhammad Sohail Tabba	Chairman (Non-Executive)	Asif Jooma	Chief Executive
Muhammad Ali Tabba	Vice Chairman (Non-Executive)	Khawaja Iqbal Hassan	Independent
Jawed Yunus Tabba	Non-Executive	M Abid Ganatra	Executive
Amina A Aziz Bawany	Non-Executive	Kamal A Chinoy	Independent

Audit Committee

Khawaja Iqbal Hassan	Chairman
Muhammad Ali Tabba	Member
Jawed Yunus Tabba	Member

HR & Remuneration Committee

Muhammad Ali Tabba	Chairman
Muhammad Sohail Tabba	Member
Jawed Yunus Tabba	Member
Asif Jooma	Member
Khawaja Iqbal Hassan	Member

Chief Financial Officer

M Abid Ganatra

Company Secretary

Saima Kamila Khan

Head of Internal Audit

Muhammad Ali Mirza

Executive Management Team

Asif Jooma	Chief Executive
Arshaduddin Ahmed	General Manager, Chemicals Business
Fathema Zuberi	General Manager, Human Resources
M Abid Ganatra	Chief Financial Officer
M A Samie Cashmiri	Vice President Life Sciences & Strategy
Saima Kamila Khan	General Counsel, Company Secretary and Head of Corporate Communications & Public Affairs
Suhail Aslam Khan	Vice President, Polyester & Soda Ash Businesses
Matin Amjad	General Manager, Pharmaceuticals

Bankers

Allied Bank Limited
Askari Bank Limited
Bank Al Habib Limited
Bank Alfalah Limited
Citibank N.A.
Deutsche Bank AG
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
HSBC Bank Middle East Limited
HSBC Bank Oman S.A.O.G.
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
NIB Bank Limited

Samba Bank Limited
Standard Chartered Bank (Pakistan)
Limited
United Bank Limited

Auditors

Internal Auditors
KPMG Taseer Hadi & Co.,
Chartered Accountants

External Auditors
Ernst & Young Ford Rhodes Sidat
Hyder & Co.,
Chartered Accountants

Registered Office

ICI House, 5 West Wharf,
Karachi-74000
Tel: 111-100-200, (021) 32313717-22
Fax: 32311739
Website: www.ici.com.pk

Shares Registrar

FAMCO Associates (Pvt) Ltd.
8-F, Next to Hotel Faran, Nursery,
Block-6, P.E.C.H.S. Shahrah-e-Faisal,
Karachi.
www.famco.com.pk
Tel: (021) 34380101-2,
Fax: (021) 34380106

Our Board of Directors



Muhammad Sohail Tabba
Chairman

Muhammad Sohail Tabba is a leading businessman in Pakistan with vast experience in the manufacturing, energy, real estate and cement sectors gained during an illustrious career spanning over two decades.

His association with the Yunus Brothers Group (YBG), one of the largest export houses of Pakistan, has successfully transformed the group's textile concerns into leading global players. These concerns include such names as Gadoon Textile Mills Limited and Lucky Knits Private Limited, where he serves as Chief Executive, and Yunus Textile Mills Limited and Lucky Textile Mills Limited where he serves as a Director on the Board.

Muhammad Sohail Tabba is also the Chief Executive of Lucky Energy Private Limited and Yunus Energy Limited in addition to Lucky One Private Limited. He is the Chairman of Lucky Paragon Readymix Concrete and a Director on the Board of Lucky Cement Limited – Pakistan's leading cement manufacturer and exporter.

Mr Tabba was appointed as a Non-Executive Director on the Board of ICI Pakistan Limited on December 28, 2012, and appointed as the Chairman of the Board of Directors of ICI Pakistan Limited on April 29, 2014.

Mr Tabba's philanthropic and social engagements include being the founding member of the Child Life Foundation and the Italian Development Council. He also serves as a Director for the Tabba Heart Institute and the Aziz Tabba Foundation. He has also previously served on the Board of Governors at Hamdard University Pakistan.



Muhammad Ali Tabba
Vice Chairman

Appointed as Vice Chairman of ICI Pakistan Limited on December 28, 2012, Muhammad Ali Tabba has been Chief Executive of Lucky Cement Limited since 2005, succeeding his late father. He started his career as a Director with the Yunus Brothers Group (YBG) in 1991 and has since successfully reformed and expanded the companies he heads within the Group. He also serves as the Chief Executive of Yunus Textile Mills Limited, a leading name in the home textiles industry with subsidiaries in the US, Europe, Canada and France.

Mr Muhammad Ali Tabba is a distinguished leader and serves as a Board Member of the Trade Development Authority of Pakistan, the premier trade organisation of the country, which operates under the Federal Ministry of Commerce. He is also a Trustee of the Fellowship Fund for Pakistan (FFFP) which sponsors and sends one top Pakistani scholar annually to the Woodrow Wilson International Centre for Scholars, a Washington D.C.-based think-tank. In addition to these important roles, Mr Tabba is also on the Board of the Pakistan Business Council (PBC), a business advocacy forum comprising leading private-sector businesses. He has been nominated to the Board of the Pakistan-India Joint Business Council (PIJBC), which promotes trade between the two countries. Mr Tabba is also the Chairman of the All Pakistan Cement Manufacturers Association (APCMA), a regulatory body of cement manufacturers in Pakistan.

Mr Muhammad Ali Tabba is also a generous philanthropist with extensive engagements in many community welfare projects. He serves on the Board of Governors of numerous renowned universities, institutions and foundations. He is the Vice Chairman of a not-for-profit organisation, the Aziz Tabba Foundation (ATF), that works extensively in the fields of education, health and housing. The Foundation runs a state-of-the-art cardiac hospital, the Tabba Heart Institute and a kidney centre, the Tabba Kidney Institute. ATF's mission is to provide humanitarian and welfare service to the community at large from all over Pakistan.

Recognising his commitment to the social development sector of the country, in 2010, the World Economic Forum (WEF) bestowed the title of Young Global Leader (YGL) on Mr Tabba in recognition of his outstanding services and contributions.



Amina Abdul Aziz Bawany
Non-Executive Director

Appointed as Non-Executive Director on the Board of Directors of ICI Pakistan Limited on December 28, 2012, Amina Abdul Aziz Bawany holds a postgraduate degree in early years education with over ten years' experience in the education sector. She holds a key oversight position within the Yunus Brothers Group (YBG) and possesses a versatile skill set with experience in customer relations and sales, and is known for her attention to detail and excellent communication skills.

She is also on the boards of various charities that successfully raise funds for the medical and educational needs of underprivileged citizens of Pakistan.



Jawed Yunus Tabba
Non-Executive Director

Appointed as Non-Executive Director on the Board of Directors of ICI Pakistan Limited on April 29, 2014, Jawed Yunus Tabba is the Chief Executive of Lucky Textile Mills Limited, which is amongst the top five home textile exporters of Pakistan.

Mr Tabba has rich experience in the textile industry and also manages the real estate project Lucky One, which, once completed, will be the largest retail shopping mall in Karachi. Jawed Yunus Tabba is also involved with the Aziz Tabba Foundation, which is the philanthropic foundation of the Yunus Brothers Group.

Our Board of Directors



Asif Jooma
Chief Executive

Asif Jooma started his career in the corporate sector with ICI Pakistan Limited in 1983 and has over 30 years of extensive experience in senior commercial and leadership roles. Following his early years with ICI Pakistan Limited, and subsequently, Pakistan PTA Limited, Mr Jooma was appointed Managing Director of Abbott Laboratories Pakistan Limited in 2007. After serving there for nearly six years, he returned to ICI Pakistan Limited as Chief Executive in February 2013.

A Bachelor of Arts in Developmental Economics from Boston University, Mr Jooma has previously served as President of the American Business Council, President of the Overseas Investors Chamber of Commerce and Industry, member of the Board of Investment, Government of Pakistan and Chairman of the Pharma Bureau. Mr Jooma serves on the Board of NIB Bank Limited, Systems Limited and is the Chief Executive of NutriCo Pakistan Private Limited. He is on the Board of Governors of the Lahore University of Management Sciences (LUMS) and the Indus Valley School of Art and Architecture (IVSAA), and is also a Trustee of the Duke of Edinburgh's Awards Programme. Mr Jooma has attended Executive Development Programmes at INSEAD and Harvard Business School.



Khawaja Iqbal Hassan
Independent Director

Khawaja Iqbal Hassan was appointed as an Independent Director on the Board of ICI Pakistan Limited on January 18, 2013.

Mr Hassan graduated cum laude from the University of San Francisco in 1980 with majors in Finance and Marketing. He started his career with Citibank N.A. where he held key positions in Saudi Arabia, Turkey and Pakistan. After leaving Citibank in 1994, Mr Hassan co-founded Global Securities Pakistan Limited, a former joint venture firm of UBS and then established NIB Bank Limited which was subsequently majority-acquired by Temasek Holdings of Singapore. He has served as Chief Executive Officer of both institutions.

Mr Hassan is presently a member of the Board of Directors of the State Bank of Pakistan and the Board of Governors of the Karachi Grammar School. He has previously served on the Boards of The Civil Aviation Authority of Pakistan (CAA), Pakistan Steel Mills Limited, Habib Bank Limited, National Fullerton Asset Management Company Limited, Citicorp Investment Bank Pakistan, The Pakistan Fund, Global Securities Pakistan Limited, NIB Bank Limited, The Lahore University of Management Sciences (LUMS), The Central Depository Company of Pakistan Limited and The Pakistan Centre for Philanthropy (PCP).

Mr Hassan is a former Vice Chairman of the Pakistan Bankers' Association and has served as Chairperson, Banking Sector Committee on Reform of Pakistan's Banking Companies Ordinance. He has also been a member of the Prime Minister of Pakistan's Task Forces on Foreign Exchange Reserves Management, Corporate Tax Reform and Capital Markets Reform.

In 2007, Mr Hassan was awarded the Sitara-i-Imtiaz by the Government of Pakistan for his meritorious contribution to national interests.



Kamal A Chinoy
Independent Director

Mr Kamal A Chinoy is Chief Executive of Pakistan Cables Limited. He graduated from the Wharton School, University of Pennsylvania, USA.

He serves on the Board of Directors of ICI Pakistan Limited, International Industries Limited, International Steels Limited, NBP Fullerton Asset Management Limited (NAFA), and Atlas Battery Limited, as well as being Chairman of Jubilee Life Insurance. He is also Honorary Consul General of the Republic of Cyprus.

Mr Kamal Chinoy is a member of the Executive Committee of the International Chamber of Commerce (ICC) Pakistan and Past President of the Management Association of Pakistan (MAP). He also serves on the Board of Governors of Army Burn Hall Institutions.

He has previously served as the Chairman of the Aga Khan Foundation (Pakistan). He has also served as a Director of Pakistan Centre for Philanthropy, Pakistan Security Printing Corporation, Atlas Insurance and First International Investment Bank (an Amex JV). He has also served on the Undergraduate Admissions Committee of the Aga Khan University and the University of Pennsylvania Alumni Committee for Pakistan. He is an advisor to Tharpak, a consortium of international companies interested in developing the Thar coal field.

Mr Chinoy is also a Certified Director, having been certified by the Pakistan Institute of Corporate Governance.



Muhammad Abid Ganatra
Executive Director & CFO

Appointed as a Director on the Board of Directors of ICI Pakistan Limited on December 28, 2012, and as the Chief Financial Officer of the company in April 2013, Mr Abid Ganatra has been associated with the Yunus Brothers Group (YBG) since 1994. He has more than 20 years of diversified experience in senior management positions with an emphasis on financial management, operational management, capital restructuring, mergers and acquisitions, corporate and legal affairs as well as taxation.

Mr Abid Ganatra is a fellow member of the Institute of Chartered Accountants and the Institute of Cost and Management Accountants of Pakistan. He holds a Bachelor's in Law and a Master's in Economics.

Our Executive Management Team

Arshaduddin Ahmed

General Manager
Chemicals

Kanize Fathema Zuberi

General Manager
Human Resources


Muhammad Abid Ganatra

Chief Financial
Officer

Matin Amjad

General Manager
Pharmaceuticals





Saima Kamila Khan
General Counsel,
Company Secretary
& Head of CCPA

Suhail Aslam Khan
Vice President
Polyester & Soda Ash

**M. A. Samie
Cashmiri**
Vice President
Life Sciences &
Strategy

Asif Jooma
Chief Executive

Organisational Structure



Report of the Directors for the year ended June 30, 2016

The Directors are pleased to present their report, together with the audited financial statements of the Company for the year ended June 30, 2016.

Overview

Net Turnover of PKR 36,954 million for the year under review is 1% below net sales for the year ended June 2015, which was recorded at PKR 37,515 million. This is primarily attributable to lower revenues in the Polyester Business, which declined 15% in line with a downward correction of prices across the petrochemical chain.

Net Turnover in the Soda Ash Business grew by 7% on account of higher volumes, while the Life Sciences Business recorded a 13% growth in sales. Chemicals Business sales grew 5% compared to the same period last year (SPLY).

Operating profit for the year at PKR 3,479 million is 14% higher than the SPLY. Improved performances in the Soda Ash, Life Sciences and Chemicals Businesses compensated for the lower operating result in the Polyester Business. Performance

of the Soda Ash Business was mainly driven by higher sales volumes and lower raw material and energy costs as a consequence of lower furnace oil and coal prices.

The new Dense Ash (DA) and Refined Sodium Bicarbonate (RSB) plants, as well as steam and power projects were commissioned successfully during the year, further enhancing the energy mix in the Soda Ash Business.

Earnings per share at PKR 30.78 is 34% higher, compared to PKR 23.02 for the SPLY.

On a consolidated basis (including the result of the Company's wholly owned subsidiary ICI Pakistan PowerGen Limited) Profit after Tax (PAT) for the year at PKR 2,730 million or PKR 29.56 EPS is 20% higher than the SPLY. The Company also completed a further 10% equity participation in NutriCo Pakistan Pvt. Ltd. ("Associate"), bringing its total investment in the Associate to 40%. During the year, the Company recognised PKR 407 million as 'Share of Profit from Associate.'

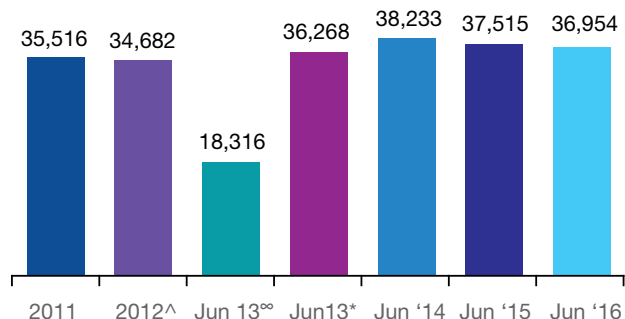
Financial Performance

PKR (m)	June-16	June-15	Increase/ Decrease %age
Turnover	42,689	42,594	0
Net Turnover	36,954	37,515	-1
Gross Profit	6,479	5,790	12
Operating Result	3,479	3,044	14
Profit Before Tax	3,498	2,703	29
Profit After Tax	2,843	2,126	34
Earnings Per Share (PKR)	30.78	23.02	34

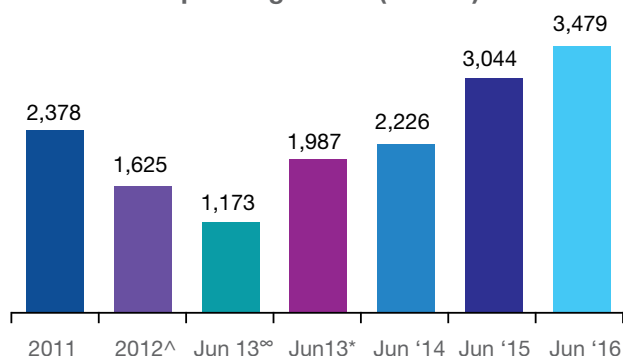
اردو کیلئے آخری صفحات ملاحظہ کریں۔

Six Years Financial Performance at a Glance

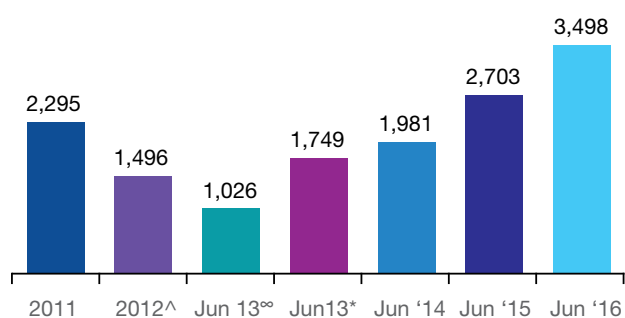
Net Turnover (PKR m)



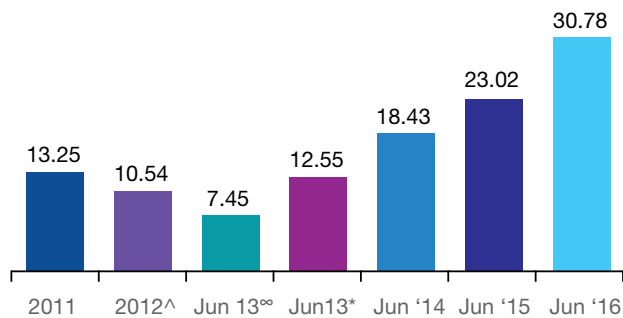
Operating Result (PKR m)



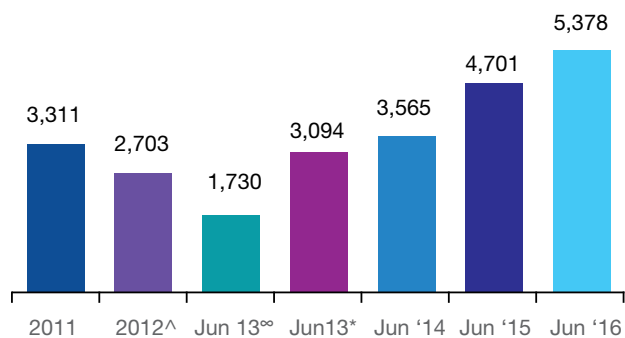
Profit Before Taxation (PKR m)



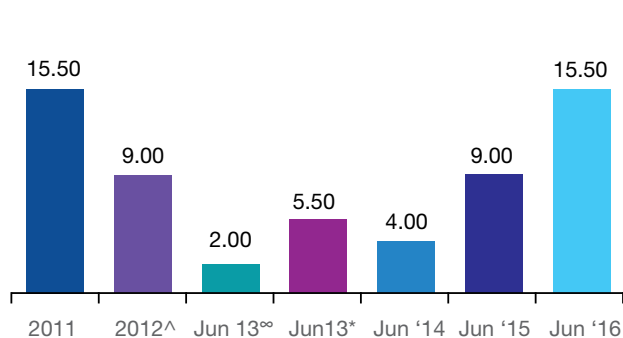
Earnings per Share (PKR)



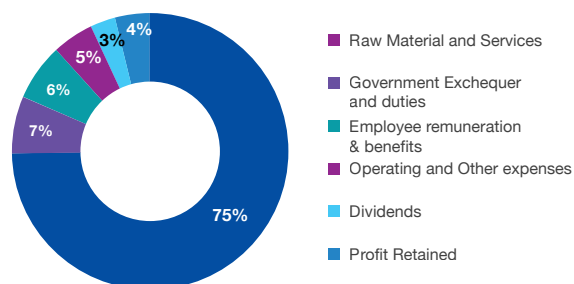
EBITDA (PKR m)



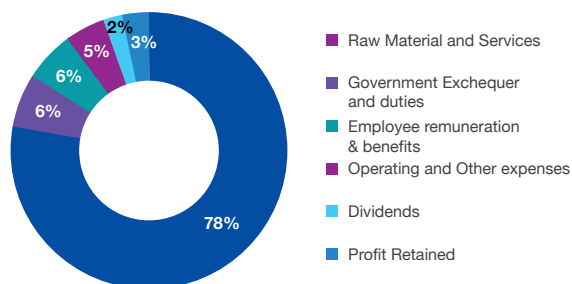
Dividend paid (PKR per Share)



30 June 2016



30 June 2015



^ RESTATED

∞ JUNE 13 CONTAINS RESULTS FOR THE SIX MONTHS PERIOD DUE TO CHANGE IN FISCAL YEAR

* 12 MONTHS PERIOD JUNE 2013

	30 June 2016	%	30 June 2015	%
Net Sales	36,954,437		37,515,328	
Sales Tax	2,945,901		2,602,114	
Net Sales including sales tax	39,900,338	98%	40,117,442	99%
Other operating Income	687,697	2%	293,547	1%
	40,588,035	100%	40,410,989	100%
Raw Material and Services	30,329,577	75%	31,424,651	78%
Government Exchequer and duties	2,733,712	7%	2,494,689	6%
Employee remuneration & benefits	2,636,026	6%	2,413,002	6%
Operating and other expenses	2,045,534	5%	1,952,939	5%
Dividends	1,200,674	3%	831,232	2%
Profit Retained	1,642,512	4%	1,294,476	3%
	40,588,035	100%	40,410,989	100%

Dividend

In view of the Company's earnings, the Board of Directors has recommended the Final Cash Dividend in respect of the financial year ended June 30, 2016, at the rate of 90 % i.e. PKR 9 /- per share of PKR 10/- each, subject to the approval of the Shareholders at the forthcoming Annual General Meeting. This, including the interim dividend of PKR 6.5/- per share already paid, makes a total dividend of PKR 15.5 /- per share.

Health, Safety, Environment and Security (HSE&S)

The Company continued to demonstrate its unwavering commitment to HSE&S, completing the year without a single reportable injury. No occupational illness was reported on account of compliance with the Company's various health assessment and work environment monitoring programmes. There was also a reduction of 4.8% in the total illness absence rate of employees as compared to last year. A sharper focus on operational discipline, and strict adherence to the Company's Health, Safety, Environment and Security Management system, was supported by management focus through the Behaviour-Based Safety (BBS) programme. This is a clear indicator of our resolve to maintain HSE&S as a core priority.

The HSE&S performance of Businesses continues to improve as the Polyester, Soda Ash, Life Sciences and Chemicals Businesses respectively achieved 7.98, 7.93, 1.40 and 5.06 million man-hours without reportable injury for employees and supervised contractors. Additionally, there were no reportable injuries to independent contractors.

