

# ANNUAL REPORT 2021

## Raising the bar



**LOTTE CHEMICAL**  
PAKISTAN LTD

# Table of Contents

About Us	02
Mission	04
Vision	05
Key Strategic Objectives	06
Code of Conduct	07
Management Principles	08
Core Values	09
About LOTTE	10
About LOTTE Chemical Corporation	11

## Stakeholders Information

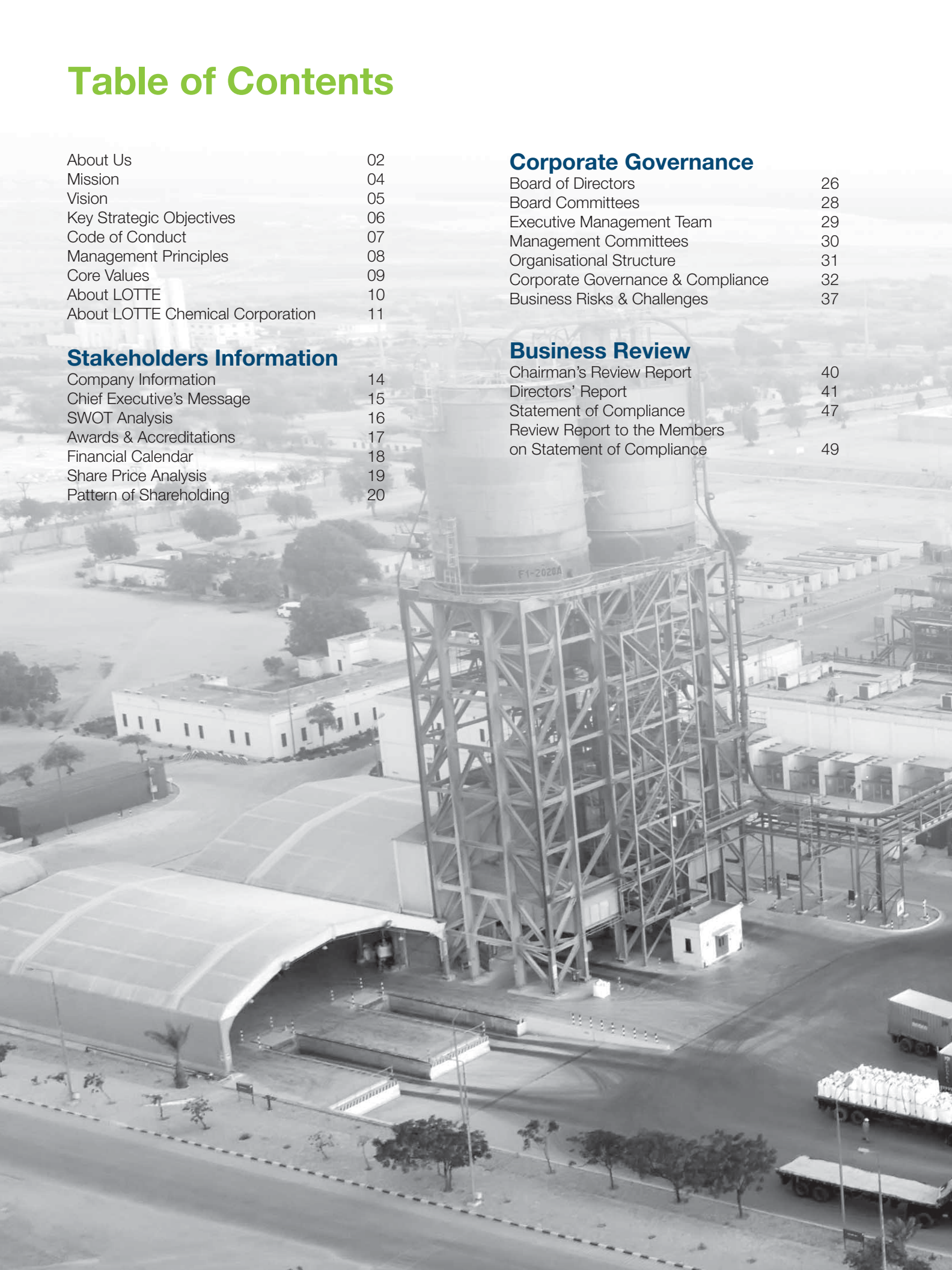
Company Information	14
Chief Executive's Message	15
SWOT Analysis	16
Awards & Accreditations	17
Financial Calendar	18
Share Price Analysis	19
Pattern of Shareholding	20

