



# **Cultivating Growth**

**ICI PAKISTAN LTD.**

Annual Report 2014-15



# Cultivating Growth

Cultivating Growth is our philosophy. Its visual expression is our Blue Pearl.

A pearl is instantly evocative. Of prosperity, of protection, of wisdom.  
And of perfection.

So why is ours blue?

The essence of blue is trust, openness and continuity. From the blue sparkle of sapphires to the deep blue waters of the Pacific, the colour is a source of awe and a symbol of dynamism.

Like pearls, the colour draws on ICI's maritime heritage. Blue has been integral to ICI's identity throughout its history; a distinguished legacy lives on in our Blue Pearl.

Blue also signifies our re-birth on the shores of the Arabian Sea. ICI Pakistan Limited is an expanding, diversifying company with the world as its oyster. The Blue Pearl encapsulates our vision for the future.

We are constantly in search of the strongest ideas, the brightest talent, and the most promising opportunities. Guided by our values and channeled through our processes, our blue-sky thinking is the basis for charting new territory and broadening our horizons.

Our aspiration for Cultivating Growth is infinite.

# ICI Pakistan at a Glance

**W**e manufacture and trade in a diversified range of products including polyester staple fibre, soda ash and specialty chemicals. We also market toll-manufactured pharmaceuticals and animal health products, along with a range of chemicals, field crop seeds, vegetable seeds and other agricultural products.

Our long history predates the formation of Pakistan, with modest beginnings as a trading company. Today the Company has Businesses that are major players within their respective industries, bringing together outstanding knowledge of customer needs with leading edge technology platforms.

Our four core Businesses - Polyester, Soda Ash, Chemicals and Life Sciences - manufacture and sell a wide range of industrial and consumer products. These include:

- Polyester staple fibers
- POY Chips
- Light and dense soda ash
- Sodium bicarbonate
- Specialty chemicals
- Polyurethanes
- Adhesives
- Pharmaceuticals
- Animal health products
- Agricultural products including field crop seeds and vegetable seeds

In December 2012, Lucky Holdings Limited acquired the shareholding of ICI Omicron B.V., making us a part of the Yunus Brothers Group (YBG).

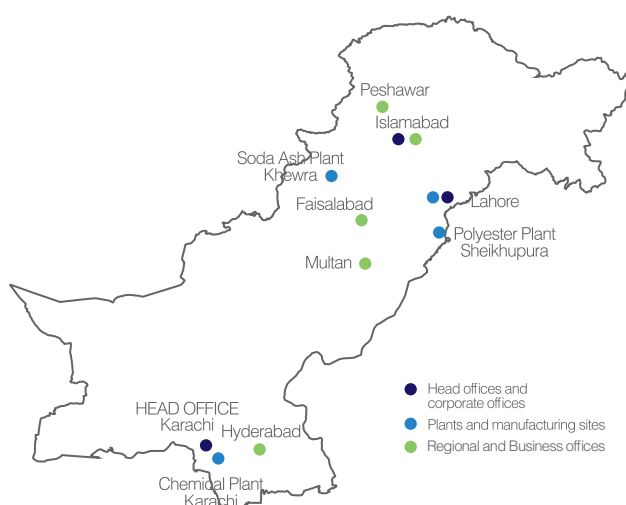
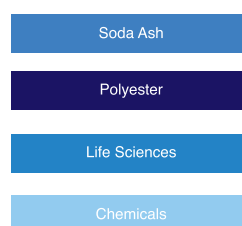
## About YBG

YBG is a conglomerate with diversified interests in textiles, cement and power generation. The group was established in 1962 as a trading house and then grew rapidly over the years. Currently, YBG is the largest export house as well as the largest cement manufacturer in Pakistan.

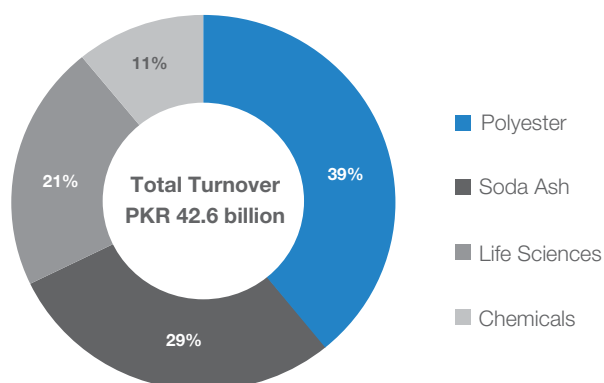
## Our Scale and Presence

### 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

<b>Net turnover</b>			▼
in PKR million			
2013-14	38,233		
2014-15	37,515	-2%	

<b>Operating result</b>			▲
in PKR million			
2013-14	2,226		
2014-15	3,044	37%	

<b>Profit before tax</b>			▲
in PKR million			
2013-14	1,981		
2014-15	2,703	36%	

<b>Profit after tax</b>			▲
in PKR million			
2013-14	1,702		
2014-15	2,126	25%	

<b>EBITDA</b>			▲
in PKR million			
2013-14	3,565		
2014-15	4,701	32%	

<b>EBITDA margin</b>			▲
% of NSI			
2013-14	9.32		
2014-15	12.53	34%	

<b>Earnings per share</b>			▲
in PKR			
2013-14	18.43		
2014-15	23.02	25%	

## Ratios

<b>Equity</b>			▲
in PKR million			
2013-14	11,237		
2014-15	12,717	13%	

<b>Price earning</b>			▼
in times			
2013-14	21.18		
2014-15	18.63	-12%	

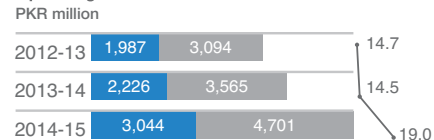
<b>Return on capital employed</b>			▲
in %			
2013-14	14.49		
2014-15	18.96	31%	

<b>Return on fixed assets</b>			▲
% of revenue			
2013-14	19.00		
2014-15	21.34	12%	

<b>Operating result per employee</b>			▲
in PKR million			
2013-14	1.93		
2014-15	2.45	27%	

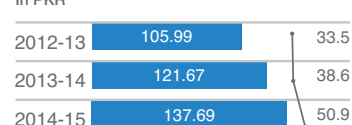
<b>Capital expenditures</b>			▲
in PKR million			
2013-14	2,509		
2014-15	4,212	68%	

## Operating result and EBITDA



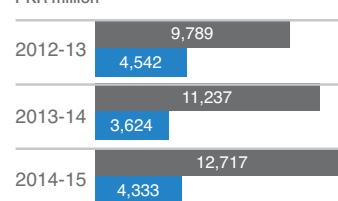
■ Operating result ■ EBITDA

## Shareholder's equity and EBITDA



■ Shareholder's equity per share ■ EBITDA per ordinary share

## Net debt and equity



■ Equity ■ Debt

# Contents

## OVERVIEW & STRATEGY

Vision	10
Code of Conduct	11
CE Statement	12
SWOT Analysis	14
Financial Highlights	15
Year in Review	26
Sustainability Guiding Principle	28
Awards and Achievements	29
Putting People First	30
Technology Developments	32
Health, Safety, Environment and Security	33
Community Investment	36

## GOVERNANCE & COMPLIANCE

Corporate Governance and Compliance	40
Risk Management	43
Board & Management Committees	46
Company Information	47
Our Board of Directors	48
Our Executive Management Team	52
Organisational Chart	54
Report of the Directors	55
Statement of Compliance	63
Review Report	65



## BUSINESS PERFORMANCE

Soda Ash	68
Life Sciences	70
Chemicals	74
Polyester	78

## SUSTAINABILITY PERFORMANCE

Leadership Statement	82
Highlights 2014-15	83
Sustainability Council	84
Sustainability Council Structure	85
Sustainability Strategy	86
Sustainability Framework	87
About the Report	88
Stakeholders Engagement	89
Key Performance Indicators	92
Economic Performance	94
Social Performance	97
Environmental Performance	101
G3 Content Index	108
Assurance Statement	112

## FINANCIAL PERFORMANCE

ICI Pakistan Financial Statements	F 01
Notice of Meeting	F 54
ICI Pakistan Consolidated Financial Statements	F 55
Form of Proxy	
Admission Slip	
Mandate Letter	

# 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

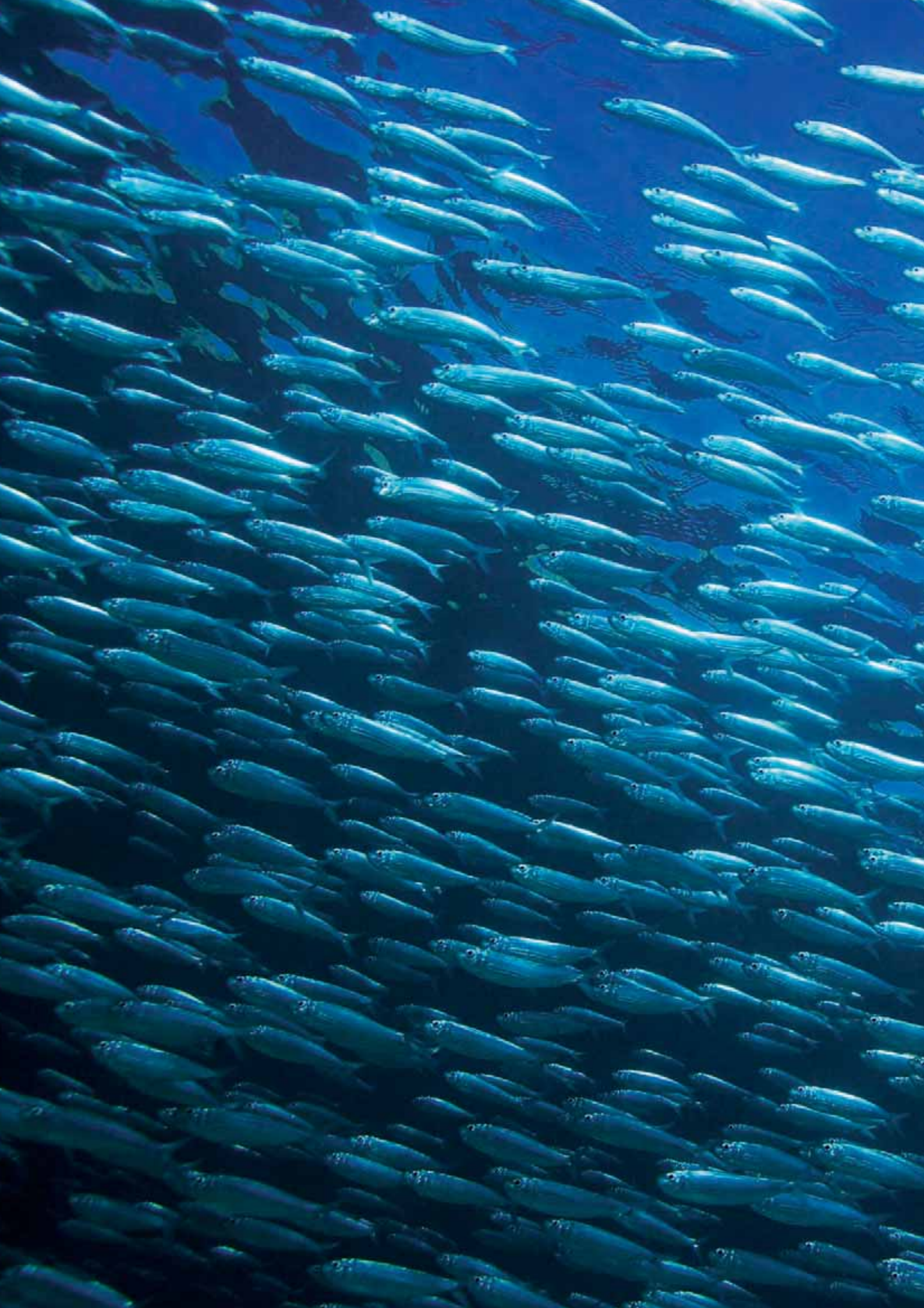
Our success is based on the multiplier effect of our people. Our passion for people drives us to harness their energies, cultivate and nurture their talent, manage their well-being and, most importantly, create a learning environment conducive for development and growth.

## 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

# Our journey of aspiration

ICI Pakistan Limited has charted its course for growth. The Company continues to gather momentum along the currents of expansion and development. The Overview and Strategy section highlights our strategic priorities while providing an overview of our key performance areas. The Chief Executive's statement is also featured in this segment.



## 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.





# Code of Conduct

We have always had a strong sense of business principles and high ethical standards for the conduct of 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 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

# CE Statement



Dear Stakeholders,

During the past year ICI Pakistan Limited continued to fulfill its promise of Cultivating Growth. Moreover, in 2014-15 your Company laid the foundations for future growth, with major expansion projects and investments right across its diversified portfolio. We have positioned ourselves to carry on meeting customer needs and serving you – our stakeholders.

Despite some very demanding challenges during the year, the team at ICI Pakistan Limited continued to perform with the customary dedication, skill and collective spirit that has defined the culture at this Company for over seven decades. What powers ICI Pakistan Limited is its people: they are the story behind the facts and figures of this Annual Report.

In 2014-15, the Company posted a consolidated profit after tax of PKR 2.276 billion, which is 24% higher than last year. The consolidated EPS of PKR 24.65 is the highest earnings per share this Company has delivered in a twelve-month period. The investor community continues to have high expectations of ICI Pakistan Limited, and we are committed to living up to the same.

A strong reason for the confidence placed in us is the Company's aspiration to increase its operations, which includes further diversification. Our equity participation in NutriCo Pakistan Pvt. Ltd. – which manages the import, marketing and distribution of nutrition products of Morinaga Milk Industry Co., Ltd. in Pakistan – rose to 30% during the year. With an eye firmly fixed on future developments, we continue to evaluate new areas for growth.

It is, however, our four core Businesses which underpin this Company's success. In 2014-15 the Soda Ash Business delivered its highest ever sales and production volumes, achieving the plant's rated production capacity of 1000 tpd on a sustained basis. With new land procured and capacity expansion projects for refined sodium bicarbonate and dense soda ash already in progress, the Board of Directors has also approved a USD 90 million investment for light soda ash. For a site with such a long and treasured history, this capital expenditure ensures that Soda Ash will thrive into a new era.

Polyester endured another year of regional and domestic oversupply, but the enhanced performance of the Business is very heartening. Some factors, such as the dumping of polyester staple fibre into Pakistan, continued to impact business performance. Through an unrelenting focus on operational efficiencies and energy saving projects, the Business delivered a 47% improvement in EBIT over last year. The launch of a new product, black fibre, is a further testament to the determination of our teams.

At both of the major industrial sites, we have borne the fruits of addressing energy issues. Projects aimed at replacing furnace oil and natural gas were made operational during the year, decreasing our reliance on expensive fuels. With further power generation projects already in the works, industry at ICI Pakistan Limited is geared up to meet the challenges of declining energy reserves in the country.

In Life Sciences, results have risen again, and we have reinvested through people and infrastructure. The Seeds Processing Plant is now fully operational, and in the first half of this financial year commercial production at our new Animal Health Manufacturing Facility and Nutraceuticals

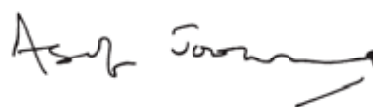
Manufacturing Facility will also commence, extending our mission to put customers first. In the Chemicals Business, the General Chemicals and Specialty Chemicals segments remained strong throughout the year, with an improved performance from 2013-14.

Aside from the bottom line, ICI Pakistan Limited has always been an organisation with a strong standing in the public domain. We are very conscious of our social responsibilities, and I am gratified that the Company received awards this year for our sustainability reporting. We take these accolades as encouragement to do even more to achieve cleaner, safer and durable processes.

Expansion and growth have defined our recent years and we will endeavour to continue gaining momentum in the years to come. We are driven by our values, which above all place people at the heart of our Company.

Cultivating Growth stems from our strong roots, and these roots together form the ICI Family. Along with each one of my colleagues I look forward to another year of broadening, deepening and raising the scope and scale of our operations.

Warm regards



Asif Jooma.

# 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, animal health products, seeds and various chemicals
- 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:

- In-house manufacturing facility of pharmaceutical and animal health products
- Further ventures such as NutriCo Pakistan Pvt. Ltd. and nutraceutical products
- First mover advantage through introducing black fibre
- Opportunity to export various products



## Threats:

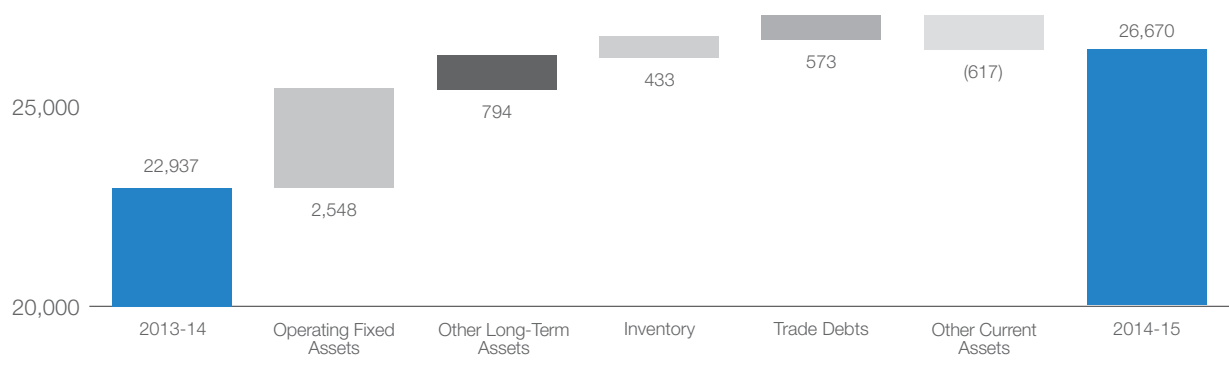
- Volatile international raw material and fuel prices and government levies
- Volatility of exchange rates
- Unavailability of natural resources, e.g. gas
- Dumping of imported products
- Unfavourable law and order situation



# Financial Highlights

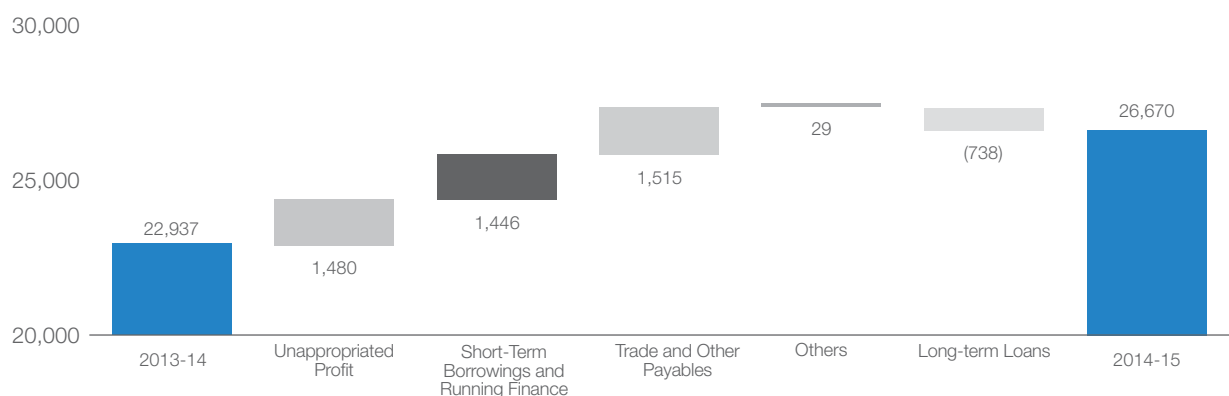
## Assets

PKR million



## Equity and Liabilities

PKR million



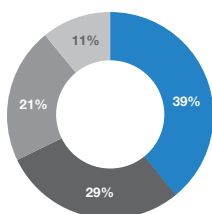
### Our Results compared to same period last year at a glance

- 2014-15 turnover reduced by 0.2%
- 2014-15 gross profit up by 24%
- 2014-15 profit after tax up by 25%
- 2014-15 earnings per share: Rs 23.02 (2013-14: Rs 18.43)

#### Turnover by Business

Total turnover PKR 42.6 billion

	%
Polyester	39
Soda Ash	29
Life Sciences	21
Chemicals	11

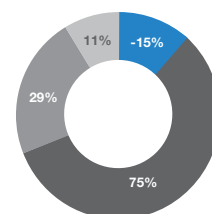


■ Polyester ■ Soda Ash ■ Life Sciences ■ Chemicals

#### Operating result by Business

Total operating result PKR 3.0 billion

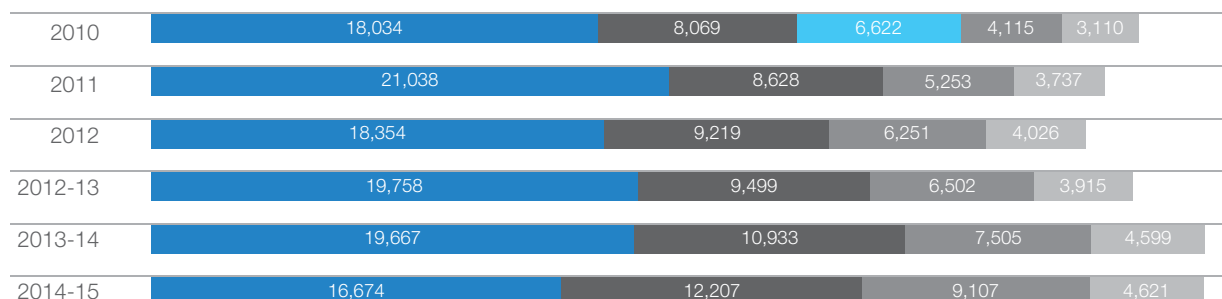
	%
Polyester	-15
Soda Ash	75
Life Sciences	29
Chemicals	11



■ Polyester ■ Soda Ash ■ Life Sciences ■ Chemicals

#### Turnover

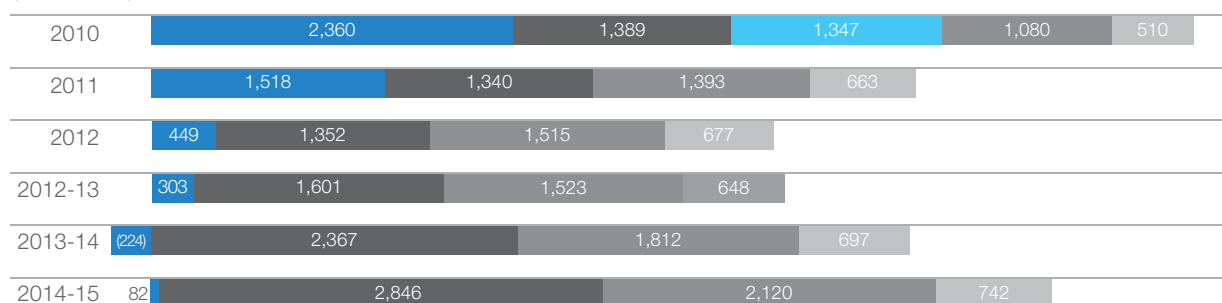
(PKR million)



■ Polyester ■ Soda Ash ■ Paints ■ Life Sciences ■ Chemicals

#### Gross Profit

(PKR million)

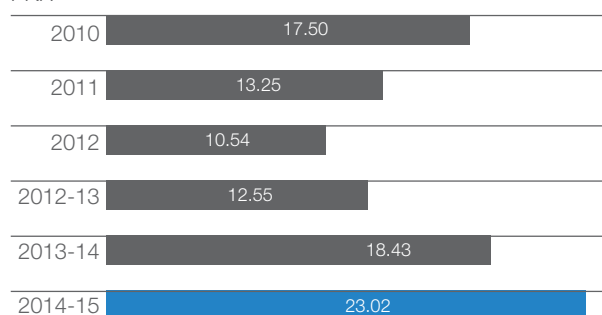


■ Polyester ■ Soda Ash ■ Paints ■ Life Sciences ■ Chemicals

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.

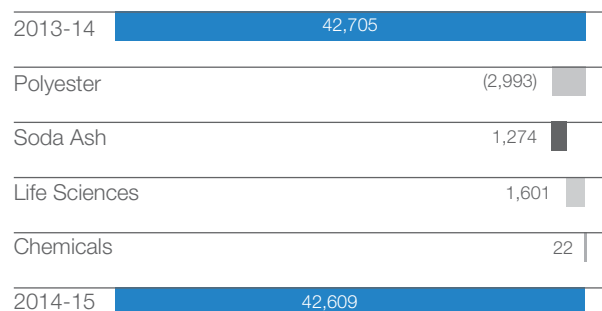
### Earnings per share

PKR



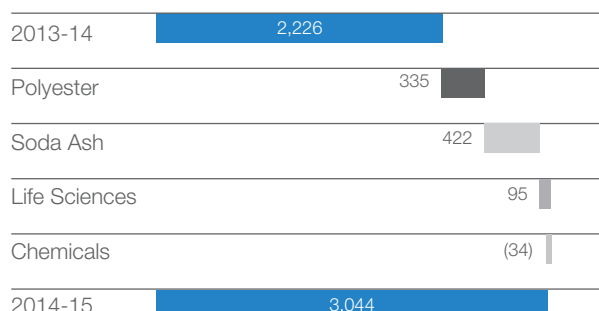
### Revenue development (Business-wise)

PKR million



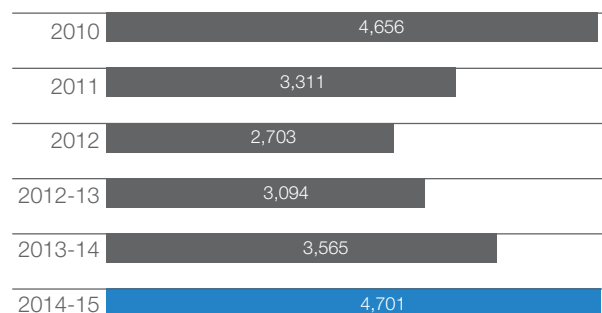
### Operating result development (Business-wise)

PKR million



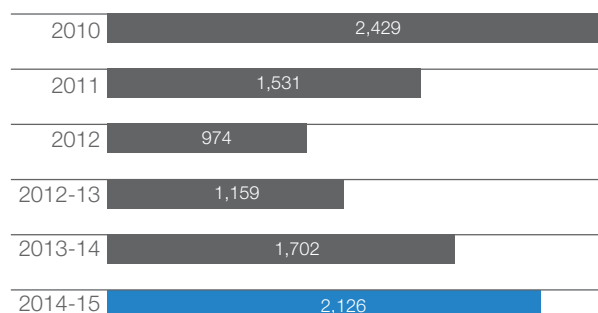
### EBITDA

PKR million



### Profit after tax

PKR million



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 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.