The HSE&S Management Audit process, which commenced with audits of all manufacturing sites and locations last year across the Company, was completed during the year. Based on the auditors' findings and recommendations, the

Businesses and Locations are preparing their 2016-17 HSE&S improvement plans, in order to further improve their HSE&S performance.

The HSE&S Management Committee, Corporate Crisis Management Team and Sustainability Council were reconstituted following organisational changes. ICI Pakistan Limited's Corporate Engineering Procedures were issued last year, with the Businesses aligning their local engineering procedures with the corporate version. In 2015-16, the Company's focus remained on energy conservation, waste reduction and Operational Eco Efficiency (OEE) footprint reduction, through the implementation of sustainability plans in all Businesses.

Based on feedback from users, EPM and Learning Event databases, which were updated through SharePoint, have been improved and effectively maintained to address the intended purpose and upcoming requirements, in collaboration with Corporate IT.

On account of recent development projects across the Company that include in-house steam, power and heating systems, there has been an increase in air emissions, waste, water withdrawal and energy consumption compared to set targets. However, all manufacturing sites have reported compliance with the National Regulations for liquid and air emissions.

A detailed report on HSE&S performance and development in 2015-16 is available on page 42 of the Annual Report.

Corporate Social Responsibility (CSR)

The CSR activities of ICI Pakistan Limited are managed through the ICI Pakistan Foundation, a registered trust run and managed by the Foundation's Board of Trustees. Additionally, numerous community activities are carried out directly by the Company itself.



Umar Mushtaq (Works Manager) shaking hands with the Winnington School cricket team

The Foundation's philosophy places primary focus on four main areas: education, health, community and environment, while also supporting civic development through investment in community projects, disaster relief and rehabilitation activities. This year, the ICI Pakistan Foundation formally incorporated all its CSR initiatives under the umbrella of the Hamqadam Programme, which is further subdivided into the following areas:

Education (Ilm-o-Hunar)

Vocational Training

Electrical Wireman Courses Following three successful batches of the Household Electrical Wireman Course at our Polyester plant for Sheikhpura community youths, this year, the ICI Pakistan Foundation upgraded the programme to a three-phase Industrial Electrical Wireman Course. Fifteen students have been registered in the course, which is being run in accordance with the TEVTA, Punjab curriculum.

An Electrical Wireman short course was also initiated in the community of Lyari, Karachi, located near the ICI Pakistan Limited Head Office. Operated in partnership with the Abdullah Haroon Vocational Training Centre, Lyari, this course aims to improve employability for the youth of Lyari. Twenty-four students are registered thus far.

Ladies' Welfare Centre Funds for the construction of a new facility for the Ladies' Welfare Centre in Khewra were provided. Originally established in 1970 to empower community women through vocational training, the Centre's classes impart marketable skills such as stitching, knitting, embroidery and cooking to girls and women from the Khewra community. To date, 1,200 students have received vocational training. The new, expanded facility will allow greater numbers of women to benefit from vocational training.

Computer Skills and Language MS Office and English Language classes were initiated at the Abdullah Haroon Vocational Training Centre, Lyari, in collaboration with Literate Pakistan. By equipping young people from Lyari with computer literacy and fundamental English language skills, we hope to open doors to gainful employment and higher learning. Over 200 boys and girls have registered (150 girls and 70 boys) in the three-month course.



The Chemicals team executes its annual plant shutdown

Adult Literacy

The second session of the Adult Literacy Programme, held in collaboration with Literate Pakistan's Jugnoo Sabaq, commenced in May 2016 at the Kakapir Village, Sandspit, Karachi. Currently, 20 female students are enrolled.

Primary Education Support

The ICI Pakistan Foundation has supported the Kakapir Village community school for over a decade. Currently, over 243 boys and girls are enrolled at the school, and the impact of our engagement with the community can be seen in the increased awareness of the importance of education that led to demand for adult literacy classes.

The Foundation also continued its support of the Government Boys and Girls Primary School, Tibbi Hariya, Sheikhpura.

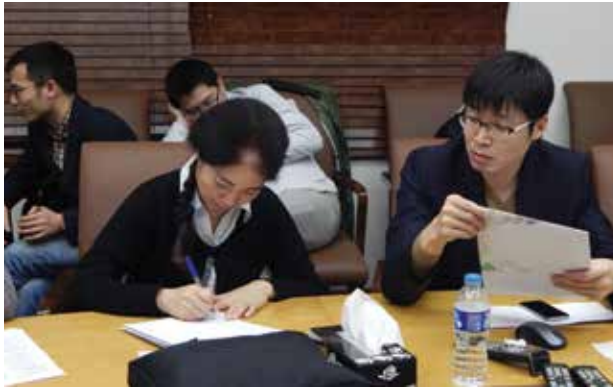
Higher Education Support

Murshid Hospital School of Nursing upgrade As part of an ongoing focus on empowering women with education and improved career opportunities, the Foundation provided funds to upgrade Murshid Hospital's School of Nursing in Karachi to college level. Funds will be utilised to purchase books and equipment for a skills lab. Currently, 148 students, mostly women, are enrolled in the three-year diploma programme. Post upgrade, the school will offer a four-year degree programme for nursing students.

Pakistan Agricultural Coalition In addition, the Foundation continues to contribute funds to the Pakistan Agricultural Coalition, Lahore, to set up an agricultural technical institute.

Health (Zindagi Sehat Kay Saath)

Hamqadam Community Clinic The Foundation provided funds to set up a Hamqadam Community Clinic at Khewra. As Khewra is a remote area, the availability of female doctors has been an area of concern. The Clinic is being run and managed by the Marie Adelaide Leprosy Centre (MALC), Karachi, and supervised by a lady doctor, a midwife/lady health visitor and other staff, especially to cater to mother-and-child healthcare issues, particularly pregnancy-related concerns. The Foundation also donated a state-of-the-art ambulance to the clinic for community use.



Delegates from the China Tianchen Engineering Corporation assisting in the Khewra Expansion project

Eye Care Programme Our longstanding eye care programme celebrated its silver jubilee this year, marking 25 years of successful eye care interventions. Held in collaboration with the Layton Rahmatullah Benevolent Trust (LRBT), the programme has benefitted deserving patients from the Khewra region and beyond. From July 2015 to June 2016, ten eye clinics were held, during which period 4,422 OPDs, 740 major/minor surgeries and 3,287 refractions were performed.

Child Life Foundation The Foundation completed its first year of a three-year pledge made to the Child Life Foundation, which operates and manages the Paediatric Emergency ward in Civil and Jinnah Hospitals, Karachi, treating one child every minute.

Livestock

A livestock wellbeing programme was started for dairy farmers, introducing the 'Cattle Crush,' which is the name given to an especially manufactured cage or pen that restrains animals safely for the duration of veterinary procedures. This safe restraining method prevents injury to both, veterinary staff/handlers and animals themselves. A total of 25 units are being installed in remote areas across Pakistan, particularly in the KPK and Potohar region.

Community

Independence Day with paediatric patients Company volunteers arranged Independence Day celebrations for paediatric patients at Karachi's Civil Hospital and National Institute of Cardiovascular Diseases (NICVD) under the banner of our Hamqadam programme. Young patients participated enthusiastically in this fun-filled activity, and the management teams at both public sector facilities were highly appreciative of the effort.

Sustainability awareness at SOS Village Volunteers engaged with children to educate them on recycling and reusing everyday household materials. Over 150 children participated in this activity, eagerly embracing the concept of minimising waste and finding new uses for discarded objects, producing remarkably creative objects out of simple items.

Environment (Saaf Mahol – Taaza Hawa)

Allama Iqbal Municipal Park The Foundation renovated the Allama Iqbal Municipal Park at Pind Dadan Khan, Khewra. Besides landscaping and tree plantation, the park also



The Animal Health Division team celebrating World Environment Day 2016 by planting trees

features playground equipment for the community's children.

Tree plantation Earth Day and World Environment Day were celebrated with tree plantation drives at Khewra; Sheikhpura; Life Sciences' Multan Road facility, Lahore; and in Lyari, Karachi. Over 1,000 saplings were planted in total.

Biodegradable envelopes We continue to utilise biodegradable envelopes (as opposed to regular paper envelopes) to mail the Company's annual reports to its stakeholders. This initiative helped save: 27 trees; 4.86 cubic yards of landfill space; 3.2 barrels of oil; 11,340 gallons of water; and 6,642 kilowatt hours of electricity.

Energy conservation To create awareness for the conservation and protection of natural resources, the Company participated in international Earth Hour by switching off unnecessary lights at all our sites at the designated time.

A detailed report on CSR performance in 2015-16 is available on page 46 of the Annual Report.

Human Resources

With a passionate team of over 1300, the Company continues to make people its focal point by promoting a culture of high performance, learning, trust and openness to deliver its brand promise of Cultivating Growth.

At ICI Pakistan Limited, we strongly believe that success comes when employees are engaged and aligned with the Company's vision, and when they feel valued and heard. In line with this belief, ICI Pakistan Limited partnered with Gallup to conduct the 'IMPOWER employee engagement survey. With a stellar performance across all businesses and functions, the engagement score for ICI Pakistan Limited stands at 4.16 on a five-point scale. This score reflects an impressive increase of 0.29 points from last year's score of 3.87 and is well ahead of Gallup's recommended trajectory score. In terms of percentile, this score places the Company at the 58th percentile compared with other companies in the Gallup Global Database, as opposed to the 35th percentile last year.



Polyester Business teamed up with Alif Laila, an NGO, to celebrate reading day at Tibbi Hariya School

In line with the ambition to be recognised as a company which offers its people the opportunity for ongoing learning, development and growth, talent movement remained a strategic priority for the Company with 14% movement across businesses and functions, providing our employees exposure to diverse roles across the Company.

To accelerate capability building, the Leadership Development Roadmap was launched, providing a structured and integrated talent development framework for ICI Pakistan Limited. This roadmap focuses on developing leadership capabilities at each level in the organisation, offering employees the unique opportunity to not only grow in their existing roles, but more importantly, to achieve their ongoing career aspirations.

Through 10 customised training modules, executive coaching sessions and Learning Projects, more than 540 managers so far have been part of this development journey.

To build better understanding of our managers on their HR role as line managers, a two day workshop, 'HR for Non-HR Managers,' was launched this year and was attended by 85 people managers. The Core Development Programme for engineers was relaunched with the help of both internal and external faculty, while functional and managerial trainings progressed as per the training need assessment. This year, a total of 27,448 man-hours were invested in employee training, focusing on functional and leadership development.

The Company continued to strengthen its talent pipeline by recruiting fresh graduates in the commercial, finance and technical streams through structured Trainee Programmes. Twenty-five graduates were recruited during the year following a comprehensive selection process from reputable institutes, whereas 195 experienced professionals joined the Company laterally.

The Performance and Development Discussion (P&DD) process continues to be an essential tool for providing regular and candid feedback to managers in addition to aligning their performance and development with Company strategy. The P&DD process was concluded as per guidelines, ensuring that employees continue to benefit from clear and credible assessment systems.

On International Women's Day this year, the Company launched 'iMPACT, a gender diversity forum, with a pledge to



The Animal Health Division demonstrates safe animal handling techniques to livestock farmers and veterinary care providers

increase our female workforce from 5% today to 10% by 2018 through focused gender supportive initiatives.

A detailed report on Human Resources for 2015-16 is available on page 38 of the Annual Report.

Risk Management Framework

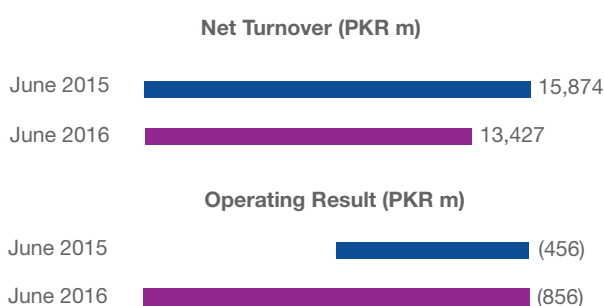
The Board has the overall responsibility of overseeing the risk management processes, which include both risk management and internal control procedures. The Company's processes, which are documented and regularly reviewed, are designed to safeguard assets and address risks that the Businesses might face or that may impact business continuity. These are, in turn, reported to the Board and senior management for timely action where required to ensure uninterrupted operations.

The Company maintains a clear organisational structure with a well-defined chain of authority. Senior management is responsible for implementing procedures, monitoring risk and assessing the effectiveness of various controls.

During the year, the Board approved a robust Enterprise Risk Management (ERM) framework which is integrated within the organisation to help address risks in a timely fashion. The model is based on comprehensive, interactive and management-oriented systems and processes. These enable early identification, evaluation and assessment and appropriate responses to risks that could materially affect the achievement of strategic, operational, financial and/or compliance objectives.

A detailed report on the risk management philosophy, key risks and tools used by the Company is available on page 56 of the Annual Report.

Polyester Staple Fibre Business (PSF)





Samie Cashmiri (VP Life Sciences & Strategy) addresses his team during their mission and vision roll-out

The current financial year continued to be challenging for the entire petrochemical chain mainly due to a slump in crude oil prices. Weak global demand coupled with OPEC members' inability to agree on production cuts further exacerbated the situation. This resulted in PTA & MEG prices falling by 20% and 25%, respectively, compared to the previous period.

The regional bearish price trend impacted domestic PSF margins, which were further squeezed due to aggressive domestic pricing coupled with dumping of PSF from China. The imposition of an anti-dumping duty of 3%-11% in the third quarter of 2015-16 for a period of 5 years on all Chinese PSF exporters, and the increase in net protection rate (NEP) to 4.5% for the domestic PSF industry (post Federal Budget 2016-17) are expected to provide much-needed support to domestic PSF prices.

In line with the Company's values, the Business continued to focus on its customers, successfully launching Black Fibre during the year. Optimal levels of production were achieved to meet customer demand, with production and sales volume both increasing by 3% over the SPLY. This increase in volume partially offset the 18% drop in PSF revenues (due to a decrease in selling price) and resulted in an overall decrease in net turnover of 15% over last year.

The commissioning of the in-house steam and power project eased the energy cost burden by replacing expensive alternate fuel with coal for electricity and steam generation. This change in the fuel mix, along with a decrease in fuel prices, curtailed energy costs by 22%. However, these savings were offset by weak unit margins; thereby increasing the Business's operating loss by 88% over the SPLY.

Going forward, prices in the petrochemical chain are expected to continue their search for a new equilibrium, in light of Brexit consequences and major producers' decisions on production cutbacks. On the domestic front, market sentiment will greatly depend on the continuous provision of cheaper energy to the textile industry along with consistent policy implementation by the Government. With the imposition of ADD on Chinese imports and increase in NEP, domestic margins are expected to show some recovery.



ICI Pakistan Limited holds corporate briefing at the Karachi Stock Exchange, now the Pakistan Stock Exchange

Soda Ash Business

Net Turnover (PKR m)

June 2015	10,135
June 2016	10,841

Operating Result (PKR m)

June 2015	2,288
June 2016	2,856

Net turnover for the year remained higher by 7% mainly on the back of higher sales volumes in the domestic market. The Soda Ash market grew by 8% over SPLY due to better performance of the silicate, glass, bazaar and detergent segments.

Growth in the glass segment was driven by increased construction activity and demand for carbonated drinks, which in turn led previously closed producers to restart their operations. Prices of Caustic Soda have stabilised which bodes well for demand from the paper segment. The silicate segment saw modest growth rates despite declining demand for laundry soap and gas curtailment. Demand for Sodium Bicarbonate was strong, absorbing the increase in domestic production.

Operating result for the year remained 25% higher than the SPLY. Higher production and sales volumes, along with a favourable energy mix and lower energy and imported raw material prices, were key contributors to this higher profitability.

Strong focus on improving reliability and production capability resulted in achieving highest ever production volume of 340,803 tons for the year, which remained higher by 10% compared to the SPLY.

In line with its growth aspiration, the Business continues to invest heavily in a number of projects. Of these projects, the new Dense Ash (DA) and Refined Sodium Bicarbonate (RSB) plants were commissioned successfully during the year. Two new power and steam generation projects were commissioned in the fourth quarter of the year. However, the 18MW steam turbine is in the final completion phase and it is expected that it will be available in first quarter of the new fiscal year.



Fathema Zuberi (GM HR) at the launch ceremony of the 'iMPACT initiative

Further, the Business has also launched the 75 KTPA Soda Ash expansion project, with work currently progressing as per plan.

The Business will continue its efforts to grow its market share in the domestic market while exploring new export opportunities through continued capacity additions. The new 14 KTPA Refined Sodium Bicarbonate plant is expected to add value to the top and bottom line and further strengthen the Business's foothold in the domestic market.

Pricing pressure from overseas manufacturers, along with significant capacity additions in Turkey, remain a cause for concern going forward.

Life Sciences Business

Net Turnover (PKR m)



Operating Result (PKR m)



The Life Sciences Business achieved an operating result of PKR 1,016 million for the year ended June 30, 2016, which is 16% above the SPLY. The Business delivered net turnover of PKR 8,710 million with all divisions posting their highest ever annual net turnover. The Animal Health and Agri Divisions posted double digit sales growth with net turnover of all segments posting higher net turnover compared to the SPLY.

ICI Pakistan Limited received the Provisional Certificate for Enlistment as a manufacturer from DRAP for its Nutraceutical facility, which is a major milestone for the Pharmaceuticals Division. The Business leveraged this new facility by entering into tolling agreements with other pharmaceuticals companies.

The Animal Health Division entered into the bovine genetics business during the year, partnering with Cogent International, a leading bovine genetics firm and a pioneer in sexed semen.



Volunteers from the Company held Independence Day celebrations at the National Institute of Cardiovascular Diseases

The Agri Division performed strongly in the Agrochemicals and Vegetable Seeds segments despite a challenging year in the agriculture sector. Through new products and demand generation-focused activities, the Division has established itself as a credible player in the market.

The future outlook of the Business remains positive as it continues to strengthen its existing portfolio and launch new products across all Divisions, while continuing to explore opportunities for organic and inorganic growth.

Chemicals Business

Net Turnover (PKR m)



Operating Result (PKR m)



Net turnover for the year at PKR 3,981 million is higher by 5% compared to the SPLY, primarily due to higher net turnover in all three Divisions, i.e., Specialty Chemicals (SC), Polyurethanes (PU) and General Chemicals (GC). Operating result for the year at PKR 462 million is 39% higher than the SPLY primarily due to better performance in SC & PU Divisions. Improved profitability was mainly driven by addition of new customers, increase in sales volumes and cost efficiencies.

The future outlook of the Business remains positive as it intends to remain committed to fulfilling customer needs, launching new products, increasing market share and bringing in further cost efficiencies.

Finance

The Company's balance sheet on June 30, 2016, remains on a strong footing, maintaining a current ratio of 1.15 (2015: 1.02) and quick ratio of 0.55 (2015: 0.49).

Net Turnover at PKR 36,954 million is 1% lower than the SPLY, mainly attributable to lower sales revenue in the Polyester Business; however, this deficit was partially offset by higher revenues in the Soda Ash, Life Sciences and Chemicals Businesses.

Gross profit for the year is 12% higher than the SPLY. This is principally due to increased volumes and an overall reduction in the cost of sales attributable to successful operation of energy projects, coupled with reduction in furnace oil, coal and raw material prices.

Sales and Distribution expenses for the year are 19% higher than the SPLY, essentially due to increased staff costs, higher advertising and publicity expenses and outward freight in line with the Businesses' growth. Administration and general expenses for the year were 9% lower than the SPLY.

Long term loans and short-term financing facilities were availed by the Company from various banks to manage capital expenditure and working capital funding requirements, however as a result of a reduction in interest rates and keen negotiations with banks, finance costs for the year are 5% lower compared to the SPLY. Other operating income is 134% higher than SPLY, primarily due to the dividend income from Associate and Subsidiary Company during the current year.

Tax charge is lower, primarily due to the increased tax credit on investment in plant and machinery, along with higher proportion of dividend in profits.

Profit after Tax (PAT) amounting to PKR 2,843 million is 34% higher than the SPLY.

Earnings per share of PKR 30.78 for the year is 34% higher than the SPLY.

Future Outlook

Going forward, demand generation on account of the China Pakistan Economic Corridor (CPEC) projects; relative political stability; lower inflation and reduced interest rates, coupled with expected improvement in energy availability following the reduction in oil prices; and the influx of LNG, combine to create an atmosphere for investment growth in the country. This will also encourage private sector investors to expand their businesses and maximise capacity utilisation.

Crude oil markets continue to search for a new equilibrium due to which the prices are expected to remain unpredictable. The operation of the steam and power project in the Polyester Business has eased the energy cost burden; however, declining margins are likely to keep the Business under pressure. In the Soda Ash Business, capacity expansion projects shall further improve the Business's performance in the future. The outlook for the Life Sciences and Chemicals Businesses also remains positive. The Company remains focused on fulfilling customer needs, energy conservation and

launching new products and cost reduction initiatives, as well as strengthening relationships with existing customers and suppliers, while exploring opportunities for both organic and inorganic growth.

Acknowledgment

The results of the Company are a reflection of the unrelenting commitment and contribution of its people and the trust placed in the Company by its customers, suppliers, service providers and shareholders.

Auditors

The present auditors M/s EY Ford Rhodes, Chartered Accountants retired and being eligible, have offered themselves for reappointment for the new financial year.

As recommended by the Audit Committee, the Board has approved the proposal to appoint M/s EY Ford Rhodes, Chartered Accountants as the statutory auditors of the Company, subject to the approval of the Shareholders at the forthcoming Annual General Meeting of the Company.

Compliance with the Code of Corporate Governance

As required under the Code of Corporate Governance incorporated in the Listing Rules of the Stock Exchange in the country, the Directors are pleased to state as follows:

- The financial statements prepared by the management of the Company present fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any deviation from these has been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance as detailed in the Listing Regulations.
- Key operating and financial data for the last 10 years is summarised on page 20.
- Outstanding taxes and levies are given in the Notes to the Financial Statements.
- The management of the Company is committed to good corporate governance, and appropriate steps are taken to comply with best practices.