## Corporate Governance

Board of Directors	26
Board Committees	28
Executive Management Team	29
Management Committees	30
Organisational Structure	31
Corporate Governance & Compliance	32
Business Risks & Challenges	37

## Business Review

Chairman's Review Report	40
Directors' Report	41
Statement of Compliance	47
Review Report to the Members on Statement of Compliance	49



## Functional & Operational Excellence

Human Resources (HR)	52
Information Technology (IT)	55
Manufacturing Excellence	57
Technical Training Centre (TTC)	60
Total Productive Management (TPM)	61
Health, Safety and Environment	62
Energy Conservation	66
Environmental Protection	66
Societal Responsibility	68
Labour Relations	70
Product Stewardship	70
Economic Contribution	71

## Financial Summary

Statement of Value Addition	74
Statement of Charity Account	74
Key Operational and Financial Data	75
Vertical Analysis	76
Horizontal Analysis	77
Graphical Presentation	78
DuPont Chart Analysis	80
Variation Analysis in Quarterly Results	81

## Financial Statements

Auditors' Report to the Members	84
Statement of Financial Position	88
Statement of Profit or Loss	90
Statement of Comprehensive Income	91
Statement of Changes in Equity	92
Statement of Cash Flows	93
Notes to the Financial Statements	94
Glossary	148
Notice of Annual General Meeting	149
ڈائریکٹرز کا جائزہ	156
پراکسی فارم (Form of Proxy)	

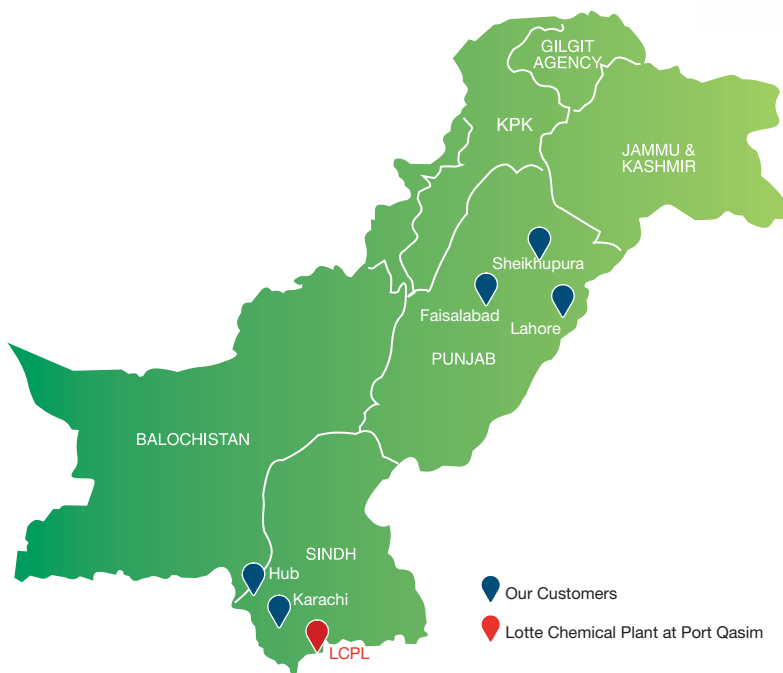
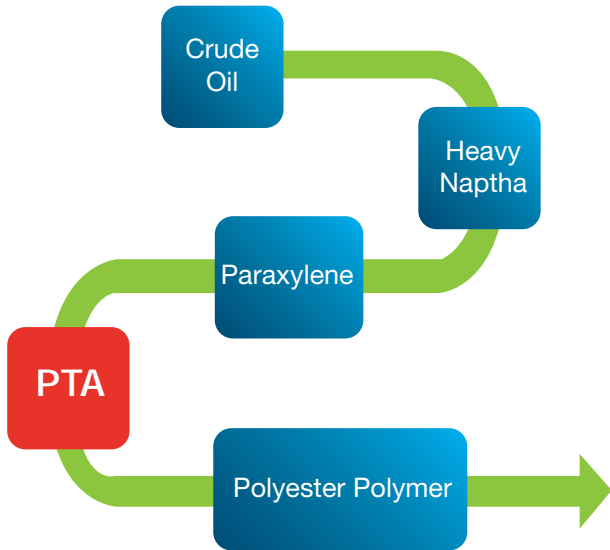
# About Us