## Profitability ratios

### Gross margin (%)

2010	19.03
2011	12.97
2012	11.51
2012-13	11.23
2013-14	12.17
2014-15	15.43

### Operating result margin (%)

2010	10.57
2011	6.70
2012	4.68
2012-13	5.48
2013-14	5.82
2014-15	8.11

### Profit before tax margin (%)

2010	10.62
2011	6.46
2012	4.31
2012-13	4.82
2013-14	5.18
2014-15	7.21

### Profit after tax margin (%)

2010	6.91
2011	4.31
2012	2.81
2012-13	3.19
2013-14	4.45
2014-15	5.67

### Return on assets (%)

2010	11.02
2011	7.47
2012	4.70
2012-13	5.53
2013-14	7.42
2014-15	7.97

### Return on equity (%)

2010	15.72
2011	15.48
2012	9.97
2012-13	11.05
2013-14	14.33
2014-15	15.99

### Return on capital employed (%)

2010	22.43
2011	21.18
2012	14.30
2012-13	14.66
2013-14	14.49
2014-15	18.96

### Revenue per employee (PKR million)

2010	26.88
2011	32.03
2012	31.64
2012-13	34.02
2013-14	33.16
2014-15	30.21

### Net income per employee (PKR million)

2010	1.86
2011	1.38
2012	0.89
2012-13	1.09
2013-14	1.48
2014-15	1.71

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.



#### Price earning ratio (PKR)

2010	8.24
2011	9.08
2012	16.49
2012-13	13.26
2013-14	21.18
2014-15	18.63

### Cost ratios

#### Administration cost as % of net turnover

2010	3.70
2011	3.42
2012	3.75
2012-13	2.86
2013-14	2.34
2014-15	2.57

#### Operating cost as % of net turnover\*

2010	89.43
2011	93.30
2012	95.32
2012-13	94.52
2013-14	94.18
2014-15	91.89

### Liquidity & other ratios

#### Current ratio

2010	2.17
2011	1.22
2012	1.05
2012-13	1.31
2013-14	1.38
2014-15	1.02

#### Stockholder's equity per common share (PKR)

2010	104.81
2011	98.17
2012	97.72
2012-13	105.99
2013-14	121.67
2014-15	137.69

#### Market value per share (PKR)

2010	144.24
2011	120.27
2012	173.89
2012-13	166.40
2013-14	390.34
2014-15	428.87

### Efficiency ratios

#### Inventory days

2010	51.19
2011	50.53
2012	60.93
2012-13	62.67
2013-14	55.83
2014-15	61.65

#### Debtor days

2010	8.90
2011	5.91
2012	4.88
2012-13	7.23
2013-14	8.23
2014-15	11.14

#### Creditor days

2010	40.06
2011	37.17
2012	46.87
2012-13	42.23
2013-14	37.55
2014-15	50.52

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Year 2011 onwards exclude the effect of Paints business due to demerger.

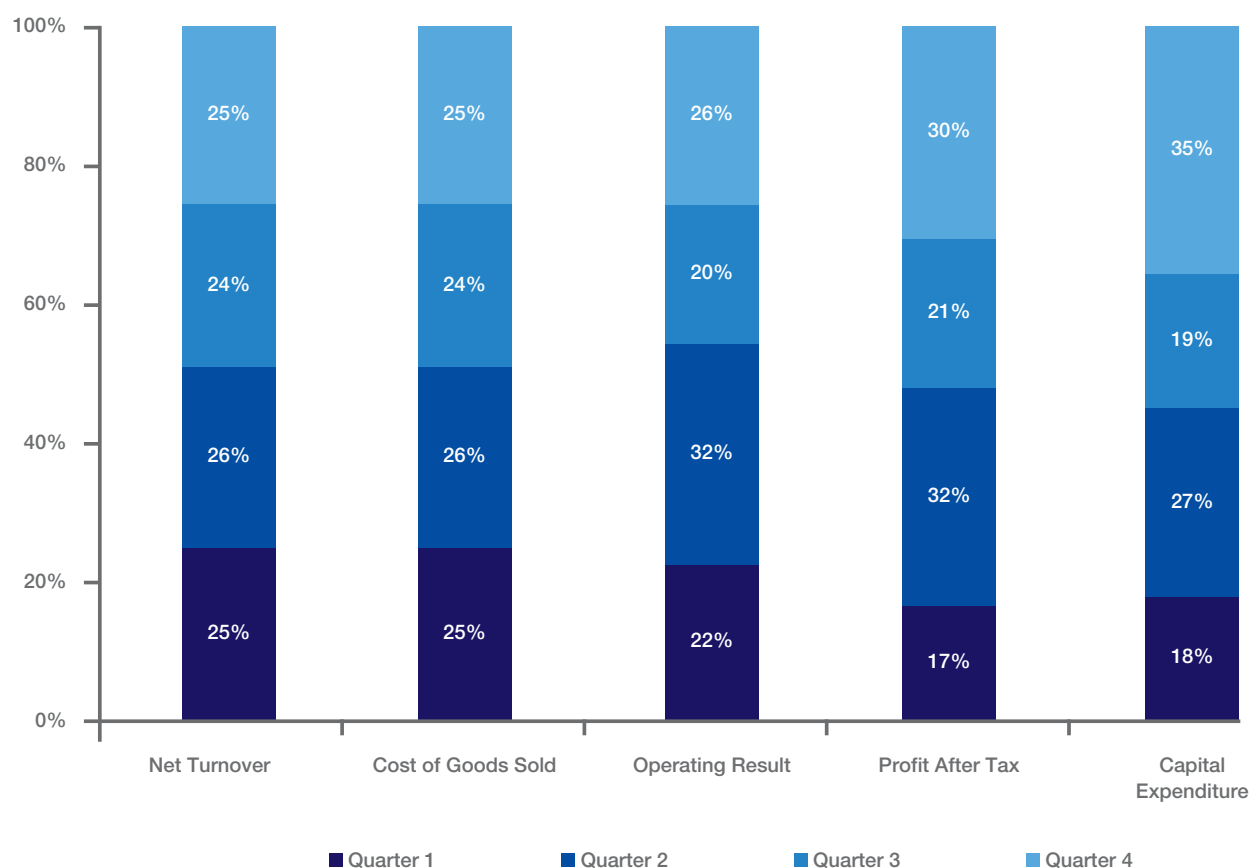
Year 2012-13 is based on twelve months performance for a meaningful comparison.

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

# Quarterly Analysis

In PKR '000

	Net Turnover	Cost of Goods Sold	Operating Result	Profit After Tax	Capital Expenditures
Quarter 1	9,363,353	8,038,563	678,626	352,119	755,471
Quarter 2	9,882,865	8,261,808	974,264	673,311	1,145,997
Quarter 3	8,866,829	7,616,802	611,599	453,882	820,661
Quarter 4	9,402,281	7,808,401	779,618	646,396	1,489,975
	37,515,328	31,725,574	3,044,107	2,125,708	4,212,104



Net Turnover	Cost of Goods Sold	Operating Result	Profit After Tax
<b>Quarter 1</b>			
<p>Increased by 3% compared to the same period last year (SPLY), primarily due to higher sales in Soda Ash and Life Sciences.</p> <p>All divisions within the Life Sciences Business posted double digit growth, with the Animal Health Division being the major contributor.</p> <p>The domestic polyester staple fibre (PSF) market remained under pressure due to the continuous oversupply of PSF coupled with dumping from China.</p>	<p>The commissioning of coal fired heaters at the Polyester plant and the operations of coal fired boilers at Soda Ash significantly alleviated the energy cost burden by replacing expensive fuel with coal.</p>	<p>Operating result was 32% higher compared to the SPLY, primarily due to a 37% improvement in Polyester and a 22% growth in Life Sciences.</p> <p>Post the commissioning of coal fired heaters, the Polyester Business improved its operating result by PKR 115 million compared to the SPLY.</p>	<p>PAT was 15% higher compared to the SPLY, despite a PKR 82 million exchange loss due to the devaluation of PKR.</p>
<b>Quarter 2</b>			
<p>Increased by 3% compared to the SPLY, primarily due to better performances in the Soda Ash and Life Sciences Businesses.</p> <p>The reduction in crude oil prices resulted in lower sales value in Polyester. The domestic PSF market continued to remain under pressure due to the continued 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>Coal/biomass related energy projects continued to deliver value to the Businesses. The reduction of furnace oil prices also contributed to a reduction in energy costs.</p>	<p>Operating result was 65% higher compared to the SPLY due to improved performance in the Polyester, Soda Ash and Life Sciences Businesses.</p>	<p>PAT was 47% higher compared to the SPLY due to better business performance and exchange gains.</p> <p>The Company completed 30% equity participation in NutriCo Pakistan Pvt. Ltd, which yielded a PKR 40 million dividend in the second quarter.</p>
<b>Quarter 3</b>			
<p>Lower by 9% compared to the SPLY, primarily due to lower selling prices of PSF due to a downward correction of prices in the entire petrochemical chain.</p>	<p>Cost of sales were lower by 12% compared to the SPLY, mainly due to a decline in crude oil prices and its impact on prices of feedstock in the Polyester Business.</p> <p>Coal/biomass related energy projects continue to deliver value to the Businesses. A further decrease in furnace oil prices also contributed to a reduction in energy costs.</p>	<p>The Soda Ash and Life Sciences Businesses were the major drivers for an operating result growth of 38% compared to the SPLY.</p>	<p>PAT was 15% higher compared to the SPLY due to better business performance, despite a PKR 122 million exchange gain recorded in the SPLY.</p>
<b>Quarter 4</b>			
<p>Lower Net turnover by 5% compared to the SPLY. This was primarily attributable to lower sales value of polyester fibres as a result of a downward correction of prices across the petrochemical chain.</p>	<p>A decline in crude oil prices and its impact on prices of feedstock in the Polyester Business reduced the overall cost of sales.</p> <p>The replacement of expensive alternate fuels and the reduction in furnace oil prices helped Businesses to significantly reduce energy costs.</p>	<p>Operating result was 14% higher than the SPLY due to improved performance in the Polyester and Soda Ash Businesses.</p>	<p>PAT was 19% higher than the SPLY. During the quarter the Company also received a PKR 150 million dividend from NutriCo Pakistan Pvt. Ltd.</p>

# Operating & Financial Highlights

		January to December							July to June		
Ratios		2006	2007	2008	2009	2010	2011	2012	2012-13	2013-14	2014-15
							Restated	Restated	Restated		
Profitability Ratios											
Gross margin	%	20.85	20.93	19.77	19.96	19.03	12.97	11.51	11.23	12.17	15.43
Gross profit turnover	%	18.60	18.54	17.22	17.52	16.91	12.01	10.56	10.28	10.89	13.59
Operating result margin	%	12.66	12.96	10.98	10.65	10.57	6.70	4.68	5.48	5.82	8.11
Net profit margin	%	7.44	7.75	6.70	7.19	6.91	4.31	2.81	3.19	4.45	5.67
Profit markup	%	26.34	26.47	24.64	24.94	23.51	14.90	13.01	12.66	13.85	18.25
Profit before tax margin	%	10.82	12.02	10.12	10.81	10.62	6.46	4.31	4.82	5.18	7.21
Return on equity	%	12.78	14.42	13.89	14.19	15.72	15.48	9.97	11.05	14.33	15.99
Return on capital employed	%	21.57	23.87	21.77	19.38	22.43	21.18	14.30	14.66	14.49	18.96
Return on assets	%	8.60	9.51	10.08	9.54	11.02	7.47	4.70	5.53	7.42	7.97
Return on fixed assets	%	29.46	34.92	32.61	32.82	40.91	28.55	15.99	18.75	19.00	21.34
Growth Ratios											
Net turnover	%	5.94	17.63	20.74	2.27	23.57	1.10	(2.35)	5.83	5.42	(1.88)
Operating results	%	34.54	20.37	2.29	(0.81)	22.62	(35.94)	(31.69)	(5.07)	12.04	36.76
EBITDA	%	28.27	18.40	-	1.04	19.45	(28.89)	(18.38)	1.82	15.20	31.89
Profit after tax	%	(7.42)	22.61	4.37	9.77	18.78	(36.95)	(36.42)	(9.35)	46.91	24.88
Efficiency Ratios											
Asset turnover	Times	1.16	1.23	1.51	1.33	1.59	1.73	1.67	1.73	1.67	1.41
Fixed asset turnover	Times	2.33	2.69	2.97	3.08	3.87	4.26	3.41	3.42	3.26	2.63
Inventory turnover	Times	5.07	6.24	6.39	6.08	6.71	7.15	5.18	6.27	6.53	5.69
Current asset turnover	Times	2.79	2.55	3.46	2.56	2.96	3.13	3.53	3.77	3.66	3.47
Capital employed turnover	Times	1.91	2.08	2.28	2.07	2.39	3.41	3.33	2.92	2.78	2.65
Operating working capital turnover	Times	(38.38)	(20.62)	21.09	121.06	35.56	(10.90)	26.59	12.24	19.88	20.74
Debtor turnover ratio	Days	12.84	13.65	11.81	11.08	8.90	5.91	4.88	7.23	8.23	11.14
Creditor turnover ratio	Days	75.90	78.24	50.52	41.00	40.06	37.17	46.87	42.23	37.55	50.52
Inventory turnover ratio	Days	73.67	59.85	52.43	58.00	51.19	50.53	60.93	62.67	55.83	61.65
Operating cycle	Days	10.62	(4.74)	13.72	28.08	20.03	19.28	18.94	27.66	26.51	22.27
Revenue per employee	PKR'000	15,304	17,946	21,044	21,852	26,878	32,025	31,644	34,022	33,160	30,206
Net Income per employee	PKR'000	1,138	1,391	1,410	1,572	1,858	1,381	888	1,086	1,476	1,712
Cost Ratios											
Operating costs (%of net turnover)	%	87.34	87.04	89.02	89.35	89.43	93.30	95.32	94.52	94.18	91.89
Administration costs (%of net turnover)	%	3.71	3.30	4.05	4.14	3.70	3.42	3.75	2.86	2.34	2.57
Selling costs (% of net turnover)	%	4.48	4.67	4.74	5.17	4.77	2.85	3.08	2.90	4.00	4.75
Financial charges (%of net turnover)*	%	1.45	0.44	0.32	-	-	-	0.36	0.76	1.01	1.07
Equity Ratios											
Price earnings ratio	PKR	11.01	15.29	5.12	11.44	8.24	9.08	16.49	13.26	21.18	18.63
Earnings per share	PKR	10.49	12.86	13.42	14.73	17.50	13.25	10.54	12.55	18.43	23.02
Dividend per share	PKR	5.50	6.00	6.50	8.00	17.50	9.00	5.50	2.00	8.00	11.50
Dividend cover	Times	1.91	2.14	2.06	1.84	1.00	1.47	1.92	6.27	2.30	2.00
Dividend yield	%	4.19	3.77	3.86	6.07	12.53	6.13	3.63	1.24	3.05	2.45
Dividend payout	%	52.45	46.66	48.43	54.31	100.00	81.57	52.17	15.94	43.41	49.97
Market value per share at the end of the year	PKR	115.50	196.65	68.71	168.49	144.24	120.27	173.89	166.40	390.34	428.87
Market value per share at the start of the year	PKR	140.50	115.50	196.65	68.71	168.49	144.24	120.27	129.85	166.40	390.34
Highest Market value per share	PKR	181.80	234.30	212.50	197.54	186.37	170.34	180.01	185.67	395.71	597.56
Lowest Market Value per share	PKR	102.10	116.00	68.71	51.07	110.25	112.00	119.81	135.37	160.99	366.39
Break-up value per share with surplus on revaluation	PKR	82.05	89.20	96.62	103.85	111.35	85.58	105.73	113.55	128.59	143.93
Break-up value per share excluding surplus on revaluation	PKR	73.95	81.91	89.68	97.14	104.81	98.17	97.72	105.99	121.67	137.69
Cost of debt at year end	%	10.30	-	-	-	-	-	10.45	10.17	9.49	7.16
Liquidity Ratios											
Current ratio	Ratio	1.29:1	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
Quick ratio / Acid test ratio	Ratio	0.73:1	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
Cash ratio	Ratio	0.33:1	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
Leverage Ratios											
Debt to equity	%	-	-	-	-	-	-	3.22	19.28	28.36	19.26
Total debt to capital ratio	Ratio	0:100	0:100	0:100	0:100	0:100	0:100	3:97	15:85	21:79	16:84
Operating Leverage Ratio	%	2.44	3.84	2.69	2.70	2.17	2.81	4.26	3.50	3.64	3.18
Interest cover *	Times	8.44	28.42	32.29	-	-	-	12.83	7.34	6.12	7.72
Summary of Cash Flows											
Cash generated from / (used in) operations	PKR million	3,554	4,312	1,188	4,938	3,716	4,127	(1,964)	(164)	4,819	5,015
Net cash generated from / (used in) operating activities	PKR million	3,477	4,094	970	4,476	2,334	2,875	(3,177)	(971)	3,807	3,748
Net cash used in investing activities	PKR million	(1,040)	(1,397)	(1,781)	(938)	(753)	(510)	(2,126)	(941)	(2,401)	(4,372)
Net cash generated from / (used in) financing activities	PKR million	(2,337)	(869)	(833)	(1,041)	(1,388)	(2,151)	(796)	1,453	933	(1,555)
Cash and cash equivalents at December 31/June 30	PKR million	1,788	3,615	1,971	4,468	4,662	4,633	(1,466)	(1,924)	415	(1,764)



# Vertical and Horizontal Analysis

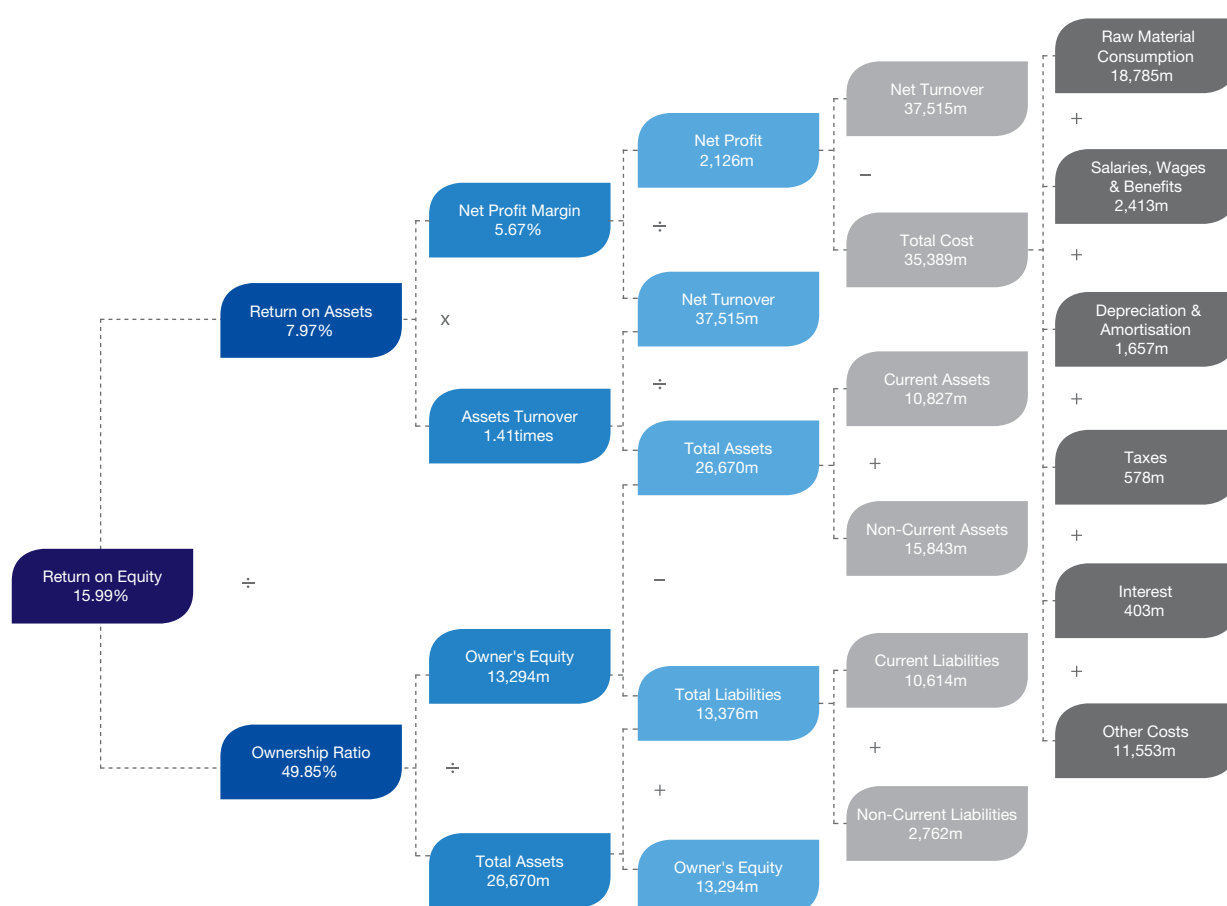
	January to December						July to June					
Vertical Analysis	2010	2010	2011	2011	2012	2012	2012-13	2012-13	2013-14	2013-14	2014-15	2014-15
	PKR. m	%	PKR. m	%	PKR. m	%	PKR. m	%	PKR. m	%	PKR. m	%
	Restated		Restated		Restated		Restated		Restated		Restated	
Profit and Loss Account												
Net turnover, commission & toll income	35,130.0	100.0	35,516.1	100.0	34,681.6	100.0	36,267.8	100	38,233.5	100	37,515.3	100.0
Cost of Sales	28,443.7	81.0	30,910.0	87.0	30,688.1	88.5	32,193.2	88.8	33,581.6	87.8	31,725.6	84.6
Gross profit	6,686.3	19.0	4,606.1	13.0	3,993.5	11.5	4,074.6	11.2	4,651.8	12.2	5,789.8	15.4
Selling & Distribution Expenses	1,674.7	4.8	1,012.8	2.9	1,068.5	3.1	1,051.7	2.9	1,530.3	4.0	1,782.0	4.8
Administration & General Expenses	1,299.0	3.7	1,214.8	3.4	1,300.3	3.7	1,036.1	2.9	895.7	2.3	963.7	2.6
Operating Result	3,712.6	10.6	2,378.4	6.7	1,624.6	4.7	1,986.7	5.5	2,225.9	5.8	3,044.1	8.1
Financial Charges	163.9	0.5	260.9	0.7	294.2	0.8	311.2	0.9	387.0	1.0	402.8	1.1
Other Charges	303.4	0.9	206.7	0.6	132.6	0.4	151.4	0.4	181.1	0.5	231.4	0.6
Other Income	486.3	1.4	383.8	1.1	298.4	0.9	225.1	0.6	323.1	0.8	293.5	0.8
Profit before taxation	3,731.5	10.6	2,294.7	6.5	1,496.2	4.3	1,749.2	4.8	1,981.0	5.2	2,703.5	7.2
Taxation	1,302.7	3.7	763.2	2.1	522.6	1.5	590.5	1.6	278.7	0.7	577.8	1.5
Profit after taxation	2,428.8	6.9	1,531.4	4.3	973.7	2.8	1,158.7	3.2	1,702.2	4.5	2,125.7	5.7
Balance Sheet												
Total Equity and Revaluation Reserve	15,455.4	70	9,890.9	48	9,765.5	47	10,487.5	50	11,876.8	52	13,293.5	50
Non Current Liability	1,093.2	5	1,340.3	7	1,593.3	8	3,067.8	15	3,486.4	15	2,762.5	10
Current Liability	5,482.0	25	9,281.0	45	9,355.3	45	7,389.4	35	7,574.3	33	10,613.7	40
Total Equity and Liabilities	22,030.7	100	20,512.2	100	20,714.1	100	20,944.7	100	22,937.4	100	26,669.8	100
Non Current Assets	10,152.4	46	9,154.4	45	10,898.1	53	11,330.5	54	12,500.6	54	15,843.0	59
Current Assets	11,878.3	54	11,357.8	55	9,816.0	47	9,614.2	46	10,436.8	46	10,826.7	41
Total Assets	22,030.7	100	20,512.2	100	20,714.1	100	20,944.7	100	22,937.4	100	26,669.8	100
	January to December						July to June					
Horizontal Analysis	2010	2010	2011	2011	2012	2012	2012-13	2012-13	2013-14	2013-14	2014-15	2014-15
	PKR. m	%	PKR. m	%	PKR. m	%	PKR. m	%	PKR. m	%	PKR. m	%
	Restated		Restated		Restated		Restated		Restated		Restated	
Profit and Loss Account												
Net turnover, commission & toll income	35,130.0	23.6	35,516.1	1.1	34,681.6	-2.3	36,267.8	4.6	38,233.5	5.4	37,515.3	-1.9
Cost of Sales	28,443.7	25.0	30,910.0	8.7	30,688.1	-0.7	32,193.2	4.9	33,581.6	4.3	31,725.6	-5.5
Gross profit	6,686.3	17.8	4,606.1	-31.1	3,993.5	-13.3	4,074.6	2.0	4,651.8	14.2	5,789.8	24.5
Selling & Distribution Expenses	1,674.7	13.9	1,012.8	-39.5	1,068.5	5.5	1,051.7	-1.6	1,530.3	45.5	1,782.0	16.5
Administration & General Expenses	1,299.0	10.3	1,214.8	-6.5	1,300.3	7.0	1,036.1	-20.3	895.7	-13.6	963.7	7.6
Operating Result	3,712.6	22.6	2,378.4	-35.9	1,624.6	-31.7	1,986.7	22.3	2,225.9	12.0	3,044.1	36.8
Financial Charges	163.9	-2.2	260.9	59.2	294.2	12.7	311.2	5.8	387.0	24.4	402.8	4.1
Other Charges	303.4	22.6	206.7	-31.9	132.6	-35.8	151.4	14.1	181.1	19.6	231.4	27.8
Other Income	486.3	5.7	383.8	-21.1	298.4	-22.2	225.1	-24.6	323.1	43.6	293.5	-9.2
Profit before taxation	3,731.5	21.4	2,294.7	-38.5	1,496.2	-34.8	1,749.2	16.9	1,981.0	13.2	2,703.5	36.5
Taxation	1,302.7	26.7	763.2	-41.4	522.6	-31.5	590.5	13.0	278.7	-52.8	577.8	107.3
Profit after taxation	2,428.8	18.8	1,531.4	-36.9	973.7	-36.4	1,158.7	19.0	1,702.2	46.9	2,125.7	24.9
Balance Sheet												
Total Equity and Revaluation Reserve	15,455.4	7	9,890.9	-36	9,765.5	-1	10,487.5	7	11,876.8	13	13,293.5	12
Non Current Liability	1,093.2	-10	1,340.3	23	1,593.3	19	3,067.8	93	3,486.4	14	2,762.5	-21
Current Liability	5,482.0	-5	9,281.0	69	9,355.3	1	7,389.4	-21	7,574.3	3	10,613.7	40
Total Equity and Liabilities	22,030.7	3	20,512.2	-7	20,714.1	1	20,944.7	1	22,937.4	10	26,669.8	16
Non Current Assets	10,152.4	-1	9,154.4	-10	10,898.1	19	11,330.5	4	12,500.6	10	15,843.0	27
Current Assets	11,878.3	7	11,357.8	-4	9,816.0	-14	9,614.2	-2	10,436.8	9	10,826.7	4
Total Assets	22,030.7	3	20,512.2	-7	20,714.1	1	20,944.7	1	22,937.4	10	26,669.8	16

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.