Investment in Retirement Benefits

The value of net assets available for benefits in respect of staff retirement funds operated by the trustees of the funds as per their financial statements (audited) on June 30, 2015 were as follows:

	30-Jun-15 Value (PKR '000)	30-Jun-14 Value (PKR '000)
1 ICI Pakistan Management Staff Pension Fund	1,249,597	1,265,813
2 ICI Pakistan Management Staff Gratuity Fund	427,507	364,442
3 ICI Pakistan Management Staff Defined Contribution Superannuation Fund	531,243	436,660
4 ICI Pakistan Management Staff Provident Fund	1,012,617	906,841
5 ICI Pakistan Non-Management Staff Provident Fund	404,870	385,421

Directors' Attendance

During the period under review, six (06) Board meetings, four (04) Audit Committee meetings and two (02) Human Resource Remuneration Committee (HR&RC) meetings were held. Attendance by each Director/Member/CFO/Company Secretary of the respective Board/Sub-Committees was as follows:

Name of Director & Secretary	Board of Directors Meetings	Audit Committee Meetings	HR & Remunerations Committee Meetings
Mr Muhammad Sohail Tabba	5	-	2
Mr Muhammad Ali Tabba	6	3	2
Mr Jawed Yunus Tabba	5	3	1
Mrs Amina A Aziz Bawany	2	-	-
Mr Asif Jooma	6	-	1
Mr Khawaja Iqbal Hassan	6	4	2
Mr. Muhammad Abid Ganatra Director & CFO	6	4	-
Mr Kamal A Chinoy	4	-	-
Ms Saima Kamila Khan Company Secretary	6	-	-
Ms Fathema Zuberi Secretary to HR&RC	-	-	2
Mr Muhammad Ali Mirza Secretary to the BAC	-	4	-



Muhammad Sohail Tabba
Chairman

Dated: August 30, 2016
Karachi

Directors' Training

The majority of the Board members have the prescribed qualification and experience required for exemption from training programmes of Directors pursuant to the clause 5.19.7, of the Code of Corporate Governance ("CCG") (Chapter 5 of the PSX Rule Book). All the Directors are fully conversant with their duties and responsibilities as Directors of corporate bodies. The Board had arranged an orientation course of the CCG for its Directors in the previous years to apprise them of their roles and responsibilities.

Pattern of Shareholding

A statement showing the pattern of shareholding in the Company along with additional information as at June 30, 2016, appears on page numbers F 50 to F 52.

As at June 30, 2016, Lucky Holdings Limited together with Gadoon Textile Mills Limited and Lucky Textile Mills Limited held 86.68% shares, while institutions held 8.25%, and individuals and others held the balance 5.07%.

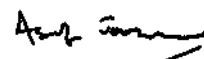
The highest and lowest market prices of ICI Pakistan Limited's shares during 2015-16 were as follows:

Highest	17 August 2015	566.94/-
Lowest	21 March 2016	410.00/-

During the year Mr. Kamal A Chinoy, Director, purchased 10,500 shares of the Company and 4 shares were inherited by him. The requisite returns in this respect were filed with the regulatory authorities in addition to informing the Board and the Stock Exchange of the said transaction as required under the CCG. Other than these, the Directors, CEO, CFO, Company Secretary and their spouses and minor children did not carry out any transaction in the shares of the Company during the financial year.

Group Financial Statements

The audited financial statements of the ICI Group for the year ended June 30, 2016 are attached. The ICI Pakistan Group comprises of ICI Pakistan Limited and ICI Pakistan PowerGen Limited, a wholly owned subsidiary.



Asif Jooma
Chief Executive

Statement of Compliance with the Code of Corporate Governance for the year ended June 30, 2016

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in clause no 5.19 of the Rule Book of the Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the CCG in the following manner:

1. The Company encourages representation of independent, non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes:

Category	Names
Independent Director	Mr. Khawaja Iqbal Hassan Mr. Kamal A Chinoy
Executive Director	Mr. Asif Jooma Mr. Muhammad Abid Ganatra
Non-Executive Director	Mr. Muhammad Sohail Tabba Mr. Muhammad Ali Tabba Mr. Jawed Yunus Tabba Mrs. Amina A Aziz Bawany

The independent director meets the criteria of independence under clause 5.19.i (b) of the CCG.

2. The Directors have confirmed that none of them is serving as a director for more than seven listed companies, including ICI Pakistan Limited.
3. All the resident directors of the Company are registered taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred on the Board during the year.
5. The Company has prepared a 'Code of Conduct' and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedure besides being placed on the Company's website.
6. The Board has developed a vision statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

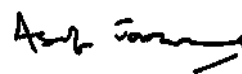
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive and non-executive Directors, have been taken by the Board.
8. During the year, six Board meetings were held which were all presided over by the Chairman and in his absence, by the Vice Chairman of the Board. Written notices of the all Board Meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. All the Board members have the prescribed education, experience and are fully conversant with their duties and responsibilities required under the Code of Corporate Governance. The Board is compliant with the training requirement and the criteria as prescribed in the CCG.
10. No new appointments of the Chief Financial Officer, Company Secretary and Head of Internal Audit were made during the year.
11. The Directors' report has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by the CEO and CFO before approval of the Board.
13. The Directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the CCG
15. The Board has an Audit Committee which has been in existence since 1992. It comprises of three members, of whom two are non-executive directors and the Chairman of the Committee is an independent director.
16. The meetings of the Audit Committee were held at least once every quarter prior to approval of financial results of the Company and as required by the CCG. The terms of reference of the Committee have been formed and advised to the Committee for compliance.
17. The Board has formed an HR & Remuneration Committee which has also been in operation since 1997. It comprises of five members, of whom three are non-executive directors including the Chairman of the Committee.
18. The Board has outsourced the internal audit function to M/s KPMG Taseer Hadi & Co. Chartered Accountants, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company. They are involved in the

internal audit function on a full time basis. The Head of Internal Audit coordinates with the Internal Auditors and reports directly to the Board Audit Committee.

19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan (ICAP) that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/ final results, and business decisions, which may materially affect the market price of the Company's securities, was determined and intimated to Directors, CEO, CFO, Head of Internal Audit, other Executives and stock exchange. ('Executive' as determined by the Board is an employee of the Company who is drawing a basic salary of Rs. 2.4 million or more in a year).
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
23. The Company has complied with the requirements of Access to insider information Regulation 2016.
24. We confirm that all other material principles contained in the CCG have been complied with



Muhammad Sohail Tabba
Chairman



Asif Jooma
Chief Executive

August 30, 2016
Karachi

Review Report

To the Members on Statement of Compliance with the Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of ICI Pakistan Limited (the Company) for the year ended 30 June 2016 to comply with the requirements of, Rule Book of Pakistan Stock Exchange Limited Chapter 5, Clause 5.19.23(b) of the Code of Corporate Governance, where the company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for

their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended 30 June 2016.



E&Y Ford Rhodes
Chartered Accountants

Date: 30 August, 2016
Karachi



Business Performance

RACING TOWARDS OUR GOALS

We hurtle towards our goals and targets with extraordinary speed because our direction is clear and we are confident we have the right teams and resources to carry us there.

This section outlines the performance and growth of ICI Pakistan Limited's four Businesses in 2015-16.





SODA ASH

When one considers the evolution of this iconic Business over the decades, what emerges is a truly remarkable story. On August 14, 1944, when the first 20 tons of soda ash were manufactured and packed, the plant's capacity was 18 kilotons per annum (KTPA). Today the Business stands at a capacity of 350 KTPA with the aim of expanding further to 500 KTPA. Few businesses in Pakistan have such a longstanding record of consistently delivering results throughout the years.

The Soda Ash Business of ICI Pakistan Limited produces soda ash and sodium bicarbonate. Soda ash is an inorganic chemical compound produced via the Solvay process, with rock salt and limestone being its key raw materials. Soda ash is regarded as one of the most important inorganic chemicals in the world due to its wide range of industrial applications in the production of everyday goods including glass, detergents, laundry soap and paper. The Business also manufactures food-grade sodium bicarbonate, commonly known as 'baking soda,' which is used in cooking as well as in tanneries, textiles, water purification and poultry feed.

With its dedication to continuous improvement and adherence to quality, the Business has remained the supplier of choice for over 72 years, a feat that is truly remarkable. Decades of perseverance and commitment have resulted in the Soda Ash Business becoming one of Pakistan's key industrial assets.



Asif Jooma (CE) inaugurates projects at Soda Ash



Suhail A Khan (VP Polyester & Soda Ash) presenting a shield at the Winnington School prize distribution ceremony

Market Overview

The soda ash market grew over 2015-16 with the glass, paper and detergent segments being the main growth engines. During the year in review, the falling prices of crude oil helped provide much-needed respite to the downstream industry in the form of reduced energy costs. An increase in construction activity as well as the rising demand for container glass boded well for the growth of the glass segment. The bazaar and detergent segments provided the impetus for market growth due to the high demand of branded/unbranded detergent. A growing population and the evident transition from laundry soap to detergents auger well for powder detergents, which will continue to dominate the downstream customer base. However, the falling prices of writing paper adversely affected the paper segment, which struggled to maintain operating rates for much of the year. Demand for sodium bicarbonate continued to remain high.

2015-16 Highlights / Business Performance

The Business achieved outstanding results in the year 2015-16 due to an all-round stellar performance from all business functions. Operating rates were increased leading to record-breaking levels of production and sales despite depressed market sentiments. Declining oil prices helped in keeping energy costs low. Tougher negotiations in procurement ensured cost savings and restricted unnecessary expenditure. Significant progress was made in export markets where the Business started exporting dense ash, along with light ash, to India on a regular basis.

In the end, it was our core value of being a 'customer centric' organisation which helped us in maintaining our key customer accounts in the face of rising competition from domestic and imported offerings. Thus, in 2015-16, the Business reached its *goal of growing three times in less than five years*.

Developments

The first half of the year saw the commissioning of the 84 KTPA Dense Ash project which took our Dense Ash capacity to 168 KTPA, ensuring the Business remained the preferred supplier of Dense Ash in Pakistan. The second half of the year witnessed the commissioning of the 14 KTPA refined sodium bicarbonate (RSB) project which raised capacity to 40 KTPA. This period also saw the commissioning of coal fired boilers 3 and 4. The RSB expansion project was necessary given high demand in the region and the Business's response to this demand ensured, once again, that we remained the preferred supplier for RSB in the region. Our two new coal fired boilers

were commissioned to further reduce the Business's reliance on furnace oil and move to more cost effective alternatives.

Challenges

Price disparity in relation to imported product was the main challenge faced by the Business this year. In China, crumbling raw material and energy prices alongside flat market conditions forced manufacturers to target export markets at very competitive rates, which triggered a tangible threat for the Business. Changes in regulatory policies, coupled with political instability and energy issues remain a major stumbling block to daily business operations and the trading community at large. However the Business continues its efforts to create customised solutions, and to become and remain a partner of choice in today's competitive corporate world. We believe that by investing in expansion and energy efficiency projects and by cultivating bonds with our partners, the Business will be able to overcome its challenges and remain a 'jewel in the crown' of the industrial landscape of Pakistan.

Future Plans

ICI Pakistan Limited's Soda Ash Business has consistently delivered strong returns and contributed immensely to the local community. Inherent in this tradition is a focus on the future, and the Business is determined to remain the market leader in the soda ash and sodium bicarbonate industries in Pakistan. We anticipate high growth rates to continue in the glass, detergent and RSB segments owing to the expanding population of the country; urbanisation and the arrival of the Pak-China Economic Corridor, which will positively impact the energy and construction sectors. The Business will continue its efforts in solidifying its footprint by bolstering relationships with key regulatory authorities and customer accounts, and simultaneously searching for new avenues of investment that will lead to higher revenue streams for the Company. Energy and regulatory issues continue to undermine the potential of our downstream markets. However, the Business is bullish for the coming years of the Business community and will continue to invest for a better future for all stakeholders. Going forward, the year ahead will see the final phases of the first leg of the 150 KTPA Soda Ash expansion project, which will be a major step toward the Company's vision of expanding its local and international footprint. The road forward indeed has its hurdles and obstacles, but now more than ever, the Soda Ash Business is equipped to reach higher echelons of industrial excellence.



LIFE SCIENCES

At the heart of the Life Sciences Business is our mission to improve lives. From fighting viruses and bacteria in our bodies to advancing large-scale veterinary practices and farming, we strive to provide products which enhance the science of life – on all levels.



The Life Sciences team forms the letters 'ICI' during a team activity at their Annual Business Conference in Istanbul, Turkey

Animal Health

Market Overview

The agriculture sector contributes 19.8% to the national GDP and employs nearly 42.3% of the country's labour force. It supports other aspects of the economy by promoting aggregate demand for agro-based industrial goods and services, and accounts for a great proportion of foreign exchange earnings. The livestock sector, which constitutes 58.6% of the agriculture market, recorded a positive growth of 3.63% in 2015-16 against 3.99% growth during the same period last year. Gross value addition of livestock at a constant cost factor of 2005-06 has increased from PKR 1,247 billion in 2014-15 to PKR 1,292 billion in 2015-16, showing an increase of 3.63% over the same period last year. Population growth, urbanisation, increases in per capita income and export opportunities are a few of the main factors fuelling the demand of livestock and livestock products in the country.

The major products of livestock are milk and meat. With abundant natural resources in the shape of a large livestock population and a suitable climate, Pakistan has evolved to become the fourth largest global milk producer. Milk production increased by 3.2% and meat by 4.8% during 2015-16 compared to the previous year. However, the livestock market of Pakistan still remains largely unorganised; technology adoption is a challenge since the livestock population is scattered, with an average farm holding of fewer than six animals.

Despite these challenges, there continues to be a large gap in Pakistan's per capita consumption of milk and meat compared to the world average, and statistics depict an increase in demand for livestock products. This is driven by population growth, an improving GDP per capita income, remittances, export proceeds and general immunity from weather-related problems, thereby making the livestock sector a promising avenue for consistent growth.

The poultry sector is one of the most vibrant segments in the agriculture industry of Pakistan. This sector generates employment (direct and indirect) and income for about 1.5 million people. Poultry meat makes up 30% of total meat production in the country. Current investment in the poultry industry is estimated at more than PKR 200 billion. The poultry sector has shown robust growth of 8-10% annually, which reflects its inherent potential. This sector contributed 1.4% to the GDP during 2015-16, while its contribution to the agriculture and livestock markets stood at 6.9% and 11.7%, respectively. Value added poultry products at current factor cost have increased, PKR 140.5 billion (2014-15) to PKR 151.2 billion (2015-16), an increase of 7.6% compared to the previous year. The key features of the industry are rapid mechanisation, the introduction of integrated farming systems, superior bio-security and value addition through sizeable investments.



The Animal Health team at the University of Veterinary and Animal Sciences Job Fair



Attendees at a seminar for the Somatech relaunch

2015-16 Highlights

To further strengthen our portfolio, our Animal Health Division launched nine new products, eight in the livestock segment and one in the poultry segment.

Under our partnership with our principal Norbrook, four new products have been launched in the livestock segment including Maxyl LA (a long-acting, superior antibiotic); Strepcillin (a broad-spectrum combination against general infection); Masticlox (an antibiotic against lactating cow mastitis) and Multivor (a multivitamin injection for supportive therapy).

A further two intramammary antibiotics have also been launched from MSD Animal Health; Cobactin LC (a fourth-generation cephalosporin containing cefquinome sulphate) and Cepravin DC (a drying off intra-mammary therapy for dairy cattle), while one intra-uterine antibiotic from Matricure class was launched for the treatment of sub-acute and chronic endometritis in cows and repeat breeders. KNZ Salt Licks, a mineral preparation for large animals from AkzoNobel was also launched in 2015-16.

A superior multivitamin from Mervue Laboratory, Ireland, was launched for the poultry segment along with vitamin E selenium Avi Vit 33 Selenobooster.

The revenue of our own brands' portfolio under the umbrella of 'Farmer's Choice' crossed the PKR 1 billion mark, delivering sales of PKR 1.13 billion, a healthy growth of 26% over the same period last year, making our own brands a major component of the Division's comprehensive portfolio.

The Division's cattle feed, Farmer's Choice Vanda, grew strongly by 24%. Although sale of Somatech remained under stress due to regulatory issues, it managed to recover in the second half of the year, recording a growth of 2% over last year.

During 2015-16, our Animal Health Division entered into a commercial agreement with Cogent Breeding UK, a company known for its expertise in bovine genetics. We plan to expand our portfolio in the new area of artificial insemination, an initiative that will help improve livestock breeds and ultimately enhance meat and milk production. The division is currently evaluating the opportunity to enter into the production of bovine semen of indigenous breeds, as there is a current gap in the availability of quality bovine semen in the market.

Overall, our Animal Health Division has registered net sales of PKR 3.1 billion with a robust growth of 14% over the same period last year.

The Animal Health Division also completed the commissioning of our own manufacturing facility after successfully obtaining the Drug Manufacturing License and Product Registrations.

Customer Engagement

Our deep-set commitment to our customers defines how we do business. Customer Centricity is one of our core values and this drives us to develop farming communities and introduce sustainable farm management practices to enhance productivity. Awareness campaigns at the grassroots level



Veterinary professionals gather at the Peshawar Veterinary Hospital to discuss animal health care issues



Farmers gather for the Dairy Value Chain Project in Sukkur

across the country, coupled with excellent customer service are the main drivers of our approach to serving farmers.

Continuing our tradition, in 2015-16 the Animal Health Division arranged technical sessions for customers and invited foreign delegates to discuss current issues related to livestock and poultry. In addition, the Division arranged foreign trips for key customers to attend international conferences and exhibitions with the objective of enhancing awareness about the role of modern technology in increasing productivity and return on investment.

The team is regularly trained in product technologies as well as farm management practices. Their discussions with our end customers are built on finding solutions through the use of innovative technologies. Our interaction with customers is aimed at providing quality education that augments their understanding of animal health and safe farm practices. In addition, the Division organised awareness sessions and corner meetings to not only build rapport with our end customers, but also to highlight preventive measures and practices to increase awareness of major issues related to animal healthcare.

Challenges

The Animal Health industry continued to face serious challenges in terms of disease endemics and price fluctuations. The continued influx of cheap, low quality, locally produced and imported (Chinese) generics available continues to be a major challenge. The management of high aflatoxin levels in the inputs for animal feed concentrates (mainly maize, rice polish and cotton seed cake) has remained a major challenge to the livestock industry. Our Animal Health Division has continually provided guidance and technical support to farmers along with a supply of high quality feed concentrate (Farmer's Choice Vanda), contributing to the health of their animals.

Future Plans

We are determined to pursue our strategy of growth and innovation by developing a range of our own brands to cater to newer and wider segments of the animal health market. The Division is also working on strengthening its biological portfolio by adding new partners, both in the livestock and poultry sector.

Pharmaceuticals

Market Overview

The Pakistan pharmaceuticals market stood at PKR 303.2 billion on a moving annual total basis at the end of the financial year 2015-16, registering a growth of 19%. The top 13 players in Pakistan's pharmaceutical industry enjoy 51% of the total market share. A key phenomenon of the industry last year was the emergence of new brands that proved to be key drivers in generating extraordinary growth for the market. In addition, pricing was also a key driver for market growth, with a number of companies attaining price increases on some of their brands. Excluding these two factors, the market grew by 15%.

Business Performance

At the end of the fiscal year 2015-16, the net sales income of the Pharmaceuticals Division stood at PKR 3.75 billion, demonstrating a growth of 6% over the previous year. Our portfolio of ICI Pakistan Limited-owned brands registered a growth of 14% versus the same period last year, with Nutraceuticals leading the way with 32% growth. Key brands that drove business growth include Rejuva, Qco, Ketress, Icef, Arimidex, Zoladex and Zestril. Besides this, ICI Pakistan Limited flagship brands from the Astra Zeneca portfolio, including Tenormin, Meronem and Inderal continued to go from strength to strength. The performance of Synflex and Proxen in the pain management category was also in line with market growth and contributed PKR 446 million to the Division.

A key highlight of the year was the commercialisation of ICI Pakistan Limited's Nutraceuticals manufacturing facility. The facility was inspected, accredited and enlisted by DRAP (Drug Regulatory Authority of Pakistan). So far, since the grant of the manufacturing license, four products have been shifted from toll manufacturing to this facility. In-house R&D has enabled the Division to develop a strong product line, which is planned for market launch in the coming months. Furthermore, the Division has successfully started toll manufacturing for other pharmaceutical companies, resulting in capacity utilisation.

2015-16 has been a very strong year for the Division in terms of business development. In addition to the start-up of the Nutraceuticals manufacturing facility, strong new business alliances have been formed. One of these is with a leading European healthcare company, Ferrer, headquartered in Barcelona, Spain. Innovative new products have been introduced to the Pakistan market including, Ovaza (an Omega 3 supplement that helps lower blood triglyceride levels), OmegaForte (an Omega 3 supplement with added calcium and soy isoflavones to alleviate the symptoms of post-menopausal women), Mucodur (a topical solution for oral mucositis), and the exciting Repavaar range, a wide range of cosmeceuticals products including creams, gels, shampoos, rosehip oil and vitamin C ampoules, to name a few. The Division has also entered into a partnership with Clinova, a UK based multinational company. So far, OHS, a first-of-its-kind rehydration supplement, has been introduced in Pakistan, while a number of other products are in the pipeline for launch.

Strong initiatives have been taken to research and introduce new products that are being manufactured at the Nutraceuticals site including Cybela (the first once-a-day folic acid supplement for pregnancy support), Aptimax Plus (an appetite stimulant syrup combined with the benefits of lysine and vitamin C, largely targeted towards children), Rejuva sachet (a tasty orange flavoured line extension of the calcium and vitamin K supplement Rejuva) and Sunplus (a vitamin D softgel capsule available in once-a-month dosage form).

Another highlight of the year was the launch of the Sales Force Excellence programme. The programme employs a technological solution in the form of a specially developed application that helps to automate, document and organise key sales processes including sales team visits to doctors and chemists, as well as communication and activities carried out to improve sales call impact. As part of the programme, hand-held tablets have been provided to all members of the sales team, equipping our teams to better meet the demands of modern-day sales calls.



The Pharmaceuticals team at the launch of O.H.S hydration tablets



The Pharmaceuticals team at the Pharmaceuticals Career Ladder 2015-16

Challenges

A key challenge for Pharmaceuticals was to meet aspirations centred on robust business development, including new product development at our recently built Nutraceuticals facility, as well as the acquisition of new brands and companies. Also, as part of an extremely dynamic and competitive environment, we continued to face the challenge of driving organic growth in some of our key brands including Tenormin, Fortexone and Meronem. Yet another challenge the Division faced in 2015-16 was a constraint on supplies of some of our products. One reason for this was the shift from toll-manufacturing to manufacturing at our own facility.