Lotte Chemical Pakistan Limited (LCPL) is the only world-class manufacturer and supplier of Purified Terephthalic Acid (PTA) in Pakistan. The Company has the capacity to produce 520,000 tonnes of PTA annually through its state-of-the-art plant located at Port Qasim, Karachi.

# Purified Terephthalic Acid (PTA)

LCPL holds the foundation of the polyester chain in Pakistan and retains its edge by being a local PTA manufacturer and major supplier for the domestic Polyester and PET industries. We maintain major share of the domestic market, and remain the supplier of choice based on our short delivery time, consistent quality and excellent customer service.

For producing PTA we import our feedstock (Paraxylene) from reputable suppliers based in Asia and Middle-East region. Our plant operates under a technology license with IPT (Invista Performance Technologies) which is currently the leading global supplier of PTA technology.



## Our Customers

Since its inception, the Company has focused on meeting Pakistan's PTA demand. However, if domestic demand slows down, the Company is well placed to export to other countries. Our product meets all international quality standards and is well accepted by Customers in Asia and Middle-East region. Our domestic Customers are located across Pakistan.

# Our Mission

To be supplier of choice to PTA customers in Pakistan and to maximize long-term business value.



# Our Vision

**The Spirit to Make a Difference through Value, Quality and Excellence**

At Lotte Chemical Pakistan Limited, our customer's satisfaction is the driving force behind our spirit to meet challenges and achieve excellence in everything we do. We maximise operating efficiencies and demonstrate best practices in Safety, Health and Environment that add value to our quality product and make a difference in letter and in spirit.



## Our Key Strategic Objectives

- Maintain a high standard of HSE performance.
- Develop and retain talent and improve employee engagement.
- Deliver business improvement plan targets.
- Achieve more than 95% availability of PTA plant and Cogeneration plant.
- Maximize domestic sales and market share.
- Optimize raw material procurement.
- Continue efforts for the sale of surplus power.



# Our Code of Conduct

From the inception of the Company it has been and continues to be a policy that the Company and all its employees maintain the highest ethical standards in the conduct of the Company's business. Our Code of Conduct constitutes a set of standards and rules which form an integral part of our corporate culture and is a statement of who we are and how we work. They highlight business principles, the Company's responsibilities towards its employees, and employee responsibilities towards your Company. All standards ensure both management and staff work in cohesion towards the smooth functioning of the organisation.

## Business Principles

These define our management principles, core values and other specific policy areas which help in creating long-term value with all stakeholders. Specific policy areas include supporting the principles of free enterprise, ethics, integrity and fairness in all aspects of operations, supporting community activities as a socially responsible corporate citizen, communications in an open, factual and timely manner, compliance with the laws in which we operate and protecting the environment with the commitment to contribute to sustainable development. It is the responsibility of the Board through the Chief Executive to ensure that the business principles are communicated to all employees and to oversee implementation thereof.