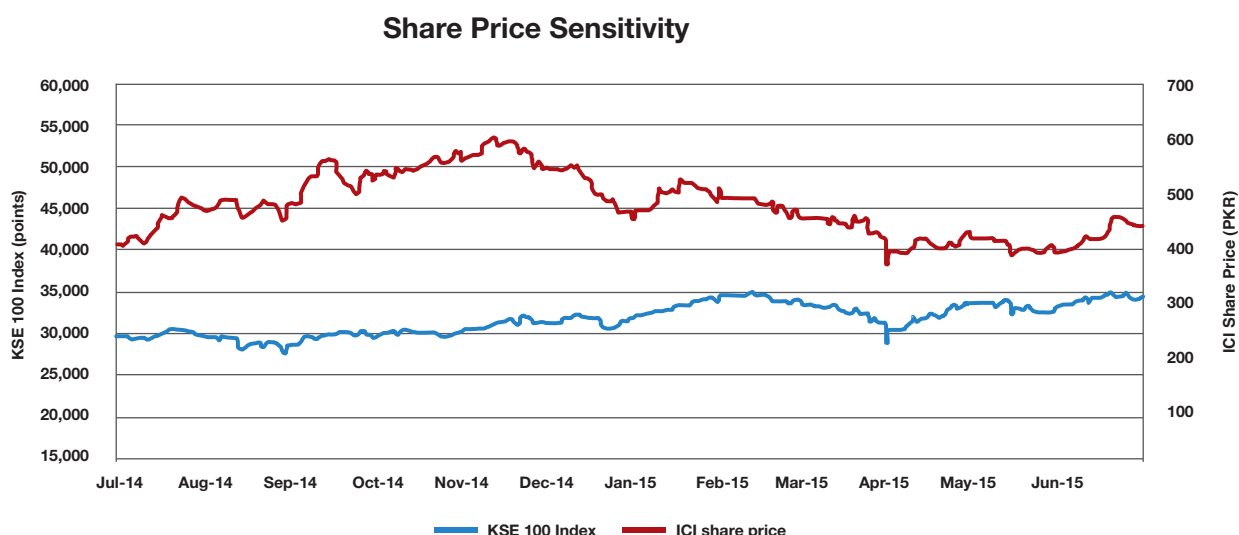
Year 2012-13 is based on twelve months performance for a meaningful comparison.

# DuPont Analysis



DuPont Analysis	2014-15	2013-14
Tax burden	21%	14%
Interest burden	12.97%	16%
Operating result margin	8.11%	5.82%
Asset turnover	1.407 times	1.667 times
Gearing	19.26%	28%
Return on equity	15.99%	14.33%

# Share Price Sensitivity Analysis



Analysis on ICI share price

ICI Pakistan Limited operates in a diversified range of markets; therefore a variety of external and internal factors influence the Company's performance and ultimately its share price. During the financial year ended June, 30 2015, the Company's share price increased from PKR 390.34 to PKR 428.87, taking the price return to 10% with a healthy PE ratio of 18.63. The Company, with a profit after tax of PKR 2,126 million and EPS of PKR 23.02 for the year, delivered a growth of 25% compared to the same period last year. Key factors that boosted investors' confidence and increased the Company's market capitalisation include:

## 1) Heavy Capital Expenditure

ICI Pakistan Limited has invested in its future in order to continue fulfilling its brand promise – Cultivating Growth – and implement cost-effective solutions. Projects aimed at replacing furnace oil and natural gas were made operational during the year, decreasing the Company's reliance on expensive fuels. ICI Pakistan Limited commissioned a coal/biomass steam turbine project at the Polyester plant in June 2015; new coal/biomass steam generation power projects at Soda Ash are progressing as planned. At Soda Ash, refined sodium bicarbonate and dense soda ash capacity expansion projects are also underway. In addition, the Company made infrastructural investments in its Life Sciences Business, through the Seeds Processing Plant and manufacturing facilities for Animal Health and nutraceuticals.

## 2) Diversification in new Business

In line with its aspirations, the Company continues to expand its portfolio of Businesses. In 2014-15, the Company completed a 30% equity participation in NutriCo Pakistan Pvt. Ltd. NutriCo primarily manages the import, marketing and distribution of nutrition products of Morinaga Milk Industry Co. Limited Japan in Pakistan. The nutrition and infant formula business represents a tremendous opportunity in Pakistan, and the Company looks forward to further growth in the years to come.

## 3) Improved Performance

The Company's operating result for the year improved by 37% compared to last year. Significant improvement in the Polyester Business's performance and higher profits in the Soda Ash and Life Sciences Businesses were major drivers of the increase. Coal-based projects have eased the Company's energy cost pressure, whilst lower furnace oil and coal prices also contributed towards improved profitability.

## 4) Ownership by YBG

The Company's increase in share price after its acquisition by the Yunus Brothers Group (YBG) in December 2012 clearly indicates the increasing confidence of investors. YBG is a conglomerate with substantial market share in different sectors including textile, cement and power generation. YBG has a vision 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

July – Sep 2014



Sustainability Council Meeting

Board Meeting – August 29, 2014

Corporate IT launches OneWin

HSE&S Managers Meeting

## Q2

Oct - Dec 2014



Launch of the RISE Mentoring Programme

Board Meeting - October 27, 2014

Chemicals HSE&S awareness campaigns

Relaunch of 'Speak Up!' policy

Animal Health Division conducts drenching campaign and farmer gatherings

First ever shipment of Fevistik arrives

Ground breaking of refined sodium bicarbonate expansion at Khewra

Long Service Awards held at Head Office

# Q3

Jan - March 2015



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CE Session held at Head Office, videolinked to all sites

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Board Meeting – February 19, 2015

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IT Governance Group meets after approval of new IT Strategy

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Polyester marks five million man-hours without loss time injury

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Pharma Division launches Q-Co

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1,000 tons of soda ash produced in a single day at Khewra for the first time

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Polyester initiates trials of 'Terylene Black'

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Inauguration of 18MW CFB 3&4 at Soda Ash

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# Q4

Apr – June 2015



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ICI Pakistan Limited celebrates Earth Day and World Environment Day 2015

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Board Meeting – April 21, 2015

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'IMPOWER Employee Engagement Survey conducted in partnership with Gallup

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CE Session held at Sheikhpura, videolinked to all sites

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ICI Pakistan Limited receives ACCA-WWF award for 'Best Sustainability Report'

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GR Induction

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Commissioning of steam turbine project at Polyester

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# Sustainability Guiding Principle

We are committed to reducing our impact on the planet and delivering more sustainable products and solutions to our customers. And we can only do this if sustainability is at the heart of everything we do. That is why we aim to integrate sustainability into every area of our business - for the benefit of our customers, shareholders, employees and the world around us.

# Awards and Achievements



Asif Jooma, Chief Executive, with his team receiving the ACCA-WWF Best Sustainability Report Award 2013-14

## **ACCA-WWF Award for 'Best Sustainability Report'**

ICI Pakistan Limited received the 'Best Sustainability Report' award at the 2014 ACCA-WWF Pakistan Environmental Reporting Awards held in Karachi in June 2015.

The aim of the awards is to give recognition to organisations reporting and disclosing environmental information, and to encourage the practice of environmental reporting and to raise awareness in corporate transparency issues.

## **'Sustainability Innovation Award' from BSL, Switzerland**

ICI Pakistan Limited is engraving its footprints globally and has recently won a 'Sustainability Innovation Award' from Business School Lausanne, Switzerland, for its recognised sustainability practices and its significant engagement in addressing important economic, societal and environmental issues.

Our aim is to increase stakeholder value by delivering sustainable solutions to our customers and we consider that essential for the success of our Company. ICI Pakistan Limited has been a leader in sustainability and innovation and we have plans to explore methods that not only meet our needs in a growing energy crisis, but also protect the planet's resources.

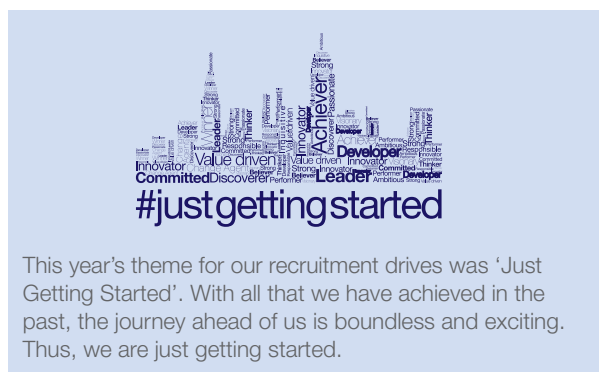
# Putting People First

ICI Pakistan Limited is about people. This approach is embedded in our culture and has enabled enduring success. We strongly believe that for an organisation to realise its full potential, it must provide a high-performance culture in which people are engaged, valued and aligned with the Company's vision. This helps us to achieve our brand promise of 'Cultivating Growth', for which talent and leadership development are essential ingredients.



## 1. Grow our Talent Pool

At ICI Pakistan Limited, we understand that the success of our Businesses is dependent on the quality of our people. Our approach to talent acquisition is two pronged; this includes highly structured Trainee programmes and hiring professionals from industry. Our Graduate Recruit and other Trainee programmes aim to attract and select high-potential individuals, fresh out of university, who are then placed in fast-track career roles. This year, we have taken 38 fresh graduates in Commercial, Finance, HR and Technical streams. Similarly, we also offer rewarding and challenging opportunities for experienced professionals where we have hired 166 professionals in 2014-15, for various management positions.



## 2. Develop Leaders

We strongly believe in providing our talent with diverse learning and developmental avenues to ensure an all-encompassing approach to capability building. Such opportunities include coaching, mentoring, job rotation, challenging project work, networking, training courses, seminars and conferences.

### a. Our Talent Management Process

Our Capability Groups in the area of Commercial, Technical, Finance and HR are a critical link in the overall Talent Management Framework. We completed our Talent Management cycle for 2014-15 by conducting Capability Group Meetings, annual Succession Planning Forum and business/function Leadership Talent Reviews. During this cycle, talent gaps were identified and comprehensive plans were put in place to build the required capability and ensure timely succession.

**b. 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 16% providing cross-functional exposure and ongoing opportunities for learning and growth.



### c. Learning & Development

Our training programmes include both Leadership and Core Development Programmes focusing on building behavioural and functional competencies. In 2014-15, we successfully completed 2,924 man-days of training across ICI Pakistan Limited. Our Learning & Development portal offers another facet of learning and provides our employees with a platform for ongoing self-development.

Training Man-days per employee **3.5 vs. 3.0 in 2013-14**  
Actual against Learning Plan **97%**

### d. RISE Mentoring Programme

In order to provide our employees with an opportunity to reach out to knowledge, talent, networks and leaders we successfully launched our Mentoring Programme – RISE in October 2014. The programme is designed to provide a one window solution to our employees where they can select their mentors, develop and manage their objectives, and sustain relationships through the online RISE portal.



## 3. Sustain Leadership

### a. 'iMPower Employee Engagement Survey

"iMPower employee engagement is a long-term programme for ICI Pakistan Limited that will empower us to make the Big Picture by discovering our employees' candid thoughts based on feedback on their workplace experiences and the Company's future direction. We have partnered with Gallup to administer the survey. The survey went live in June 2015 and was successfully completed with a 97% response rate, which reflects the interest and confidence that our

employees have shown towards our collective future.

The results of this year's survey indicate an overall engagement score of 3.87 for ICI Pakistan Limited, on a five-point scale. The score is a good initial benchmark in achieving our aspiration of world-class engagement by 2018.

### b. Speak Up

Over the seven decades of our presence in Pakistan, through all the changes in ownership, structure and management, one feature which has remained unchanged at the Company is the ethical culture. This is invaluable to all our stakeholders and Speak Up!, our whistleblowing channel, is an extension of this tradition.



This year, we re-launched Speak Up! in order to raise further awareness about the mechanism and functionality of the programme. Furthermore, we partnered with PricewaterhouseCoopers (PwC) to serve as our external contact to add confidentiality, transparency and anonymity to the process.

### Long Service Awards

In order to recognise our employees' long service with the Company, a Long Service Award Ceremony was held at Head Office on December 18, 2014. Awards were given out to those employees who had completed 10, 15, 25 and 30 years of dedicated service with ICI Pakistan Limited. Colleagues who retired from the Company's service on superannuation were also invited to join the ceremony to receive retirement awards.

**iMPower**



# Technology Developments

## Vision

### Fuelling Business Enablement

“To act as an effective business enabler, ensuring visibility and compliance through innovative and sustainable information solutions, harbouring best of the breed infrastructure and technology.”

### Highlights of 2014-2015

#### Introduction of IT Strategy and Governance Model

Our major focus during the year was to introduce the IT Strategy and Governance Model, which has been approved by the Executive Management Team. Subsequently the IT Governance Group and Functional Steering Committees were developed, with a focus on promoting the harmonisation of business processes and setting up an IT agenda for the relevant functional domains. The whole ecosystem will ensure the further cohesion of the IT agenda with Businesses' objectives.

In Pursuit of best of the breed and cutting edge infrastructure at the Company's data centre, the new hardware replacement project was successfully completed with a best of the breed industry leading solution. Along with state of the art hardware, a backup application and modern chassis were installed and implemented.

#### Disaster Recovery Drill

In order to ensure uninterrupted IT services, the Company has access to a Disaster Recovery site. To test its efficacy and actively prepare the Disaster Recovery team, a drill was carried out where all ICI Pakistan Limited sites faced a simulated breakdown of all IT services, and they were successfully diverted to the Disaster Recovery site, where IT services were successfully resumed.

#### Retirement of Lotus Notes to Microsoft SharePoint

We have successfully retired Lotus Notes, through effective migration of applications to Microsoft SharePoint. The extensive migration exercise was performed by Corporate IT along with the support of Businesses and Functions. ICI Pakistan Limited is now only using the leading and globally accepted application platforms of SAP Enterprise Resource Planning (ERP) and Microsoft SharePoint for its business applications and processes.

#### Unified Business Communication through Microsoft Lync

Unified communication lies at the foundation of our IT Strategy. With the focus to further our aspiration, we have deployed Microsoft Lync 2010 across the Company to enable integrated communication to optimise business processes and increase user productivity through on-the-fly collaboration technologies.



The IT Governance Group, chaired by Muhammad Abid Ganatra, Chief Financial Officer, met in Karachi to discuss strategy

### Enabling Swift Decision making through Analytics and Dashboards

Our prime focus was laid towards the enablement of the modern decision maker through reliance on information assets. With performance measurement to track efficiencies and critical KPI reporting, we developed dashboards based on crisp analytics in sales, operations, finance, human resources and supply chain.

### Pursuing Global Best Business Practices in ERP

Advocating the use of global best business practices is at the forefront of our ERP agenda. With continuous utilisation of ERP processes, and the alignment of business practices accordingly, we have transformed the recording of the technical parameters of our plants with regard to energy, services and engineering. These conform to the best practices of SAP counters and measuring points.

### Enhancing and Strengthening our Systems

With the promise to continuously keep upgrading and strengthening our systems, the Microsoft servers were upgraded from 2008 R2 to 2012 R2. Our network was upgraded to a two-layer architecture, which further enhances our network security and enables us to ensure uninterrupted and reliable IT services.

### Customer Information System

A combined team from Corporate IT and Polyester Market Research undertook the project to create a single consolidated repository of all key information projected for quick and accurate analytics to facilitate top class customer service.

### 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 focus to enable our sales force. A mobile based solution was developed in collaboration with Mobilink, to monitor the performance of our sales team, draw analytics and identify areas of improvement. A country-wide launch has been targeted for 2015-16 based on the learnings of the pilot project.

### Team Dynamics

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

### Future Outlook

We aim to build on the initiatives that were taken in 2014-15. We will continue to look for opportunities and innovations that enable our Businesses to work smarter and faster by expanding our strengths through the development of our people.

# Health, Safety, Environment and Security

It is a central tenet at ICI Pakistan Limited to provide a safe working environment for our people, with the highest standards of vigilance and care in our manufacturing. It is also our philosophy to be conscious of our impact on the planet and responsible for working towards a cleaner, greener world.

ICI Pakistan Limited has a long-standing HSE commitment: to ensure the highest levels of health and safety for our employees, customers and contractors, as well as environmental protection in the communities in which we live and work. The Company's focus has been on assessing the effectiveness of the existing regulatory framework and the approaches to management of hazards and risks within Businesses to ensure they are sufficiently robust to protect workers and the public from accidents and ill health.

## Beliefs and Principles

Our goal is to increase stakeholder value by delivering sustainable solutions to our customers. We consider this essential for the success of our Company, and to achieve this objective we require processes that ensure sustainable business operations that not only meet our needs today but protect the planet's resources for future generations.

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

The principles by which we operate are:

- We believe that we must endeavour to protect people working at our sites, the partners who are involved in our Businesses and our suppliers from accidental or deliberate harm, damage or loss. Therefore our target is zero injury.
- 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 with a proactive approach towards implementing new products and technologies.
- We aim to achieve continuous improvement through strategic management, staff dedication and adherence to the highest professional standards in our work ethics. This will in turn benefit HSE performance, highlight safety and security, and enhance measures for product stewardship that will provide business opportunities and competitive advantages.
- Stakeholders have a right to information about our operations and HSE&S performance; this transparency will promote and increase trust.

## HSE&S Management System

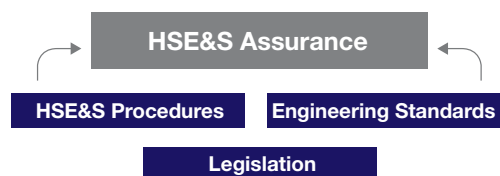
The ICI Pakistan Limited HSE&S Management System comprises policy, standards and guidelines which cover all aspects of the Company's operations within the country. It is aligned with the internationally recognised Responsible Care Management System (RCMS), ISO 14001:2004 and OHSAS 18001:2007.

Last year, ICI Pakistan Limited implemented the certified HSE&S Management System and this year all Businesses/ locations aligned their local HSE&S procedures with the new management system.

Similarly, this year a major task was initiated to review the Company's corporate engineering procedures. All sites are now required to review their local engineering procedures based upon the corporate versions.

## HSE&S Assurance Process

A system cannot work without underlined processes and an organisational structure to implement it. The graphical representation of how the HSE&S Management System is implemented at ICI Pakistan Limited is as follows:



Process	Structure
Learning Events/ Incident Reporting	Site/Location HSE&S Committee
Competence	Specialist HSE&S Forum
Procedures Compliance	Executive HSE&S Management Team
Management of Change	Site Communication Sessions
HSE&S Communications	Training Programmes for All Staff Levels
Auditing	Business Area HSE&S Committee Meeting





## Year in Review 2014-15

### Health

Full compliance with Health Assessment (HAPI) and Work Environment (HYPI) monitoring programmes resulted in a conclusion of the year without any reportable occupational illness. Health awareness sessions on personal hygiene, the effects of diabetes mellitus on eyes, the effects of high blood pressure on body organs, cardiac risk factors, heat stroke, nutrition and a balanced diet, and coronary heart disease were conducted at our Businesses.

First Aid training courses were held at the Polyester Site by the Pakistan Red Crescent Society. Such trainings are invaluable for any potential life-threatening situations and hold immense importance for an industry that strives hard to ensure its workers' safety and wellbeing. ICI Pakistan Limited believes in equipping its employees with skills on how to administer medical assistance in the correct manner when encountering an emergency.

### Safety

The Company continued to demonstrate its unwavering commitment to the safety of its employees. Pertaining to this commitment, the total reportable injury rate for employees and supervised contractor dropped to 0.16 from 0.33 in 2013-14. There was one reportable injury for employees and supervised contractor (a road accident reported by the Life Sciences Business) and zero reportable injuries to any independent contractor reported during the year.

The HSE performance of Businesses continues to improve as Polyester, Soda Ash, Life Sciences and Chemicals respectively achieved 5.91, 3.57, 0.46 and 4.53 million man hours without LTI (lost time injury) for employees and supervised contractors.

### Total Reportable Injury Rate

2014-15	0.16
2013-14	0.33
2013 H1	0
2012	0.34
2011	0.18
2010	0

A sharper focus on operational discipline and an even stricter adherence to the Company's Health, Safety, Environment and Security Management system has been planned for 2015-16.

### 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 NEQS.

### Hazard Study Appreciation & Risk Assessment Workshop

We believe that employees can contribute substantially to achieve the goals of safety and health, but only if they have an awareness of recognised safety standards and systems, and the ability to identify unsafe and unhealthy situations.

The education and training of each employee is a primary factor in achieving a safe and secure workplace. The Hazard Study Appreciation & Risk Assessment Workshop was conducted to familiarise participants with the ICI Pakistan Limited hazard study methodology and risk assessment process underpinning its implementation. The key objective of the workshop was not just to provide a better understanding on hazard risk management but also to assist management in developing solutions to prevent accidents.

### HSE&S Management Audit 2015 & Improvement Plans

The HSE&S Management Audit process has commenced across the Company, out of which the Soda Ash Business audit has been completed. The remaining audits will be completed by the end of Q1, 2015-16. On completion of the audits, Businesses will prepare their 2015-16 HSE improvement plans, which will address any deficiencies identified in the audit.

### Chief Executive's HSE&S Trophy & Initiative Awards

As per practice, every year we evaluate the HSE performance of all our Businesses and locations on a pre-determined criterion to assess their performance objectives. The Business that performs the best is then awarded a trophy. This year, the 2014-15 Chief Executive's HSE&S Trophy will be announced on the basis of the HSE&S Management Audit results in Q2, 2015-16. Similarly, the company-wide HSE&S Initiative competition is held for all Businesses and locations, with HSE teams identifying



An initiative to educate pupils at the Tibbi Hariya School, Sheikhpura, about hand washing



The Polyester Business celebrates Earth Day 2015

hazards that could possibly result in incidents and eliminating these within their resources. Recognition certificates are given to the winning teams.

### Training

HSE&S training is one of the most important components within the Company's Safety Management System. Our training programme focuses on health and safety concerns that determine the best way to deal with any hazards. The programme facilitates employees in understanding their job responsibilities, bringing new ideas to the workplace, reinforcing existing ideas and practices, and aligning our safety and health programme objectives into action.

### For Customers

- The Polyester Business arranged firefighting and emergency training for customer companies in February 2015. Twelve employees from Olympia Blended Fibre Mills Ltd. and Rawal Textile Mills Ltd. participated in the training course which consisted of class room lectures and practical hands-on experience.
- The Business's HSE&S training department also conducted a comprehensive fire management system audit of Shahzad Textile Mills. A report was sent to the management of Shahzad Textile Mills to ensure further improvements in their fire management system.

### For Employees

- Firefighting refresher trainings/drills
- Patient handling for first aid providers
- Driving safety
- Warehouse safety
- HSE awareness courses (04 sessions)
- Leading in HSE and sustainability
- Awareness session on sustainability at ICI Pakistan Limited (03 sessions)
- Ergonomics and manual handling
- Permit to work refresher training
- Use of self-contained breathing apparatus
- Electrical safety, fire safety and emergency response procedure

### Safety Week

Safety Week highlights the importance of safety in all spheres of everyday life and explores areas where accidents can be prevented. All HSE related activities were carried out by each Business during their respective Safety Weeks, which

included crisis management, security checks, distribution and fire emergency management drills.

### Earth Hour and Day

Earth Hour (March 28, 2015) and Earth Day (April 22, 2015) are voluntarily observed across the globe and are the largest awareness hours/days of their kind. We participated in the Earth Hour event by switching off unnecessary lights at all our sites across the country.

### Tree Plantation Drive

In collaboration with the Environmental Protection Agency (EPA) and the Frontier Works Organization (FWO), ICI Pakistan Limited celebrated Earth Day on April 22, 2015. ICI Polyester has committed to planting 5,000 Arjun and Conocarpus trees by the end of 2015-16 under the programme titled, 'Tree Plantation Drive in Collaboration with EPD.' This is the initial phase for what is envisaged as a larger programme.

The Soda Ash Business also initiated a tree plantation campaign. The campaign was extended to the local community through the plantation of indigenous trees at Civil Hospital, Khewra. Members of the local civil administration, including the assistant commissioner, the district officer, the medical officer of Civil Hospital and the senior management team of Soda Ash participated in this activity to demonstrate their commitment towards a greener future.

### World Environment Day Celebration

World Environment Day is celebrated each year on June 5 and offers an opportunity for worldwide awareness, political consideration and action for environmental issues. Head Office, Polyester and Soda Ash celebrated World Environment day this year. The activities stirred up an enthusiasm and zeal to protect the environment while sustainably utilising natural resources for a better tomorrow. Tree plantation activities were carried out at each site, with a quiz programme, an awareness walk and environment-related videos also part of the event.

### 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 stages to identify site employee behaviour and its associated impact on safety. Training sessions on BBS were also conducted by Corporate and site HSE Managers.

# Community Investment

ICI Pakistan Limited has a history of supporting and working with different communities across the country. The Company's community investment activities are managed through the ICI Pakistan Foundation, a registered trust run and managed by its own Board of Trustees. Additionally, numerous other community activities are carried out directly by the Company itself. The Foundation's philosophy is built around four main areas: education, health, community and environment. However, it also focuses on civic development through investment in community projects, disaster relief and rehabilitation activities.