The Division has developed robust plans to overcome these challenges in the coming year. Some of those plans are already in varying stages of execution and we feel confident that with the groundwork already laid, they will start bearing fruit in the near future.

Customer Engagement

Focused and aggressive customer engagement initiatives were undertaken for a number of brands. Ovaza conducted an international CME (Continued Medical Education) session in Barcelona that was attended by five leading physicians and cardiologists of Pakistan. Besides this, our CVS segment continued to service the community by conducting hypertension awareness camps across the country.

Crancare and Qco initiated exciting scientific campaigns with physicians to help them get better equipped with the latest scientific updates and clinical research. ICI Pakistan Limited participated in the Annual SOGP (Society of Obs and Gynae Pakistan) Conference in Lahore. We set up a stall to showcase our women's health portfolio and also invited a key opinion leader from Spain to deliver a talk on the role of omega 3 fatty acids in menopause. Our Pharmaceuticals Division also participated in all major annual health conferences, including Familycon, Pakistan Pediatrics Association Conference, Orthocon, Cardiocon, Pakistan Hypertension League,

Pakistan Psychiatry Association Conference and Surgical Oncology Society of Pakistan.

Future Plans

The Pharmaceuticals Division shall continue to leverage the Nutraceuticals facility to develop new and innovative healthcare solutions for our customers and consumers. We also plan to partner with more companies to further accelerate our revenue from toll manufacturing. In addition, we are working on a focused plan to partner with further global healthcare players. With reference to this, we have recently signed an agreement with a leading UK based wound management solution provider, Smith & Nephew, with commercialisation expected in the next year. This along with other similar initiatives diversifies and expands our portfolio from purely pharmaceuticals to the rapidly growing segments of nutraceuticals, devices and cosmetology. We shall also continue to strengthen our existing partnerships with AstraZeneca, Ferrer and Clinova, and leverage them to introduce more brands in the Pakistan market.

One of the key future plans is to restructure our sales and marketing functions by further decentralising them, as well as increasing our foothold in the field. We also have strategised strong plans aimed at driving business through aggressive marketing initiatives. We shall continue to design and execute robust training programs to equip our teams academically and sharpen their sales and soft skills, as well as placing continued emphasis on following industry best practices.

Externally, new DRAP regulations will help shape the future line of action for our Nutraceuticals business. The new drug policy has now come into effect with likely price increases for certain products and reduction in others. We continue to evaluate the cumulative potential impact of the policy, and in close coordination with the Pharma Bureau, shall manage and protect our interests, along with those of our customers and principals.



Pharmaceuticals Division held a World No Tobacco Day walk to create awareness against tobacco use



Matin Amjad (GM, Pharmaceuticals, Life Sciences Business) presents an award at the Ovaza Detailing Competition



The International Maize and Wheat Improvement Centre awards five corn hybrids to ICI Pakistan Limited



The Agri team sharing comprehensive information with visitors at the Kissan Mela

Agri

Market Overview

The agriculture sector is one of the most vital sectors of Pakistan's economy. This sector has contributed 19.8% to GDP and it remains by far the largest employer, absorbing 42.3% of the country's total labour force.

The growth and output of the agriculture sector is dependent on a number of external factors including environment, farm economics and weather. During 2015-16, the agriculture sector witnessed a decline of 0.19% where major crops declined by 7.18% while other crops fell by 6.2%.

The seeds industry has been dominated by the open pollinated variety (OPV) seed market with more than 73% share. Major crops such as wheat, sugarcane, cotton and rice continue to be the primary contributors to the agricultural sector. Within the seeds industry, a growing trend of hybridisation is observed.

Similar to the seeds industry, the vegetable seeds industry is also dominated by OPVs. It is a segment where many local distributors compete in an unorganised and unstructured manner.

The pesticides industry continues to be focused largely in the insecticides segment, with awareness for herbicides and fungicides remaining low.

Business Performance

The Agri Division has faced a challenging environment during the year under review. Domestic market conditions, lower international prices and government policies focused mainly on wheat have adversely affected farmers' ability to earn sustainable incomes. Major crops such as cotton and rice yielded low returns to farmers, while climatic conditions have also affected the yields of various crops.

The Seeds Segment had a difficult year, as sales of sunflower seeds were lower than last year owing to adverse farm economics of the crop. Recognising this, the Segment focused on enhancing and developing an alternate main product in the form of hybrid corn seeds, which proved to be a success. During the year, the Segment was also able to consolidate its position in the vegetable seeds segment, and achieved growth of 58% over the same period last year. This was made possible due to a strong footprint being created in various products such as hybrid okra, hybrid hot pepper, gourds and watermelon. The Agrochemicals Segment continued to perform above market and established three key brands, Ulala, Lancer Gold and Top Wheat.

Developments

In 2015-16, the Agri Division focused on consolidating its agrochemical and vegetable seeds portfolios while maintaining and strengthening its position in its existing portfolio of field crop seeds. A total of 20 new products were launched in 2015-16; these included 12 agrochemicals products, five field crop seeds products and three vegetable seeds products.

The Agri Division has also ventured into the silage business after identifying an opportunity in the industry where baled silage offers dairy farmers a viable substitute to fresh fodder. The product was test-marketed during 2015-16 and plans are underway to up-scale in 2016-17.

Another significant development was a collaboration with the International Maize and Wheat Improvement Centre (CIMMYT), a renowned global organisation working on publicly-funded maize and wheat research and related farming systems. We are proud to share that CIMMYT awarded five new hybrid corn varieties to ICI Pakistan Limited, and with this certification, the Agri Division is now authorised to produce and market hybrid corn across the country. These new hybrid corn varieties are scheduled for launch in 2016-2017.



The Agri Division's stall at the Kissan Mela



Mr. Raghulal V. Bhaskaran (Marketing Head UPL), ICI Pakistan Limited's business partner visited Pakistan to evaluate business opportunities

Customer Engagement

The Division continues to focus on improving the lives of its customers, adapting to the varying needs of customers across the country.

Our sales and development staff regularly train farmers on the latest production technologies and on more efficient farm management practices. Last winter, we undertook the initiative of modifying seed drill machines used by the lower Sindh farming community in order to help them increase the yield of their sunflower crop. As a result of this innovation, on average, a 15% increase in yield has been observed against the yield obtained using unmodified drill machines.

In the agriculture industry, retail partners play a pivotal role in ensuring the availability of product to farmers. The Division undertook a series of business partner conferences to ensure close customer connect and improve partnerships through various trainings.

Challenges

Challenges faced during the period under review included slow economic growth, shortages of water and electricity, high input prices and a decrease in global agriculture commodity prices, all of which have jointly led to a decline in the ability of farmers to invest in farm inputs. Abrupt changes in weather patterns, such as prolonged rains, long dry spells and decreased winter seasons, have all affected the yields of crops.

Unorthodox market practices along with the complex supply chain model of the agricultural industry continue to be a major challenge. Farmers have limited access to formal credit and therefore, lack the financial capacity required to enhance the quality and yield of the crop. Furthermore, poor controls and a lack of standardisation have flooded the market with inferior-quality seeds and agrochemicals.

Future Plans

The Agri Division is geared to achieve aggressive growth in the coming years. We have undertaken strategic actions to prepare our Division for both, the realities of today, and the opportunities ahead of us. We are committed to consolidating our position with regard to our existing brands, and diversifying our portfolio to cater to the unmet needs of farmers going forward.

The Seeds Segment will be strengthened by minimising reliance on sunflower seeds and focusing on creating a footprint in other upcoming products. At the same time, the Agrochemicals and Vegetable Seeds Segments will drive stronger business development, bolstered by an expected pipeline of new partners and products in each segment.

Going forward, we believe that we are well positioned to deliver value-added products to growers and farmers, enabling us to expand our business and return value to our shareholders.



CHEMICALS

We take great pride in the fact that our Chemicals Business reaches across Pakistan to almost every home and industry. Our chemicals make their way from the food and beverage industry to medical applications, from building materials to sports equipment, from textiles to the shoe industry, and from vehicle seating to the cooling and refrigeration industries.

For decades we have evolved partnerships with trusted suppliers, continuously innovating to provide customers with cutting edge solutions.

General Chemicals

Market Overview and Business Performance

The General Chemicals (GC) Division caters to the trading segment of the Company. Representing more than 25 global manufacturers and suppliers in Pakistan, the Division offers a diverse range of chemicals to almost 41 industries, serving more than 300 customers. GC has consisted of four segments: Consumer Chemicals, Industrial Chemicals, Paints and Coatings, and Water Treatment Chemicals.

The GC Division had a challenging year in 2015-2016, as three of its four segments faced serious issues throughout the year that were difficult to overcome. The Water Treatment Chemicals segment struggled to convert new customers while dealing with the increasing threat of competitors lowering prices to acquire our customers. The Consumer Chemicals segment was impacted by the imposition of a regulatory duty which forced the segment to reduce its contribution margin, as customers were unwilling to accept price increases resulting from the newly imposed duty. Additionally, similar to Water Treatment Chemicals, the segment had to deal with aggressive pricing strategies from competitors, which reduced our market share with some key customers. The Paints and Coatings segment was challenged by stiff competition from Chinese imports of raw materials, lower indent business and changes in route-to-market of one of our major suppliers. Despite all these challenges, the GC Division delivered PKR 228 million, only 1% behind the same period last year. However, it stood 19% behind the budget.

Challenges

The GC Division is fully aware of what lies ahead and has developed strategies for each segment that will evolve as the year unfolds. A customer satisfaction survey was carried out, polling customers from all four segments, and the survey's results were a reflection of our challenges. The division will aim to re-acquire lost market share and customers while making efforts to diversify our portfolio through strategic partnerships with new suppliers and the introduction of new products.

Future Outlook

The GC Division was restructured for the upcoming year to ensure all segments were realigned with the nature of the business. The Paints and Coatings segment has been merged with Industrial Chemicals, while Water Treatment Chemicals has been placed with our Specialty Chemicals division. In addition to this, the GC Division has been bolstered by dedicated market research and business development teams which will strive to expedite, streamline and expand the process of new portfolio addition while diversifying the General Chemicals domain. The business currently has several projects in the development phase which will be materialising in the coming year to add more pillars to the General Chemicals Division.



Asif Jooma (CE) with US Consul General Brian Heath on a tour of the Chemicals Plant in Karachi



The Chemicals team at an engagement activity in Murree



Customers at the Textile Expo



The Chemicals team celebrates its HSE&S milestone of 19 years without Lost Time Injury

Polyurethanes

Market Overview and Business Performance

The year 2015-16 turned out to be a game-changer for the Polyurethanes (PU) Division. The Division was able to dramatically improve its contribution margin by increasing efficiency in raw material procurement, supported by greater accuracy of forecasting despite the volatility of oil prices which plunged to record lows before recovering steadily. This, coupled with other factors such as lower raw material costs, allowed the Division to maintain a healthy contribution margin while adjusting prices and remaining competitive in the market.

Substantial new business development was achieved by the sales team as they posted record volumes and contribution margin for the year at PKR 432 million, which was 31% higher than budget and 47% higher than the same period last year. This was accomplished by developing several new customers that contributed substantially to the bottom line; development of new products; formulation efficiencies; and timely sharing of market intelligence. The Division also conducted a comprehensive customer satisfaction survey which revealed key insights about our sales services, product quality and ordering process.

Challenges

Several new competitors have entered the market through traders and agents, and are pushing their products aggressively through low prices in an effort to challenge our market leadership. To counter such entrants, our priority is to extend our competitive edge and increase our market share in all segments through excellent customer service, development and implementation of value addition programmes and by focusing on continuous product improvement whilst maintaining competitive prices.

Future Plans

We are currently exploring new segments within the larger polyurethane industry and aim to make an entry into these during the upcoming year while sustaining our excellent relations with existing customers. Our focus will be to place our customers at the centre of our efforts and improve on all aspects of the customer experience.

In addition, we are investing significantly in our technical capabilities through the upgradation of our technical facility with cutting-edge equipment and through extensive training of our sales and technical teams.



Chemicals team during team building exercise at Mubarak Village



The Chemicals team executes its annual plant shutdown

Specialty Chemicals

Market Overview

Specialty Chemicals is the manufacturing division of the Chemicals Business and caters to industries that are critical to the economy of Pakistan. Key segments served are textiles, adhesives and crops. Our product range includes textiles auxiliaries for fabric processing, adhesives used in construction and crop protection emulsifiers used in pesticides.

In 2015-16, Specialty Chemicals posted its best ever numbers and became the second-largest of the three segments in the Chemicals Business. This achievement was driven by enhanced focus on customer relationship management, product diversification and market penetration.

Business Performance and Development

The Division delivered its best ever performance in 2015-16. The Crops segment, albeit the smallest, showed a growth of more than 100%. This growth can be attributed to new innovations and focus on customer base expansion. The Textile segment continued to be the biggest contributor with special focus on customer centricity and engagement.

In Adhesives, new developments in the furniture and fabric sectors helped diversify our options. We continue to work with our Indian suppliers to gain further penetration into the consumer market. Major groundwork was laid in the Crops segment to foster networks with international players and expand product reach.

Challenges

The environment at home continues to be challenging with a fluctuating law and order situation and regular energy crises. However, we delivered exceptionally last year and expect to continue to do so on the back of our expanding product portfolio, strong customer base and technology partners.

Future Plans

Techno-commercial innovation will continue to be the forte of the Specialty Chemicals Division as we continue to make strides in market share enhancement by creating value for our existing and new customer base.



POLYESTER

The Polyester Business of ICI Pakistan Limited continues to contribute to the growth of the domestic industry by providing a key raw material, Polyester Staple Fibre (PSF), to the textile industry of Pakistan. ICI Pakistan Limited introduced this superbly versatile product to the country in 1982, enabling our textile industry to diversify its product offering by complementing cotton, viscose and acrylic with polyester to meet ever-changing consumer needs.

Thirty-four years down the road, the unwavering commitment of the Business to customer centricity and innovation has ensured that it continues to serve its loyal customer base in the best manner possible. This claim is substantiated by the fact that our average period of association with our customers is an impressive 12.5 years.

PSF is manufactured by the polymerisation of two main raw materials, pure terephthalic acid (PTA) and mono-ethylene glycol (MEG), both of which are derivatives of crude oil. This man-made fibre is an essential raw material in the textile value chain as it is consumed by the spinning industry for the manufacturing of different polyester yarns. The yarn is then subsequently converted into a variety of value-added products by the downstream industry.



The Polyester team and members of EPD gather outside the plant to celebrate Environment Day 2016

Market Overview

Crude oil, which is the main raw material of PSF feedstock, was heavily influenced by a lingering oil glut situation further exacerbated by depressed global oil demand and instability in major global economies. Therefore, crude prices decreased during the period under review compared to the same period last year on an overall average basis despite the fact that some support was provided to the market by supply disruptions in some key crude-producing nations, and by discussions of a potential output freeze by OPEC and non-OPEC members. Feedstock prices of paraxylene (PX), PTA and MEG exhibited a bearish outlook throughout the period under review in line with the crude oil market.

Global cotton demand exceeded supply for the first time in six years. However, international prices for the natural fibre, which serves as both, a substitute for and complement to PSF, still remained under pressure due to the threat of de-stocking of huge stockpiles in China. On the domestic front, cotton prices remained bearish and only started to recover by the end of the period under review after a massive shortfall of cotton production in the country due to a variety of factors.

The global PSF market continued to bear the brunt of weakness in feedstock pricing, capacity overhang in China and sluggish downstream demand. On the domestic front, demand for domestic PSF improved marginally due to a slight reduction in dumped imports of PSF from China after the imposition of Anti-Dumping Duties. However, the domestic PSF industry was unable to reap the full benefit of this positive development because of the low magnitude of the Anti-Dumping Duty, increase in dumped imports from non-Chinese sources, and an increase in polyester-based yarn imports.

Business Performance

During the period under review, domestic PSF producers were challenged by similar pressures as the oversupplied regional industry. The situation worsened for the domestic PSF industry due to the continued imports of PSF, predominantly from China, and the prevailing oversupply in the domestic industry. These factors impacted the profitability of the Business, with margins remaining under pressure. Despite such adverse market conditions, the Business was able to deliver a stellar performance on the sales front with a growth of 3% over the same period last year by selling 118,882 MT of PSF during the period under review.



The Polyester team in Moscow for the fifth customer conference the 'Russian Escape 2015'

Key Initiatives

- The Business was able to secure a positive final determination in its Anti-Dumping Duties (ADD) case filed against dumped PSF imports from China in March 2015 with the National Tariff Commission (NTC). In its final determination announced in February 2016, NTC acknowledged the incidence of dumping by Chinese PSF exporters and imposed ADD ranging between 2.82% and 11.51% on PSF imports from China.
- The Business successfully implemented a cost saving initiatives project to provide some support to profitability in the face of continued pressure on margins arising from uncontrollable factors.
- The Business was successful in utilising its previously idle batch assets to manufacture various product variants, which contributed positively to the Business bottom line.
- The Business enhanced its product offering range with the successful launch of Terylene Black (black polyester fibre) to meet the spinning industry demand of coloured yarn production. The product received widespread appreciation from customers, and the Business has already gained a healthy market share in this segment, which has traditionally been dominated by imports.
- In line with our core value of customer centricity, the Business organised the 'Russian Escape', the fifth Polyester Business Customer Conference, in Russia.

This bi-annual conference provided us the opportunity to strengthen, appreciate and showcase long-standing relationships with our customer base. The conference concluded with overwhelmingly positive feedback from customers and showcased ICI Pakistan Limited as a truly customer-centric organisation that lives up to customers' expectations even in difficult times.

- The Business implemented several innovations on the manufacturing front to improve plant efficiencies and product quality, while substantially reducing business costs.
- The Business undertook a textile industry mapping project, which provided in-depth analysis of the entire textile value chain for the first time in the history of the Business.
- The Business carried out an independent customer feedback survey to better understand customer perceptions about its products and services. The survey has enabled the Business to identify strengths and improvement areas to better satisfy our customer needs.
- Several initiatives were undertaken by the Business during the year to strengthen employee engagement. The positive results of these initiatives were clearly evident through the substantial increase in the Business-wide engagement score in the annual employee engagement survey conducted by the Company through Gallup.



Asif Jooma (CE) and Suhail A. Khan (VP, Polyester & Soda Ash) presenting a long association award to Mian Jehangir Alam Monnoo



The Polyester team at the 'Russian Escape 2015' in September

Challenges

The regional PSF industry remains under pressure as addition of more capacity in China further aggravates the persistent issues of this oversupplied industry. This continued oversupply results in increased competition from Chinese exporters in the form of illegal dumping as they look for export outlets to liquidate their inventories.

On the domestic front, downstream demand remains sluggish with textile exports remaining below expectations as a variety of factors force the textile industry to operate well below potential, one being its higher costs of doing business.

Future outlook

Going forward, the current oversupply situation in global PSF markets has been forecasted to persist. Feedstock prices will continue to be dictated largely by the trend in the crude oil market. Global cotton stocks are expected to fall modestly in the initial forecast for 2016-17. However, China's policy regarding release of cotton stockpiles is a key factor that will

impact global cotton markets. Also, after a dismal year where production fell short of target by almost 35%, the domestic cotton market will be driven by the size of the next season's crop.

In the domestic downstream industry, the availability of energy to the textile sector will be the key driver of yarn and value-added product exports, and ultimately, demand for PSF. Also, the performance of the domestic PSF industry will be greatly dependent on the Government's provision of necessary tariff protection to the domestic PSF industry.

The absence of trade defence measures against non-Chinese imports and a very low Anti-Dumping Duty on key Chinese exporters might continue to put pressure on volumes and margins for the domestic industry.

The Business, however, is braced for all possible challenges and opportunities in the future and has the requisite strength and personnel to take advantage of any growth opportunity provided to the domestic industry.



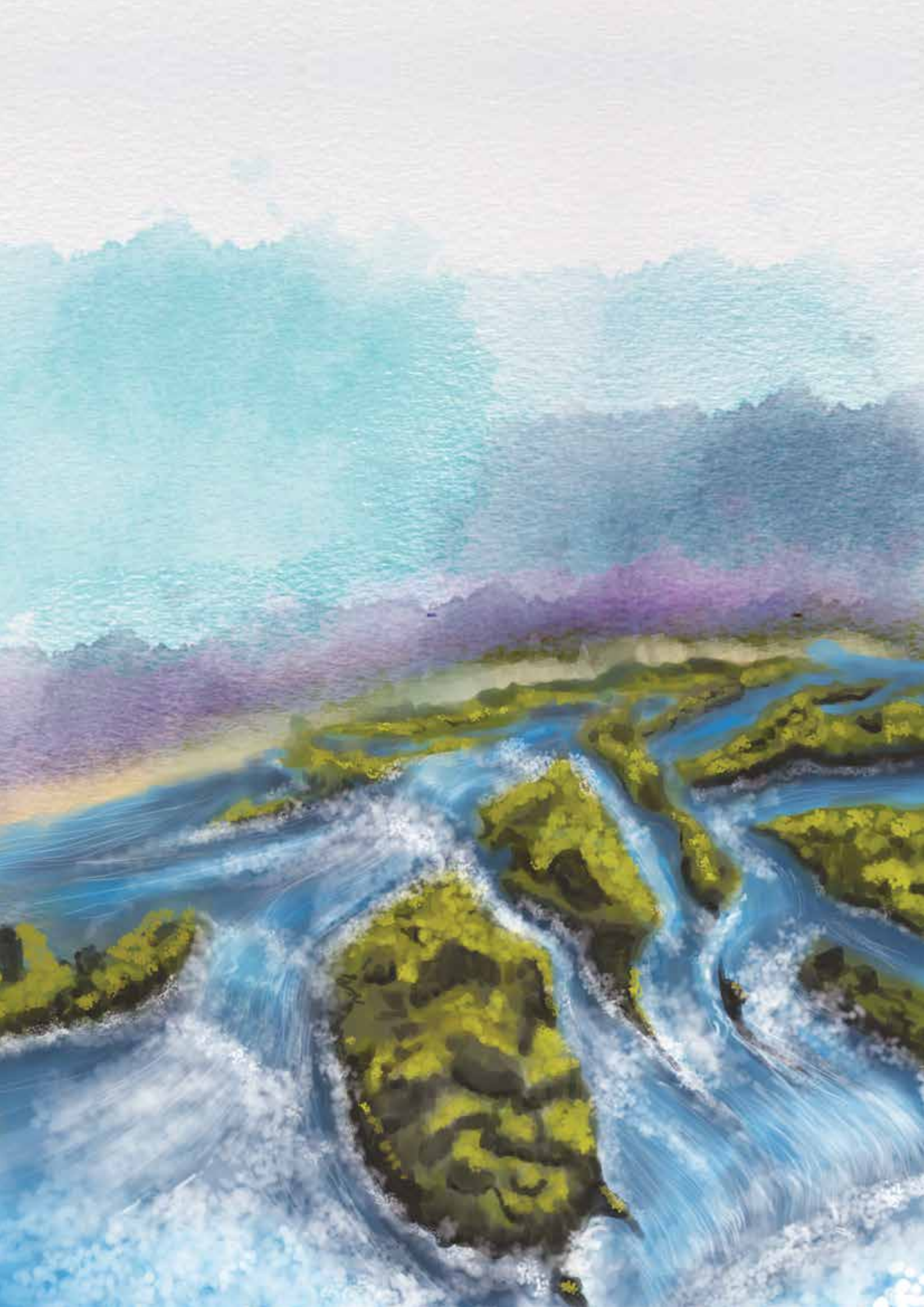
Sustainability Performance

A FORCE FOR GOOD

Being successful today is only part of the challenge.
Operating sustainably for decades to come is the real test.