## Company Responsibilities

These define specific policy areas which include adopting a spirit of open communication, providing equal opportunities, a healthy, safe and secure environment, ensuring employee rights are exercised such as freedom to join unions and associations, protecting employees' personal data and engaging in an active performance management system.

## Employee Responsibilities

The Code provides guidance to employees on their responsibilities towards media relations, disclosures, inside information, protecting intellectual property, information technology, code of conduct, compliance with business policies which ensure highest ethical standards in the conduct of the Company's business.

# Our Management Principles

Lotte Management Policy is a collection of principles and business insights which forms the basis of our business strategy to determine “what, why and how to do.”

Following are our management principles:



# Our Core Values

Core Values are the standards that all LOTTE staff should aspire toward so that LOTTE can fulfill its mission and vision.



## **Beyond Customer Expectation**

We do not aim to satisfy customers' needs, but rather to create value beyond their expectations.

## **Challenge**

We focus on the nature of our task and continue to challenge ourselves to accomplish higher goals.

## **Respect**

We respect different opinions, communicate with others and observe general rules to build a bond of trust with our community.

## **Originality**

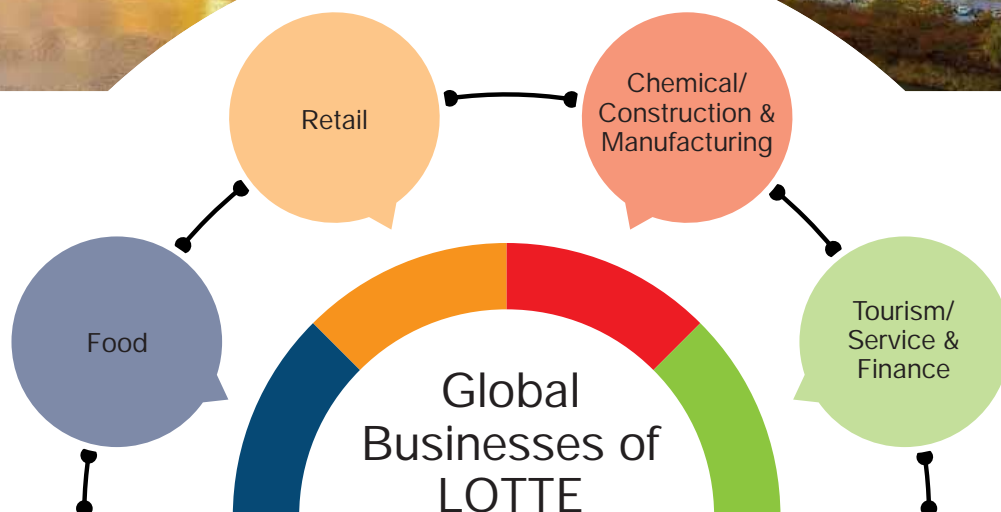
We quickly respond to changes, cooperate with other fields without boundaries, and implement innovations to develop originality inimitable by anyone.

# About LOTTE

LOTTE started its business in 1967 with confectionary. Since then LOTTE has grown into one of Korea's largest conglomerate and is trusted by customers all over the world. Currently, LOTTE with a turnover in excess of \$92 billion is engaged in over 20 businesses in 30 countries worldwide.

## Mission

We enrich people's lives by providing superior products and services that our customers love and trust.