## **Education (Ilm-O-Hunar)**

The ICI Pakistan Foundation, under its Ilm-o-Huner initiative, launched a pilot Adult Literacy programme in partnership with Literate Pakistan in 2013. The programme is run nationwide, under the brand name of 'Jugnu'. In 2014-15 over 28 women from the Kakapir village at Sandspit, Karachi, graduated from the programme. After the successful completion of the pilot project in Kakapir, the ICI Pakistan Foundation initiated a new Adult Literacy project at Budhni Goth in Mauripur, Karachi,

in collaboration with Jugnu Sabaq. Approximately 40 female students have enrolled in the morning sessions, while 20 male students have enrolled in the evening classes. The popularity of the project has spread to nearby communities and villagers have put forward requests for the same project to be initiated in their localities.

For over a decade, the ICI Pakistan Foundation has been supporting the fishing community's school at Kakapir village.







Our engagement with the community has created awareness about the importance of education. The Foundation has also continued its support of the Tibbi Hariya School in Sheikhpura. In line with our CSR strategy, we have been providing educational opportunities to communities based in the neighbouring areas of Khewra and other operational sites. Furthermore, the Foundation made a contribution of funds towards the Pakistan Agricultural Coalition in Lahore to set up an agricultural technical institute.

#### Health (Zindagi Sehat kay Saath)

Since 1991, the Company has been conducting eye care programmes for the community of Khewra near the Soda Ash plant. The programme is run in collaboration with the Layton Rahmatullah Benevolent Trust (LRBT). The programme has been benefitting deserving patients for the past 24 years and from July 2014 to June 30, 2015, 10 eye clinics were successfully conducted. In this period 4,007 OPDs, 587 major surgeries, 47 minor surgeries and 2,147 refractions were performed.

The Foundation contributed funds towards state-of-the-art operation theatre equipment at the Shahbaz Sharif Mother and Child Complex at Sheikhpura. An IT backup server was also donated to the Punjab Institute of Cardiology in Lahore. Additionally, the Foundation provided financial assistance to the Kidney Centre for one hundred dialyses and also held blood donation camps in collaboration with Fatimid Foundation.

#### Community (Hamqadam)

ICI Pakistan volunteers celebrated international Mother's Day with the residents of an old age home in Karachi. The residents shared their experiences with the visitors, who presented gift packs. Our volunteers also celebrated Independence Day with patients in the paediatric wards of Civil Hospital and the National Institute of Cardiovascular Diseases. It was an enjoyable activity in which children and their parents participated enthusiastically.

#### Environment (Saaf Mahol – Taza Hawa)

Instituting respect for the environment is a core philosophy at ICI Pakistan Limited. The Company emphasises and encourages proactive, environmentally-friendly initiatives. Thus a street cleaning drive was conducted in Karachi in collaboration with the Indus Valley School of Arts and Architecture, Karachi. The Company also held a street cleaning drive at Raiti Line in Bath Island, Karachi, in collaboration with the Commissioner Karachi Youth Team and the students of Manzil School.

The Company has been regularly using bio-degradable envelopes to mail Annual Reports to various stakeholders.

#### Over the years, this initiative has helped save:

25 trees, 4.4 cubic yards of landfill space, 2.9 barrels of oil, 10,150 gallons of water and 5,945 kilowatt hours of electricity. The Company observed Earth Hour on March 29, 2015, by switching off all unnecessary lights across all sites. Earth Day was also celebrated through tree plantation activities held at the Polyester and Soda Ash manufacturing sites at Sheikhpura and Khewra. At the Karachi Head Office, the Company conducted a tree plantation drive in collaboration with The Citizen's Foundation school students. A total of 28 trees were planted by the TCF Korangi Campus students. World Environment Day is celebrated globally on June 5 every year. This year, the entire staff at our Karachi Head Office participated in a tree plantation drive and planted 27 Gulmohar trees near the entrance.

#### Disaster Relief

In 2014, thousands of people in North Waziristan were forced to leave their homes and thus became Internally Displaced Persons (IDPs). The government and numerous companies from the corporate sector set up relief camps across the country. The Company donated funds towards the Chief Minister's Punjab Relief Fund for North Waziristan IDPs, and employees separately donated half day salaries to the Pakistan Army towards rehabilitation efforts.



## Governance & Compliance

# Transparency in action

ICI Pakistan Limited has a long-standing reputation for the highest ethical standards. The Company's clarity in Governance and Compliance policies ensures accountability and integrity. This section includes the Board of Directors' report, providing details of all activities and business performances. Our Governance, Compliance and Risk Management policies are also part of this segment.

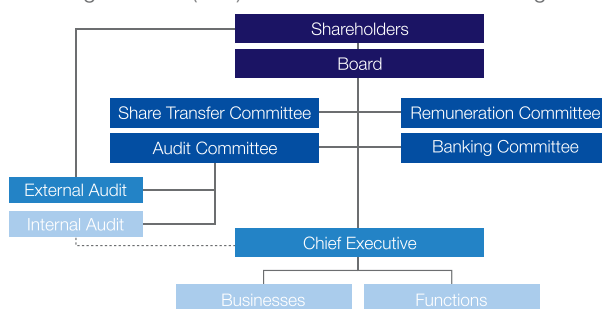


# Corporate Governance and Compliance

ICI Pakistan Limited's corporate governance structure is based on the Company's Articles of Association, and statutory, regulatory and other compliance requirements applicable to companies listed on the stock exchanges, complemented by several internal procedures. These procedures include a risk assessment and control system, as well as a system of assurances on compliance with the 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 all three stock exchanges of the country: the Karachi Stock Exchange Limited (KSE), Lahore Stock Exchange Limited (LSE) and Islamabad Stock Exchange



## Major External Regulations

- Companies Ordinance, 1984 and other allied laws
- Listing Regulations/Rules of the stock exchanges, KSE, LSE & ISE
- Code of Corporate Governance
- 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

Limited (ISE).

The Board of Directors is responsible for governing the organisation by establishing Board policies, setting the goals, objectives and strategies the Company has to adopt, and formulating the policies and guidelines towards achieving those goals and objectives.

The Board is accountable to the shareholders for 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 a smooth running of the day-to-day affairs of the Company, the Board entrusts the Chief Executive with necessary powers and responsibilities. The CE in turn is assisted by an Executive Management Team 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 the employees, contractors, suppliers and others while doing business for the Company.

Even before the introduction of the requirement in the Code of Corporate Governance in 2002 (CCG) ICI Pakistan Limited had a comprehensive Code of Conduct. In order to apprise the 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 electronically on a regular basis.

## Speak Up

In order to facilitate strict adherence to the Code of Conduct, employees also have access to a "Speak Up" programme whereby any employee can report any suspected unethical dealing by any Company employee on a confidential basis either through telephone or e-mail to the relevant HR manager or Head of Internal Audit. During the year, the Board of Directors revisited and further beefed up the process where, to further enhance anonymity, a third party has also been hired (a renowned firm of Chartered Accountants), which can be approached for filing a complaint. All complaints are thoroughly investigated and the results of the investigation are communicated to the complainant (if the return address is provided). This process is overseen by the Board Audit Committee.

## 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 a HR & 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 the 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 being faced by the Company.

The Company maintains a clear organisational structure with a well-defined chain of authority. Senior management has the responsibility to implement procedures, monitor risk and assess the effectiveness of various controls.

#### **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 have to follow while dealing in the shares of the Company.

Closed periods are announced by the Company prior to the announcement of financial results during which "Executives" (as defined by the Board to be an employee 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. They 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 to relevant employees in 2014-2015. We continue to regularly hold training sessions to ensure compliance with competition laws for relevant employees. 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 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 the 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 convened. 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 regards to polyester staple fibre (Polyester Business), dense ash (Soda Ash Business) and nutraceuticals (Life Sciences Business), were responded to accordingly.

### Ownership & 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) has acquired 86.72% 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. After review by the Audit Committee the 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 them 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.

### 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 the major capital expenditure projects including balancing, modernisation and

replacement. Succession planning and compliance with all regulatory requirements are also areas towards which the Board's attention is closely focused 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.

### Internal and External Audit

Our Internal Audit function plays a pivotal role in providing the Board with an objective view to evaluate and improve the effectiveness of the risk management and related control systems throughout the entity. The Head of Internal Audit independently reports to the Audit Committee and administratively to the Chief Executive. KPMG has been hired to perform the 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 were executed across all Businesses by our independent internal auditors and all findings were reported to the 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.

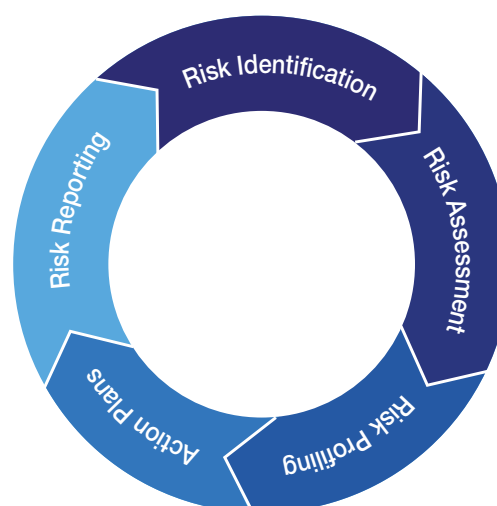
The role of the Audit Committee is to assist the Board in fulfilling their oversight responsibilities regarding the integrity of ICI Pakistan Limited's financial statements, risk management and internal control, compliance with legal and regulatory requirements, the external auditors' performance, qualifications 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 on the recommendation of the Board of Directors. The partner in charge of our audit is rotated every five years as per the local regulations.

# Risk Management

The Board has an overall responsibility for the risk management process, incorporating risk management and internal control procedures. A comprehensive and robust Enterprise Risk Management (ERM) framework has been implemented recently across the Company. This framework is based on comprehensive, interactive and management-oriented systems and processes which enable the early identification, evaluation and response to those risks that could materially affect the achievement of our strategic, operational, financial and compliance objectives. The Company's documented and regularly reviewed procedures are designed to safeguard assets whilst addressing any risk that the Businesses or the overall Company may face, and ensures timely reporting to the Board and senior management. Our risk management system promotes a balanced approach to manage risks at the Business and organisational level and is capable of identifying, evaluating, measuring and monitoring risk.

The risk management system has identified a number of financial and non-financial risks that the Company is exposed to and necessary action plans are in place to ensure such risks are mitigated in a timely fashion.



## Strategic

### External Risk

#### Adapting to changing economic conditions, government policies, and law and order situation

- Risk of ad-hoc tariff adjustments on imports impacting local producers, such as ICI Pakistan Limited.
- Risk of imports at uneconomical prices or dumping in Pakistan by major international manufacturers.
- Risk of disruption of business operations due to worsening law and order situation.

### Risk Corrective Action

Continued commitment to the values of 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 the domestic industries and is actively vigilant with policies and proceedings of cases filed against anti-dumping. Training is also provided to update concerned stakeholders with regards to the law and order situation.

### Internal Risk

#### Attracting and Retaining Talent

The challenge is retaining and recruiting the right talent to deliver the strategic ambition for the Company.

### Risk Corrective Action

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, by further strengthening tools such as our performance and development discussion, organisation health surveys and ensuring robust succession planning in the organisation.

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## Commercial and Operational Risks

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### External Risk

#### Severe energy shortages and price hikes affecting cost of doing business and downstream demand

Disruption of supply of natural gas to the Company's production facilities negatively impacts Business deliverables due to considerable erosion of margins as a result of using expensive alternate fuels.

### Risk Corrective Action

Major investments have been made in coal/biomass power and steam generation projects and more have been committed to make our manufacturing facilities self-sufficient in terms of their reliance on natural gas. The coal/biomass steam turbine project was successfully commissioned during the year at the Polyester plant. To further enhance the energy mix in the Soda Ash Business, work is in process for new steam and power generation projects.

To partially mitigate the financial impact of gas unavailability, the Company continuously remains engaged in various cost saving, energy and efficiency related projects. The risk of lower downstream demand due to energy shortages is partially managed through technical and commercial support to improve downstream efficiencies.

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### Internal Risk

#### Overdependence on single source suppliers and major principals

Risk of failing to identify alternate sources of raw material suppliers. Also, the risk of failing to maintain key business relationships with major principals, which may result in business interruption and subsequently, financial loss to the Company.

### Risk Corrective Action

The Company aims to use its purchasing power and long term relationships with suppliers to ensure continuous availability of raw materials and to safeguard their constant delivery at the best conditions. The maintenance of optimum inventory levels partially mitigates the risk of abrupt supply interruption. The management continues to engage principals and partners in the value chain to align strategic views and cement long term partnerships. Also, the Company continues to build a portfolio of 'own brands' to reduce the adverse impact in case of discontinuation of principals.

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### Health, Safety, Environmental and Security

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 a high impact for our organisation as well as our local communities, which may cause business disruption and reputational damage.

For us, compliance with HSE&S standards is our licence 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 performance and development in 2014-2015 is available in the report.



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## Financial Risks

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### External Risk

#### 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.

### Risk Corrective Action

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 above is a risk the Company has to take and is being partially mitigated through the introduction of generic brands and continuous engagement with policy makers in the Government.

### Interest rate risk

Risk of an increase in interest rates having an adverse impact on the profitability of the Company.

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.

### Internal Risk

#### Credit Risk

Risk of default in payments by credit customers in the current challenging economic conditions, leading to adverse financial impact on the Company.

### Risk Corrective Action

The Company's counterparty risk is sufficiently diversified with established limits for key customers. Credit reviews are regularly conducted to align the exposure in line with the changing conditions while remaining within the bounds of the overall risk appetite of the Company.

### Liquidity Risk

Risk of the Company not being able to fulfil its financial obligations due to non-availability of sufficient funds.

The Company ensures optimum utilisation of cash generated by operations and has sufficient financial lines with various institutions to meet any funding requirements.

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## Compliance Risks

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### Internal Risk

#### Compliance with laws and regulation

Exposure to liabilities arising out of non-compliance with laws and regulations.

### Risk Corrective Action

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 with our Code of Conduct.

We operate under a comprehensive Competition Law compliance programme including training, monitoring and assessment.

# Board and Management Committees

## Committees of the Board

### a) **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 the ears' of the Board, assisting it in discharge of its fiduciary responsibilities.

The Audit Committee reviews the periodical financial statements of the Company and announcements of results to the stock exchanges. One important responsibility of the Committee is to recommend to the Board the appointment of external auditors, and 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.

Besides this, risk management, compliance with relevant statutory requirements, review of legal matters which may significantly impact the financial statements, monitoring compliance with the best practices of corporate governance and 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 it, if it considers necessary. The Audit Committee comprises three members, of whom two are non-executive directors and the Chairman of the Committee is an independent director and the head of internal Audit act as the Secretary to the Committee. The Chief Financial Officer and representatives of internal auditors attend the Committee meetings by invitation.

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

### b) **Human Resource & Remuneration Committee**

The HR and Remuneration Committee is a Sub-Committee of the Board and is responsible for reviewing and recommending the selection, evaluation, compensation of the Chief Executive, the Executive Management Team and the Head of Internal Audit. Additionally, it also reviews and recommends the Human Resource 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 for key management positions 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.

### c) **Banking Committee**

This Committee comprising two Executive 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.

### d) **Share Transfer Committee**

The Share Transfer Committee consists of two Executive and one Non-Executive Director. This Committee approves registrations, transfers and transmission of shares. Resolutions passed by the Shares Transfer Committee are subsequently placed at Board meetings for ratification.

## Management Committees

### a) **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.

### b) **HSE Management Committee**

The Health, Safety & Environment Committee, chaired by the Chief Executive, periodically reviews and monitors companywide practices. It oversees the health, safety and environment functions of the Company and is also responsible for ensuring that all our operations are environment-friendly and compliant with the prevalent regulatory framework.

### c) **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

M Sohail Tabba	Chairman (Non-Executive)
M Ali Tabba	Vice Chairman (Non-Executive)
Jawed Yunus Tabba	Non-Executive
Amina A Aziz Bawany	Non-Executive

Asif Jooma	Chief Executive
Khawaja Iqbal Hassan	Independent
M Abid Ganatra	Executive
Kamal A Chinoy	Independent

## Audit Committee

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

## HR & Remuneration Committee

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

## Chief Financial Officer

Muhammad Abid Ganatra

## Company Secretary

Saima Kamila Khan

## Head of Internal Audit

Muhammad Ali Mirza

## Executive Management Team

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

## 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.  
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, including names such as Gadoon Textile Mills Limited and Lucky Knits (Pvt.) Limited where he serves as the 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 Pvt. Limited and Yunus Energy Limited in addition to Lucky One Pvt. Limited. He is the Chairman of Lucky Paragon Readymix Concrete and a Director on the Board of Lucky Cement Limited, the leading cement manufacturer and exporter of Pakistan.

He 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. Sohail 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 Aziz Tabba Foundation. In the past he has also 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 since then he has successfully reformed and expanded the companies he heads in the Group. He also serves as the Chief Executive of Yunus Textile Mills Ltd., a leading name in the home textile industry with subsidiaries in the US, Europe, Canada and France.

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 works under the Federal Ministry of Commerce. He is also a Trustee of the Fellowship Fund for Pakistan which sponsors and sends a top Pakistani scholar every year to the Woodrow Wilson International Centre for Scholars, a think tank based in Washington D.C. In addition to these important roles, Mr. Tabba is also on the Board of Pakistan Business Council (PBC), a business advocacy forum comprising of leading private-sector businesses. He has been nominated on the Board of the Pakistan-India Joint Business Council (PIJBC), which promotes trade between the two countries. Mr. Tabba is also the Chairman of All Pakistan Cement Manufacturing (APCMA), a regulatory body of cement manufacturers in Pakistan.

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 is working extensively in the field 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 services to the community at large from all over Pakistan.

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



Appointed as non-executive Director on the Board of Directors of ICI Pakistan Limited on December 28, 2012, Amina Abdul Aziz Bawany is a post graduate in Early Years Education with over ten years' experience in the education sector. She has held 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.



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 in Pakistan.

He has rich experience in the textile industry and is also managing the real estate project LuckyOne, which once completed will be the largest mall in Karachi. Jawed Tabba is also involved in the Aziz Tabba Foundation, which is the Yunus Brothers Group's foundation for philanthropy.



# 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 early years with ICI Pakistan Limited and subsequently Pakistan PTA Limited, Asif 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, Asif Jooma has previously served as President of the American Business Council, President of the Overseas Investors Chamber of Commerce & Industry, member of the Board of Investment, Government of Pakistan, and Chairman of the Pharma Bureau. Asif Jooma serves on the Board of NIB Bank Limited, Systems Limited and is the Chief Executive of NutriCo Pakistan Pvt. Limited. He is on the Board of Governors of the Lahore University of Management Sciences and the Indus Valley School of Art and Architecture, and is also a Trustee of the Duke of Edinburgh's Awards Programme. Asif 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 served as the 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 meritorious contribution to national interests.



**Kamal A Chinoy**  
Independent Director

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

He serves on the Board of Directors of ICI Pakistan Ltd, International Industries Ltd., International Steels Ltd, NBP Fullerton Asset Management Ltd (NAFA), and Atlas Battery Ltd. and is 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 is also serving 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 of 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.

He is 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, Abid Ganatra has been associated with the Yunus Brothers Group 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.

Abid Ganatra is a fellow member of the Institute of Chartered Accountants and the Institute of Cost and Management Accountants of Pakistan. He has also gained a masters' degree in Economics and a bachelors in Law.

1953

The Khewra Soda Ash Company is incorporated as a public limited company.

1966

The name Soda Ash changes to Manufactu

**Sitting from Left to Right**

**Muhammad Abid Ganatra**  
Chief Financial Officer

**Asif Jooma**  
Chief Executive

**Kanize Fathema Zuberi**  
General Manager  
Human Resources

**Standing from Left to Right**

**Suhail Aslam Khan**  
Vice President  
Polyester & Soda Ash

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

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

**Arshaduddin Ahmed**  
General Manager  
Chemicals

# Our Executive Management Team



of Khewra  
Company  
ICI Pakistan  
ers Limited

**1970**

ICI Pakistan Manufacturers Limited sets up a Pharmaceutical Factory in Naryanganj East Pakistan. After 1971, the factory became part of ICI Bangladesh Manufacturers Limited

**1985**

Imperial Chemical Industries Pakistan (Private) Limited and Paintex Limited merge to form ICI Pakistan Manufacturers Limited

**1991**

ICI Pakistan PowerGen Limited is incorporated as a public limited company

**1996**

ICI Pakistan increases Polyester Fiber capacity to 60,000 tons and Polymerization capacity to 91,000 tons

**2000**

PTA Business demerges to form a separate entity, Pakistan PTA Limited

**2001**

Soda Ash completes Automation Cogeneration Debottlenecking Project

**2010**

ICI Pakistan Foundation implements a PKR 50 million pan-country Flood Relief Rehabilitation Program providing food and medical care and constructing two villages for affectees



# Organisational Structure





# Report of the Directors for the year ended June 30, 2015

The Directors are pleased to present their report together with the audited financial statements of the Company for the year ended June 30, 2015.

## Overview

Net Sales Income (NSI) of PKR 37,515 million for the year under review is 2% below sales for the year ended June 2014, which was recorded at PKR 38,233 million. This is primarily attributable to lower revenues in the Polyester Business, which declined 16% in line with a downward correction of prices across the petrochemical chain.

NSI in the Soda Ash Business grew by 13% on account of higher volumes and prices, whilst the Life Sciences Business recorded a 17% growth in NSI. The Chemicals Business was almost at par with the same period last year (SPLY).

Operating profit for the year at PKR 3,044 million is 37% higher than the SPLY, on account of significant improvement in the Polyester Business's performance and higher profits in the Soda Ash and Life Sciences Businesses. Furnace oil and natural gas replacement projects were made operational during the year at the Polyester and Soda Ash Businesses, thereby reducing the Company's operational reliance on expensive fuels, considerably easing the energy cost pressure. Lower furnace oil and coal prices also contributed towards improved profitability.

To further enhance the energy mix in the Soda Ash Business, new steam and power generation projects are underway at the Company. These are expected to be completed by next year. Moreover, work on the refined sodium bicarbonate (RSB) and dense soda ash (DA) capacity expansion projects is also progressing satisfactorily.

Earnings per share at PKR 23.02 is 25% higher, compared to PKR 18.43 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 2,276 million or PKR 24.65 EPS is 24% higher than the SPLY. The Company also completed a 30% equity participation in NutriCo Pakistan Pvt. Ltd. (Morinaga infant formula distribution business), of which PKR 202 million has been recognised as 'Share of Profit from Associate'.

## Financial Performance

PKR m	June-15	June-14	Increase/ (Decrease) %age
Turnover	42,594	42,699	0
Net Sales Income	37,515	38,233	(2)
Gross Profit	5,790	4,652	24
Operating Result	3,044	2,226	37
Profit Before Tax	2,703	1,981	36
Profit After Tax	2,126	1,702	25
Earnings Per Share (PKR)	23.02	18.43	25

## 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, 2015, at the rate of 65% i.e. PKR 6.5/- 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 5/- per share already paid, makes a total dividend of PKR 11.5/- per share.

## Health, Safety and Environment (HSE)

ICI Pakistan Limited continues to demonstrate an unwavering commitment to health, safety and environment which is comprehensively linked to different business operations. The total reportable injury rate for employees and supervised contractors was lower at 0.16, compared to 0.33 for the SPLY. There was one reportable injury for employees and supervised contractors and no reportable injuries to any independent contractors during the year. A sharp focus on operational discipline and a 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 manifestation of our resolve to continue prioritising HSE at the Company.

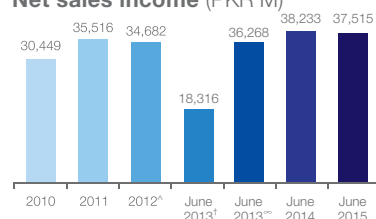
The HSE performance of Businesses continues to improve as Polyester, Soda Ash, Life Sciences and Chemicals respectively achieved 5.91, 3.57, 0.46 and 4.53 million man hours without LTI (lost time injury) for employees and supervised contractors.

The Learning Event database was updated to a new platform, SharePoint, from Lotus Notes, which was previously used. Both databases (Learning Event and EPM) are providing operational effectiveness and will continue to be developed further based on business requirements.

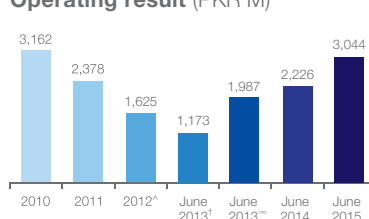
Last year, ICI Pakistan Limited implemented a certified HSE&S Management System and subsequently, in 2014-15, all Businesses and sites completed the review process and

## Six years financial performance at a glance

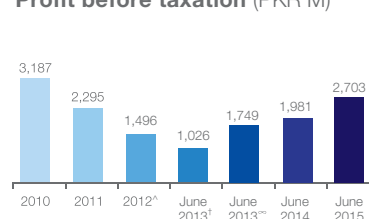
**Net sales income (PKR M)**



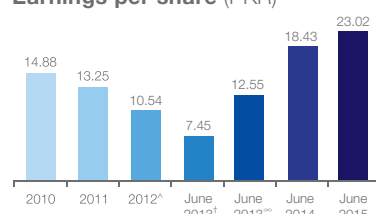
**Operating result (PKR M)**



**Profit before taxation (PKR M)**



**Earnings per share (PKR)**



**EBITDA (PKR M)**



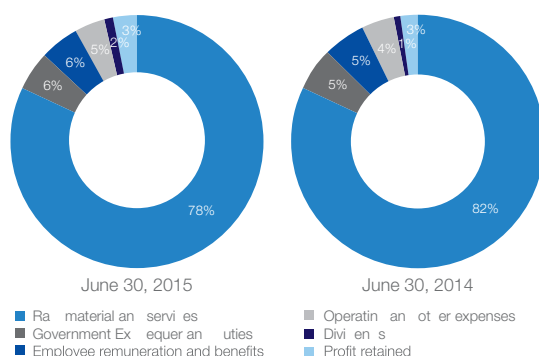
**Dividend paid (PKR per share)**



^ Restate

† June 13 contains results for the six months period due to an error in financial year

∞ 12 months period June 2013



**Value Addition and its distribution**

**PKR '000**

	June 30, 2015	%	June 30, 2014	%
Net Sales including sales tax	40,117,442	99%	40,658,350	99%
Other operating Income	293,547	1%	323,130	1%
	<b>40,410,989</b>	<b>100%</b>	<b>40,981,480</b>	<b>100%</b>
Raw Material and Services	31,424,651	78%	33,433,159	82%
Government Exchequer and duties	2,494,689	6%	1,970,866	5%
Employee remuneration & benefits	2,413,002	6%	2,185,655	5%
Operating and Other expenses	1,952,939	5%	1,689,584	4%
Dividends	831,232	2%	369,436	1%
Profit Retained	1,294,476	3%	1,332,780	3%
	<b>40,410,989</b>	<b>100%</b>	<b>40,981,480</b>	<b>100%</b>

aligned local HSE&S procedures with the new management system. The revised ICI Pakistan Corporate Engineering Procedures were also issued. The HSE&S Management Audit process commenced across the Company; presently the Soda Ash Business audit has been completed, while the remaining audits are due to be completed by Q1, 2015-16. Following the audits, all Businesses shall prepare 2015-16 HSE improvement plans. Additionally, focus on reducing the Company's Operational Eco Efficiency (OEE) footprint has continued throughout the year, with sustainability plans in place for implementation in all Businesses.