We work hard to make our operations more sustainable in the long run, so that we remain a force for good – creating opportunity, managing resources, and fostering growth, everywhere we go.

This section is a comprehensive report on the Company's sustainability strategy, KPIs, targets and performance.



Leadership Statement

Dear Stakeholders,

I present to you the ICI Pakistan Limited Sustainability Report 2015-16. This is our Company's eighth sustainability report and our first effort at reporting in accordance with the Global Reporting Initiative (GRI) G4 Reporting Framework, Core option.

Transparency and disclosure are at the heart of sustainability reporting. They are also central to the way we work at ICI Pakistan Limited; a fact reflected by our Company value of Integrity and Responsibility, which specifically identifies 'ethical and responsible behaviour' and 'uncompromising integrity' as being at the very core of all we do.

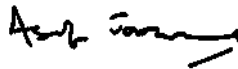
At ICI Pakistan Limited, we have always set our sights on growth, progress and expansion. Cultivating Growth is our promise, and one that we take very seriously. However, we understand that for ongoing growth to be viable – not just for the immediate future, but for years to come – it must be carried out in a sustainable, responsible manner.

As a diverse, growing manufacturing and trading concern, it is vital that we monitor and manage our operations and processes so as to create maximum value for our shareholders, while making the minimum impact on the world around us. This includes practical and strategic use of resources, integrity and responsibility in our dealings with our stakeholders, and stringent monitoring of our environmental impact.

Our Sustainability Council, a multi-functional team consisting of individuals from all business and functional areas of the Company, steers our sustainability agenda, formulating strategy and setting targets to align sustainability-related objectives with our Company's overall goals. We welcome your feedback on the contents of this report. We understand that sustainability is a complex, evolving process, and are committed to making inroads in new areas while building on our key strengths.

Our intent is to continue to share information on our sustainability-related practices with our stakeholders, and the world at large. This is because we want you to know that we make every effort to integrate sustainable practices into our operations at every step. We truly believe that sustainable business is the only way forward in today's world of finite resources and increasing demand.

Warm Regards,



Asif Jooma,
Chief Executive
ICI Pakistan Limited

Highlights for 2015-16

- The HSE&S Management Audit process, which commenced with audits of all manufacturing sites and locations last year across the Company, was completed during the year. Based on the auditors' findings and recommendations, Businesses and locations are preparing their 2016-17 HSE&S improvement plans.
- The Leadership Development Road Map rolled out in 2015-16 is a structured and integrated talent development framework for all management staff. The roadmap focuses on developing leadership capabilities at each level in the organisation, ensuring sustainable talent development.
- No occupational illness was reported, on account of compliance with the Company's various Health Assessment and Work Environment monitoring programmes.
- A reduction of 4.8% was achieved in the total illness absence rate of employees compared to last year, through a sharper focus on operational discipline and even stricter adherence to the Company's Health, Safety, Environment and Security (HSE&S) Management system through the Behaviour-Based Safety (BBS) programme.
- There were no reportable injuries to employees, supervised contractors or any independent contractors, resulting in a zero reportable injury rate for the year.
- Due to the prevailing challenging energy situation, the use of coal and furnace oil increased, negatively impacting gaseous emissions, waste generation and total energy consumption per ton of production.
- Water consumption per ton of production increased due to significant construction, developmental projects and steam based power plants, but still remained within target.
- A total of 3,431 man-days for training were successfully completed.

Sustainability Council

Objective

The Council's objective is to assist the Board in fulfilling its oversight responsibility to the shareholders with regard to sustainability of the Company's operations.

The Council's scope includes development, implementation and monitoring of the Company's Health, Safety, Environment and Security (HSE&S) policies and practices. The overall aim is, therefore, to foster the ongoing sustainable growth of ICI Pakistan Limited.

Responsibilities of the Council

- Define sustainability KPIs, measurement matrices and establish targets.*
- Review partnerships and relationships, both current and proposed, with stakeholders, i.e., customers, regulators, communities, shareholders and suppliers.
- Formulate and execute communication strategies relating to the Company's sustainable growth.
- Introduce new and innovative technologies that will further the goal of sustainability within the Company, and implement actions to protect such technologies.

*Since our coal based projects are now in operation, we intend to review our sustainability KPIs and targets for the next five years in 2016-17. The next Sustainability Report, covering 2016-17, will be based on revised KPIs and targets.



Sustainability Council Stakeholders

CEO		
Human Resources Committee	Sustainability Council	Executive Management Committee
Audit Committee	HSE&S Management Committee	

Sustainability Strategy

ICI Pakistan Limited has engaged in sustainability reporting for the past eight years. In 2013-14, the Company successfully reconstituted and established its Sustainability Council, adopting a structure which in subsequent years has enabled the Council to undertake more thorough and comprehensive reviews of sustainability performance across all ICI Pakistan Limited Businesses. The Sustainability Council is a multi-disciplinary team, comprising members from all Business and functional areas of the Company.

Foster a Culture of Excellence

We aim to build an environment in which people constantly strive to deliver more, and we endeavour to achieve this through attracting and retaining the best talent.

Operate with Responsibility

We strive to build lasting partnerships with all our stakeholders and create processes which continually evolve to ensure that we operate responsibly.

Environmental Stewardship

We want to be the leaders in innovation and developing solutions for cleaner, greener systems to reduce our impact on the environment.

Socioeconomic Value

We work to create value in our local communities by providing the tools required for capacity building.

Transparency

We ensure that all processes and operations at our Businesses and functions are transparent. Our stakeholders have a right to information; transparency in this regard promotes and increases trust.



Sustainability Framework

Our Sustainability Framework covers the following areas:

Economic Performance

Integrity Management
Sourcing

Social Performance

Health, Safety and Security
Employment Practices
Community Investment

Environmental Performance

Emissions Control
Water Usage
Waste Management
Product Stewardship
Energy Efficiencies

About the Report

We started on our voluntary sustainability reporting journey in 2008. This year we present the eighth ICI Pakistan Limited Sustainability Report, which has been prepared in accordance with the Global Reporting Initiative (GRI) G4 Reporting Framework, Core option.

Report Boundary

The report covers the four core Businesses and corporate functions of the Company. We have four manufacturing sites, three corporate offices and five regional/Business offices. The data in this report covers all these locations.

Employee data includes management and non-management staff. Community Investment is handled by the ICI Pakistan Foundation, which is a separate legal entity registered as a Trust. All monetary amounts in this report are given in Pakistani Rupees, unless otherwise indicated.

Reporting Period

The reporting period is July 31, 2015, to June 30, 2016. Data has mainly been obtained from our financial management reporting systems, the corporate HR information management system, and our reporting systems for Health, Safety, Environment & Security (HSE&S) performance indicators.

Report Content

The Key Performance Indicators (KPIs) shared in this report were set in 2010. As part of an important exercise towards integrating sustainability within the organisation, a stakeholder dialogue was conducted during that year, and KPIs were established for the next five years.

These KPIs set targets for 2016, which will serve to guide us. As was done last year, the content of this report has been developed in accordance with the KPIs and our performance against them. The content of this report has been decided upon by the Sustainability Council and has been developed in accordance with our Sustainability Framework based on the triple bottom line concept of economic, social and environmental parameters.

Data Collection

Collection

Our data on environment, health, safety and security is derived from our EPM (Enterprise Performance Management) database. Our reporting cycle takes place on a quarterly basis and related information is gathered and input by the respective Businesses and functions for review by the Corporate Health, Safety and Environment (HSE) Manager. The Corporate HSE Manager is responsible for data for ICI Pakistan Limited as a whole. Data pertaining to integrity management, employment practices, sourcing and community investment is compiled and monitored by the Sustainability Council members responsible for each area. Where limitations in collecting data exist, we have attempted to

include appropriate explanations in the report.

Accuracy

We are confident of the overall reliability of the data reported, but recognise that some of this data is subject to a certain degree of uncertainty, inherent to limitations associated with measuring and calculating data. Senior managers within the organisation approved the content and the quantitative data used in the sustainability facts and figures relating to their respective areas of responsibility.

Consistency

The KPIs set and data reported in previous years have served as a baseline and reporting standard for subsequent years. Any additional developments shall be reported accordingly; however, the reporting framework already established shall be a consistent baseline standard.

Assurance & Verification

Our sustainability performance is monitored through a multi-disciplinary Sustainability Council. This Sustainability Report forms part of our sustainability reporting and is designed for general readership only. United Registrar of Systems (URS) has conducted an independent verification and assurance of data presented in this report. The indicators for our sustainability reporting are selected from the G4 Reporting Framework issued by the Global Reporting Initiative (GRI). GRI is a multi-stakeholder international network of thousands of sustainability experts. The GRI G4 Reporting Framework is the most widely accepted global standard for corporate responsibility reporting.

Contact Us

Our stakeholders are important partners in our sustainability journey. Therefore, we encourage feedback on our Sustainability Report. If you would like to comment on the report or find out about our Sustainability strategy and programme, please email us at: sustainability.council@ici.com.pk

A soft copy of this report and additional information on the Company, including our business units and products, is available on our website at www.ici.com.pk

If you are unable to access these resources or need further information, please contact:

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Stakeholder Engagement

Our stakeholders are central to our operations. They are important partners in our ongoing sustainability journey and therefore, it is vital that we engage with them, understand their needs and concerns, and strive to provide greater value for them.

ICI Pakistan Limited's core values of Customer Centricity and Passion for People underpin our stakeholder engagement approach, where our core groups of stakeholders are engaged with in various ways. Customer engagement is gauged at the level of each Business by surveys conducted and feedback collected through various channels. Community engagement is maintained by CSR teams at each Business, and through effective coordination with labour unions at our plant and manufacturing sites. Employee engagement is driven from a corporate level across the Company. Chief Executive's sessions are conducted Companywide as a platform for employees to address concerns, giving the Chief Executive a chance to share information and answer questions. In each area of stakeholder engagement, concerns and suggestions are registered and actions outlined accordingly.

A stakeholder of the Company is defined as any individual or group associated with ICI Pakistan Limited, whether an employee, a supplier, distributor or a shareholder.

Stakeholder engagement initiatives undertaken in 2015-16 are as follows:

Customer Engagement

The Chemicals Business participated in the Pakistan Coating Show 2016 at the Lahore International Expo Center. ICI Pakistan Limited was one of the co-sponsors for the event and utilised this opportunity to showcase its paints and coatings range. The Specialty Chemicals Division of the Chemicals Business, along with its Turkish partner MKS Devo, arranged a three-day customer conference in Istanbul. The main purpose of the conference was to introduce customers to the suppliers and provide awareness regarding the applications of sulphur black dye, which is used to dye denim. Similarly, the adhesives segment conducted a customer engagement activity that included ICI Pakistan Limited's

adhesive customers and other stakeholders. The objective was to provide customers awareness about the product's quality and also to highlight some important facts on product use and misuse.

The Animal Health Division also routinely organises farmer gatherings to better educate farmers; a large gathering held in collaboration with Nestle at the periphery of Jhang was attended by 200 potential customers. Visiting farmers were educated on the importance of proper animal care with emphasis on how ICI Pakistan Limited's products can help them achieve enhanced animal health and productivity. Similarly, a Farmer's Day event hosted by Nestle Pakistan was sponsored. This event was attended by almost 250 farmers from Rahim Yar Khan and provided our teams the opportunity to speak with farmers about new animal nutrition products and to share information about proper animal care during the hot summer months.

The Polyester Business organised the Business's fifth customer conference, the Russian Escape 2015, in September. Conference attendees included the Polyester Business's customers as well as executives and senior management of the Business. The event helped strengthen bonds with customers, demonstrating that ICI Pakistan Limited is a truly customer-centric organisation and upholds customer expectations even in challenging circumstances.. The Polyester Business also attended Heimtextil, an international trade fair for home and contract textiles, to interact with different segments from the textile industry, understand innovations in product diversity and analyse the direction in which global trends are moving.

Trainings and Awareness

The Chemicals Business held a training session on 5S and its implementation. 5S is a workplace method built around a series of five Japanese words starting with the letter 'S' to promote better efficiency and effectiveness. The attendees were systematically walked through the five S's through interactive and engaging exercises.

An HSE&S awareness course was held in Lahore. This is a mandatory course for all employees for the integration of



The Pakistan Coatings show 2016 was held in Lahore in January



The Polyester team at the Hotel Kempinski after the Business Conference session

health and safety into our workplace. This course is aimed at ensuring basic familiarity with the HSE&S Policies and the HSE&S Management System. A firefighting session for all Mozang Office-based staff was conducted in Lahore that included practical firefighting training at a designated area. A general health session, followed by a personal hygiene awareness session was also arranged for kitchen staff.

The Polyester Business production team attended a refresher training session on the fibre process organised by our internal HSE and Training Department. The session highlighted the importance of small, routine checks in creating a quality product, as well as focusing on the customer's viewpoint in terms of strategy and challenges.

The Soda Ash Business conducted a session to enhance participants' awareness of the HSE&S management system and basic concepts of HSE&S. The workshop was designed to be interactive and to provide hands-on experience to the participants. An awareness campaign on safe driving was also launched, with major focus on the use of helmets by motorcyclists. Handouts with messages explaining the importance of helmets were distributed to all employees followed by an awareness session. Banners were also prominently placed across the location. In addition, an emergency drill was conducted at site and the response was observed. Suggestions for improvements were gathered for the next drill; these related primarily to upgrades on equipment, such as replacement of sirens for better coverage of the area, etc. Another improvement action identified was refresher awareness sessions for the teams on emergency response.

Health and Environment

The Life Sciences Business promoted sustainability by visiting SOS Children's Village in Karachi to celebrate Universal Children's Day. The volunteers used their time with the children to conduct a series of activities with emphasis on the 3Rs: Recycle, Reuse and Reduce, in order to make

the celebration meaningful and educational. In line with the concept of reusing and recycling, the children created and displayed beautiful objects crafted from everyday household items. The Animal Health Division celebrated World Environment Day 2016 with a tree plantation drive planting trees; 600 trees were planted at the Multan Road facility. The Polyester Business also celebrated Earth Day and World Environment Day by planting trees. 5,000 trees were planted in the presence of Environmental Protection Agency (EPA) officials. Tree plantation activities are performed in collaboration with the Environmental Protection Agency (EPA), Frontier Works Organization (FWO) and other similar entities. Similarly, 12,000 trees were planted in Khewra and about 450 in Karachi. To ensure that trees planted continue to thrive and flourish, trees planted at our Company's own sites are cared for by our own administrative teams. However when the plantation is carried out in collaboration with a third party, they take on the responsibility of ensuring that trees are cared for.

The Polyester Business collaborated with Critical Green, a research organisation, to bring in innovative solutions for waste water treatment through bioremediation, an environmentally sound approach to waste management. Pilot experiments are currently in progress. Similarly, modifications at draw line 4 resulted in reduced waste generation, along with smooth operations. In addition, the Business has also treated its waste water to be used as soft water, an initiative that will save 43.8 million litres of fresh water per annum. The Polyester Business also conducted a typhoid vaccination drive at its plant site, through which 200 staff members were vaccinated. The Business conducted an awareness session at the nearby Tibbi Hariya School educating students about environmental conservation, after which the students were engaged in an Eco-Painting Competition to drive home their learning. Tree plantation was also carried out at the end of the day. In addition, a health awareness session on coronary heart disease and diabetes was conducted at the site, offering the opportunity for many queries and concerns to be addressed by a visiting specialist.



Volunteers from the Life Sciences Business team visited the SOS Children's Village, Karachi



Polyester Business conducts environmental awareness session at the Tibbi Hariya School

The Soda Ash Business held a flower show to usher in the spring season of 2016. The show included an awareness session on the impact of gardening and horticulture on our environment.

Sustainability

The Chemicals Business consolidated its inventory at a single location, an extensive exercise that required a total of 93 trips to transport materials. However, the logistics team concluded this exercise without spillage, damage or safety hazards. The Chemicals plant also hosted a visit by the US Consul General, along with other delegations, during the year. During his visit, the Consul General was briefed about the Business's HSE&S performance and its market standing within the chemicals industry. The Business's manufacturing processes and the range of products produced and handled daily were also showcased.

Life Sciences' Animal Health Division participated in an Annual Job Fair held at the University of Veterinary and Animal Sciences during the year. A total of 300 students visited ICI Pakistan Limited's stall expressing their interest in the product range and the opportunity to work with the Company.

In an effort to share best practices and knowledge, the Pepsico Management visited the Polyester Plant to discuss safety hazards, environmental aspects and their impact, and emergency protocols. Subsequently, the Polyester team visited the Pepsico and Interloop facilities for a similar visit. On the cost-saving front, the Business took the initiative to enhance performance by minimising the plant critical load, which results in significant daily cost savings. The team also worked on installation of a new Siemens S7-300 and HMIs, a control system for the plant that added to sustainable operations, better quality control and reliability. The Business also completed a filter life improvement project that will contribute to savings. In another initiative to boost efficiency and productivity, SAP modules were designed for specific processes that include sales and operations planning, demand management, master production scheduling, capacity planning and material requirement planning.

To build better understanding of our managers on their HR role as line managers, a two-day workshop, 'HR for Non-HR Managers,' was launched this year and was attended by 85 people managers. Various guest speakers from the industry were invited to share industry best practices in HR with the participants. To accelerate capability building, the Company launched the Leadership Development Roadmap, a structured and integrated talent development framework that aims to ensure the sustainable growth and development of leadership. The Company also conducted a Graduate Recruit Drive for university graduates that included career fairs, networking nights and mock interviews at various universities.

Community Service

The Pharmaceutical Division of the Life Sciences Business held breast cancer awareness campaigns in the cities of Islamabad, Jamshoro and Nawabshah. A seminar with a free mammography session was organised at NIMRA Jamshoro, and a similar session was held at NORIN Nawabshah for patients. About 300 participants including doctors, nurses and other paramedical staff attended the event for the discussion on identification of symptoms, prevention techniques and treatment options. There were many questions by the participants on the nature of the disease and its treatment options. The Animal Health Division also conducted a total of 20 seminars encompassing more than 400 farmers and professionals nationwide regarding safe animal handling, minimising and eliminating risk of injury.

In the spirit of giving back to the community, the Polyester Business CSR team celebrated a reading day with the children of Tibbi Hariya School. The event was organised to introduce the children to the world of literature and promote their interest in reading and education.

The Soda Ash Business inaugurated the Hamqadam Community Clinic, a purpose-built healthcare facility which caters primarily to women and children. Maternal and child healthcare had long been a pressing need for local families. The Business also inaugurated the Staff Residential Estate Children's Park to provide a healthy recreational outlet to



The US Consul General tours the plant and Head Office



The Animal Health team at the Livestock Farmers' Day in Rahim Yar Khan

employees and members of the local community. The Business has also renovated the Allama Iqbal Municipal Park in Pind Dadan Khan. The project was completed with the support of ICI Pakistan Limited, in collaboration with the Tehsil Municipal Authority. The Soda Ash Business also constructed a dedicated facility for its longstanding Ladies Welfare Club. This vocational training centre employs qualified trainers to teach underprivileged women and girls from the local community valuable, marketable skills such as knitting, quilting, crochet, stitching, embroidery and cooking, that equip them to earn a sustainable living. In another initiative, the Soda Ash Business donated a number of books to the Raja Ghazanfar Ali Khan Public Library in Pind Dadan Khan, most of which were historical books related to the Pakistan movement and local communities' contributions to the creation of Pakistan. The Business also conducted a breast cancer awareness session at Lady Winnington Hospital, Khewra. The event was jointly organised by the Life Sciences and Soda Ash Businesses, and featured a lecture by a leading oncologist from Islamabad on the importance of breast self-examination as well as the prevalence, causes and treatment options for the disease.

ICI Pakistan Limited launched an MS Office and English Language Course in collaboration with its IT Department

and Literate Pakistan's Jugnoo Programme, at the Abdullah Haroon Vocational Training Centre in Lyari. The three-month course was formally launched under the banner of the Ilm-o-Hunar Programme, and 224 boys and girls have enrolled. Of these, 200 students completed the training successfully. An encouraging outcome of this course was the marked improvement in the levels of the students' abilities reported back by some of their teachers. Also at the Abdullah Haroon Vocational Training Institute, a foundation course on electrical wiring known as the Electrical Wireman Course was arranged to provide young people from this troubled community the opportunity to earn an honest and sustainable living. A total of 24 students enrolled in this course, of which we are pleased to report 20 completed the course successfully. We intend to remain engaged with the Institute to stay updated on their progress.

Employee Engagement

The Chemicals Business hosted an annual picnic for its plant, technical and warehouse staff. This recreational opportunity allowed staff to take a break from work and enjoy a relaxed day together. Swimming and other sports competitions were arranged, allowing the team to truly engage and have a great experience together. The Chemicals plant, supply chain, HR, finance and technical departments also held a team building





The Soda Ash Business conducts safe driving awareness campaign at the Khewra site



On Earth Day, the Polyester Business commits to planting 5,000 trees in 2015-16

exercise at Mubarak Village, the second largest fishing village in Karachi. Post this event, an Annual Sales Conference was held in Nathiagali to cascade strategy for 2015-16. The conference included 62 participants from the North and South regions. The team also participated in various team-building activities including a strenuous trek up Mushkpuri peak. The theme of the event was 'Unlocking Potential.'