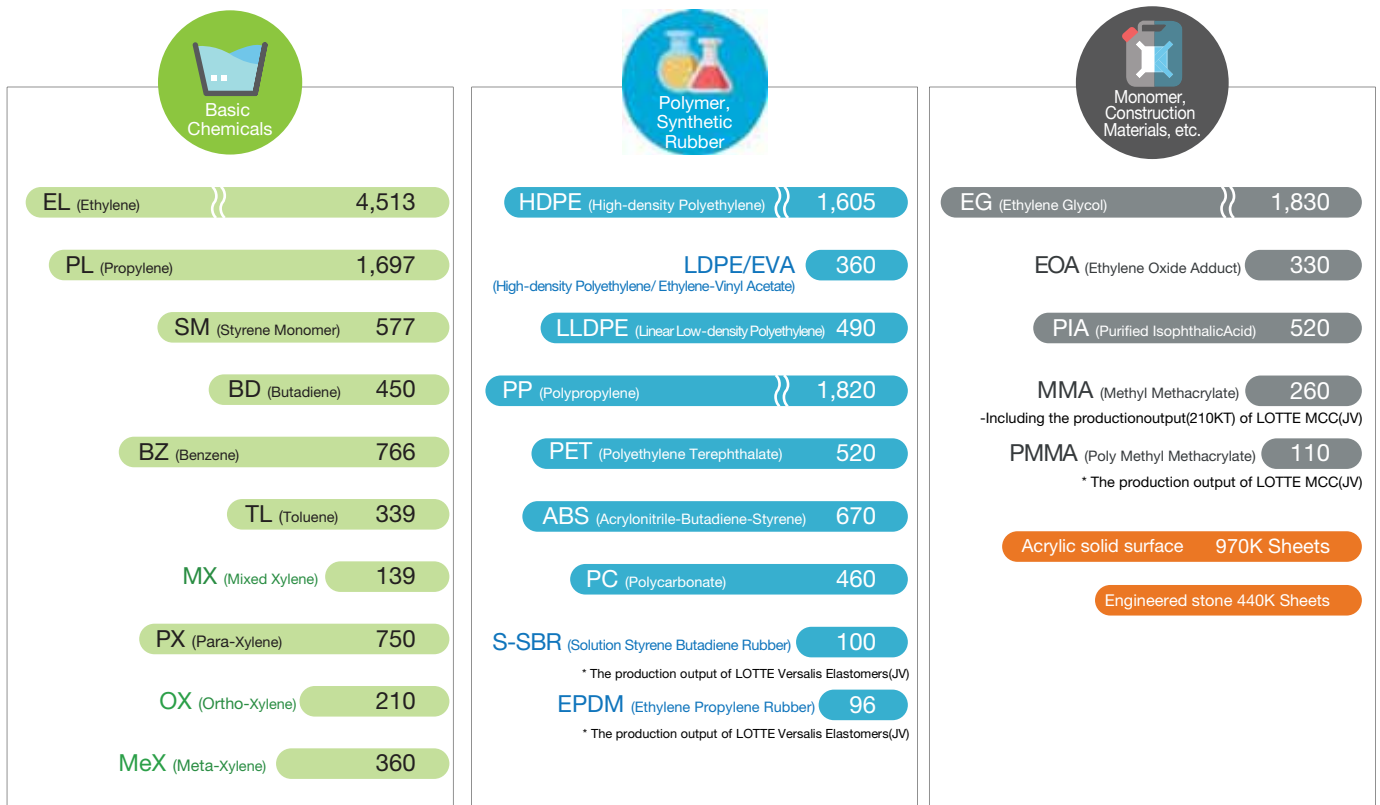
# About LOTTE Chemical Corporation

Since its foundation in 1976, LOTTE Chemical, as a general petrochemical Company, has localized cutting-edge petrochemical technologies and has led Korea's heavy and chemical industry technology development. LOTTE Chemical is endeavouring to become a Company that ensures stable growth and contributes to human society.

## Production Capacity for Major Products including Overseas Subsidiaries

With the production of the following chemical products, LOTTE Chemical has established a strong foundation overseas in the petrochemical industry.

(unit: thousand tons a year)



# TRANSPARENT MANAGEMENT

We believe in transparent and honest management which fulfills its social duties and responsibilities. We establish systems that our stakeholders can understand clearly and disclose information of the company correctly and transparently.