ICI Pakistan Limited is renowned for its transparent and comprehensive environmental and sustainability reporting. The Company has received several awards for its reporting in recent years. Maintaining this standing, in June 2015 ICI Pakistan Limited was recognised through the prestigious 'Best Sustainability Report Award', awarded by the ACCA and WWF Pakistan organisation, which recognises companies which support and promote best practices in environmental and sustainability reporting in the country.

A detailed report on HSE performance and development in 2014-15 is available on page 33 of the Annual Report.

### Corporate Social Responsibility (CSR)

ICI Pakistan Limited's community investment activities are managed through the ICI Pakistan Foundation, a registered trust run and managed by its own Board of Trustees.

Additionally, numerous other community activities are carried out directly by the Company itself.

The Foundation's philosophy is built around four main areas: education, health, community and environment. However, it also focuses on civic development through investment in community projects, disaster relief and rehabilitation activities.

### Education (Ilm-o-Hunar)

The ICI Pakistan Foundation, under its Ilm-o-Hunar initiative, launched a pilot Adult Literacy programme in partnership with Literate Pakistan in 2013. The programme is run nationwide, under the brand name of 'Jugnu'. Last year, over 28 women from the Kakapir village at Sandspit, Karachi, graduated from the programme. After the successful completion of the pilot project at Kakapir, the ICI Pakistan Foundation initiated a new Adult Literacy project at Budhni Goth at Mauripur, Karachi, in collaboration with Jugnu Sabaq. Approximately 40 female students have enrolled in the morning sessions, while 20 male students have enrolled in the evening classes. The popularity of the project has spread to nearby communities and villagers have put forward requests for the same project to be initiated in their localities.

For over a decade, the ICI Pakistan Foundation has been supporting the fishermen community school at the Kakapir village. Our engagement with the community has created awareness about the importance of education. The Foundation has continued its support of the Tibbi Hariya School in Sheikhpura. In line with our CSR strategy, we have



Akira Ohno, Chairman of Morinaga Milk Industry Co. Ltd., with Prime Minister Nawaz Sharif and representatives from NutriCo Pakistan Pvt. Ltd.



Life Sciences donated equipment to a school in Thar

been providing educational opportunities to communities based in the neighbouring areas of Khewra and other operational sites. Furthermore, the Foundation also made a contribution of funds towards the Pakistan Agricultural Coalition in Lahore to set up an agricultural technical institute.

#### Health (Sehat Zindagi Kay Saath)

Since 1991, the Company has been conducting eye care programmes for the community of Khewra near the Soda Ash plant. The programme is run in collaboration with the Layton Rahmatullah Benevolent Trust (LRBT).

The programme has been benefitting deserving patients for the past 24 years and from July 2014 to June 30, 2015, 10 eye clinics were successfully conducted. In this period 4,007 OPDs, 587 major surgeries, 47 minor surgeries and 2,147 refractions were performed.

The Foundation contributed funds towards state-of-the-art operation theatre equipment at the Shahbaz Sharif Mother and Child Complex at Sheikhpura. An IT backup server was also donated to the Punjab Institute of Cardiology in Lahore. Additionally, the Foundation provided financial assistance to the Kidney Centre for a hundred dialyses and also held blood donation camps in collaboration with Fatimid Foundation.

#### Environment (Saaf Mahool – Taaza Hawa)

Instituting respect for the environment is a core philosophy at ICI Pakistan Limited. The Company emphasises and encourages proactive, environmentally-friendly initiatives. Thus a street cleaning drive was conducted in Karachi in collaboration with the Indus Valley School of Arts and Architecture, Karachi. The Company also held a clean street drive at Raiti Line in Bath Island, Karachi, in collaboration with the Commissioner Karachi Youth Team and the students of Manzil School.

The Company has also been regularly using bio-degradable envelopes to mail Annual Reports to various stakeholders. Over the years, this initiative has helped save 25 trees, 4.4 cubic yards of landfill space, 2.9 barrels of oil, 10,150 gallons of water and 5,945 kilowatt hours of electricity.

The Company observed Earth Hour on March 29, 2015, by switching off all unnecessary lights across all sites. Earth Day was also celebrated through a tree plantation activity held at our Polyester and Soda Ash manufacturing sites at Sheikhpura and Khewra. At the Karachi Head Office, we conducted a tree plantation drive in collaboration with The

Citizen's Foundation school students. A total of 28 trees were planted by the TCF Korangi Campus students.

World Environment Day is globally celebrated on June 5 every year. This year, the entire staff at our Karachi Head Office participated in a tree plantation drive and planted 27 Gulmohar trees near the entrance.

#### Community (Hum Qadam)

Volunteers from ICI Pakistan Limited celebrated international Mother's Day with the residents of an old age home in Karachi. The residents shared their experiences with the visitors, who presented gift packs. Our volunteers also celebrated Independence Day with the Civil Hospital Karachi's paediatric ward.

#### Disaster Relief

In 2014, thousands of people in North Waziristan were forced to leave their homes and thus became Internally Displaced Persons (IDPs). The government and numerous companies from the corporate sector set up relief camps across the country. The Company donated funds towards the Chief Minister's Punjab Relief Fund for North Waziristan IDPs, and employees separately donated half day salaries to the Pakistan Army towards rehabilitation efforts.

A detailed report on CSR performance in 2014-15 is available on page 36 of the Annual Report.

#### Human Resources

In order to achieve our ambition of growing our business exponentially, it is essential that we invest in growing the capability of our people. This is clearly reflected through our unique Talent Management Framework where we ensure continuous focus on talent development. In 2014-15, we were able to provide 16% of our people an opportunity to try out new roles across Businesses and functions within the Company.

We believe that successful individuals are nurtured when employees are provided opportunities to align themselves to the Company's vision and strategy. Employee engagement not only boosts performance but also helps to create an inclusive and innovative environment. With this objective, we partnered with Gallup this year to administer the famous Q12 for ICI Pakistan Limited.



We provide an enabling environment to our employees where they can continuously learn and grow. This year, a total of 23,392 man-hours were invested in employee training focusing on functional needs, success factors, HSE and values. The RISE Mentoring Programme was also launched to help employees gain insights from mentors within the organisation.

Talent Acquisition is a critical ingredient in developing a high-performance culture. We continue to strengthen our talent pipeline for our various streams: Commercial, Technical, Finance, HR and Supply Chain. This year we hired 38 fresh graduates for our trainee programmes and 166 experienced professionals for lateral positions.

Our commitment to an ethical culture is central to our existence and our whistleblowing programme, Speak Up!, is an extension of this tradition. We launched the Speak Up! Programme whereby managers are encouraged to report any suspected violations of our principles and Code of Conduct by reaching out to HR, line manager, Head of Internal Audit or if anonymity is preferred to an external independent contact, which in this case is PricewaterhouseCoopers. This has further strengthened the platform by adding confidentiality, transparency and anonymity to the process.

A detailed report on Human Resources for 2014-15 is available on page 30 of the Annual Report.

### Risk Management Framework

The Board has an overall responsibility to oversee 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 any 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 actions where required, to ensure uninterrupted operations.

The Company maintains a clear organisational structure with a well-defined chain of authority. Senior management has the responsibility to implement procedures, monitor risk and assess the effectiveness of various controls.

Lately, the Board has revamped the entire Risk Management approach and is considering a robust Enterprise Risk

Management (ERM) framework which will be 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 shall enable early identification, evaluation and responses to risks that could materially affect the achievement of strategic, operational, financial and compliance objectives.

A detailed report on risk management philosophy, key risks and tools used by the Company is available on page 43 of the Annual Report.

### Polyester Staple Fibre Business (PSF)

#### Net sales, commission & toll income (PKR M)

June 2014	18,842
June 2015	15,874

#### Operating result (PKR M)

June 2014	(792)
June 2015	(456)

Crude oil prices fell during the year owing to the global economic slowdown and volatile geopolitical conditions. This led to a sharp decline in prices across the petrochemical chain, with PTA falling by 22% and MEG by 12% compared to the SPLY.

However, the advantage of declining feedstock prices was largely offset by a 17% fall in PSF selling prices due to continuous oversupply in both domestic and regional markets, coupled with persistent dumping by exporters from China at uneconomic levels. Despite the fierce competitive environment, the Business was able to strengthen its customer base and registered a 3% growth in market share. The cumulative impact of the above factors resulted in a decline of 16% in net sales.

This was the first full year of operations of the coal fired heaters post commissioning in June 2014. The replacement of expensive alternate fuel significantly decreased energy costs. Moreover, a 25% reduction in furnace oil prices added to





energy savings. The coal/biomass steam turbine project was also successfully commissioned in June 2015. This will further enhance the energy management capability of the Business and will eliminate dependence on expensive fuel during periods of sporadic natural gas supply. Overall, the reduction in energy bills and the increase in sales volumes curtailed the operating loss by 42% compared to the SPLY.

In March 2015, a new Anti-Dumping application was filed against dumped PSF imports from China with the National Tariff Commission (NTC) and is being vigorously followed up. Any improvement in domestic margins will depend on the outcome of this appeal. The Finance Act 2015-16 has maintained the status quo of the tariff structure for the polyester value chain despite the NTC's recommendation to increase PSF customs duty from 6% to 7%. Further, the Business has submitted a comprehensive response to the application filed by Lotte to the NTC opposing the incremental 1% increase in PTA duty from 4% to 5%.

Going forward, the petrochemical chain is likely to further adjust towards a new equilibrium in light of the Iran gas-pipeline deal and other regional geopolitical developments. On the domestic front, market sentiment will greatly depend on the continuous provision of energy to the textile industry. Furthermore, the promulgation of the GIDC Act, 2015, will add to the energy cost burden of producers and will ultimately hamper the price competitiveness of textile products.

### Soda Ash Business

#### Net sales, commission & toll income (PKR M)

June 2014	8,989
June 2015	10,135

#### Operating result (PKR M)

June 2014	1,866
June 2015	2,288

NSI for the year grew by 13% on the back of higher sales volumes and increased selling prices.

The soda ash market grew by 3% over the SPLY due to strong growth in the bazaar, glass and detergent segments. Growth in the sodium bicarbonate market also continues to remain strong.

The bazaar and glass segments continue to remain the growth engines in the domestic market. Detergent has become the fastest growing segment due to greater downstream demand, especially from the rural population base.

Alternatively, demand from the paper segment has significantly declined as paper manufacturers are substituting caustic liquid in place of soda ash due to its lower price. The silicate segment continued to underperform due to sluggish downstream demand of laundry soap.

The Business recorded its best ever operating result which grew by 23% compared to the SPLY. The recently installed boilers continue to deliver value to the Business through reduction in production costs and rates especially during periods of low gas availability, which has enabled the Business to maintain its domestic market share and maximise profitability.

The Business continues to maintain a strong focus on improving the reliability and production capability of the Soda Ash plant. As a result of these efforts, production volume at 311,278 tons was the highest ever achieved in a year and was 7% higher than the SPLY.

Pre-commissioning activities for the new refined sodium bicarbonate (RSB) warehouse were initiated and the new warehouse has been in service since July 2015. Moreover, work is underway on the RSB and dense soda ash capacity expansion projects as well as on the new coal/biomass power and steam generation projects.

A steady growth for Soda Ash is anticipated in 2015-16 as the Business brings in the dense ash and refined sodium bicarbonate expansion projects to cater to the increasing demand in the domestic market.

### Life Sciences Business

The Life Sciences Business, for the year ended June 30, 2015, achieved a growth of 17% in Net Sales Income and 12% in its operating results compared to the SPLY. The Pharma and Animal Health Divisions within the Business posted double





#### Net sales, commission & toll income (PKR M)

June 2014	6,604
June 2015	7,734

#### Operating result (PKR M)

June 2014	785
June 2015	878

digit growth at NSI level with the Animal Health Division being the major contributor in the overall success of the Business. Sales of the Animal Health Division were significantly higher, with both the Livestock and Poultry portfolios performing better than last year. Total sales of the Pharmaceutical Division were better due to higher sales across all portfolios. Sales of the Agri Division were higher on account of higher sales of agro-chemicals and vegetable seeds. However field crop seeds sales, primarily sunflower, remained under pressure due to unfavourable international prices and the liquidity crunch in the market as a result of the overall downturn of the agriculture sector.

The construction of the Animal Health leased manufacturing facility has been completed and the Company has procured a new manufacturing license for the same in ICI Pakistan Limited's name. The facility will commence production in September 2015 subsequent to the transfer of product registrations to the facility.

The Nutraceuticals manufacturing facility at West Wharf is progressing as per plan and is scheduled to start trial production and stability testing of products in the first quarter of next year with commencement of commercial production by October 2015.

The future outlook of the Business remains strong as it expects to strengthen its existing portfolio and launch new products in all divisions, while continuing to explore opportunities for organic and inorganic growth.

#### Chemicals

Net sales income for the year at PKR 3,787 million was nearly at par with the SPLY. Both General Chemicals and Specialty Chemicals recorded growth over the SPLY as demand remained strong in the textile, consumer, industrial chemicals

#### Net sales, commission & toll income (PKR M)

June 2014	3,804
June 2015	3,787

#### Operating result (PKR M)

June 2014	367
June 2015	333

and water treatment segments, circumventing the shortfall in the Polyurethanes segment caused due to low sales volumes. NSI remained at approximately the same level while the operating cost was higher, resulting in a total decrease of 9% in the operating result of PKR 333 million.

Going forward, the Business is geared to deliver strong results through product growth and cost efficiencies.

#### Finance

The Company's balance sheet on June 30, 2015, remains on a strong footing, maintaining current ratio of 1.02 (2014: 1.38) and quick ratio of 0.49 (2014: 0.70). The ratios have reduced from last year due to increased borrowing on account of capital expenditure made towards the energy projects at both major manufacturing locations as well as expenditures incurred on the refined sodium bicarbonate and dense ash expansion projects in the Soda Ash Business.

Net Sales Income at PKR 37,515 million is 2% lower than the SPLY, mainly attributable to lower sales in Polyester Business; however, this deficit was partially offset by higher revenues in the Soda Ash and Life Sciences Businesses.

Gross profit for the year is 24% higher than the SPLY. This is principally due to increased volumes and an overall reduction in the cost of sales which can be attributed to operations of the energy projects coupled with the reduction in furnace oil and coal prices.

Sales and Distribution expenses for the year are 16% higher than the SPLY, essentially due to increased staff costs and outward freight in line with the Businesses' growth. Administration and general expenses for the year were 8% higher than the SPLY.



Children at the Govt. Kakapir Primary School's annual function



Life Sciences Pharmaceuticals team at the 23<sup>rd</sup> Cardio Con, Karachi

Short-term financing facilities were availed by the Company from various banks to manage working capital funding requirements. As a result of this and exchange losses incurred, finance costs for the year are 4% higher compared to the SPLY. Other operating income is 9% below on account of provision written back and exchange gain during the SPLY. The impact of the above was partially offset by dividend income from associate during the current year.

Profit after Tax (PAT) amounting to PKR 2,126 million is 25% higher than the SPLY.

Earnings per share of PKR 23.02 for the year is 25% higher than the SPLY.

#### Future Outlook

The macro-economic outlook of the country is showing positive signs of improvement. The gradual increase in foreign exchange reserves, significantly lower inflation and discount rates coupled with expected improvement in energy availability on the back of fast-track energy related projects will play a significant role in enhancing industrial growth. This will also encourage private sector investors to expand their business and maximise capacity utilisation.

The Honourable Supreme Court, vide its judgement dated August 22, 2014, upheld the earlier judgement of the Honourable Peshawar High Court, declaring the levy of GIDC to be without lawful authority and void ab initio. However, on May 20, 2015, the National Assembly and Senate passed the GIDC Bill incorporating retrospective application for all sectors excluding the industrial sector. The Company is currently closely monitoring the GIDC situation and will take appropriate legal recourse if required.

In addition, dumping and under-invoicing of polyester and soda ash at uneconomical prices remains a major concern. The Company is aggressively pursuing the matter with the NTC and other relevant authorities for urgent redressal, failing which the economic viability, particularly of polyester fibres, will be severely challenged.

#### 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 Ernst & Young Ford Rhodes

Sidat Hyder, 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 Ernst & Young Ford Rhodes Sidat Hyder, 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 Exchanges 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 22.
- 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 values of investments made by the staff retirement funds operated by the trustees of the funds as per their respective financial statements (audited) on June 30, 2014, were as follows:

		30-Jun-14	30-Jun-13
		Value (PKR '000)	Value (PKR '000)
1	ICI Pakistan Management Staff Pension Fund	1,265,813	1,277,861
2	ICI Pakistan Management Staff Gratuity Fund	364,442	353,297
3	ICI Pakistan Management Staff Defined Contribution Superannuation Fund	436,660	491,306
4	ICI Pakistan Management Staff Provident Fund	906,841	819,183
5	ICI Pakistan Non-Management Staff Provident Fund	385,421	380,545

### Directors' Attendance

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

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



**Muhammad Sohail Tabba**  
Chairman

Dated: August 26, 2015  
Karachi

### Directors' Training

The majority of the Board members have the prescribed education and experience required for exemption from training programmes of Directors pursuant to the clause (xi) of the CCG, and the rest of the Directors will be trained as per the prescribed time period. 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 Code of Corporate Governance 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, 2015 appears on page numbers F 50 to F 52.

As at June 30, 2015, Lucky Holdings Limited together with Gadoon Textile Mills Limited and Lucky Textile Mills Limited held 86.72 % shares, while Institutions held 8.29 %, and individuals and others held the balance 4.99 %.

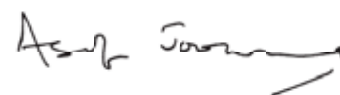
The highest and lowest market prices of ICI Pakistan Limited's shares during 2014-15 were as follows:

Highest	November 10, 2014	PKR 610.00
Lowest	March 30, 2015	PKR 366.39

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 year.

### Group Financial Statements

The audited financial statements of the ICI Group for the year ended June 30, 2015 are attached. The ICI Pakistan Group comprises of ICI Pakistan Limited and ICI Pakistan PowerGen Limited, a wholly owned subsidiary.



**Asif Joona**  
Chief Executive

# Statement of Compliance with the Code of Corporate Governance for the year ended June 30, 2015

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Chapter XI, Regulation No. 35 of the Listing Regulation Karachi, Lahore and Islamabad Stock Exchanges 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 directors meet the criteria of independence under clause i(b) of the CCG.

2. The Directors have confirmed that none of them are serving as a director on 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 in addition to being placed on the Company's website.

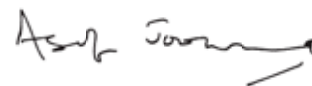
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been 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 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 and experience, and are fully conversant with their duties and responsibilities required under the Code of Corporate Governance. During the year, the Board arranged for the training programme, as required under the Code of Corporate Governance, for two of its directors, while two of the other directors are exempted based on the criteria stated therein.
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 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 a 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 exchanges. ('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. We confirm that all other material principles contained in the CCG have been complied with.



Muhammad Sohail Tabba  
Chairman

Karachi  
August 26, 2015



Asif Jooma  
Chief Executive



# 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 Code of Corporate Governance (the Code) prepared by the Board of Directors of ICI Pakistan Limited (the Company) for the year ended June 30, 2015 to comply with the Listing Regulation No. 35 (Chapter XI) of Karachi, Lahore and Islamabad Stock Exchanges, 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 Code as applicable to the Company for the year ended June 30, 2015.



Ernst & Young Ford Rhodes Sidat Hyder  
Chartered Accountants

Date: 26 August 2015  
Karachi







**Business Performance**

# Enduring success

ICI Pakistan Limited is constantly in pursuit of the brightest talent and the most promising opportunities. Channelled through rigorous processes, boundless, blue-sky thinking is the basis for expanding our horizons. This section is about our four main Businesses and their performance and growth in 2014-15.



# SODA ASH

We first produced soda ash at our plant in Khewra in 1944, with a capacity of 18,000 tons per annum. Over the course of 71 years this has expanded to 350,000 tons per annum, and is set to become half a million tons in the coming years.

The Soda Ash Business produces soda ash and refined sodium bicarbonate. Soda ash (sodium carbonate) is an inorganic chemical compound manufactured using the Solvay process, in which rock salt and limestone are the key raw materials. It 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, soap and paper.

The Business also manufactures food grade refined sodium bicarbonate, commonly known as 'baking soda', which is used in cooking and also in tanneries, textiles, water purification and poultry feed.

With a product offering that is second to none, the Business has evolved and established itself as one of Pakistan's key industrial assets, and has become the 'Supplier of Choice' in our domestic market.



Work is in progress at the new coal fired boilers project



Suhail A. Khan, VP Polyester & Soda Ash, visits the expansion projects in Khewra

### Market Overview

The soda ash market achieved modest growth over the same period last year despite operating in a harsh business climate. Energy shortages, the unstable political environment and a poor law and order situation have been major hurdles for the industrial sector. The bazaar and detergent segments provided the impetus to market growth due to the high demand of branded/unbranded detergents. The refined sodium bicarbonate market continues to remain strong and a growing population equates to high future growth as well. The glass segment, which constitutes a major share of our market, remained steady through the year despite energy issues and is well placed to take a jump in performance should Pakistan overcome its energy woes.

### 2014-15 Highlights / Business Performance

The past year was an important landmark in our aspiration of Cultivating Growth with the Business recording the highest ever total sales and net profit in a fiscal year. This achievement reflects our ambition to remain the 'Supplier of Choice' in the domestic market. The Business continued its efforts in retaining key customer accounts in the wake of increased competition from domestic and imported offerings through value-driven propositions and a customer-centric philosophy. The company also made significant progress in export markets. In Northern India, we have established a firm foothold by providing soda ash on a regular basis. The Business also supplied refined sodium bicarbonate to Afghanistan during the year.

### Developments

The Board of ICI Pakistan Limited, in its meeting held on February 19, 2015, gave its in principle approval for a phased expansion of 150,000 tons per annum of light soda ash at the Company's Khewra site. This will take the total installed capacity from the current 350,000 tons per annum to 500,000 tons per annum. The first phase of the project is expected to be commissioned in the first quarter of 2018. This expansion project has been undertaken to increase the product offering for our customers in the wake of rising demand and to ensure that the Business continues to remain the supplier of choice for our partners.

### Challenges

The Pakistan economic landscape continues to be challenging. Sustaining operations in the face of widespread energy shortages and a poor business climate has been a major hurdle for everyone. This has been true particularly for Soda Ash customers in the silicate, glass, paper, and chemical segments where energy constitutes a major input for operations. The Business continues to invest heavily in projects designed to reduce its dependence on inconsistent natural gas supply and expensive alternate fuels through the installation of coal fired boilers. This allows us to continue to control our costs and provide a reliable and cost effective product to our customers. It is through many such projects and initiatives and strong bond building with our partners that the Business has been, and will be, able to sail through challenging times and continue to deliver value for all stakeholders.

### Future Plans

Going forward, the 84,000 tons per annum dense ash and 14,000 tons per annum refined sodium bicarbonate expansion projects are on schedule and will be online in 2015-16. These expansions will enable the Business to further increase market share in the domestic market as well as explore new opportunities for exports in regional markets. The Business will accomplish this by consolidating its relationship with partners, maintaining vigorous focus on providing quality products and services, and creating new relationships in regional markets. The Business anticipates the soda ash and refined sodium bicarbonate markets will maintain their upward growth trajectory. The glass and detergent segments will continue to perform well due to strong downstream demand. Energy supply issues are expected to continue; however, alternative energy projects are in place or have been completed at most sites, which will help buffer the domestic market from further adverse effects. Demand for both soda ash and refined sodium bicarbonate also remains strong from regional markets, which augers well for the Business. ICI Pakistan Limited has become a regional player in the soda ash market, and hence will continue in its aspiration of Cultivating Growth by remaining the supplier of choice for all consumers.





# LIFE SCIENCES

At the heart of our Life Sciences Business is the mission to improve lives. From treating tiny cells in our bodies to advancing large scale farming, the Business strives to provide products which enhance all areas of the science of life.

Our portfolios in Animal Health, Pharmaceuticals and Agri have grown considerably in recent years. The core philosophy underpinning these developments is putting our customers first, through empowering communities and ensuring our relationships endure. The Life Sciences Business continues to put down roots for future growth and tend to all its diverse stakeholders.



Asif Jooma, Chief Executive, tours the Animal Health Manufacturing Facility



The Animal Health stall at Expo Lahore

## Animal Health

### Market Overview

The agriculture sector contributes 21% to the national GDP and employs nearly 44% 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 56% of the agriculture market, recorded a positive growth of 4.1% in 2014-15 against 2.8% growth during the same period last year. Gross value addition of livestock has increased from PKR 778.3 billion (2013-14) to PKR 801.3 billion (2014-15), a 3% rise. 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 4.7% during 2014-15 compared to the previous year. However, the livestock market of Pakistan still remains primarily unorganised; technology adoption is a challenge since the livestock population is scattered with an average farm holding of one to six animals.

Despite the challenges, there is 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 chiefly due to population growth, higher 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 28% of total meat production in the country. The current investment in the poultry industry is more than PKR 200 billion. The poultry sector has shown a robust growth of 8-10% annually, which reflects its inherent potential. This sector contributed 1.3% in GDP during 2014-15, while its contribution to the agriculture and livestock markets stood at 6.3% and 11.2%, respectively. Value added poultry products at current factor cost has increased from PKR 130.7 billion (2013-14) to PKR 140.5 billion (2014-15), an increase of 7.5% 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.