The Life Sciences Business held its Annual Business Conference in Istanbul. This event served as a platform to review progress against key strategic advantages that the Business aspires to, and to create strategies for the growth and improved performance of each Division. The event also included team-building activities including mental and physical team tasks, a formal gala dinner, performances by popular entertainers, and visits to notable tourist locations.

More than 50 fellow colleagues from the Polyester Business gathered at a popular bowling alley in Lahore for a bowling competition and dinner. The event served as a great opportunity for team members to get together outside of the workplace and forge stronger bonds. The Technical

Services department held an outbreak session in Murree to build bonds within the team and gear up for future challenges. All participants thoroughly enjoyed the event that served as a platform to improve employee engagement and communication across the board. Teams from Soda Ash Business also undertook outbreak sessions at Islamabad. The activity also gave the team the opportunity to unwind and formulate for improvement in the upcoming year.

ICI Pakistan Limited partnered with Gallup to conduct the 'IMPOWER employee engagement survey, because we strongly believe that success comes when employees are engaged and aligned with the Company's vision, and when they feel valued and heard. The Company aims to be a top performer in employee engagement by 2018. The survey generated a response rate of 97%. The same survey was conducted later this year, resulting in a participation rate of more than 99%. Subsequent action planning sessions and outbreaks are planned for the upcoming years to enable us to reach the 75th percentile globally by 2018.

Key Performance Indicators

Integrity Management		2009	2010	2011	2012	2013 H1	2013-14	2014-15	2015-16	2015-16
										Target
Code of Conduct confirmed incidents	number	10	23	20	5	NR	1	1	0	0
Code of Conduct acceptance*	% employees	100	100	100	100	100	100	100	100	100**
Management audits including reassurance audits	number	6	11	9	7	6	6	0	6	6
Serious incidents - Level 3	number	1	1	1	1	0	0	0	0	0
Serious incidents - Level 1, 2	number	0	2	0	0	0	0	0	0	0
Serious loss of containment - Cat D	number	0	0	0	0	0	0	0	0	0
Regulatory actions - Level 3	number	0	0	0	0	0	0	0	0	0

*Number of Management and Non-Management Employees.

**We aim to achieve 100% acceptance by including contractual staff as well.

Sourcing		2009	2010	2011	2012	2013 H1	2013-14	2014-15	2015-16	2015-16
										Target
Vendor Policy signed by key suppliers	%	88	83.8	85	92	92	88	94	87	96
Vendor Policy signed by Central NPR Suppliers*	%	x	x	28**	28	28	38	63	40	-
Supportive Supplier Visits	number	21	79	31	59	35	99	92	-	146

*Major Public Sector Utility suppliers not included in this analysis.

**Monitoring started in 2011 only by Polyester Business.

Employment Practices		2009	2010	2011	2012	2013 H1	2013-14	2014-15	2015-16	2015-16
										Target
Women Executives*	%	0	0	0	0	0	25	25	25	12
On-line P&D Discussion participation	%	77	80	83	NR	NR	98	98	98	90
Management Development Programme	No. of Managers	34	121	211	NR	NR	NR	NR	572	338
Employee** Engagement Index	%		75	82	87	NR	NR	77	99.6	80

*Functional and Business Head positions

**Managers Only

Community Investment		2009	2010	2011	2012	2013 H1	2013-14	2014-15	2015-16	2015-16
										Target
Community Programme Investment	PKR Million	16.5	42.5*	24.3	6	7.45	17.45	20	20	30

*This amount includes contribution by stakeholders including ICI Pakistan Limited staff and parent company contribution for floods.

Health, Safety and Security		2009	2010	2011	2012	2013 H1	2013-14	2014-15	2015-16	2015-16
										Target
Fatalities	number	0	0	0	1	0	0	0	0	0
Total reportable injury rate employees/supervised contractors	\million hours	0.18	0	0.18	0.34	0	0.33	0.16	0	0
Occupational illness rate employees	\million hours	0	0	0	0	0	0	0	0	0
Total illness absence rate employees	%	1.79	1.92	1.76	1.72	1.83	1.51	1.23	1.17	1.76
Fatalities: employees, supervised and independent contractors	number	1	0	0	0	0	0	0	0	0
Total reportable injury rate independent contractors	\million hours	0.52	0	0	0	0	0.56	0	0	0
Lost time injury independent contractors	number	1	0	0	0	0	2	0	0	0
% sites with BBS Programme	%	0	100	100	100	100	100	100	100	100
Distribution incidents	number	1	1	1	0	0	0	0	0	0
Motor vehicle incident with injury	number	0	1	2	0	0	0	1	0	0

Emissions Control		2009	2010	2011	2012	2013 H1	2013-14	2014-15	2015-16	2015-16
										Target
Total COD emissions	te	105.37	52.59	53.78	39.52	17.82	16.43	18.05	15.99	49.96
Per ton production	kg/te	0.15	0.11	0.13	0.10	0.10	0.04	0.04	0.03	0.10
Total VOC emissions	te	161.25	81.81	72.34	57.12	1.33	3.23	3.45	3.56	77.72
Per ton production	kg/te	0.23	0.18	0.17	0.14	0.01	0.01	0.01	0.01	0.16
Total NOx emissions	te	422.42	430.70	422.93	420.28	206.06	798.34	1209.18	1611	409
Per ton production	kg/te	0.61	0.93	0.99	1.03	1.14	1.93	2.75	3.40	0.83
Total SOx emissions	te	1431.4	2209.12	2672.9	2590.15	1402.4	4338.97	3091.74	3562.32	2430
Per ton production	kg/te	2.05	4.76	6.29	6.35	7.75	10.50	7.02	7.53	4.95
Total Direct CO ₂ emissions (Scope 1)	million te	0.47	0.39	0.35	0.35	0.13	0.43	0.52	0.62	0.37
Per ton production	kg/te	676.1	834.7	829.5	847.95	737.50	1038.11	1196.13	1318.70	753
Total Indirect CO ₂ emissions (Scope 2)	te	39907	2447	5642	3235.61	706.86	2413.32	2384.20	1501.56	2324
Per ton production	kg/te	57.3	5.3	13.33	7.93	3.91	5.84	5.42	3.17	4.7

Water Usage		2009	2010	2011	2012	2013 H1	2013-14	2014-15	2015-16	2015-16
										Target
Total fresh water use	million m3	6.49	4.59	4.12	3.48	1.57	3.49	3.73	4.22	4.36
Per ton production	m3/te	9.8	9.9	9.7	8.53	8.7	8.44	8.47	8.91	8.9
% of sites with sustainable fresh water	%	25	25	25	25	33	33	33	33	100

Waste Management		2009	2010	2011	2012	2013 H1	2013-14	2014-15	2015-16	2015-16
										Target
Total waste	kte	19.015	4.412	2.73	2.28	0.43	12.88	22.20	28.94	4.191
Per ton production	kg/te	27.32	9.53	6.44	5.60	2.35	31.18	50.44	61.13	8.53
Total hazardous waste	kte	0.31	0.54	0.52	0.53	0.001	0.0076	0.24	0.006	0.51
Per ton production	kg/te	0.45	1.17	1.22	1.30	0.003	0.001	0.001	0.013	1.04
Total non-reusable waste	kte	0.408	0.295	0.384	0.385	0.001	0.0076	0.24	0.006	0.28
Per ton production	kg/te	0.59	0.64	0.90	0.94	0.00	0.001	0.001	0.013	0.57
Total non-reusable hazardous waste	kte	0.151	0.251	0.327	0.323	0.001	0.008	0.24	0.006	0.238
Per ton production	kg/te	0.22	0.54	0.77	0.79	0.00	0.00	0.001	0.013	0.48
Total hazardous waste to landfill	kte	0	0	0	0	0	0	0	0	0
Per ton production	kg/te	0	0	0	0	0	0	0	0	0

Product Stewardship		2009	2010	2011	2012	2013 H1	2013-14	2014-15	2015-16	2015-16
										Target
Product Eco-premium solutions	% sales	-	-	15.7	*	NR	NR	NR	NR	30

*Data not available due to demerger of Paints Business

Energy Usage		2009	2010	2011	2012	2013 H1	2013-14	2014-15	2015-16	2015-16
										Target
Total energy consumption	1000TJ	6.5	4.8	4.3	4.3	2.1	4.9	5.7	6.5	4.6
Per ton production	GJ/te	9.3	10.4	10.1	10.4	11.62	11.84	13.03	13.86	9

NR: Not Reported



Economic Performance

Management Approach

One of our core values is 'Integrity and Responsibility' and we apply this principle in our daily operations, in our projects and in the way we do business. We aim for the highest standards in all our dealings and aim to partner with suppliers who not only endorse our values but incorporate them in their businesses. It is our belief that a strict focus on ethics and responsibility will result in business value for all involved stakeholders. Thus, we make sure that our actions speak louder than words.

Economic Highlight

Addressing Economic Issues in Khewra While Catering to Mother-and-Child Healthcare

The remote region of Khewra, where our Soda Ash plant is based, faced a pressing need for a quality healthcare facility to cater to women and young children. Families from this community of over 80,000 struggled with the lack of an adequate facility for years, with pregnant women and young children having to travel long distances through inhospitable terrain to receive the medical care they need.

In response to this longstanding need, ICI Pakistan Limited established the Hamqadam Community Clinic. Formally inaugurated on March 1, 2016, the Clinic had already opened its doors to the public in February 2016, and is run and managed in collaboration with the Marie Adelaide Leprosy Centre (MALC).

In just a few short months of operation (February to June 2016) the Clinic had seen a total of 2,740 outpatient cases, of which 1,948 cases involved women and 792 involved children. The healthcare benefits of the facility were clear.

However, an initiative of this sort does much more than just cater to the immediate medical needs of a community. Its effects are much more far-reaching, especially in terms of indirect economic impact.

There are several aspects to this impact. One is the immediate reduction of travel costs and other expenses incurred by residents while traveling to distant healthcare facilities. Especially where the patient is a woman or a child, it is common for more than one person to accompany the patient on this journey, thereby compounding the financial burden of healthcare on families in this already impoverished community.

A second aspect of indirect economic impact is the long-term, cumulative effect of improved health and well-being on a community's productivity.

A third, and perhaps most evident economic aspect of the Hamqadam Community Clinic, is that of improving livelihoods by creating employment opportunities within an isolated community where few exist. Currently, four out of the total five staff members employed at the clinic are residents of the Khewra community, and include a lady health visitor, a technician, a driver and a general assistant.

Therefore, in addition to addressing an urgent community healthcare need, the Clinic also has the effect of contributing to improving employment opportunities and providing livelihoods to those in a remote region with few other viable employment prospects.



The ICI Pakistan Limited team with members of the Hamqadam Community Clinic staff



Suhail A Khan (VP Polyester & Soda Ash), Asif Jooma (CE) and Mervyn Lobo (CEO MALC) inaugurate the Hamqadam Community Clinic

Integrity Management

In line with our Company values, we have a responsibility to ensure and maintain high standards of integrity in all our operations. And we encourage our employees to do the same. Our business principles are transparent and are reflected in our Code of Conduct, adherence to which is required by every employee of the Company.

With respect to our most valuable resource, our people, we believe in and adhere to the principles of non-discrimination, freedom of association and other internationally recognised expectations for business ethics. We maintain an open dialogue with employees through the Performance and Development Discussion (P&DD) tool and actively develop our talent through a variety of training and development opportunities.

The Values and Code of Conduct of ICI Pakistan Limited are available for all stakeholders on our website: www.ici.com.pk

Key Performance Indicators

Integrity Management		2009	2010	2011	2012	2013 H1	2013-14	2014-15	2015-16	2015-16
										Target
Code of Conduct confirmed incidents	number	10	23	20	5	NR	1	1	0	0
Code of conduct acceptance*	% employees	100	100	100	100	100	100	100	100	100**
Management audits including reassurance audits	number	6	11	9	7	6	6	0	6	6
Serious incidents - Level 3	number	1	1	1	1	0	0	0	0	0
Serious incidents - Level 1, 2	number	0	2	0	0	0	0	0	0	0
Serious loss of containment - Cat D	number	0	0	0	0	0	0	0	0	0
Regulatory actions - Level 3	number	0	0	0	0	0	0	0	0	0

*Number of Management and Non-Management employees.

**Going forward we aim to achieve 100% acceptance by including contractual staff as well.

2015-16 Overview

The HSE&S Management Audit process, which commenced with audits of all manufacturing sites and locations last year across the Company, was completed during the year. Based on the auditors' findings and recommendations, the Businesses and locations are preparing their 2016-17 HSE&S improvement plans.

Code of Conduct acceptance is a standard part of the Performance and Development Discussion (P&DD) system at ICI Pakistan Limited. Each employee is required to read and acknowledge the Code of Conduct, and to renew this acknowledgement annually.

No serious incidents, Level 1, 2, or 3, were reported during the year.

Sourcing

When it comes to sourcing, we seek solutions beyond our own manufacturing cycle. We work closely with our supply chain partners to promote sustainability in their operations, not only ensuring the continuity of our own supply chain, but also raising the standards of our partners' business operations.

Key Performance Indicators

Sourcing		2009	2010	2011	2012	2013 H1	2013-14	2014-15	2015-16	2015-16
										Target
Vendor Policy signed by key suppliers	%	88	83.8	85	92	92	88	94	87	96
Vendor Policy signed by Central NPR Suppliers*	%	x	x	28**	28	28	38	63	40	-
Supportive Supplier Visits	number	21	79	31	59	35	99	92	-	146

*Major public sector utility suppliers not included in this analysis.

**Monitoring started in 2011 only by Polyester Business.

2015-16 Overview

We ensure that 100% of our critical suppliers have signed the Vendor Policy. However, the percentage of central non-product related suppliers signing the Vendor Policy decreased to 40% owing to the fact that many new non-product related suppliers are being inducted at different locations because of major expansions and growth, and the process is yet to be completed. This deviation is on our radar and we intend to enhance it in the coming months.

Our programme of on-site visits to critical suppliers aims to identify and develop these critical suppliers as sustainable business partners. Through formal feedback and follow-up visits, we work together with our suppliers to improve their overall sustainability. Although progress this year remains slow, we are actively working to improve the number of supplier visits in line with our Businesses' future plans.



Social Performance

Management Approach

A safe workplace is a healthy workplace. For us, nothing means more than the safety of our people and the people we work with. Our aim is to empower employees and communities and find ways to enable them in a culture that is conducive to professional growth. We endorse and practise equal opportunities and are committed to equitable treatment of all employees, irrespective of origin, race or gender. We have a passion for people and this is a fundamental part of our DNA as a responsible Company.

Social Highlight

Opening Doors in a Troubled Community

Dogged by poverty and unemployment, coupled with rising crime rates over years of political unrest, the area of Lyari, near our Company's Head Office premises in Karachi, became infamous over the years as a turbulent and troubled locality.

Focusing on the development and uplift of the communities near which we operate has always been one of the mainstays of our social development initiatives at ICI Pakistan Limited. To build ties with the community, we engaged with the Abdullah Haroon Vocational Training Institute, which provides vocational training to young people from Lyari. Initial visits to the institute confirmed the potential for substantial impact to be made through even the simplest of initiatives; the young people of Lyari proved to be bright, resourceful and eager to learn.

In response to this, we decided to set up two different programmes. The first was a three-month IT and English language training course aimed at those pursuing formal education. This course was designed to strengthen students' chances of succeeding at higher education and/or lead to improved employment opportunities. The second programme was a basic electrical wiring foundation course, intended for those who required a more skill-based approach to earn a sustainable livelihood.

In collaboration with the Corporate IT Department of ICI Pakistan Limited, we arranged an MS Office training course. We then approached our partners at local NGO Literate Pakistan's Jugnoo Programme, to conduct English language courses in conjunction with this training. The course was planned in such a manner that the modules supported each other and provided improvement of vital skills. A fundamental understanding of English is vital to successfully operating all basic software, and knowledge of MS Office software is a necessary prerequisite in today's education and business landscape.

The response from both parties was enthusiastic, and on May 16, 2016, we formally launched both courses under the banner of the IIm-o-Hunar Programme. The response from the community has been overwhelming, with a total of 200 boys and girls having successfully completed the three-month training. It is encouraging to learn that some of the students' teachers have reported a marked improvement in the students' abilities as a result of this course. It is also worth noting that 65% of these students are young women, many of whom have to overcome the pressures of a conservative society to continue with their education. Of the 24 students enrolled in the electrical wiring course, 20 completed the course successfully and are now equipped with an employable skill.



65% of the MS Office and English Language Course students are young women



Students successfully complete the Electrical Wireman Course

Employment Practices

A culture of excellence in human resource management owes a great deal to development, training and growth opportunities. We strive to attract and retain the brightest talent, investing in structured leadership development and training programmes that allow our people to enhance their potential through continuous learning. We are committed to providing a safe and healthy working environment with fair policies and practices, where our employees are inspired and encouraged to live our Company values every day.

Total number of employees: 1,337*

Management: 938

Non-Management: 399

*As of June 30, 2016

Key Performance Indicators

Employment Practices		2009	2010	2011	2012	2013 H1	2013-14	2014-15	2015-16	2015-16
										Target
Women Executives*	%	0	0	0	0	0	25	25	25	12
On-line P&D Discussion participation	%	77	80	83	NR	NR	98	98	98	90
Management Development Programme	No. of Managers	34	121	211	NR	NR	NR	NR	572	338
Employee** Engagement Index	% favourable		75	82	87	NR	NR	77	99.6	80

*Functional and Business Head positions

**Managers Only

2015-16 Overview

The Company's online performance management system, the Performance and Development Discussion, (P&DD) is well-established and efforts are made to ensure maximum participation by employees in this process.

Launched during the year, the Leadership Development Road Map / Leadership Development Journey is a structured and integrated talent development framework for all ICI Pakistan Limited management employees. This unique talent development intervention focuses on sustainably developing leadership capabilities at each level in the organisation, offering employees the opportunity to not only grow in their existing roles, but also to achieve their ongoing career aspirations.

During 2015-16 more than 572 managers successfully completed these development interventions. Since last year, ICI Pakistan Limited has partnered with Gallup to launch and run iMPower, an employee engagement survey designed to take stock of organisational levels and effectiveness.

With a stellar performance across all Businesses and functions, the engagement score for ICI Pakistan Limited stands at 4.16 on a five-point scale. This score reflects an impressive increase of 0.29 points from last year's score of 3.87 and is well ahead of Gallup's recommended trajectory score. In terms of percentile, this score places the Company at the 58th percentile compared with other companies in the Gallup Global Database, as opposed to the 35th percentile last year.

Community Investment

At ICI Pakistan Limited we have a long history of working to support and uplift the communities in which we live and operate. Our community investment activities are managed through the ICI Pakistan Foundation, a separate legal entity with its own Board of Trustees. The Foundation is governed by a Trust Deed that outlines policies and procedures and defines the scope of community investment activities. The accounts of the Foundation are audited by certified chartered accountants.

The Foundation's philosophy focuses on four main areas: education, health, community and environment, while also supporting civic development through investment in community projects, disaster relief and rehabilitation activities. This year, the ICI Pakistan Foundation formally incorporated all its CSR initiatives under the umbrella of the Hamqadam Programme.

Key Performance Indicators

Community Investment		2009	2010	2011	2012	2013 H1	2013-14	2014-15	2015-16	2015-16
										Target
Community Programme Investment	PKR Million	16.5	42.5*	24.3	6	7.45	17.45	20	20	30

*This amount includes contribution by stakeholders including ICI Pakistan Limited staff and parent company contribution for floods.

2015-16 Overview

The ICI Pakistan Foundation upgraded the Household Electrical Wireman Course at our Polyester plant for Sheikhpura community youths to a three-phase Industrial Electrical Wireman Course. An Electrical Wireman short course was also initiated in the community of Lyari, Karachi. Funds were provided for the construction of a new facility for the Ladies' Welfare Centre, a vocational training centre in Khewra, for women from the local community.

A three-month MS Office and English Language course was initiated at a training Centre in Lyari, in collaboration with Literate Pakistan, for over 200 Lyari youth. The second session of the Adult Literacy Programme, also held in collaboration with Literate Pakistan, commenced at the Kakapir Village, Karachi with 20 female students. The ICI Pakistan Foundation continues its support of the Kakapir Village community school as well as the Government Boys and Girls Primary School, Tibbi Hariya, Sheikhpura.

The Foundation provided funds to upgrade Murshid Hospital's School of Nursing in Karachi to college level to offer a four-year degree programme for nursing students. In addition, the Foundation continues to contribute funds to the Pakistan Agricultural Coalition, Lahore, to set up an agricultural technical institute.

The Foundation provided funds to set up a Hamqadam Community Clinic at Khewra in collaboration with the Marie Adelaide Leprosy Centre (MALC), Karachi, to cater to mother-and-child healthcare issues. The Foundation also donated a state-of-the-art ambulance to the clinic for community use.

The longstanding eye care programme at Khewra in collaboration with the Layton Rahmatullah Benevolent Trust (LRBT) celebrated 25 years of successful eye care

interventions this year. The Foundation completed its first year of a three-year pledge made to the Child Life Foundation, for operation of the paediatric emergency ward at Civil and Jinnah Hospitals, Karachi.

A livestock wellbeing programme for dairy farmers, introduced the 'Cattle Crush,' a cage or pen that restrains animals safely for the duration of veterinary procedures. These units have been installed in remote areas across Pakistan, particularly in the KPK and Potohar regions.

Company volunteers arranged Independence Day celebrations for paediatric patients at Karachi's Civil Hospital and National Institute of Cardiovascular Diseases. Volunteers also engaged with children at SOS Village on Children's Day to educate them on recycling.

The Foundation renovated the Allama Iqbal Municipal Park at Pind Dadan Khan, Khewra, for the community's use. Earth Day and World Environment Day were celebrated with tree plantation drives at Khewra, Sheikhpura, Life Sciences' Multan Road facility, Lahore and in Lyari, Karachi. Over 1,000 saplings were planted in total. We continue to utilise biodegradable envelopes to mail the Company's annual reports to stakeholders.

To create awareness for the conservation and protection of natural resources, the Company participated in international Earth Hour by switching off unnecessary lights at all our sites at the designated time.