## Stakeholders Information

Company Information	14
Chief Executive's Message	15
SWOT Analysis	16
Awards & Accreditations	17
Financial Calendar	18
Share Price Analysis	19
Pattern of Shareholding	20



# Company Information

As at 17 February 2022

## Board of Directors

Sang Hyeon Lee	Chairman
Humair Ijaz	Chief Executive
Young Dae Kim	Executive
IL Kyu Kim	Non-Executive
Jae Sun Park	Non-Executive
Pervaiz Akhtar	Independent
Adnan Afridi	Independent
Mohammad Zubair	Independent

## Audit Committee

Pervaiz Akhtar	Chairman
IL Kyu Kim*	Member
Adnan Afridi	Member
Faisal Abid	Secretary

## HR & Remuneration Committee

Pervaiz Akhtar	Chairman
Sang Hyeon Lee	Member
Young Dae Kim	Member
Waheed U Khan	Secretary

## Shares Sub Committee

Young Dae Kim	Chairman
Sang Hyeon Lee*	Member
Mohammad Zubair	Member

## Executive Management Team

Humair Ijaz	Chief Executive
Tariq Nazir Virk	Director Manufacturing
Waheed U Khan	General Manager HR & IT

## Chief Financial Officer

Ashiq Ali

## Company Secretary

Faisal Abid

## Bankers

Askari Bank Limited  
Citibank NA  
Deutsche Bank AG  
Faysal Bank Limited  
Habib Bank Limited  
Industrial and Commercial Bank of China  
MCB Bank Limited  
Meezan Bank Limited  
National Bank of Pakistan  
Standard Chartered Bank (Pakistan) Limited  
United Bank Limited

## Internal Auditors

EY Ford Rhodes  
Chartered Accountants

## External Auditors

KPMG Taseer Hadi & Co.,  
Chartered Accountants

## Legal Advisor

Naz Toosy

## Registered Office

EZ/1/P-4, Eastern Industrial Zone,  
Port Qasim, Karachi

## Shares Registrar

Famco Associates (Pvt) Limited  
8-F, Next to Hotel Faran, Nursery,  
Block 6, P.E.C.H.S., Shahrah-e-Faisal, Karachi

\* appointed w.e.f 01 February 2022



# Chief Executive's Message to the Stakeholders

I am pleased to report that 2021 has been a spectacular year for the company despite challenges posed by the continued spread of the COVID-19 pandemic. Our Production and Sales Volume for the year stood at a record of 520,047 tonnes and 519,079 tonnes, respectively. This is the highest ever Production and Sales Volume since the commencement of plant operations in 1998. Our consistent efforts towards operational excellence and the passion to deliver beyond customer expectations have enabled us to achieve this milestone that I am extremely proud of.

While the world coped with Covid-19 variants, the impact of the virus on the demand from global markets remained limited. The Crude Oil (WTI) prices rallied as the global economies rapidly rebounded from the pandemic, leading to a significant tightening of the market. Following the strength in the energy sector, both Asian PX and PTA markets exhibited significant signs of recovery. However, global supply chain disruptions posed several operational challenges for the entire chain. PTA demand in Pakistan during the year grew by 25% evaluated on a year-on-year basis and reached pre-pandemic levels. Similar growth was observed in the downstream PET and Textile sectors.

Our commitment to Healthy, Safety, Environment, and Security (HSE&S) remained our top priority and I am delighted to report that we have achieved a major milestone of completing 65 million work-hours on 23rd February 2022 without any injury to our employees or contractor staff. Acknowledging our responsibility to the environment, we have successfully commissioned a state-of-the-art Anaerobic Effluent Treatment Plant (AETP) that will greatly improve our capability of waste management. We were also able to add additional value to the business through the highest ever sales of Acetic Acid and various other initiatives. I am truly humbled by the extraordinary devotion and passion of each team member which has enabled your Company to reach excellence in all areas of operations.

Moving into 2022, I remain confident in the business and domestic market to continue its steady path of growth. With Government's consistent support to the textile sector, and upcoming capacity expansions in the downstream sectors PTA demand is expected to experience new heights. This will provide a great opportunity and we look forward to implementing the best growth strategy in coordination with the Government and our stakeholders. This year we also plan to execute a Plant Overhaul to maintain the health and efficiency of our production facility. Our strategy remains to provide reliable, high-quality product and services to our esteemed customers. I am confident that our hard work and commitment to our core values will enable LOTTE Chemical Pakistan Limited to remain as a "Lifetime Value Creator".