### 2014-15 Highlights

To further strengthen our portfolio, our Animal Health Division launched four new products: three in the Poultry segment and one in the Livestock segment. Clinafarm is aimed at reducing Aspergillosis in hatcheries and poultry farms. Avi Vit 200 Hepatobooster caters to poultry farmers faced with liver problems. Vemozyme, a naturally thermostable phytase enzyme, is added to strengthen the feed additive portfolio of the Poultry segment. In the Livestock segment, Nuflor has been launched to provide livestock farmers with a top-notch solution to respiratory problems prevalent in livestock.

The revenue of our own brands portfolio under the umbrella of 'Farmer's Choice' was PKR 988 million. Thus, we have recorded a healthy growth of 35% over the same period last year and have made own brands a major component of the Animal Health Division's comprehensive portfolio. The Division's cattle feed Farmer's Choice Vanda has vigorously grown by 32% and Elanco's Somatech exhibited a healthy growth of 31%, resulting from a strong foothold at farm level.

Overall, our Animal Health Division registered net sales of PKR 2,723 million with a robust growth of 32% over the same period last year.

The Animal Health Division also completed the construction of a manufacturing facility and successfully obtained a drug manufacturing license in 2014-15.

### Customer Engagement

Our deep-set commitment to our customers defines how we do business. 'Customer Centricity' is one of our core values and this enables us to develop farming communities and introduce sustainable farm management practices to enhance productivity. Awareness campaigns at the grass root level across the country coupled with excellent customer service are the main drivers behind our approach of serving farmers.

Continuing our tradition, in 2014-15 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



World Cancer Day awareness activity by the Oncology team

at providing quality education that augments 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 highlight preventive measures and practices for better animal care.

### Challenges

The animal health industry continued to face serious challenges in disease endemics and price fluctuations. The plethora of cheap, locally produced, low quality, imported and Chinese generics available at very low prices continued to be a major challenge. Management of high Afla-toxin 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 the supply of high quality feed concentrate (Farmer's Choice Vanda) contributing to the health of the animals.

### Future Plans

We are determined to pursue our strategy of growth and innovation by developing our own brands range to cater to newer and wider segments of the animal health market. The Company 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 257.7 billion on a moving annual total basis at the end of the financial year 2014-15, registering a growth of 9%. The top 12 players in Pakistan's pharmaceutical industry enjoy 52% of the total market share. In 2014-15 more than 320 new products with a revenue base of PKR 2.3 billion were launched, with national companies dominating with a contribution of 95% towards this figure. Therefore, over the past decade or so, a key trend of the Pakistan market is the shift of share dominance in favour of national companies, which now stands at 59%.

### Business Performance

At the end of the fiscal year 2014-15, the net sales income of the Pharmaceuticals Division stood at PKR 3.55 billion, demonstrating a growth of 13% over the previous year. Strong growth was witnessed in our own brands portfolio that grew by 41% over last year. The flag bearers of growth in own brands were our anti-infective portfolio of Fortexone and Icef, registering a growth of 52% over last year. The own brands range was boosted by the launch of Rejuva and Qco. Rejuva is a unique formulation



The Pharma Division holds a Sales Masterclass

that supports bone health by combining the benefits of Calcium and Vitamin D with MK7. MK7 is a type of Vitamin K2 that helps calcium reach bones. Qco, another new launch, compliments the existing portfolio in the Cardiovascular segment as a supplement for overall heart health. Qco is Coenzyme Q10 which is a vitamin-like substance that helps in cellular respiration and energy production in the body.

The Astra Zeneca portfolio of Tenormin, Meronem and Inderal continued to go from strength to strength. The performance of Synflex in the pain management category was robust, registering double digit growth.

### Challenges

The major challenges for the Pharmaceuticals Division centered around speedy organic and inorganic business development, including the acquisition of new brands and companies. This was in addition to the challenge of extending the current AstraZeneca and Primary Care portfolio to penetrate fast growing therapeutic and patient segments with innovative solutions.

The Division has developed plans to overcome these challenges and anticipated outcomes shall place the Division on a stronger footing while also delivering robust growth for key business partners including Astra Zeneca and Martin Dow.

### Customer Engagement

Aggressive customer engagement initiatives were undertaken for a number of brands. Rejuva conducted an international CME (Continued Medical Education) in Istanbul with participants from the gynecology and orthopedics segments. Amybact celebrated World Water Day through activities in clinics and hospitals, as well as having a dedicated Facebook page to raise awareness in the general public on clean drinking water. The Oncology segment initiated a customer awareness drive on breast cancer through the use of messages aired on FM channels as well as by conducting free screening programs and HCP seminars in major cities of interior Sindh. Leveraging our strong footprint in the Cardiovascular segment, we also marked World Hypertension Day by arranging a walk, followed by a symposium on hypertension and its management. Free BP monitoring camps were also arranged to raise awareness amongst the general public. ICI Pharmaceuticals 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

Our robust future plans are mainly centered around making full use of the newly commissioned nutraceutical facility, which will help bolster





The Agri Division tours the USA with business partners



Asif Jooma, Chief Executive, visits the Sahiwal research farm and warehouse

production of current brands as well as provide the opportunity to tap into new business segments through in-house R&D.

Besides business development, we aim to champion the 'Brilliant on Basics' strategy by developing and implementing a Sales Force Excellence programme that will sharpen our teams' skills as well as help them focus on the fundamentals of selling. From the external environmental perspective, a new Drug Pricing Policy has come into effect from March 2015. The policy contains price reduction clauses which may negatively impact the division. While some clauses have been challenged by the Pharma Bureau and PPMA, clarity will come about in due course. At the same time, there are certain positive developments in the policy on regulating price increases through a mechanism rather than the previous practice of price changes on a case-by-case basis.

## Agri

### Market Overview

The agriculture sector is one of the most important sectors of Pakistan's economy. During 2014-15, the agriculture sector grew at a rate of 2.9%.

Within the agriculture sector, important crops grew at 0.3% while other crops and cotton ginning witnessed growth of 1.1 % and 7.4 % respectively. Important crops accounted for 25.6% of agricultural value added.

The seeds industry has been dominated by the open pollinated variety (OPV) seed market with more than 70% share. Major crops like wheat, sugar cane, cotton and rice are the major contributors to the agricultural sector. Every year, the share of hybrid seeds is growing in the seed market, especially for corn and rice.

Similar to the seeds industry, the vegetable seeds industry is also dominated by OPVs. It is a largely unregulated segment with many local distributors dominating the market.

The pesticide industry is still dominated by insecticides. However, gradually this trend is changing and herbicides and fungicides are increasing their share.

### Business Performance

The Agri Division faced a challenging environment for the year under review. Local market conditions, international prices and government policies adversely affected farmers. Major crops such as cotton, rice and wheat gave low returns to farmers while climatic conditions also affected yields of different crops. The Seeds segment was the most affected as sales of sunflower seeds remained lower than last year due to farmers not sowing sunflower in the current year while the sale of micronutrients was

also affected. During the year, the Division was able to consolidate its position in the Vegetable Seeds segment, which achieved a growth of 31% over last year. Footprints were created in the hybrid okra, hybrid hot pepper, gourds and watermelon markets respectively. The Agrochemical segment witnessed a growth of 365% from last year. Two of our brands, Ulala and Lancer Gold were launched successfully on cotton crop.

### Developments

In 2014-15, the focus of the Division was to consolidate its agrochemical products while maintaining and strengthening its position in the existing portfolio of seeds and vegetable seeds. A number of new products of seeds, vegetable seeds and agrochemicals were launched. These included the launch of one variety of spring corn, one canola variety and two new hybrid rice varieties in seeds. In vegetable seeds, one variety each of okra, carrot and cucumber were launched while two varieties of peas and watermelon were launched. Business was initiated with three new principals for vegetable seeds. Ten new products for Agrochemicals were also launched during this period. The segment also held an annual business conference for all its main customers in Lahore, formally announcing its plan to expand in the pesticide market along with highlighting our other products.

### Challenges

Challenges in the period included slow economic growth, lack of water and electricity, high input prices and a decrease in global agriculture commodity prices, which have all jointly led to a decline in farmers' ability to invest in farm inputs. Abrupt changes in weather, such as prolonged rains, long dry spells and decreased winters, have all affected the yields of farmers.

Unorthodox market practices along with supply chain issues in the agricultural industry are a major challenge while the registration of agrochemical and seeds products is also a major challenge due to regulatory hurdles. Furthermore, the lack of standardisation and poor controls led to the market being flooded with cheap agrochemicals, micronutrients and bio fertilisers.

### Future Plans

The Agri Division plans to achieve aggressive growth in the future years. For this, we are engaged in executing our marketing plans and strengthening our sales team across Pakistan while also planning to launch new products for agrochemicals and micronutrients. The Seeds segment will be further strengthened by the addition of new corn varieties and pearl millet hybrid seeds. We are also evaluating the addition of other principals for our Vegetable Seeds segment in order to strengthen our portfolio. We are determined to strengthen our own brand portfolio by strengthening our OPV products to pursue sustainable growth as this will increase our reach to wider segments of the agricultural market.



# CHEMICALS

Our Chemicals Business reaches into almost every home and industry in Pakistan. For decades we have evolved partnerships with trusted suppliers, continuously innovating to provide customers with cutting edge solutions.

ICI Pakistan Limited takes pride in knowing that, from plastics to fabrics, from sports shoes to soup, our chemicals play a vital role in the daily life of millions.





Specialty Chemicals conducts its annual plant shutdown



Specialty Chemicals hosts a Carpenter Club party

## General Chemicals

### Market Overview

General Chemicals 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.

Over the course of the past year the Division demonstrated exceptional growth through forming new partnerships. These alliances with new suppliers have helped increase the product portfolio of the Division. Slowly but surely, General Chemicals aims to become the one stop solution for both local and international customers.

'Delivering Enduring Value' is a core value of ICI Pakistan Limited, and this ethos has resulted in us having a customer centric view and maximising relationships with all stakeholders. This commitment to serve our clients better is demonstrated through various initiatives, such as a dedicated after-sales support system, strong service delivery and a strong local presence.

### Business Performance and Development

General Chemicals delivered phenomenal results last year on the back of strong performances from all its segments. The division's overall Contribution Margin (CM) delivery was PKR 238 million, which is 17% over the same period last year. Furthermore, different categories went over and above their previous benchmarks. For instance, Water Treatment Chemicals lead the way with PKR 44.2 million in CM, which is a 30% increase over 2013-14. Consumer Chemicals generated PKR 121 million in CM, which is 26% over the last financial year. The Industrial Chemicals segment also contributed to the overall performance by delivering a CM of PKR 67.3 million, which is 15% over the same period last year.

### Challenges

Operating in Pakistan presents certain challenges, such as political instability and the uncertain law and order situation. However, ICI Pakistan Limited manages to overcome this by taking these challenges head on. In order to showcase our continuous commitment and our passion for people we constantly venture into uncharted territories by partnering with new suppliers, introducing new products and finding new industries. One of the risks which we do face is with supplier loyalty, as opportunistic organisations may strike a direct deal with customers. However, this risk is pre-empted and mitigated by constantly diversifying our Business's portfolio while focusing on deepening relationships.

### Future Outlook

Although initially divided into three segments, the General Chemicals division is now comprised of four segments. This is to ensure that the customer base is managed properly and that the segments have a more focused approach. The segments are now: Consumer Chemicals, General Industry Chemicals, Paints and Coatings, and Water Treatment Chemicals. These segments cater to a diverse set of customers and tap into different industries, showcasing ICI Pakistan Limited's dedication to business development.



The Chemicals Business introduces an 'Employee of the Month' award



Chemicals channels World Cup 'fever' with promotional activities for Fevicol during the tournament

## Polyurethanes

### Market Overview

In the first half of the year, prices of crude oil drastically plummeted and triggered stock losses, as the Company operates on imported raw materials. However, regional players, by virtue of their proximity to feedstocks of polyurethanes, were better positioned to react to the movement in the feedstock chain. As a result, the Division's contribution margin was negatively affected during the first half of the year.

Despite facing such volatile market variables, Polyurethanes recovered by capitalising on the high season by monitoring feedstock trends, gaining share at customers, stock levels and formulation efficiency. We closed the year with a CM of PKR 301 million. The CM was 3.9% lower than that of last year, in spite losing a client worth PKR 43 million due to a technological change. The Division has also ventured out into new industries and attained an early success by already signing an MOU with an established name in the footwear industry.

### Challenges

First and foremost, our primary challenge is to meet the customer's demand for a technologically advanced product. The management focused on new product development and is evaluating technical partners so that we can provide our customers with an even better service.

### Future Plans

We aim to further strengthen our relations with existing customers and focus on our customers' needs. Our determination to be customer centric drives us to explore better products and partner with new and existing suppliers for our customers. The polyurethanes industry is witnessing a technological shift and our aim is to be ahead of the curve by not only investing in research and development but also exploring new products and venturing into new business segments.



The Business holds a blood donation drive as part of its campaign to promote the Company's values



Chemicals conducts a fire safety awareness drive

## Specialty Chemicals

### Market Overview

Specialty Chemicals is the manufacturing arm of the Chemicals Business and caters to industries that are critical to the economy of Pakistan. The key segments we serve 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 spite of numerous challenges facing the textile industry, Specialty Chemicals posted its best ever numbers and became the largest of the three segments in the Chemicals Business. This was all driven by enhanced focus on customer relationship management, product diversification and market penetration.

### Business Performance and Development

The Business delivered its best ever performance in 2014-15. The textiles segment continues to be the major contributor and indicates solid growth. An increasing product base coupled with innovations brought about via strategic alliances with partners in Turkey, China and the United States will contribute to sustainable growth.

Major groundwork was done in the crop segment to create networking with international players and expand the product reach. In adhesives, alliances with manufacturers in India continue to diversify our options allowing us to gain inroads into not only construction, but also the industrial, furniture and fabric sectors.

### Challenges

The domestic environment continues to provide challenges. The law and order situation, along with regular energy shortages and political crises, will continue to affect business in 2015-16. However, we expect to deliver in the coming year 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 segment as we continue to make strides in market share enhancement by creating value for our existing and new customer base.





# POLYESTER

Our Polyester Business is an integral part of the domestic polyester staple fibre (PSF) industry. The sector enables Pakistan's primarily cotton-based textiles industry to diversify and align its product range to meet the growing global demand for value-added textiles.

PSF is manufactured by the polymerisation of pure terephthalic acid and mono-ethylene glycol. The first polyester fibre, Terylene, was introduced to the world by ICI in 1941. Today PSF has a wide range of uses and applications, including home furnishings, clothing, apparel and industrial fibres.

Over seven decades since the invention of the product by two British scientists, John Whinfield and James Dickson, ICI Pakistan Limited's Polyester Business continues to serve its customers through product innovation and best practices.



### Market Overview

The price of crude oil nosedived during the period under review as US shale and the OPEC oil supply continued to outstrip demand and global economic growth remained elusive. The slump in the crude oil market triggered downward adjustments throughout the polyester value chain, and prices of the main raw materials of PSF declined further due to persistent issues of regional oversupply and weakening demand.

International and domestic cotton prices declined sharply as global cotton inventories increased for a fifth consecutive year and reached a record level of almost 24 million tons, or one full year of demand. China overhauled its controversial stockpiling programme, a decision which had a bearish impact on import prices and demand in the world's largest cotton market.

While the global PSF market continued to present a gloomy outlook due to the weakness in feedstock pricing and regional capacity overhang, the woes of the domestic PSF producers were further exacerbated by the illegal dumping of PSF from China.

### Business Performance

During 2014-15 domestic PSF producers were challenged by similar pressures to those which affected the oversupplied regional industry. The situation worsened for the domestic PSF industry due to the dumping of PSF, predominantly from China, with imported fibre prices sliding to inexplicable lows as PSF producers from China resorted to illegal trade practices in a bid to tackle the issue of oversupply. This was a serious impediment to the growth of the Business, with sale volumes and margins remaining under pressure. Despite such adverse market conditions, the Business was able to deliver a growth of 1% over the same period last year, and sold 115,018 MT of PSF during the period under review.

### Energy Projects

Two key energy projects were initiated by the Business to reduce energy costs: the coal fired heaters project and the steam turbine project. This has resulted in a significant reduction in energy costs during the period under review. The steam turbine project was commissioned in June 2015 and this key project will further reduce energy costs in the next reporting period. Spread over eight acres, the plant is equipped with two 50 tons per hour boilers that feed steam into the process on one hand and run a 15MW turbine on the other. Conjoining the steam and power requirements of the Polyester Business, this project provides a cheaper fuel alternative to furnace oil and addresses the pervasive gas curtailment issues faced by the industry.



### Other Key Initiatives

- The National Tariff Commission (NTC) has initiated the Anti-Dumping Duties (ADD) investigation against dumped PSF imports from China in response to an ADD Application filed by the Business.
- The Business made sustained efforts to enhance the tariff protection for PSF.
- The Business successfully enhanced its product range offerings with the introduction of 'Terylene Black' (black polyester fibre) to meet the spinning industry demand of colored yarns production. The product received widespread acceptance based on its superior quality; it has already been commercialised successfully at a number of customers.
- There was a strong sales achievement on the basis of a robust Key Account Management programme.
- The year saw a strong focus on product quality improvement. A number of projects have been undertaken (polymer filter, in-line reactor commissioning, spin-finish adjustments and process improvements) to measurably enhance customer satisfaction.
- The Go-CIS project was launched to strengthen customer relationship management, which aimed at creating a single consolidated repository of all key information processed by the market research team.

### Challenges


The prevailing oversupply in the regional PSF industry leads to increased dumping of PSF from China, which continues to pose the most serious threat to the survival of the domestic industry. Due to historically low margins and continued losses, domestic PSF producers are being forced to reduce operating rates or shut down. Demand also remains sluggish as the severity of the ongoing energy crisis shows no sign of abating and the export potential of the industry is affected by the higher cost of doing business.

### Future Outlook

Going forward, the prevailing oversupply situation of the polyester value chain is expected to continue and the supply/demand weakness gives a bleak initial outlook for 2015-16. Cotton markets will adjust according to demand from China and crop estimates from key producing areas. In the domestic downstream industry, energy availability to the textile sector will be the key driver of demand for PSF. Also, the performance of the domestic industry will be greatly dependent on the Government's provision of necessary protection from illegal dumping by Chinese PSF exporters, absence of which will continue to put pressure on volumes and margins. The Business, however, is braced for all possible challenges and opportunities in the future and has the requisite strength and people to take advantage of any growth opportunities available to the domestic industry.







## Sustainability Performance

# Blue pearl, green planet

ICI Pakistan Limited's sites stretch from the north of the country down to the sea and our products are found throughout the land. The Company treats sustainability as a core responsibility, and this section is a comprehensive report on our strategies, KPIs, annual and long-term targets and performance.

# Leadership Statement

## Dear Stakeholders,

It gives me immense pleasure to share with you the ICI Pakistan Limited 2014-15 Sustainability Report. 'Integrity and Responsibility' is one of our core values, and we have worked hard to be industry leaders in carrying out operations whilst incorporating the key principles of sustainability.

We started reporting progress on our journey of sustainable development seven years ago. From 2010 onwards, we have reported according to the internationally accepted GRI (Global Reporting Initiative) standards in order to present a more transparent picture of what we are doing as a company to achieve our economic, social and environmental objectives.

In recognition of our efforts and commitment to sustainability, in the past year ICI Pakistan Limited was awarded the ACCA-WWF award for Best Sustainability Report, and a Sustainability Innovation Award from the Business School Lausanne, Switzerland, whilst also being commended for its sustainability reporting at the ICAP/ICMAP awards. We do not, however, take these honours as reason for complacency, but as a spur to do even more.

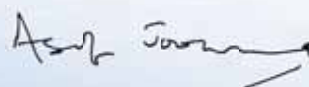
Operating responsibly is a key driver behind our business processes and is integral to our methodology. We apply our principles throughout our operations by actively engaging our internal and external stakeholders to build a cleaner, safer environment.

Our Sustainability Council is entrusted with fostering a culture of excellence, leading the way in environmental stewardship and

building socio-economic value. The Council is also responsible for formulating our strategy, establishing goals and integrating sustainability into the daily business activities across the Company. For 2015-16, the Council has evolved a strategy which clearly outlines how sustainability will continue to play a pivotal role within the organisation.

From Emissions Control to Waste Management figures, we proactively disclose our information in an effort to promote respect for the environment and uphold a strict focus on ethics. We have a zero tolerance approach towards non-compliance, and our objective in this report is to provide a transparent picture of our sustainability achievements and future objectives.

Sustainability is a collective process in which all stakeholders must come together for the common good. Therefore we hope to receive your feedback and suggestions on how to create a cleaner, greener tomorrow through being a more sustainable organisation.



Warm regards,  
**Asif Jooma**

# Highlights for 2014-15

- Last year, ICI Pakistan Limited implemented a certified HSE&S Management System; this year all Businesses and locations aligned their local HSE&S procedures with the new management system. Additionally, a major undertaking was initiated to review the ICI Pakistan Limited Corporate Engineering Procedures.
- Fresh water usage per ton of production has again shown improvement over last year, chiefly due to water conservation initiatives. At 8.47 m<sup>3</sup>/te, we continue to be in line with our 2015-16 target of 8.9 m<sup>3</sup>/te.
- One reportable injury for employees and supervised contractors was reported during the year, with a total reportable injury rate of 0.16. No reportable injury for independent contractors was reported during the year.
- Due to the challenging energy situation, our use of furnace oil and coal increased, thus negatively impacting gaseous emissions, waste generation and total energy consumption per ton of production.
- The Company has registered zero reportable occupational illnesses.
- EPA approval was acquired for new projects against Environmental Impact Assessment.
- There was an 8% increase in vendor policies signed by key suppliers and a 25% increase in vendor policies signed by NPR suppliers.
- A total of 2,924 man-days of training were successfully completed.



# Sustainability Council

## Objectives

The Council's objective is to assist the Board in fulfilling its oversight responsibilities to the shareholders with regard to sustainability. This concerns the development, implementation and monitoring of the Company's Health, Safety and Environment policies and practices. The overall aim is therefore to continue the sustainable growth of ICI Pakistan Limited.

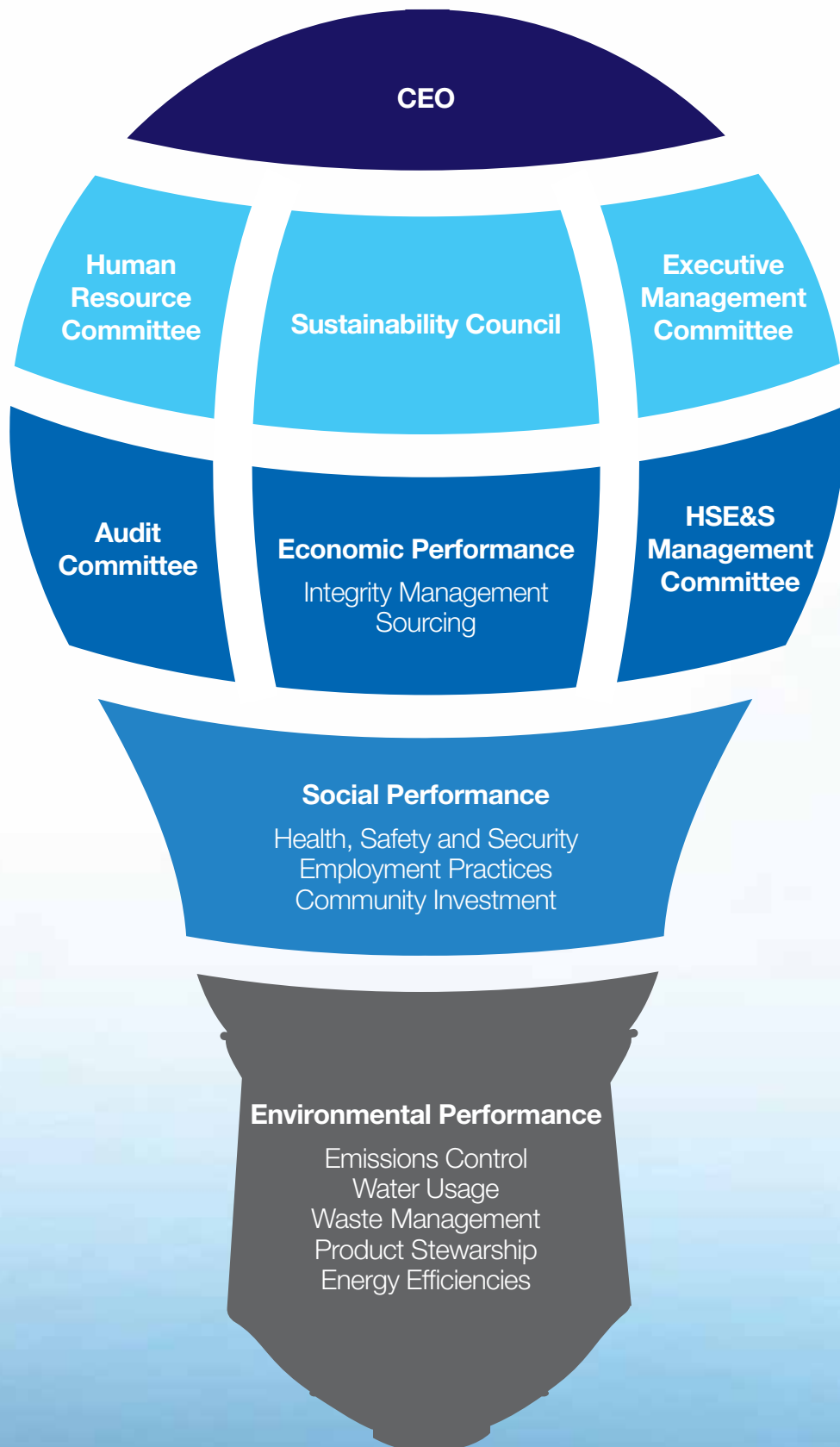
## Roles of the Council

- Define the KPIs and measurement matrix, and establish targets.\*
- Continually review partnerships and relationships, both current and proposed, with stakeholders, i.e. customers, regulators, communities, shareholders and suppliers.
- Continue to formulate and execute communication strategies relating to the Company's sustainable growth.
- Review on a continuing basis new and innovative technologies that will further sustainability at the Company and implement actions to protect such technologies.

\* In view of the Polyester coal-fired power plant coming online during the year and another coal-based project in the pipeline at our Soda Ash works, the review of the sustainability KPIs has been deferred.



# Sustainability Council Structure



# Sustainability Strategy

ICI Pakistan Limited has been producing a Sustainability Report for the past seven years. In 2013-14, the Company successfully reconstituted and established its Sustainability Council, which enabled us in 2014-15 to more effectively analyse and address sustainability matters within our Businesses. The Sustainability Council is made up of a multi-disciplinary team which represents all corners of our diversified 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 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 hard to create value in our local communities by providing the tools required for capacity building.