Health, Safety and Security

At ICI Pakistan Limited, the health, safety and security of our people are of paramount importance. Zero harm is the underlying premise of our HSE&S philosophy – we believe all workplace accidents are preventable and place high priority on making our systems, processes and working environment continually safer for our employees in line with accepted standards and corporate guidelines.

By ensuring the occupational health and safety of employees, contractors and suppliers on Company premises, we not only create a safer workplace, but also improve the efficiency and sustainability of the Company's operations in terms of reduced damages-related costs and fewer disruptions to operations and procedures.

Key Performance Indicators

Health, Safety and Security		2009	2010	2011	2012	2013 H1	2013-14	2014-15	2015-16	2015-16
										Target
Fatalities	number	0	0	0	1	0	0	0	0	0
Total reportable injury rate employees/ supervised contractors	\million hours	0.18	0	0.18	0.34	0	0.33	0.16	0	0
Occupational Illnesses Rate Employees	\million hours	0	0	0	0	0	0	0	0	0
Total illness absence rate employees	%	1.79	1.92	1.76	1.72	1.83	1.51	1.23	1.17	1.76
Fatalities employees, supervised and independent contractors	number	1	0	0	0	0	0	0	0	0
Total reportable injury rate independent contractors	\million hours	0.52	0	0	0	0	0.56	0	0	0
Lost time injury independent contractors	number	1	0	0	0	0	2	0	0	0
% sites with BBS program	%	0	100	100	100	100	100	100	100	100
Distribution incidents	number	1	1	1	0	0	0	0	0	0
Motor vehicle incident with injury	number	0	1	2	0	0	0	1	0	0

2015-16 Overview

The Company continued to demonstrate its unwavering commitment to HSE&S, completing the year without a single reportable injury. No occupational illness was reported on account of compliance with the Company's various health assessment and work environment monitoring programmes. There was also a reduction of 4.8% in the total illness absence rate of employees as compared to last year. A sharper focus on operational discipline, and strict adherence to the Company's Health, Safety, Environment and Security Management system, was supported by management focus through the Behaviour-Based Safety (BBS) programme. This is a clear indicator of our resolve to maintain HSE&S as a core priority.

The HSE&S performance of the Businesses continues to improve as the Polyester, Soda Ash, Life Sciences and Chemicals Businesses achieved 7.98, 7.93, 1.40 and 5.06

million man-hours respectively without reportable injury for employees and supervised contractors. Additionally, there were no reportable injuries to independent contractors. After the implementation of a certified HSE&S Management System in 2013-14, all Businesses and locations aligned their local HSE&S procedures. In 2015-16, a Company-wide HSE&S Management Audit process was completed across all Businesses (Soda Ash, Polyester, Chemicals and Life Sciences) and corporate offices (Head Office, Karachi and Mozang Office, Lahore). Based on the auditors' findings and recommendations, improvement plans are being devised at the respective Businesses and locations. The Management Audit process has established a baseline compliance level that will help gauge HSE&S improvements more accurately in future.

The focus remained on energy conservation, waste and Operational Eco Efficiency (OEE) footprint reduction through the implementation of sustainability plans in all Businesses.




Environmental Performance

Management Approach

One of our philosophies is that what we take from the planet, we must endeavour to give back. No organisation can thrive if our landscapes are diminished and our natural resources are depleted. We understand that our operations have an impact on the planet and its climate, and therefore our core objectives include methods by which we can mitigate this impact.

Pakistan is a beautiful country with incredible biodiversity. Our sites stretch from north to south, and our products cover the breadth of this land. We are part of nature, not separate from it, and it is our duty to strive for environmental responsibility within the Company and beyond. In this spirit, environmental objectives are comprehensively integrated into our corporate and business goals and we ensure that we fully comply with the National Environment Legislation.



Environmental Highlight 1

Exploring Bioremediation for Waste Water Treatment

Waste management solutions abound in today's industrial world. But often, these solutions involve the use of chemicals or processes that themselves could potentially pose a threat. This is where bioremediation differs. It is a process that utilises naturally occurring organisms to break down or neutralise waste substances. Bioremediation has been adopted as the most cost-effective, socially feasible and environmentally sound approach in 52 countries globally. In addition to its other benefits, bioremediation removes chemicals which cannot be removed through other conventional waste water treatment options.

In the search for innovative waste water treatment solutions, our Polyester Business collaborated with Critical Green, an Islamabad-based research organisation, to explore the

feasibility of this process at our site. Critical Green focuses on resolving water security issues in Pakistan, with a special focus on cost-effective, sustainable and socially acceptable methods of water recycling.

As a result of the Polyester Business's keen interest, a team from Critical Green along with researchers from Quaid-i-Azam University carried out multiple visits to our Polyester plant site to better understand the exact nature of activities carried out at the plant. As a result of this collaboration, a pilot study of experimental solutions is currently being conducted at the Quaid-i-Azam University's laboratory. Based on the results of this study, we hope to implement effective methods of removing pollutants from waste water using bioremediation techniques at our Polyester manufacturing site.

Environmental Highlight 2

Tree Plantation Drives to Improve our Environment

One of the simplest and most effective ways to positively counter environmental impact remains the act of planting a tree. As a tree matures, it can consume up to 48 pounds of carbon dioxide per year, thereby making the planting of trees one of the most cost-effective methods of eliminating carbon dioxide from the atmosphere.

As a manufacturing company, we are keenly conscious of our environmental impact and believe every effort counts when it comes to offsetting this impact and improving the environment that sustains us all. We carried out tree plantation drives at several of our major locations during the year, planting over 18,050 trees in total at our sites and neighbouring locations, across the country. The benefits of tree plantation include greenery, cooling shade, and of course, reductions in carbon dioxide levels in the atmosphere, improving air quality in the areas in which they are planted and creating a healthier environment overall.

Fittingly, our larger manufacturing sites were the ones that planted the greatest number of trees. At our Soda Ash plant in Khewra, approximately 12,000 trees were planted over the

year. At our Polyester plant in Sheikhpura, the total number of trees planted was 5,000.

At our Animal Health Division Manufacturing facility at Multan Road, Lahore, tree plantation efforts were given symbolic meaning by engaging the local community to make the initiative more inclusive, and to engage stakeholders while carrying out this environmental initiative. 600 trees were planted, some on ICI Pakistan Limited premises, and others on shared public land. Here, trees were planted beside a canal that runs along Multan Road. This guaranteed the ready availability of water, ensuring the sustainability of the newly planted trees.

In Karachi, a team of volunteers collaborated with students and faculty at the Abdullah Haroon Vocational Training Institute in Lyari, which neighbours the Company's Head Office, to plant 450 saplings. Lyari is a densely populated, polluted locality, and by planting trees there, we hope to provide some relief to residents in the form of greenery, shade and of course, improved air quality.



The Animal Health team plants trees along Multan Road, Lahore

Emissions Control

As a Company, we constantly strive to balance the impact of our production processes with efficient and careful management of energy and natural resources. The goal is always to minimise emissions and discharge, and subsequently, environmental impact. We seek innovative methods to reduce energy consumption and minimise waste through source reduction, recycling and environmentally sound waste disposal.

Key Performance Indicators

Emissions Control		2009	2010	2011	2012	2013 H1	2013-14	2014-15	2015-16	2015-16
										Target
Total COD emissions	te	105.37	52.59	53.78	39.52	17.82	16.43	18.05	15.99	49.96
Per ton production	kg/te	0.15	0.11	0.13	0.10	0.10	0.04	0.04	0.03	0.10
Total VOC emissions	te	161.25	81.81	72.34	57.12	1.33	3.23	3.45	3.56	77.72
Per ton production	kg/te	0.23	0.18	0.17	0.14	0.01	0.01	0.01	0.01	0.16
Total NOx emissions	te	422.42	430.70	422.93	420.28	206.06	798.34	1209.18	1611	409
Per ton production	kg/te	0.61	0.93	0.99	1.03	1.14	1.93	2.75	3.40	0.83
Total SOx emissions	te	1431.4	2209.12	2672.9	2590.15	1402.4	4338.97	3091.74	3562.32	2430
Per ton production	kg/te	2.05	4.76	6.29	6.35	7.75	10.50	7.02	7.53	4.95
Total Direct CO ₂ emissions (Scope 1)	million te	0.47	0.39	0.35	0.35	0.13	0.43	0.52	0.62	0.37
Per ton production	kg/te	676.1	834.7	829.5	847.95	737.50	1038.11	1196.13	1318.70	753
Total Indirect CO ₂ emissions (Scope 2)	te	39907	2447	5642	3235.61	706.86	2413.32	2384.20	1501.56	2324
Per ton production	kg/te	57.3	5.3	13.33	7.93	3.91	5.84	5.42	3.17	4.7

*COD and VOC emissions were high until 2012 and decreased thereafter due to the demerger of the Paints Business from the ICI Pakistan Limited portfolio

**Unprecedented natural gas curtailment periods caused increased use of high sulphur furnace oil and coal, thereby causing high CO₂ emissions

2015-16 Overview

Operational eco-efficiency KPIs on gaseous emissions have been significantly affected by changes in the energy mix of ICI Pakistan Limited, with coal forming 51% of the energy mix during 2015-16. Gas curtailment and the unreliability of the national grid are major contributors to the Businesses' increased use of coal. However, all air emissions fall within National Environmental Quality Standards (NEQS) limits.

Gaseous emissions at the Soda Ash plant are being controlled by the increased usage of RB3 type coal in the fuel mix of local and imported coal. The current coal mix ratio is 70:30 for imported and local coal, respectively. At our Polyester plant, 100% imported coal is used in the coal fired boilers as it minimises gaseous emissions. 455 tons of CO₂ have been

saved due to the energy conservation plan implemented in 2015-16. At our Chemicals plant, CO₂ emissions have been reduced by 8% through effective maintenance planning and the efficient utilisation of fuel, while production during the same period increased by 2%.

There has been an 11% reduction in COD levels, while no significant deviation in VOC emissions was observed. Indirect CO₂ emissions were reduced due to less dependency on the national grid (the Polyester plant is now completely independent of the national grid).

Water Usage

Careful management of this vital natural resource remains a key focus of the Company's sustainability strategy. Water usage is critical to the continuity of our operations and as such, we have put in place systems to ensure responsible management of fresh water, utilising recycled waste water where feasible in our manufacturing processes and other operations.

Key Performance Indicators

Water Usage		2009	2010	2011	2012	2013 H1	2013-14	2014-15	2015-16	2015-16
										Target
Total fresh water use	million m3	6.49	4.59	4.12	3.48	1.57	3.49	3.73	4.22	4.36
Per ton production	m3/te	9.8	9.9	9.7	8.53	8.7	8.44	8.47	8.91	8.9
% of sites with sustainable fresh water	%	25	25	25	25	33	33	33	33	100

2015-16 Overview

Water consumption figures for 2015-16 are slightly higher than figures for the previous year but are still within target.

Several major construction projects at the Soda Ash plant site necessitate the use of water, including Jhelum River Line 4, the Reverse Osmosis and Continuous Electro-Deionisation (RO EDI) plant, CFB boilers and 18 MW steam turbine. It is worth noting that despite ongoing work on these major projects, water consumption figures are still within target. This is due to our water consumption impact being offset by various water conservation projects which include recycling of sampling and permeate water from the RO & EDI site. 772,800 m3 of water is reused while 927,351 m3 of water is recycled,

including steam condensate. This totals 39% of total water withdrawal at the Soda Ash plant site.

The Polyester Business also used 36,500 m3 of EDI reject water during the year 2015-16. In addition to this, 13,000 m3 of effluent-treated water was used for horticulture via 27 sprinklers.

The Chemical Business recycles and reuses a total of 1,410 m3 of water which is 10.1% of the total water supply used in the Business's manufacturing processes.

Waste Management

While the production of waste is an inevitable by-product of any manufacturing process, we strive to minimise our impact in this area by employing the 3R concept in our waste management system. We focus on the reduction and improved processing of waste, actively participating in waste-management initiatives, implementing global practices and following these simple principles:

- Reduce
- Reuse
- Recycle
- Convert waste to energy
- Dispose

Key Performance Indicators

Waste Management		2009	2010	2011	2012	2013 H1	2013-14	2014-15	2015-16	2015-16
										Target
Total waste	kte	19.015	4.412	2.73	2.28	0.43	12.88	22.20	28.94	4.191
Per ton production	kg/te	27.32	9.53	6.44	5.60	2.35	31.18	50.44	61.13	8.53
Total hazardous waste	kte	0.31	0.54	0.52	0.53	0.001	0.0076	0.24	0.006	0.51
Per ton production	kg/te	0.45	1.17	1.22	1.30	0.003	0.001	0.001	0.013	1.04
Total non-reusable waste	kte	0.408	0.295	0.384	0.385	0.001	0.0076	0.24	0.006	0.28
Per ton production	kg/te	0.59	0.64	0.90	0.94	0.00	0.001	0.001	0.013	0.57
Total non-reusable hazardous waste	kte	0.151	0.251	0.327	0.323	0.001	0.008	0.24	0.006	0.238
Per ton production	kg/te	0.22	0.54	0.77	0.79	0.00	0.00	0.001	0.013	0.48
Total hazardous waste to landfill	kte	0	0	0	0	0	0	0	0	0
Per ton production	kg/te	0	0	0	0	0	0	0	0	0

2015-16 Overview

Waste at the Soda Ash and Polyester plants has increased after the commissioning of coal fired boilers, HTM heaters and the power plant project. This is due to an increase in fly ash and slag, which is a result of the use of coal. Both Businesses are currently exploring options for reusing their fly ash and slag waste, either at their own sites or at other local plants.

The following waste reduction initiatives have been completed at various sites:

Polyester

- HTM heater slag usage in CFB boiler
- Installation of drip detector at bank 6 in place of slub catchers, in order to reduce waste produced by spinning breaks
- Reduction in G2R/G3 generation

Soda Ash

- Diversion of calciners 1/2 condensate in case of contamination
- Free brine recovery improvement

Product Stewardship

As a responsible manufacturer, we pay close attention to product stewardship across our Businesses, taking steps to minimise the impact of our products on the environment and on human health.

A shared responsibility, product stewardship requires collaboration and involvement from stakeholders at every step of the product life cycle. To this end, we share our HSE&S best practices with vendors and suppliers in order to ensure better utilisation of resources, minimisation of waste and a greater overall awareness of this important duty.

Key Performance Indicators

Product Stewardship		2009	2010	2011	2012	2013 H1	2013-14	2014-15	2015-16	2015-16
										Target
Product Eco-premium solutions	% sales	-	-	15.7	*	NR	NR	NR	NR	30

*Data not available due to demerger of Paints Business.

2015-16 Overview

Our Life Sciences Business completed 18 new product development briefs (NPDBs) of which commercialisation review will be carried out after a two-year testing period.

The Chemicals Business completed 17 NPDBs in 2015-16. Of these, 10 products were successfully commercialised. On the eco-friendly front, MKS Devo's Sultan Black liquid sulphur dye was introduced into the denim industry. Unlike conventional powdered sulphur dyes currently being used, this product has a green footprint. Going forward, with more stringent demands on environmental compliance being imposed by overseas importers, such products will become standard fixtures in recipes.

In a similar scenario, Fevicryl fabric glue was introduced to the finished garments segment. A water-based glue specifically designed for clothing, Fevicryl is a far superior alternative to the various makeshift solvent-based adhesives currently being used in the industry.

The Polyester Business continues to seek opportunities to improve its products in line with emerging environmental needs. One such initiative has been the full-scale trial of APEO/NPEO-free spin finish usage on our fibre, in order to make the product more environmentally friendly. APEO/NPEO usage has been shown to be toxic to marine life and could also pose a threat to human wellbeing. The Business plans to move gradually towards full scale conversion to APEO/NPEO-free spin finishes.

Energy Efficiencies

While the ongoing national energy crisis underscores the need for renewable energy solutions for the future, as a Company we have always been committed to finding better, more sustainable energy solutions. Therefore, the conservation of energy and the reduction of our carbon emissions remains an ongoing priority.

Key Performance Indicators

Energy Usage		2009	2010	2011	2012	2013 H1	2013-14	2014-15	2015-16	2015-16
										Target
Total energy consumption	1000TJ	6.5	4.8	4.3	4.3	2.1	4.9	5.7	6.5	4.6
Per ton production	GJ/te	9.3	10.4	10.1	10.4	11.62	11.84	13.03	13.86	9

2015-16 Overview

Natural gas shortages have led ICI Pakistan Limited to invest in coal-based technologies for generating both steam and power. ICI Pakistan Limited's manufacturing facilities at Sheikhpura (Polyester) and Khewra (Soda Ash) have seen significant investments in coal fired boilers and steam turbines. Intrinsically, these power plants are energy intensive because of their base parasitic loads which are significantly higher than similar capacity units operating on natural gas. This excessive energy consumption is reflected in higher per tonne energy during the year 2015-16.

Our manufacturing sites continue to maintain a keen focus on optimal utilisation of available natural gas, day-to-day process optimisation, thorough monitoring of key energy parameters, hardware modification, creating shop-floor-level awareness, taking timely actions to apprehend any operational abnormality, and preventive maintenance approach. Some examples of these initiatives are as follows:

Soda Ash Site

- Continuing work on steam reduction at distillers
- ICI Pakistan Limited salt mine electrification improvement project
- Replacement of old blowback compressors with more efficient machines
- Installation of wash water Plate Heat Exchanger (PHE) to recover heat from water used for washing.
- Modification/improvement of FMC-4 to increase process heat recovery
- Zero steam leakage philosophy applied by ongoing surveys of steam circuit to minimise steam leakages

Polyester Site

- Use of HTM Heater slag in CFB Boiler to minimise LOI (loss of ignition) i.e. consumption of unburnt carbon
- Area lights of CFB switched to photo cell operation
- Steam turbine area station load reduced from 2.0 MW to 1.8 MW
- Steam conservation by bringing HMI from spinning to draw line through efficient control
- Line # 5 AC - EC stoppage during line stoppage
- Use of string up gun at bank 2 and 3 to stop vacuum pumps electricity consumption
- Batch Polymer and CFB MCC lights turned off when idle

Chemicals Plant

- The Chemicals plant achieved 15% reduction in energy consumption based on compliance with preventive maintenance plans, resulting in higher efficiencies

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G4-5	Location of the organisation's headquarters	Company Information
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IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES		
G4-17	Entities included in organisation's consolidated financial statements or equivalent documents	Entities included in the consolidated financial statements are ICI Pakistan PowerGen Limited and NutriCo Pakistan (Pvt) Limited. See Consolidated Financial Statements. Additionally, ICI Pakistan PowerGen Limited and NutriCo Pakistan (Pvt) Limited are not covered by this sustainability report.
G4-18	Process for defining report content and aspect boundaries	Sustainability Performance: About the Report
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G4-21	For each material aspect report the aspect boundary outside the organisation.	Sustainability Performance: About the Report
G4-22	Restatements of information provided in previous reports	N/A
G4-23	Significant changes in Scope and Aspect boundaries	N/A

STAKEHOLDER ENGAGEMENT

G4-24	List of stakeholder groups engaged by the organisation	Sustainability Performance: Stakeholder Engagement
G4-25	Basis of identification and selection of stakeholders with whom to engage	Sustainability Performance: Stakeholder Engagement
G4-26	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	Sustainability Performance: Stakeholder Engagement
G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting	Sustainability Performance: Stakeholder Engagement

REPORT PROFILE

G4-28	Reporting period (e.g., fiscal/ calendar year) for information provided	July 2015 - June 2016 (FY 2015-16) See Governance and Compliance: Director's Report, Sustainability Performance: About the Report
G4-29	Date of most recent previous report (if any)	July 2013 - June 2014 (FY 2013-14) See Overview and Strategy: Awards & Achievements.
G4-30	Reporting cycle (annual, biennial, etc)	Annual. See Governance and Compliance: Director's Report
G4-31	Contact point for questions	See Sustainability Performance: About the Report
G4-32	GRI guidelines and external assurance	See Sustainability Performance: About the Report
G4-33	Organisation's policy and current practice regarding assurance	See Sustainability Performance: About the Report

GOVERNANCE

G4-34	Governance structure of the organisation, including committees responsible for decision-making on economic, environmental and social impacts.	See Governance and Compliance: Corporate Governance and Compliance, Board and Management Committees; Sustainability Performance: Sustainability Council
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ETHICS AND INTEGRITY

G4-56	Organisation's values, principles and standards	See Our Vision, Our Values, Code of Conduct, Corporate Governance and Compliance
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SPECIFIC STANDARD DISCLOSURES

Indicators	Section/Response
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CATEGORY: ECONOMIC

MATERIAL ASPECT: ECONOMIC PERFORMANCE

G4-EC1	Direct economic value generated and distributed	See Financial Statements
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MATERIAL ASPECT: MARKET PRESENCE

G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	The ratio of entry level wage to minimum wage (set by minimum wage rules) is 2.07. This is same for all ICI Pakistan Limited employees irrespective of gender.
G4-EC6	Proportion of senior management hired from the local community at significant locations of operation	Karachi: 66%; Lahore: 100%; Sheikhupura: Nil; Khewra: Nil; Significant Location: Karachi, Lahore, Khewra, Sheikhupura; Senior Management: G37 plus excluding EMT; Local: Residing and belonging to the significant location identified ICI Pakistan Limited is an equal opportunity employer and there are no geographical boundaries. Individuals within senior management at Sheikhupura reside in Lahore, and are provided transport accordingly. However, keeping in view the definition of local, the percentage of this indicator in Khewra and Sheikhupura is nil due to the non-availability of sufficiently qualified individuals among the local community.

MATERIAL ASPECT: INDIRECT ECONOMIC IMPACTS

G4-EC7	Development and impact of infrastructure investments and services supported	See Community Investment in Social Performance
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MATERIAL ASPECT: PROCUREMENT PRACTICES

G4-EC9	Proportion of spending on local suppliers at significant locations of operation	Soda Ash: 67%, Polyester: 70%, Life Sciences: 64%, Chemicals: 18%
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CATEGORY: ENVIRONMENTAL

MATERIAL ASPECT: MATERIALS

G4-EN1	Materials used by weight or volume	<p>Non-renewables: 2194.55 ktons, 214.64 kL, 112.35M others; Renewables: 10,761 ktons, 1.68M others (others include packaging material with units each, half boxes, pet straps, meter, roll, pieces etc.)</p> <p>The nature of our manufacturing processes is such that use of renewable materials as raw materials is not viable however, we use renewable materials for packaging purposes in most of our operations.</p>
G4-EN2	Percentage of materials used that are recycled input materials	We use almost 99% of ammonia as recycled input material at our Soda Ash plant. The manufacturing processes at other sites are such that use of recycled raw material from within the process is not viable.