I take this opportunity to express my sincere gratitude to all employees and their families, our customers, suppliers, business partners, and stakeholders for their kind support and trust.

Sincerely yours,



# SWOT Analysis

## STRENGTHS

- Sole PTA Producer in the country.
- Highly skilled and professional team.
- Competitive raw material sourcing.
- Ability to provide better service to customers contrary to imports.
- Strong maintenance and HSE Systems.

## WEAKNESSES

- Dependence on international raw material.
- Single product business.
- Overcapacity in the Asian market leading to depressed margins.
- Operating an old technology of PTA manufacturing.
- Aging plant machinery and equipment.

## OPPORTUNITIES

- Improving power and economic situation in the country.
- Trends in packaging, directly affecting downstream demand.
- Strategic alliance with LOTTE global affiliates for further business development and diversification.
- Logistical advantage over imports amid global supply chain crisis.

## THREATS

- Volatility in crude oil and raw material pricing.
- Reduction in import tariff.
- Increased price competition with imports due to regional oversupply.
- Increasing trend of using recycled polyester in the global market.



# Awards & Accreditations

## ISO 9001 – 2015, 14001:2015 & 45001:2018 Certification

We are an ISO 9001: 2015, 14001: 2015 & 45001: 2018 certified company. Accreditation to this system has provided the foundation for better customer satisfaction, staff motivation and continual improvement of our processes. The company continued to maintain its certification after the surveillance audit conducted in 2021 during which no major Non-Conformity reported by the auditors.



### 11th Fire & Safety Award for LCPL

LCPL has achieved another laurel for its HSE performance in form of 11th Fire & Safety Excellence Award organized by National Forum for Environment & Health (NFEH) & Fire Protection Association of Pakistan (FPAP). The Fire Safety Award is an acknowledgement of the implementation of excellent control measures & maintenance of up to date fire safety management system to handle major emergencies like Fire & Toxic release at LCPL.

## HSE Performance Award by NEPRA 2021

The Company has been awarded the HSE performance award by the Chairman of National Electric Power Regulatory Authority (NEPRA) at NEPRA Headquarters, Islamabad. Out of 177 power producing units across Pakistan, only 13 companies were shortlisted for their contributions in HSE performance. This award highlights the significance of LCPL Electrical team puts into its HSE performance, and is a great honor for all of us.



### 18th Annual Environmental Excellence Award 2021

Health, Safety & Environment (HSE) management forms an integral part of our core values. Protecting the environment and preserving natural resources has always been a top priority for us. The Company in a ceremony organised by the National Forum for Environment & Health (NFEH) won the 18th Annual Environment Excellence Award. The Company had also won this award consecutively for six years from 2014 - 2019.

## Employers Recognition Award 2020

The Employers' Federation of Pakistan and Skills Council, Karachi had jointly organized first ever Employers' Recognition Award 2020 on 30 October, 2021. Lotte Chemical Pakistan Limited was nominated in the first category of multinational companies selected for this award. Our entry was evaluated by their appointed panel against rigorous criteria and we have won this award based on our demonstrable efforts in the areas of Management, HR Management, OSH&E, Skills Enhancement and Sustainable development.



# Financial Calendar



## Tentative dates for the announcement of 2022 financial results:



The Company reserves the right to change any of the above dates.