# Sustainability Framework

## **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 began voluntary reporting on our sustainability journey in 2008. This is our seventh Sustainability Report and we have used the G3 Reporting Framework issued by the Global Reporting Initiative (GRI) and are applying the GRI Reporting Framework at Application Level B+.

## Report Boundary

The report covers our four core Businesses and all our Corporate functions. We have three 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 Pakistani Rupees, unless otherwise indicated.

## Reporting Period

Following the acquisition of majority shareholding of the Company by YBG, ICI Pakistan Limited's financial year was changed from January-December to July-June for alignment with associated companies in the group. The reporting period is July 31, 2014, to June 30, 2015. 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

In 2010, an important step towards integrating sustainability within the organisation was conducting a stakeholder dialogue and establishing Key Performance Indicators (KPIs). These KPIs also have targets set for 2016 which shall serve as pathfinders for us. Like last year, the content of this report has been developed in accordance with the KPIs and our performance against these. 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:

All our environmental, health, safety and security data is derived from our EPM (Enterprise Performance Management) database. A quarterly reporting cycle is in practice and all related information is gathered and entered by respective Businesses and functions while the Corporate Health, Safety and Environment Manager, reviews and manages the 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 there are limitations in collecting some data, appropriate explanations have been made 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 the 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 Summary Report forms part of our sustainability reporting and is designed for general readership only. United Registrar 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 G3 Reporting Framework issued by the Global Reporting Initiative (GRI). The GRI is a large multi-stakeholder international network of thousands of sustainability experts. The GRI G3 Reporting Framework is the most widely accepted global standard for corporate responsibility reporting.

## Contact Us

Sustainability requires all stakeholders to come together for the common good. Therefore we eagerly 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](mailto:sustainability.council@ici.com.pk)

A soft copy of this report and additional information on our business units and products is available on our website at [www.ici.com.pk](http://www.ici.com.pk)

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

Zafar Farid – Corporate Safety & Environment Manager,  
Production  
ICI Polyester Business  
30 KM Lahore-Sheikhupura Road, Sheikhupura, Pakistan  
[zafar.farid@ici.com.pk](mailto:zafar.farid@ici.com.pk)

Muhammad Farhan Ijaz – HSE Engineer  
ICI Pakistan Limited  
63 Mozang Road, Lahore, Pakistan  
[farhan.ijaz@ici.com.pk](mailto:farhan.ijaz@ici.com.pk)



# Stakeholder Engagement

A proactive exchange of ideas with our stakeholders is central to operating responsibly. Sustainability is a collective effort and a shared journey; we engage all our partners to join us in moving forward.

Any individual or group associated with ICI Pakistan Limited is a stakeholder, be they an employee, a supplier, distributor or a shareholder. We try to engage all our stakeholders in our sustainability journey and regularly meet with the community to listen to their ideas, concerns and advice.

Some examples of our stakeholder engagements in 2014-2015 are:

## Customer Engagement Sessions

The marketing and sales teams of the Soda Ash Business held a meeting at the Avari Hotel, Lahore, on May 4, 2015, in which two key procedures were discussed. Firstly the teams discussed 'Product Stewardship', which is a demonstrable process through which a business can identify and manage risks in the development, manufacture, distribution, marketing, use and ultimate disposal of its products in a safe, healthy and environmentally sound way. This ensures conformity with local requirements and company policy. The second procedure pertained to 'Emergency Distribution Response', which outlines procedures to follow if any distribution emergency occurs.

Spurred by a philosophy of 'Customer Centricity', the Animal Health Division of our Life Sciences Business conducted its Somatech Customer Sales Strategy & Planning Meeting from November 20-22, 2014, in Sri Lanka. The focus of the meeting was to discuss the different aspects of our product Somatech with partners, and to draw up action plans to advance food safety, improve disease management and ultimately enhance the production efficiency of animals. Along with members of the Animal Health Division, twenty customers attended the event.

## HSE Trainings

We believe in operating responsibly and safely. Therefore we strive to create a working environment which is safe and conducive to productivity and constant vigilance.

### ■ Fire management system audit of Shahzad Textile Mills Limited, Unit-2

Customers are the lifeblood of every business, and the safety of our clients is a vital consideration. Therefore, ICI Pakistan Limited is committed to improving awareness and understanding about Health, Safety, and Environment amongst its customers. Shahzad Textile Mills Ltd. is recognised as one of the major industrial business concerns in Pakistan and a major client of the ICI Polyester Business. In line with our philosophy, our HSE & Training department

conducted a comprehensive fire management system audit of Shahzad Textile Mills. A report was sent to the management of Shahzad Textile Mills to ensure further improvements in their fire management system.

### ■ Firefighting and emergency training of customers

Firefighting training is an ongoing activity; accidents are avoidable if individuals are well-trained and prepared for potential emergencies. Keeping this in view, the Polyester Business arranged firefighting and emergency training for customer companies in February 2015. Twelve employees from Olympia Blended Fibre Mills Ltd. and Rawl Textile Mills Ltd. participated in the training course which consisted of class room lectures and practical hands-on experience.

### ■ Tree Plantation Drive in collaboration with EPA

In collaboration with the Environmental Protection Agency (EPA) and the Frontier Works Organization, ICI Pakistan Limited celebrated Earth Day on April 22, 2015. ICI Polyester has committed to plant 5,000 Arjun and Conocarpus trees by the end of 2015-16. This is the initial phase for what is envisaged as a larger programme. The Soda Ash Business also initiated a tree plantation campaign. The campaign was extended to the local community through the plantation of indigenous trees at Civil Hospital, Khewra. Members of the local civil administration, including the assistant commissioner, the district officer, the medical officer of Civil Hospital and the senior management team of Soda Ash participated in this activity to demonstrate their commitment towards a greener future.

### ■ Environment Day celebration with EPA at ICI Pakistan Polyester Business

World Environment Day is celebrated each year on June 5 and offers an opportunity for worldwide awareness, political consideration and action for environmental issues. Head Office and the Polyester and Soda Ash Businesses celebrated World Environment day this year. The activities stirred up an enthusiasm and zeal to protect the environment while sustainably utilising natural resources for a better tomorrow. Tree plantation activities were carried out at each site, with a quiz programme, an awareness walk and environment-related videos also part of the event.

### ■ Community Development

ICI Pakistan Limited actively engages in development projects and strives to provide members of the communities we operate in with the tools for change. We have established sustainable programmes which will provide long-term

benefits in education and health, and have rolled out campaigns for regular interaction and community enrichment.

- On March 11, 2015, a team of volunteers from the Polyester Business participated in an activity to spread awareness of washing hands to school children. The team, in partnership with Unilever Pakistan Limited, visited the Tibbi Hariya Scdhooh, which is funded by the ICI Foundation.
- The Foundation provided support to the Shahbaz Sharif Mothers & Children Complex, District Hospital, Sheikhpura, in the form of equipment required for the gynaecology operation theatre. The inauguration took place on September 2, 2014.
- On March 12, 2015, the Polyester plant was visited by a delegation of 30 students from the Institute of Biochemistry and Biotechnology, Punjab University. The aim of the visit was to better understand industrial waste and waste water treatment techniques.
- The Polyester Business has taken an initiative towards enhanced waste water treatment technology through the application of constructed wetlands, in collaboration with Critical Green, a research organisation.
- At Soda Ash, the annual exhibition and prize distribution ceremony of the Ladies Welfare Centre was held on December 22, 2014. Participants appreciated the creativity and quality of various items prepared by students, so much so that all items were sold out within a day.
- Due to the ongoing Army operation in Waziristan, many local people have been uprooted. In the past year ICI Pakistan Limited donated funds towards the assistance of Internally Displaced Persons.
- In 2009, the Company constructed Jinnah Park at P.D. Khan, near its Soda Ash site, for the recreation of children and women of the area. The initiative received wide appreciation from the community. This year the Foundation approved funds for rehabilitation and renovation of the park. The Company has also provided treated, potable and fresh water to the Khewra community. The water is piped from the Watli water springs and from the river Jhelum banks and is provided free of cost to the community throughout the year. The Company also provides firefighting, ambulances, First Aid and other services to the community.
- At Khewra, ICI Pakistan Limited initiated monthly eye surgical workshops in collaboration with LRBT in 1991. Since then, 256 eye surgical workshops have been held uninterrupted, in which 140,786 outpatients have been

treated and 14,786 major/minor surgeries have been carried out. During the 259th eye surgeries camp, held at Winnington Hospital in Khewra from February 23-25, 2015, a record-breaking 95 eye surgeries were successfully conducted. To further support community health, the Foundation has recently approved the establishment of a health clinic in Khewra in collaboration with the Marie Adelaide Leprosy Centre. The construction of a new purpose-built building for the long-running Ladies Welfare Centre has also been approved.

#### **Staff Engagement Sessions**

- Chief Executive communication sessions were held at Head Office in Karachi (February 26, 2015) and at the Polyester plant in Sheikhpura (May 6, 2015). The sessions were videolinked live to the Company's other sites, and provided an opportunity for the CE to discuss the latest Company developments and their position within our overall strategy and vision with all colleagues. The CE also answered questions at the end of his presentation.
- Team work is an essential ingredient for a culture which embraces safety. Safety Improvement Teams at the Soda Ash Business work to enhance employee awareness on HSE. Six teams compete with each other throughout the year to improve overall HSE in their respective areas.

#### **EIA Public Hearing of Expansion Projects 2014-15**

Conducting an environment impact assessment (EIA) is a legal requirement of the Pakistan Environment Protection Agency. According to Section 12 of the Constitution of Pakistan 1973, the potential impacts of proposed projects relative to the physical, chemical, biological, cultural and socio economic components of the total environment must be assessed.

For this purpose the Soda Ash Business arranged a public hearing of EIA at the nearby Government Degree College auditorium. It was attended by a large number of people, including journalists and students from a professional institute, the Lahore College for Women University. After detailed discussion, the EIA was approved and endorsed by the District Officer Environment, Jhelum, who presided over the hearing.

#### **Participation in the 2nd National HSE & Sustainable Development Summit**

ICI Pakistan Limited participated in the 2nd National HSE & Sustainable Development Summit organised by the Pakistan Society for Training and Development at Movenpick Hotel, Karachi, on November 19, 2014. The overarching aim of the summit was to bring a greater focus on HSE to business processes.

# Towards a paperless environment

A series of initiatives at ICI Pakistan Limited has significantly reduced our paper usage, converting old paper trails into new paths of digitisation.

In 2014-15 Corporate IT and Finance launched an electronic version of the A-Form (the asset budget sanction form). This eA-Form has brought several benefits, such as automation, digital archiving and on-the-fly reporting. It has also streamlined the A-Form process in general through the centralised budgeting and reporting tool.

The previous process required the physical exchange of documents for approvals and sign-offs. The eA-Form expedites this process, and also enables well-controlled budget prediction and cost management through its record-keeping across all Businesses and functions.

The Company also went paperless with certain deliveries and invoices in 2014-15. Teams from Chemicals, Soda Ash and Corporate IT used paperless correspondence for deliveries and invoices to customers, as opposed to using physical couriers, which is time-consuming, costly, and of course has negative consequences for the environment.

In addition, during the year our Polyester Business adopted an e-Ledger system, in which automatic system-generated emails are sent directly to customers at the end of every month. These statements provide a history of purchases and outstanding balances, and have helped the Business save paper, time and costs.

# Key Performance Indicators

Integrity Management		2010	2011	2012	2013 H1	2013-14	2014-15	2015-16
								Target
Code of Conduct confirmed incidents	number	23	20	5	NR	1	1	0
Code of conduct acceptance*	% employees	100	100	100	100	100	100	100**
Management audits including reassurance audits	number	11	9	7	6	6	0	6
Serious incidents - Level 3	number	1	1	1	0	0	0	0
Serious incidents - Level 1,2	number	2	0	0	0	0	0	0
Serious loss of containment - Cat D	number	0	0	0	0	0	0	0
Regulatory actions - Level 3	number	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		2010	2011	2012	2013 H1	2013-14	2014-15	2015-16
								Target
Vendor Policy signed by key suppliers	%	83.8	85	91	92	88	94	96
Vendor Policy signed by Central NPR Suppliers*	%	x	28**	28	28	38	63	-
Supportive Supplier Visits since 2007	number	79	31	59	35	99	92	146

\*Number of Management and Non-Management Employees.

\*\*We aim to achieve 100% training level by including contractual staff as well.

Employment Practices		2010	2011	2012	2013 H1	2013-14	2014-15	2015-16
								Target
Women executives*	%	0	0	0	0	25	25	12
On-line P&D Dialog Participation	%	80	83	NR	NR	98	98	90
Management Development Programme	No of managers	121	211	NR	NR	NR	NR	338
Employee Engagement Index	% favourable	75	82	87	NR	NR	77	80

\*Functional and Business Head positions

Community Investment		2010	2011	2012	2013 H1	2013-14	2014-15	2015-16
								Target
Community Programme Investment	PKR Million	42.5*	24.3	6	7.45	4.2	20	30

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

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



Emissions Control		2010	2011	2012	2013 H1	2013-14	2014-15	2015-16
								Target
Total COD emissions	te	52.59	53.78	39.52	17.82	16.43	18.05	49.96
Per ton production	kg/te	0.11	0.13	0.10	0.10	0.04	0.04	0.10
Total VOC emissions	te	81.81	72.34	57.12	1.33	3.23	3.45	77.72
Per ton production	kg/te	0.18	0.17	0.14	0.01	0.01	0.01	0.16
Total NOx emissions	te	430.70	422.93	420.28	206.06	798.34	1209.18	409
Per ton production	kg/te	0.93	0.99	1.03	1.14	1.83	2.75	0.83
Total SOx emissions	te	2209.1	2672.9	2590.15	1402.4	4338.97	3091.74	2430
Per ton production	kg/te	4.76	6.29	6.35	7.75	10.50	7.02	4.95
Total Direct CO2 emissions (Scope 1)	million te	0.39	0.35	0.35	0.13	0.43	0.52	0.37
Per ton production	kg/te	834.7	829.5	847.95	737.5	1038.11	1196.13	753
Total Indirect CO2 emissions (Scope 2)	te	2447	5642	3235.61	706.86	2413.32	2384.20	2324
Per ton production	kg/te	5.3	13.3	7.93	3.91	5.84	5.42	4.7

\*VOC emissions are significantly reduced from 2013 onwards due to the demerger of the Paints Business.

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

Water Usage		2010	2011	2012	2013 H1	2013-14	2014-15	2015-16
								Target
Total Fresh water use	million m <sup>3</sup>	4.59	4.12	3.48	1.57	3.49	3.73	4.36
Per ton production	m <sup>3</sup> /te	9.9	9.7	8.53	8.7	8.44	8.47	8.9
% of sites with sustainable fresh water	%	25	25	25	33	33	33	100

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

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

\*Data not available due to demerger of Paints Business

Energy Usage		2010	2011	2012	2013 H1	2013-14	2014-15	2015-16
Total Energy Consumption	1000Tj	4.8	4.3	4.3	2.1	4.9	5.7	4.6
Per ton production	GJ/Te	10.4	10.1	10.4	11.62	11.84	13.03	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.



# Integrity Management

Our most valuable resource is our people. We believe in and adhere to the principles of nondiscrimination, freedom of association and other internationally recognised expectations for business ethics. Guided by our values, we encourage our people to aim for the highest standards of performance in all operations. Our business principles are transparent and reflected in our code of conduct. We maintain an open dialogue with employees through the P&DD performance tool and prioritise the development of our talent, which includes training.

Our Values and Code of Conduct are available for all stakeholders on our website: [www.ici.com.pk](http://www.ici.com.pk)

## Key Performance Indicators

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

## 2014-15 Overview

No serious incident level 1, 2 & 3 was reported during the year. No HSE&S Management Audit was conducted due to the commissioning of new expansion projects.

# Sourcing

We work closely with our supply chain partners and look beyond our own manufacturing cycle to find ways to promote sustainability in their operations. In this way, we not only improve our own performance but also influence the work ethics of our partners.

## Key Performance Indicators

Sourcing		2010	2011	2012	2013 H1	2013-14	2014-15	2015-16
								Target
Vendor Policy signed by key suppliers	%	83.8	85	91	92	88	94	96
Vendor Policy signed by Central NPR Suppliers*	%	x	28**	28	28	38	63	-
Supportive Supplier Visits since 2007	number	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.

## 2014-15 Overview

We are happy to report an 8% increase in vendor policies signed by our key suppliers. The non-product related (NPR) suppliers sign-off system started in 2011 with our Polyester Business. This year we focused on discussing our policies with central NPR suppliers and as a result we achieved significant progress compared to last year. We have been able to achieve a 25% increase in vendor policies signed by the central NPR suppliers, despite the fact that NPR suppliers are mainly government institutions of mass scale and it is difficult to have the policy signed by such major public sector suppliers.

Our programme of on-site visits to critical suppliers aims to identify and develop 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 there was limited progress in 2014-15, we are actively working to improve the supplier visits number as our Businesses have planned more such visits in the future. We are taking measures to ensure that we meet our 2015-16 target.



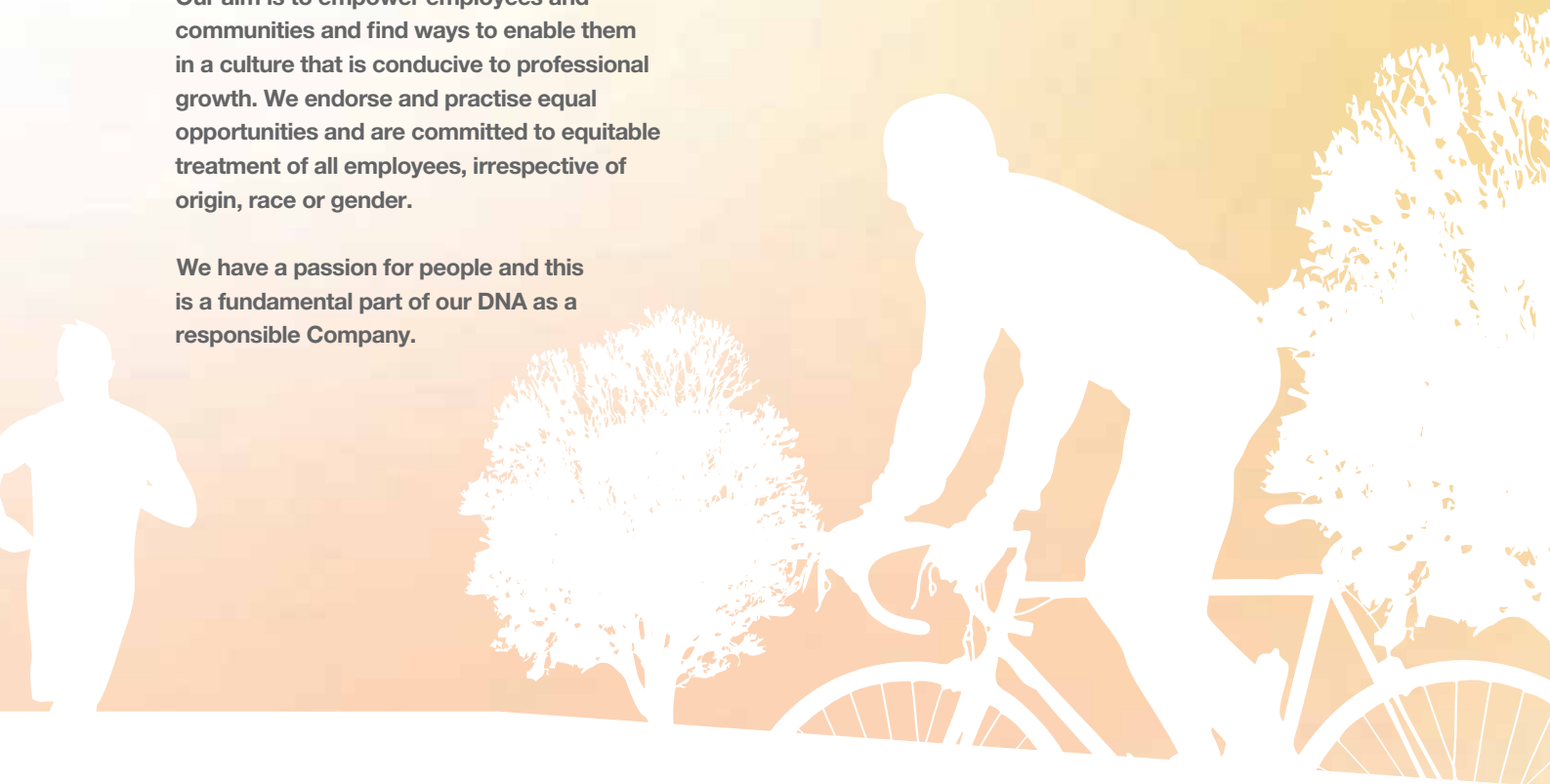
# Social Performance

## 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.



# Employment Practices

To attract, retain and bring out the best in our people, we invest in leadership and development trainings and offer rewarding careers to foster a culture of excellence. Not only are we committed to providing a safe and healthy working environment, but we are also involved in finding ways for employees to continuously engage in learning.

We encourage our employees to embrace and exemplify our values (Customer Centricity, Integrity & Responsibility, Innovation, Passion for People, Delivering Enduring Value) in the course of their work and daily routine activities.

As of 30th June, 2015

**Total Number of Employees: 1,255**

**Management: 838**

**Non-Management: 417**

## Key Performance Indicators

Employment Practices		2010	2011	2012	2013 H1	2013-14	2014-15	2015-16
								Target
Women Executive*	%	0	0	0	0	25	25	12
Online P&D Discussion Participation	%	80	83	NR	NR	98	98	90
Management Development Program	No of managers	121	211	NR	NR	NR	NR	338
Employee Engagement Index	% favourable	75	82	87	NR	NR	77	80

\*Functional and Business Head positions

## 2014-15 Overview

- Our performance management online system, "Performance & Development Discussion," is well in place and we ensure maximum participation from our employees.
- We conducted the Q12 employee engagement survey with Gallup which took place in the period under review and 97% of employees participated in the survey.
- We have developed a comprehensive Leadership Development Road Map based on our Success Factors for all employees and it will be rolled-out in 2015-16. In the period under review, we successfully completed 2,924 man-days of training as per our training needs analysis.

# Community Investment

Our community investment activities are managed through the ICI Pakistan Foundation, which is a separate legal entity with its own Board of Trustees. The Foundation is governed by a Trust Deed that outlines policies and procedures and clearly defines the scope of community investment activities. The accounts of the Foundation are audited annually by A.F. Ferguson & Co.

The Foundation's philosophy is built around four main areas: education, health, community and environment. It also focuses on civic development through investment in community projects, disaster relief and rehabilitation activities.

## Key Performance Indicators

Community Investment		2010	2011	2012	2013 H1	2013-14	2014-15	2015-16
								Target
Community Programme Investment	PKR Million	42.5*	24.3	6	7.45	4.2	20	30

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

## 2014-15 Overview

The ICI Pakistan Foundation, under its Ilm-o-Huner initiative, runs a nationwide Adult Literacy programme in partnership with Literate Pakistan. After the successful completion of a pilot project in Kakapir, the ICI Pakistan Foundation initiated a new Adult Literacy project at Budhni Goth in Mauripur, Karachi, in collaboration with Jugnu Sabaq. The Foundation has also continued its support of the Tibbi Hariya School in Sheikhpura and provided educational opportunities to communities based in the neighbouring areas of Khewra and other operational sites. Furthermore, the Foundation also made a contribution of funds towards the Pakistan Agricultural Coalition in Lahore to set up an agricultural technical institute.

Since 1991, the Company has been conducting eye care programmes for the community of Khewra near the Soda Ash plant. The programme is run in collaboration with the Layton Rahmatullah Benevolent Trust (LRBT). In 2014-15 the Foundation also contributed funds towards state-of-the-art operation theatre equipment at the Shahbaz Sharif Mother and Child Complex at Sheikhpura. An IT backup server was donated to the Punjab Institute of Cardiology in Lahore. Additionally, the Foundation provided financial assistance to the Kidney Centre for one hundred dialyses and also held blood donation camps in collaboration with Fatimid Foundation.

ICI Pakistan Limited volunteers celebrated international Mother's Day with the residents of an old age home in Karachi. Volunteers from the Company also celebrated Independence Day with patients in the paediatric wards of Civil Hospital and the National Institute of Cardiovascular Diseases.

A street cleaning drive was conducted in Karachi in collaboration with the Indus Valley School of Arts and Architecture, Karachi. The Company also held a clean street drive at Raiti Line in Bath Island, Karachi, in collaboration with the Commissioner Karachi Youth Team and the students of Manzil School. ICI Pakistan Limited has also been regularly using bio-degradable envelopes to mail Annual Reports to various stakeholders. The Company observed Earth Hour, Earth Day and World Environment Day through tree plantation drives and other activities at its sites and at schools run by The Citizen's Foundation.

The Company donated funds towards the Chief Minister's Punjab Relief Fund for North Waziristan IDPs, and employees separately donated half day salaries to the Pakistan Army towards rehabilitation efforts.

# Health, Safety & Security

Health, safety and security are the foundation of all our operations. We consider the prevention of accidents in daily operations, in day-to-day work and on work-related travel and transportation routes to be of prime importance. Providing a safe workplace for our employees and contractors is one of our top priorities, and thus we have established systems to enable safe operations and prevent accidents based on the corporate guidelines. We believe all accidents are preventable; therefore zero harm in terms of health, safety and security remains our keystone for conducting sustainable business.

Our activities in the areas of HSE are geared to ensuring the occupational health and safety of employees, contractors, and suppliers on our company premises under the supervision of ICI Pakistan Limited. In this way, we also reduce running costs by avoiding damages and disruptions.

## Key Performance Indicators

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

## 2014-15 Overview

The total reportable injury rate for employees and supervised contractor dropped to 0.16 from 0.33 in 2013-14. There was one reportable injury for employees and supervised contractor and zero reportable injuries to any independent contractor reported during the year. That was a road driving incident reported by the Life Sciences Business, which was thoroughly investigated, following which an action plan was developed to avoid recurrences. The safety performance at other sites remained well controlled.

The HSE performance of Businesses continues to improve, as Polyester, Soda Ash, Life Sciences and Chemicals respectively achieved 5.91, 3.57, 0.46 and 4.53 million man hours without LTI (lost time injury) for employees and supervised contractors.