MATERIAL ASPECT: ENERGY

G4-EN3	Energy consumption within the organisation	<p>Non-renewable: 6503.42 (Natural Gas, Furnace Oil, Coal, Diesel); Renewable: 0.036 TJ (Solar); Electricity: 61.17 TJ; Total: 6564.62 TJ</p> <p>Standard calorific values of fuels are used for conversion.</p> <p>Heating, cooling and steam requirements at our manufacturing sites are met by installed utility equipment that consumes fuel and/or electricity therefore, the figures are inclusive of these utilities.</p>
G4-EN4	Energy consumption outside of the organisation	The energy consumed for these processes is within the organisation.
G4-EN5	Energy intensity	<p>See Energy Efficiencies in Environmental Performance for details.</p> <p>The figures are based on EN3.</p> <p>The Life Sciences Business has a diversified portfolio with varying measurement units while the energy figure is cumulative, therefore it cannot be included here. However, no fuel is used and electricity consumption is 8.14 TJ in plant operations.</p>
G4-EN6	Reduction of energy consumption	See Energy Efficiencies in Environmental Performance

MATERIAL ASPECT: WATER

G4-EN8	Total water withdrawal by source	Surface Water: 0.521 Mm3; Ground water: 3.657 Mm3, Municipal Water Supply: 0.04 Mm3
G4-EN10	Percentage and total volume of water recycled and reused	See Water Usage in Environmental Performance

MATERIAL ASPECT: BIODIVERSITY

G4-EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	See Health and Environment in Stakeholder Engagement Our manufacturing sites have in place a procedure for the conservation of flora and fauna to preserve biodiversity, and conduct various surveys for periodic assessments accordingly.
G4-EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	See Health and Environment in Stakeholder Engagement
G4-EN13	Habitats protected or restored	See Health and Environment in Stakeholder Engagement

MATERIAL ASPECT: EMISSIONS

G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	See Emissions Control in Environmental Performance
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	See Emissions Control in Environmental Performance
G4-EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3)	See Emissions Control in Environmental Performance
G4-EN18	Greenhouse gas (GHG) emissions intensity	See Emissions Control in Environmental Performance The Life Sciences Business has a diversified portfolio with varying measurement units, while emissions are cumulative therefore cannot be included here. However, no fuel is used in plant operations and emissions (only Scope 2) equal 216.79 tons.
G4-EN19	Reduction of greenhouse gas (GHG) emissions	See Emissions Control in Environmental Performance
G4-EN20	Emissions of ozone-depleting substances (ODS)	Manufacturing sites at ICI Pakistan Limited control new substances through a procedure outlining the introduction of new chemical systems that includes risk assessments regarding potential effects on health and environment. A list of all chemical substances along with stocks is maintained and updated regularly. No chemical classified as an ODS is listed in the CSI so far
G4-EN21	NOX, SOX, and other significant air emissions	See Emissions Control in Environmental Performance

MATERIAL ASPECT: EFFLUENTS AND WASTE

G4-EN22	Total water discharge by quality and destination	1.04 Mm3 planned water discharge to drains after effluent treatment at various sites
G4-EN23	Total weight of waste by type and disposal method	See Waste Management in Environmental Performance
G4-EN24	Total number and volume of significant spills	ICI Pakistan Limited has a system in place to monitor 'loss of containment' incidents categorised by level of severity. There was no reportable significant spillage incident in 2015-16.
G4-EN25	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally	Hazardous waste is managed by our sites and disposed of via standardised procedures including incineration, landfilling etc. 9.9 tons of hazardous waste was transported this year.

MATERIAL ASPECT: PRODUCTS AND SERVICES

G4-EN27	Extent of impact mitigation of environmental impacts of products and services	See Product Stewardship in Environmental Performance
G4-EN28	Percentage of products sold and their packaging materials that are reclaimed by category	Our manufacturing sites have laboratories in place that monitor product quality. There have been no incidents of reclamations during 2015-16.

MATERIAL ASPECT: COMPLIANCE

G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	ICI Pakistan Limited has various systems in place to monitor its environmental emissions i.e. Quarterly Corporate Reporting, Smart Reporting to the EPA etc. There has been no incident of non-compliance with laws or regulations during 2015-16.
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MATERIAL ASPECT: TRANSPORT

G4-EN30	Significant environmental impacts of transporting products and other goods and materials for the organisation's operations, and transporting members of the workforce	Transportation of goods for ICI Pakistan Limited is handled by third party contractors and relevant Company HSE&S Policies are included in transportation contracts. However, ICI Pakistan Limited's HSE&S Procedures and other metrics such as DRAs and CEFIC Protocol in practice help identify areas of improvement. Other actions such as freight consolidation and reduction of paper usage are also being executed to mitigate environmental impact.
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MATERIAL ASPECT: OVERALL

G4-EN31	Total environmental protection expenditures and investments by type	Prevention and Environmental Management Cost: 5.61 M PKR Waste Disposal, Emissions Treatment and Remediation Cost: 63.33 M PKR
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MATERIAL ASPECT: SUPPLIER ENVIRONMENTAL ASSESSMENT

G4-EN32	Percentage of new suppliers that were screened using environmental criteria	ICI Pakistan Limited's Vendor Policy and Code of Conduct is signed by all critical suppliers and clearly mentions criteria for vendor screening, including focus on company's environmental footprint. Moreover, all the suppliers considered are ISO certified, which includes this criterion.
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MATERIAL ASPECT: ENVIRONMENTAL GRIEVANCE MECHANISMS

G4-EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	ICI Pakistan Limited takes the community into consideration by appointing a key contact at each location of signification operation. This bridge is strengthened through annual gatherings, community investment programmes, active coordination and extended support. A Speak Up whistleblowing programme encompassing all stakeholders is also in place to register any instance or complaints. There has been no incident of grievances during 2015-16.
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CATEGORY: SOCIAL

SUB-CATEGORY: LABOR PRACTICES AND DECENT WORK

MATERIAL ASPECT: EMPLOYMENT

G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	Hiring: 197 Management Employees, 186 Male, 11 Female (all at Middle Management Level); Age: 89 Nos. under 30 years, 106 Nos. 30-50 years, 02 Nos. above 50 years Turnover: (Voluntary, Dismissal, Retirement, Death included) 114 Total leavers @ 12%; 106 Male, 8 Female; Age: 35 Nos. below 35 years, 67 Nos. 30-50 years, 12 Nos. above 50 years
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MATERIAL ASPECT: LABOR/MANAGEMENT RELATIONS

G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	4 weeks
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MATERIAL ASPECT: OCCUPATIONAL HEALTH AND SAFETY

G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programmes	Our manufacturing sites have different systems in place to promote such programmes. Monthly joint management and worker safety meetings are one such process, steered by line managers and occasionally section head of all functional departments. The agenda is set by the HSE&S department and feedback is recorded. Similarly, monthly meetings between heads of departments and site heads chaired by the HSE & Training manager are also conducted to review monthly performance on health and safety. These meetings ensure 100% participation by the workforce.
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	Social Performance: Health, Safety, Environment & Security
G4-LA8	Health and safety topics covered in formal agreements with trade unions	Overview & Strategy: Health, Safety, Environment & Security

MATERIAL ASPECT: TRAINING AND EDUCATION

G4-LA9	Average hours of training per year per employee by gender, and by employee category	Male: 3.91, Female: 3.81 G30: 3.08; G31: 2.79; G32: 3.36; G33: 4.24; G34: 4.65; G35: 7.94; G36: 6.67; G37: 7.77; G38: 8.29; Trainee: 5.04; WL-4: 5.06 The data mentioned is in man days.
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	99 % as of August 25, 2016. This is a continuous process that covers all management employees through online objectives, career discussions and year end assessments.

MATERIAL ASPECT: DIVERSITY AND EQUAL OPPORTUNITY

G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	There are different governance bodies formed relating to different policies which makes providing these figures a challenge.
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MATERIAL ASPECT: EQUAL REMUNERATION FOR WOMEN AND MEN

G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	ICI Pakistan Limited is an equal opportunity employer and salary and remuneration is solely based on market competitiveness, relevant grade of the individual in the company, experience etc. There is no discrimination based on gender.
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MATERIAL ASPECT: SUPPLIER ASSESSMENT FOR LABOR PRACTICES

G4-LA14	Percentage of new suppliers that were screened using labor practices criteria	ICI Pakistan Limited's Vendor Policy and Code of Conduct is signed by all critical suppliers and clearly mentions criteria for vendor screening, including focus on company's environmental footprint. Moreover, all the suppliers considered are ISO certified, which includes this criterion.
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MATERIAL ASPECT: LABOR PRACTICES GRIEVANCE MECHANISMS

G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	ICI Pakistan Limited takes the community into consideration by appointing a key contact at each location of signification operation. This bridge is strengthened through annual gatherings, community investment programmes, active coordination and extended support. A Speak Up whistleblowing programme encompassing all stakeholders is also in place to register any instance or complaints. There has been no incident of grievances during 2015-16.
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SUB-CATEGORY: HUMAN RIGHTS

MATERIAL ASPECT: INVESTMENT

G4-HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	All new joiners go through the Code of Conduct policy on the ICI Pakistan Limited website. All existing employees acknowledge the information and compliance to Code of Conduct policy during the yearly online performance appraisal process. In addition to that, 428 man days of trainings are conducted on human rights policies. 30% of employees were covered in 2015-16 but this is a continuous process for all employees.
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MATERIAL ASPECT: NON-DISCRIMINATION

G4-HR3	Total number of incidents of discrimination and corrective actions taken	ICI Pakistan Limited has in place a Speak Up whistleblowing programme encompassing all stakeholders to register any such instance. No incident was reported.
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MATERIAL ASPECT: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	All new joiners go through the Code of Conduct policy on the ICI Pakistan Limited website. All existing employees acknowledge the information and compliance to Code of Conduct policy during the yearly online performance appraisal process. There has been no such incident reported during 2015-16.
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MATERIAL ASPECT: CHILD LABOR

G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	ICI Pakistan's Vendor Policy and Code of Conduct are signed by all important suppliers and clearly mention criteria for vendor screening, including focus on the Company's environmental footprint. Moreover, all suppliers considered are ISO certified, which also includes this criterion.
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MATERIAL ASPECT: FORCED OR COMPULSORY LABOR

G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	ICI Pakistan Limited's Vendor Policy and Code of Conduct are signed by all important suppliers and clearly mention criteria for vendor screening, including focus on the Company's environmental footprint. Moreover, all suppliers considered are ISO certified, which also includes this criterion.
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MATERIAL ASPECT: SECURITY PRACTICES

G4-HR7	Percentage of security personnel trained in the organisation's human rights policies or procedures that are relevant to operations	100% of security staff is trained on the various security and safety procedures of ICI Pakistan Limited that cover relevant human rights procedures. Security guards are provided by a contractor and training of all guards is mandatory for safe working at our sites. Refresher courses are repeated frequently.
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MATERIAL ASPECT: INDIGENOUS RIGHTS

G4-HR8	Total number of incidents of violations involving rights of indigenous peoples and actions taken	ICI Pakistan Limited takes the community into consideration by appointing a key contact at each location of significant operation. This bridge is strengthened through annual gatherings, community investment programmes, active coordination and extended support. A Speak Up whistleblowing programme encompassing all stakeholders is also in place to register any instance or complaints. There has been no incident of grievances during 2015-16.
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MATERIAL ASPECT: ASSESSMENT

G4-HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments	All new joiners go through the Code of Conduct policy on the ICI Pakistan Limited website. All existing employees acknowledge the information and compliance to Code of Conduct policy during the yearly online performance appraisal process. Various other mechanisms, are present to address relevant issues and actions are planned accordingly when required.
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MATERIAL ASPECT: SUPPLIER HUMAN RIGHTS ASSESSMENT

G4-HR10	Percentage of new suppliers that were screened using human rights criteria	ICI Pakistan Limited's Vendor Policy and Code of Conduct is signed by all critical suppliers and clearly mentions criteria for vendor screening, including focus on company's environmental footprint. Moreover, all the suppliers considered are ISO certified, which includes this criterion.
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MATERIAL ASPECT: HUMAN RIGHTS GRIEVANCE MECHANISMS

G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	ICI Pakistan Limited has in place a Speak Up whistleblowing programme encompassing all the stakeholders to register any instance. One incident was reported but not confirmed after investigation.
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SUB-CATEGORY: SOCIETY

MATERIAL ASPECT: LOCAL COMMUNITIES

G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	Social Performance: Community Investment
G4-SO2	Operations with significant actual and potential negative impacts on local communities	ICI Pakistan takes community into consideration by having a key contact at each location of signification operation. This bridge is strengthened through annual gatherings, community investment programs, active coordination and extended support. Speak Up program encompassing all the stakeholders is also in place to register any instance. There has been no incident of grievances during 2015-16.

MATERIAL ASPECT: ANTI-CORRUPTION

G4-SO5	Confirmed incidents of corruption and actions taken	All new joiners go through the Code of Conduct policy on the ICI Pakistan Limited website. All existing employees acknowledge the information and compliance to Code of Conduct policy during the yearly online performance appraisal process. There has been no such incident reported during 2015-16.
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MATERIAL ASPECT: PUBLIC POLICY

G4-SO6	Total value of political contributions by country and recipient/beneficiary	No political contribution however, ICI Pakistan Limited has a strong history of community service and adding to the development of the country. Social Performance: Community Investment.
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MATERIAL ASPECT: ANTI-COMPETITIVE BEHAVIOR

G4-SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	All new joiners go through the Code of Conduct policy on the ICI Pakistan Limited website. All existing employees acknowledge the information and compliance to Code of Conduct policy during the yearly online performance appraisal process. However, there has been no such incident reported during 2015-16.
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MATERIAL ASPECT: COMPLIANCE

G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	ICI Pakistan Limited takes the community into consideration by appointing a key contact at each location of signification operation. This bridge is strengthened through annual gatherings, community investment programmes, active coordination and extended support. A Speak Up whistleblowing programme encompassing all stakeholders is also in place to register any instance or complaints. There has been no incident of grievances during 2015-16.
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MATERIAL ASPECT: SUPPLIER ASSESSMENT FOR IMPACTS ON SOCIETY

G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society	ICI Pakistan's Vendor Policy and Code of Conduct are signed by all important suppliers and clearly mention criteria for vendor screening, including focus on the Company's environmental footprint. Moreover, all suppliers considered are ISO certified, which also includes this criterion.
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MATERIAL ASPECT: GRIEVANCE MECHANISMS FOR IMPACTS ON SOCIETY

G4-SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	ICI Pakistan Limited takes the community into consideration by appointing a key contact at each location of signification operation. This bridge is strengthened through annual gatherings, community investment programmes, active coordination and extended support. A Speak Up whistleblowing programme encompassing all stakeholders is also in place to register any instance or complaints. There has been no incident of grievances during 2015-16.
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SUB-CATEGORY: PRODUCT RESPONSIBILITY

MATERIAL ASPECT: CUSTOMER HEALTH AND SAFETY

G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	Environmental Performance: Product Stewardship
G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	ICI Pakistan Limited Vendor Policy and Code of Conduct are signed by all important suppliers and clearly mention criteria for vendor screening, including focus on the Company's environmental footprint. Moreover, all suppliers considered are ISO certified, which also includes this criterion.

MATERIAL ASPECT: PRODUCT AND SERVICE LABELING

G4-PR3	Type of product and service information required by the organisation's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements	ICI Pakistan Limited has issued a Standard Technical Notes Information Package which provides guidelines and information regarding properties and components of product, packaging and labelling, storage, application, sourcing of the product, safe use at each stage, proper disposal and others. These procedures and routines cover the entire product line of the Soda Ash and Polyester Business. The Material Safety Data Sheet provides further information about the safety and environmental impacts of the product. Similarly, Life Sciences Business conform to Pharmaceuticals Drug Act 2012, Drug Labeling Rules 1976, The Agricultural Pesticides Ordinance 1973, Punjab Fertilizer (Control) Order 1973, Seed Act 1976 and Truth in Labelling Rule 1991 for its product portfolio. Cross examination and authenticity check is conducted by Variety Evaluation Committee. Chemicals Business has "New Product Development Brief" and "New Material Acceptance Checklist" for their product portfolio.
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G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	ICI Pakistan Limited follows recognised standards and procedures, in addition there are systems in place to cross examine and authenticate this information. There have been no incidents of non-compliance during 2015-16.
G4-PR5	Results of surveys measuring customer satisfaction	Polyester Business scored well above competitors in Technical Services and Sales Services. The Agri Division of Life Sciences showed overall satisfaction and high ratings regarding products and services. Chemicals Business also scored well above competition average. Action planning is done by each Business to further improve their scores.
MATERIAL ASPECT: MARKETING COMMUNICATIONS		
G4-PR6	Sale of banned or disputed products	The registration of Somatech was reinstated through an interim order of the Sindh High Court.
G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	ICI Pakistan Limited follows recognised standards and procedures, in addition there are systems in place to cross examine and authenticate this information. There has been no incident of non-compliance during 2015-16.
MATERIAL ASPECT: CUSTOMER PRIVACY		
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	Customer centricity being one of the core values of ICI Pakistan Limited, we operate in close coordination with our customers. All existing employees acknowledge the information and compliance to Code of Conduct policy as well during the yearly online performance appraisal process. There has been no such incident reported during 2015-16.
MATERIAL ASPECT: COMPLIANCE		
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	ICI Pakistan Limited follows recognised standards and procedures, in addition there are systems in place to cross examine and authenticate the information. There has been no incident of non-compliance during 2015-16.

Independent Assurance Statement



Scope and objectives

ICI Pakistan Limited (ICI) commissioned United Registrar of Systems (URS) to undertake an independent assurance of its Sustainability Report for the period July 2015 to June 2016 (the "Report").

URS has developed a set of protocols for the Assurance of Sustainability Reports based on current best practice guidance provided in the Global Reporting Initiative (hereinafter referred to as GRI) Sustainability Reporting Guidelines. Also we have evaluated the client's report for adherence to the Principles of stakeholder inclusiveness, materiality and responsiveness. These protocols follow differing options for Assurance and are dependent upon the reporting history and capabilities of the Reporting Organization.

We understand that the reported economic data and information provided are based on data from the Annual Report for 2015-2016, which are subject to a separate audit process. The review of financial data taken from the Annual Report is not within the scope of our work.

The assurance comprised of pre-assurance work, discussion with relevant custodians responsible for CSR activities, review of documentation and records where relevant.

Responsibilities of ICI Pakistan Limited and of the Assurance provider

The management of ICI has sole responsibility for the preparation of the Report. In performing our assurance work, our responsibility is to the management of ICI, however our statement represents our independent opinion and is intended for information of all of ICI's stakeholders. URS was not involved in the preparation of any statements or data included in the Report except for this Assurance Statement.

Basis of our opinion

URS undertook the following activities:

- Review of the current sustainability issues that could affect ICI and are of interest to stakeholders;
- Review of ICI's approach to stakeholder engagement and recent outputs from these activities at different locations of their business;
- Review of information provided to us by ICI on its reporting and management processes relating to the Principles;
- Review of the processes and supporting evidence for claims and data in the report. These were largely prioritized on the materiality of issues.

- A review of the processes undertaken by ICI to understand how they have applied reporting principles set out within the GRI G4 guidelines.
- An independent assessment of ICI's reporting in accordance with the Core Option of the GRI G4 Reporting Guidelines.

We believe that the information we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Assurance Opinion

On the methodology described above, URS is satisfied that the information and data contained within ICI's Sustainability Report of 2015-2016 is reliable and provides a fair and balanced representation of ICI's Sustainability initiatives.

We believe that ICI has chosen an appropriate level of assurance for this stage in their reporting. The current ICI report is the eighth report to be assured by URS and this has been ICI's first attempt to report against the GRI G4 guidelines.

The contents of this report are adequately in line with the "Core" elements of the GRI G4 guidelines. The material aspects and their boundaries are properly defined. Disclosures of identified material aspects and stakeholder engagement are correctly located in the report. Disclosures on Management Approach components, such as goals and targets, specific actions taken to achieve the expected results, may be further enhanced in the next report.

Observations

Without affecting our assurance opinion we also provide the following observations.

Stakeholder Inclusiveness

The participation of stakeholders in developing and achieving an accountable and strategic response to sustainability.

ICI is committed to being accountable to its stakeholders and to integrating inclusivity into its management approach. A variety of engagement efforts such as surveys and communication with employees, local communities, suppliers and other stakeholders are implemented to underpin the organization's understanding of stakeholder concerns. For future reporting, ICI may proactively consider more direct two way involvement of stakeholders and reporting on the outcome of this engagement in future sustainability reports.

Materiality

The process for determining the issues that are most relevant to an organization and its stakeholders.

We noted ICI's endeavors for clearer and focused reporting, including its transition to the G4 guidelines. The materiality exercise has helped prioritize the sustainability program and report and we look forward to seeing how this is refined in the next year.

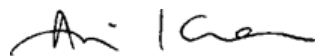
We have observed that ICI's sustainability program includes topics that are being managed and for which data are collected across the different business Groups. Even though some of these data are considered material by the business, currently only limited performance information is reported externally in some of the focus areas of the sustainability agenda. We recommend using the updates to stakeholder engagement and materiality processes to consider reviewing the entire data and information ICI discloses in its sustainability report.

Responsiveness

The extent to which an organization responds to stakeholder issues.

The report includes coverage given to stakeholder engagement and channels for stakeholder feedback. Future reporting would benefit from more reporting on the results of stakeholder feedback from this report.

ICI's data collection procedures and controls are good; however we recommend that they should continue to develop measurable, quantitative sustainability targets for both the medium and long term.



Ali Khan

Chief Executive

United Registrar of Systems – Pakistan

September 16, 2016



Financial Performance

ZEROING IN ON OUR TARGETS

ICI Pakistan Limited, over the years has shown the results of firm determination and unyielding drive to perform better than the rest.

This section outlines the performance and growth of ICI Pakistan Limited's four Businesses in 2015-16.



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A publication of the Corporate Communications
& Public Affairs Department

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