The HSE&S Management Audit process commenced across the Company, of which the Soda Ash Business audit has been completed. The remaining audits will be completed by Q1, 2015-16. The focus on reducing the Operational Eco Efficiency (OEE) footprint continued, with sustainability plans in place for implementation in all Businesses. The total illness absence rate decreased due to 100% compliance with the health and hygiene assessment monitoring programme.



# 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.



# Going green, one step at a time



The Life Sciences Business, with its mission to 'Improve Lives', is a strong believer in sustainability and recycling. In 2014-15 the Business launched two promising initiatives at its Sahiwal warehouse to make the facility more environmentally friendly.

To conserve resources and generate energy, solar panels were installed at the warehouse. Solar energy is now being used as the primary source for all the lights and computers at the facility, and the cost for the solar panels will be recovered within a period of six years.

In addition, the Business reused wooden pallets at the warehouse, which would otherwise have been wasted. These pallets are used in imported shipments that bring in key Life Sciences products.

During the year the wooden pallets were repurposed and refurbished in the shape of fences that line portions of the facility. This recycling initiative has not only given the warehouse a boost in appearance, but has also breathed new life into material that would have otherwise been wasted.

# Emissions Control

We are highly conscious of environmental impacts all throughout the cycle, which includes upstream to downstream production, and seek to address environmental issues responsibly. We are committed to exploring ways to combat the challenges of climate change and carbon management.

As a Company, we strive to manage energy and natural resources efficiently and to reduce emissions and discharges. We seek innovative methods to reduce energy consumption and minimise waste through source reduction, recycling and disposal in an environmentally sound manner. Environmental issues are taken into account in decision-making processes, both at the corporate and operational level.

## Key Performance Indicators

Emissions Control		2010	2011	2012	2013 H1	2013-14	2014-15	2015-16
								Target
Total COD emissions	te	52.59	53.78	39.52	17.82	16.43	18.05	49.96
Per ton production	kg/te	0.11	0.13	0.10	0.10	0.04	0.04	0.10
Total VOC emissions	te	81.81	72.34	57.12	1.33	3.23	3.45	77.72
Per ton production	kg/te	0.18	0.17	0.14	0.01	0.01	0.01	0.16
Total NOx emissions	te	430.70	422.93	420.28	206.06	798.34	1209.18	409
Per ton production	kg/te	0.93	0.99	1.03	1.14	1.83	2.75	0.83
Total SOx emissions	te	2209.1	2672.9	2590.15	1402.4	4338.97	3091.74	2430
Per ton production	kg/te	4.76	6.29	6.35	7.75	10.50	7.02	4.95
Total Direct CO2 emissions (Scope 1)	million te	0.39	0.35	0.35	0.13	0.43	0.52	0.37
Per ton production	kg/te	834.7	829.5	847.95	737.5	1038.11	1196.13	753
Total Indirect CO2 emissions (Scope 2)	te	2447	5642	3235.61	706.86	2413.32	2384.20	2324
Per ton production	kg/te	5.3	13.3	7.93	3.91	5.84	5.42	4.7

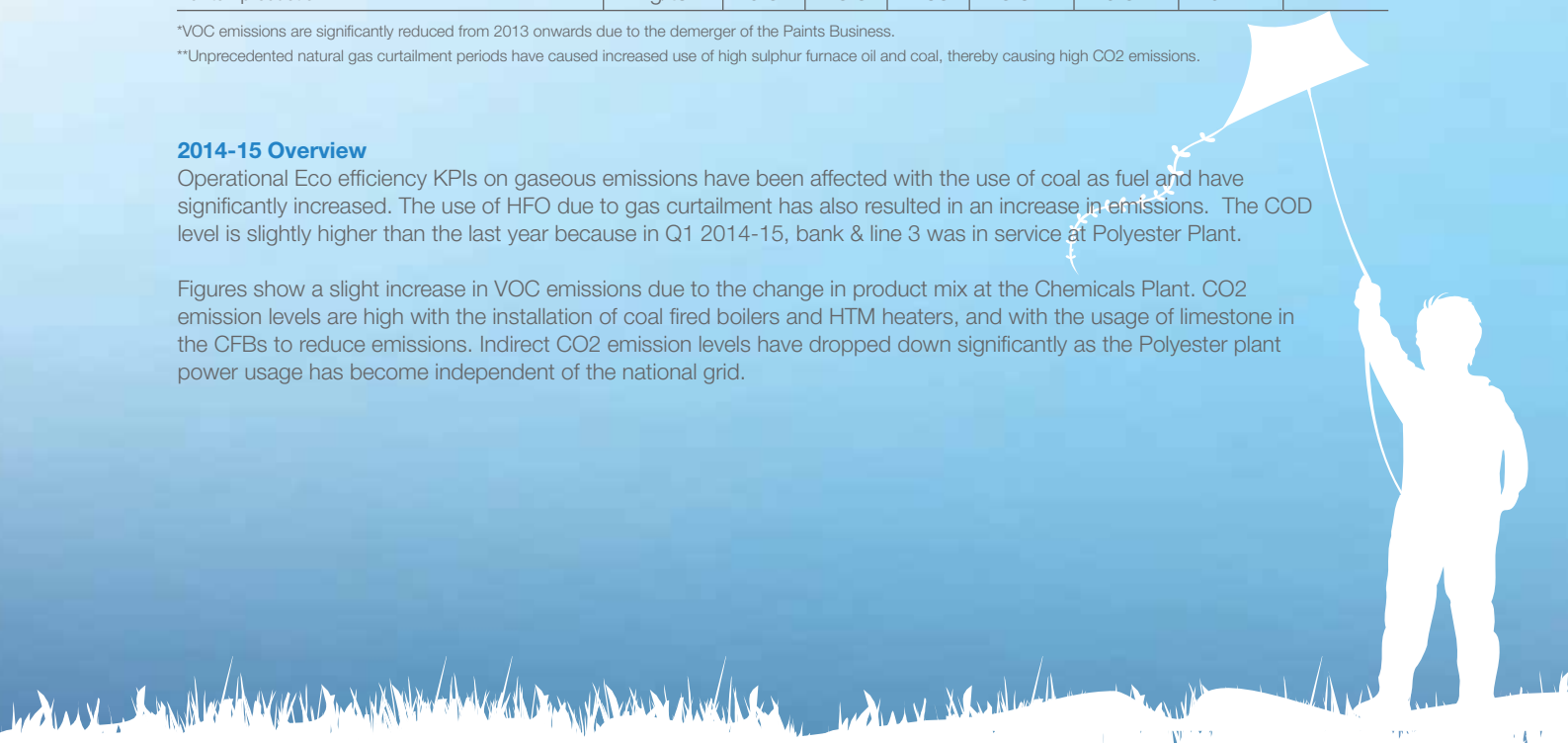
\*VOC emissions are significantly reduced from 2013 onwards due to the demerger of the Paints Business.

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

## 2014-15 Overview

Operational Eco efficiency KPIs on gaseous emissions have been affected with the use of coal as fuel and have significantly increased. The use of HFO due to gas curtailment has also resulted in an increase in emissions. The COD level is slightly higher than the last year because in Q1 2014-15, bank & line 3 was in service at Polyester Plant.

Figures show a slight increase in VOC emissions due to the change in product mix at the Chemicals Plant. CO2 emission levels are high with the installation of coal fired boilers and HTM heaters, and with the usage of limestone in the CFBs to reduce emissions. Indirect CO2 emission levels have dropped down significantly as the Polyester plant power usage has become independent of the national grid.



# Water Usage

Water, 'the source of life', is of course a critical natural resource. Water management has remained a key driver towards our sustainability strategy and has been vital to business continuity. We have developed measures to ensure responsible management of fresh water, and constantly strive to use recycled waste water in our business operations.

## Key Performance Indicators

Water Usage		2010	2011	2012	2013 H1	2013-14	2014-15	2015-16
								Target
Total Fresh water use	million m <sup>3</sup>	4.59	4.12	3.48	1.57	3.49	3.73	4.36
Per ton production	m <sup>3</sup> /te	9.9	9.7	8.53	8.7	8.44	8.47	8.9
% of sites with sustainable fresh water	%	25	25	25	33	33	33	100

## 2014-15 Overview

The water consumption figure is slightly higher than the last year, but is within the target as water was being used for the construction and commissioning of major projects at the Soda Ash and Polyester sites. At the same time fresh water usage reduction initiatives at our manufacturing sites were taken to ensure the minimum use of fresh water.

The Polyester Business has shifted eleven sprinklers, from the Admin building's lawn, from raw water to effluent treated water. Before that seven sprinklers were already on effluent treated water. In 2015-16, five more will be shifted to treated water. This modification has resulted in 40,000 litres less fresh water consumption per day.





# Waste Management

We continue to implement global practices to encourage waste reduction and the optimisation of waste processing. The Company adheres to the following clear principles and employs the '3 Rs' in its Waste Management system:

- Reduce
- Reuse
- Recycle
- Convert Waste to Energy
- Dispose

We actively participate in small initiatives to reduce waste and reuse material as much as possible.

## Key Performance Indicators

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

## 2014-15 Overview

Waste at the Soda Ash and Polyester plants has increased after the commissioning of the coal fired boilers and HTM heaters. This is due to an increase in fly ash and slag, which results from the usage of coal. Both the Businesses are working on options to reuse the fly ash and slag waste either at their own sites or at other plants locally.



# Product Stewardship

The life cycle of any product goes through numerous stages: from R&D to manufacturing, and from packaging to delivery. We as a company continuously strive towards ensuring that our products are made with minimal risks to health and the environment at each step of the value chain.

This can only be achieved if stakeholders are involved and take responsibility for the efficient use of resources and the minimisation of waste. We believe in sharing our HSE&S best practices with our suppliers and thus encourage product security from raw material supplies to product delivery.

## Key Performance Indicators

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

\*Data not available due to demerger of Paints Business

## 2014-15 Overview

As part of our comprehensive product stewardship, our Life Sciences Business completed 19 pre-commercialisation product reviews through the New Product Evaluation Database to evaluate the associated risks. Additionally, 54 products underwent post commercialisation reviews to update the information where necessary.

The Chemicals Business continues to explore avenues to minimise the environmental footprint of its products. Environmentally-friendly alternatives are being researched and developed to remove harmful effects from products and raw materials. In the interests of health, the Business no longer uses the raw material formaldehyde in the production of its textile binder product PBZF (PBL). Through the research of its product development team, an environmentally-friendly substitute has replaced formaldehyde in the product.

In line with feedback from customers, the Polyester Business took multiple initiatives to accomplish outlined targets and performed several activities for product stewardship. These included trials and production of black polyester staple fibre (PSF), successful life tests of PSF bale wrappers with regards to UV protection, and the development of systems to enable customers to track their dispatch.



# Energy Efficiencies

As a forward-looking organisation, ICI Pakistan Limited pursues opportunities for renewable solutions with regard to energy issues. The ongoing energy crisis in the country has augmented our belief that we as a Company have a responsibility to conserve energy and reduce our carbon emissions.

## Key Performance Indicators

Energy Usage		2010	2011	2012	2013 H1	2013-14	2014-15	2015-16
Total Energy Consumption	1000TJ	4.8	4.3	4.3	2.1	4.9	5.7	4.6
Per ton production	GJ/Te	10.4	10.1	10.4	11.62	11.84	13.03	9

## 2014-15 Overview

Natural gas shortages have driven the Company into coal-based technologies in order to generate 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 was reflected in higher per ton energy usage in 2014-15.

Energy conservation initiatives are being undertaken in parallel to mitigate to some degree high energy consumption. Some examples are as follows:

### Soda Ash Site

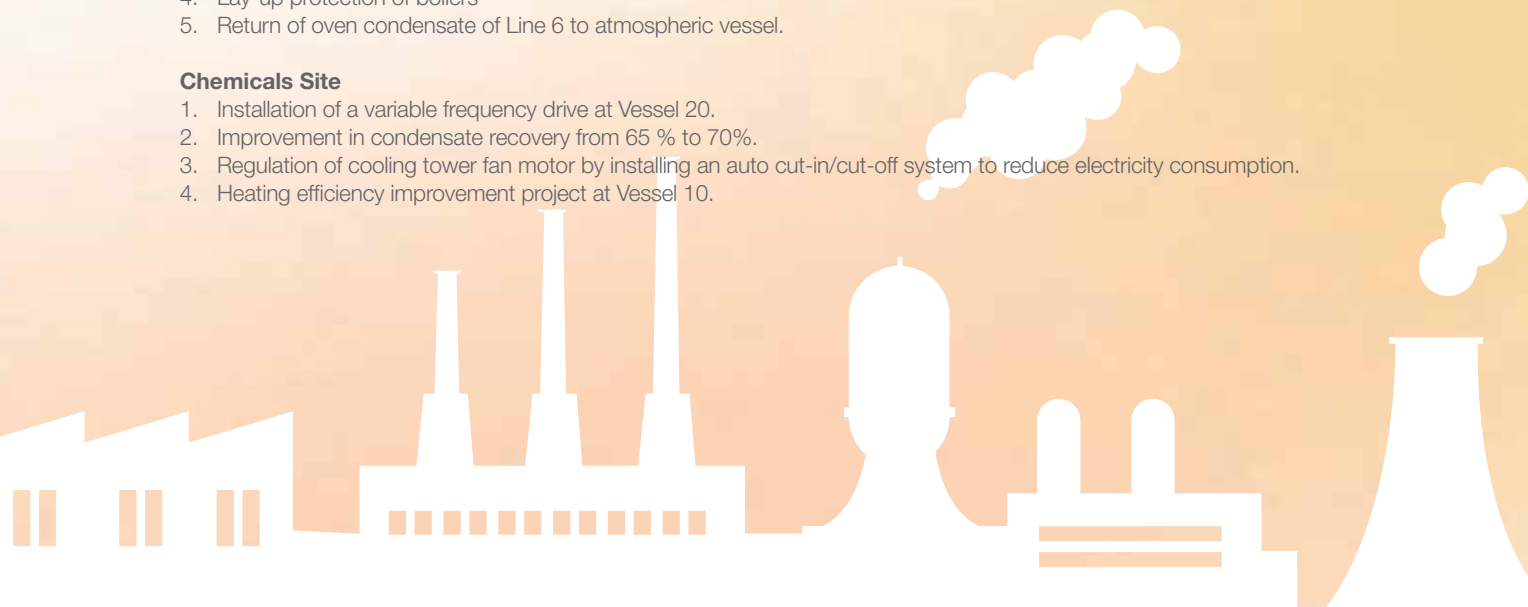
1. Replacement of Gas Turbine 1 (Alstom) with a high efficiency TurboMac Gas Turbine (Solar), shifted from the Polyester plant.
2. Installation of new RO/EDI unit in order to improve boiler feed water quality, which contributed to increasing the cycles of concentration through reduced blowdown and ensuring smooth boiler operation.
3. Bicarb moisture reduction at filters.

### Polyester Site

1. Cooling tower/boilers blowdown optimisation.
2. Replacement of pole lights with LEDs.
3. Lines 4/5 AC - EC stoppage during line stoppage.
4. Lay-up protection of boilers
5. Return of oven condensate of Line 6 to atmospheric vessel.

### Chemicals Site

1. Installation of a variable frequency drive at Vessel 20.
2. Improvement in condensate recovery from 65 % to 70%.
3. Regulation of cooling tower fan motor by installing an auto cut-in/cut-off system to reduce electricity consumption.
4. Heating efficiency improvement project at Vessel 10.



# G3 Content Index

## STANDARD DISCLOSURES PART 1

Profile Disclosure	Description	Cross-Reference
<b>Strategy and Analysis</b>		
1.1	Statement from the most senior decision-maker of the organisation	Overview & Strategy; CE Message; Sustainability Performance; Leadership Statement
1.2	Description of key impacts, risks, and opportunities	Governance & Compliance; Risk Management
<b>Organisational Profile</b>		
2.1	Name of the organisation	Cover Page; ICI Pakistan at a Glance
2.2	Primary brands, products, and/or services	Business Performance; ICI Pakistan at a Glance
2.3	Operational structure of the organisation, including main divisions, operating companies, subsidiaries, and joint ventures	Governance & Compliance; Director's Report
2.4	Location of organisation's headquarters	Governance & Compliance; Company Information
2.5	Number of countries where the organisation operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Snapshot page
2.6	Nature of ownership and legal form	Governance & Compliance; Corporate Governance and Compliance
2.7	Markets served (including geographic breakdown, sectors served and types of customers/beneficiaries)	Business Performance
2.8	Scale of the reporting organisation	ICI Pakistan at a Glance
2.9	Significant changes during the reporting period regarding size, structure, or ownership	Governance & Compliance; Director's Report
2.1	Awards received in the reporting period	Overview & Strategy; Awards & Achievements
<b>Report Parameters</b>		
3.1	Reporting period (e.g., fiscal/calender year) for information provided	Governance & Compliance; Director's Report Sustainability Performance; About the Report
3.2	Date of most recent previous report (if any)	Overview & Strategy; Awards & Achievements
3.3	Reporting cycle (annual, biennial, etc.)	Annual
3.4	Contact point for questions	Sustainability Performance; About the Report
3.5	Process for defining report content	Sustainability Performance; About the Report
3.6	Boundary of the report (e.g. countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance	Sustainability Performance; About the Report
3.7	State any specific limitations on the scope or boundary of the report (see completeness Principle for explanation of scope)	Sustainability Performance; About the Report
3.8	Basis for reporting on joint ventures	NA
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report	Sustainability Performance; About the Report



3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g. mergers/acquisitions, change of base years/ periods, nature of business, measurement methods)	Overview & Strategy; CE Message Sustainability Performance; About the Report
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	None
3.12	Table identifying the location of the Standard Disclosures in the report	This table
3.13	Policy and current practice with regard to seeking external assurance for the report	Sustainability Performance; About the Report

#### Governance, Commitments and Engagement

4.1	Governance structure of the organisation, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organisational oversight	Governance and Compliance; Corporate Governance and Compliance
4.2	Indicate whether the Chair of the highest governance body is also an executive officer	Governance and Compliance; Our Board of Directors
4.3	For organisations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members	Governance and Compliance; Our Board of Directors
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	Governance & Compliance; Corporate Governance and Compliance
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives	Amongst others, the drivers of compensation are individual performance as well as overall company performance
4.6	Processes in place for the highest governance body to ensure conflicts of interests are avoided.	Governance & Compliance; Corporate Governance and Compliance
4.7	Process for determining the composition, qualifications and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity	Governance & Compliance; Our Board of Directors, Report of the Directors
4.8	Internally developed statements of mission or values, codes of conduct and principles relevant to economic, environmental and social performance and the status of their implementation	Overview & Strategy; Our Vision
4.9	Procedures of the highest governance body for overseeing the organisation's identification and management of economic, environmental, and social performance, including relevant risks and opportunities and adherence or compliance with internationally agreed standards, codes of conduct and principles	Governance & Compliance; Risk Management. Sustainability Performance
4.1	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental and social performance.	Governance & Compliance; Corporate Governance and Compliance
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organisation	Governance & Compliance; Risk Management
4.12	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or endorses	Governance & Compliance; Corporate Governance and Compliance
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organisations	UNGC, MAP, KCC, PBC
4.14	List of stakeholder groups engaged by the organisation	Sustainability Performance; Stakeholder Engagement
4.15	Basis of identification and selection of stakeholders with whom to engage	Sustainability Performance; Stakeholder Engagement
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	Sustainability Performance; Stakeholder Engagement
4.17	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

## STANDARD DISCLOSURES PART III: Performance Indicators

### Economic Performance

EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings and payments to capital providers and governments	Governance & Compliance; Report of the Directors
EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change	Governance & Compliance; Risk Management. Sustainability Performance; Environmental Performance
EC4	Significant financial assistance received from the government	None
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	Economic Performance; Sourcing
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement	Overview & Strategy; Community Investment
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	Sustainability Performance; Social Performance; Community Investment

### Environmental Performance

EN2	Percentage of materials used that are recycled input materials.	Sustainability Performance; Environmental Performance. Waste Management
EN3	Direct energy consumption by primary energy source.	Sustainability Performance; Environmental Performance; Energy Efficiencies
EN4	Indirect energy consumption by primary source.	Sustainability Performance; Environmental Performance; Energy Efficiencies
EN5	Energy saved due to conservation and efficiency improvements.	Sustainability Performance; Environmental Performance; ; Energy Efficiencies
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	Environmental Performance; Case Study (Nothing like Sunshine)
EN8	Total water withdrawal by source.	Sustainability Performance; Environmental Performance; Water Usage
EN10	Percentage and total volume of water recycled and reused.	Sustainability Performance; Environmental Performance; Water Usage
EN16	Total direct and indirect greenhouse gas emissions by weight.	Sustainability Performance; Environmental Performance; Emissions Control
EN17	Other relevant indirect greenhouse gas emissions by weight.	Sustainability Performance; Environmental Performance; Emissions Control
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Sustainability Performance; Environmental Performance; Energy Efficiencies
EN19	Emissions of ozone-depleting substances by weight.	Sustainability Performance; Environmental Performance; Emissions Control
EN20	NOx, SOx, and other significant air emissions by type and weight.	Sustainability Performance; Environmental Performance; Emissions Control
EN22	Total weight of waste by type and disposal method.	Sustainability Performance; Environmental Performance; Waste Management
EN23	Total number and volume of significant spills.	None
EN24	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.	Sustainability Performance; Environmental Performance; Waste Management

EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Sustainability Performance; Environmental Performance
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	None

#### Social: Labor Practice and Decent Work

LA1	Total workforce by employment type, employment contract, and region broken down by gender	Sustainability Performance; Social Performance; Employment Practices
LA4	Percentage of employees covered by collective bargaining agreements	100%
LA7	Rates of injury, occupational diseases, lost days and absenteeism and number of work related fatalities by region and gender	Sustainability Performance; Social Performance; Health, Safety and Security
LA10	Average hours of training per year per employee by gender and by employee category	Sustainability Performance; Social Performance
LA12	Percentage of employees receiving regular performance and career development reviews, by gender.	Sustainability Performance; Social Performance; Employment Practices

#### Social: Human Rights

HR4	Total number of incidents of discrimination and corrective actions taken	None
Social: Society		
SO2	Percentage and total number of business units analysed for risks related to corruption	100%
SO3	Percentage of employees trained in organisation's anti-corruption policies	100%
SO4	Actions taken in response to incidents of corruption	
SO5	Public policy positions and participation in public policy development and lobbying	Governance & Compliance; Corporate Governance and Compliance
SO6	Total value of financial and in-kind contributions to political parties, politicians and related institutions by country	None
SO7	Total number of legal actions for anti-competitive behavior, anti-trust and monopoly	None
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	None

#### Social: Product Responsibility

PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	None
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	Sustainability Performance; Stakeholder Engagement
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	None
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	None



## Sustainability Report Assurance Statement

ICI Pakistan Limited (ICIPL) commissioned United Registrar of Systems (URS) to provide independent assurance over the sustainability content of their 2014-2015 Sustainability Report (the Report)

### Scope of Assurance

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

### Reporting Criteria and Basis of Assurance

ICIPL applies the Sustainability Reporting Guidelines of the Global Reporting Initiative (G3.1), supported by internally developed guidelines. It is important to view the performance data in the context of this explanatory information. We believe that these criteria are suitable in view of the purpose of our assurance engagement.

The ICIPL Sustainability Framework encompasses the aspects of social, environmental and economic performance and our assurance process covered these aspects during the Reporting period

We conducted our engagement in accordance with the International Standard for Assurance Engagements (ISAE) 3000 and the URS Assurance Protocol. This standard requires that we comply with ethical requirements and plan and perform the assurance engagement under consideration of materiality to express our conclusion with limited assurance.

### Management's Responsibility

The Managing Board of ICIPL is responsible for the preparation of the Sustainability Report in

accordance with the criteria stated in the Sustainability Reporting Guidelines G3.1 of the Global Reporting Initiative (GRI). This responsibility includes the selection and application of appropriate methods to prepare the Sustainability Report and the use of assumptions and estimates for individual sustainability disclosures which are reasonable in the circumstances.

### Practitioner's Responsibility

URS recognizes the need for a robust, transparent assurance process to ensure credibility and to act as a tool to drive performance improvement in ICIPL's sustainability reporting and strategy. This is achieved by providing an impartial commentary on the reporting process and a summary of recommendations is presented to ICIPL in an internal report.

Our responsibility is to express a conclusion based on our work performed as to whether any matters have come to our attention that cause us to believe that the Sustainability Report for the fiscal year 2014-2015 has not been prepared, in all material respects, in accordance with the above mentioned criteria of the Sustainability Reporting Guidelines G3.1 of the GRI.

### Assurance Methodology

We have performed the procedures deemed necessary to obtain the evidence that is sufficient and appropriate to provide a basis for our conclusions. Both quantitative and qualitative data were substantiated through examination of relevant

files and documents supplied by the report's authors.

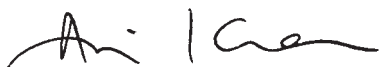
Visits to the site, projects and other stakeholders did not form part of the assurance scope.

## Our Independence

URS was not responsible for preparing any part of the Report. We confirm that we are not aware of any other engagement or issue that could impair our objectivity in relation to this assurance engagement.

## Conclusion

URS highly values IC IPL's diverse efforts and performance to improve its sustainability initiatives. The Report presents a structured and comprehensive overview of the environmental, social and economic performance for the period under review. We believe that the 2014-2015 Sustainability Report provides a reasonable and balanced representation of information concerning report content, quality, boundary setting and material indicators.



Ali Khan  
Chief Executive  
United Registrar of Systems - Pakistan  
September 22, 2015

Furthermore, we are confident that, in all material respects, the selected quantitative sustainability information of the Sustainability Report has been prepared in accordance with the abovementioned criteria of the Sustainability Reporting Guidelines Vol. 3.1 of the Global Reporting Initiative (GRI).

We are also satisfied that this report accurately reflects IC IPL's ability to manage and report sustainability performance.

## Statement of independence, impartiality and competence

URS operates strict conflict of interest checks and has confirmed our independence to work on this engagement with IC IPL. The members of the review team have not provided consulting services and were not involved in the preparation of any part of the Report. The review team has the required combination of education, experience, training and skills for this engagement.



Jackson Wilson  
Jackson Wilson & Co.  
Chartered Accountants  
ICAP Membership # 6224









Financial Performance

# Prosperity through prudence

ICI Pakistan Limited continually mines its operations to sharpen its processes and enhance its performance. This section provides a complete record of our financials for 2014-15.