All annual / quarterly reports are regularly posted at the Company's website: [www.lottechem.pk](http://www.lottechem.pk)

## Annual General Meeting

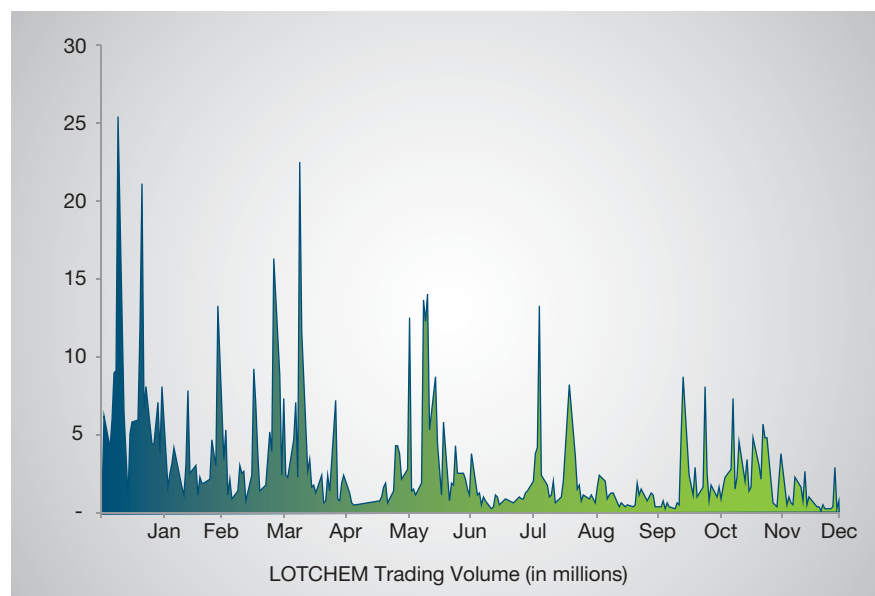
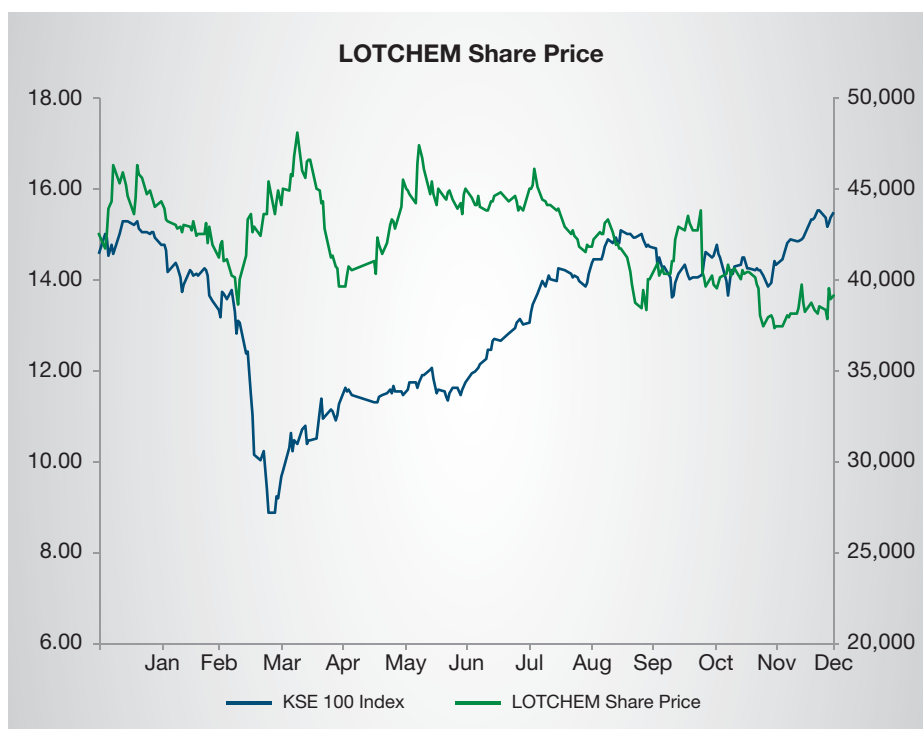
The 24th annual shareholders meeting will be held at 11:00 a.m on 21 April 2022 at the Institute of Bankers Pakistan (IBP), M. T. Khan Road, Karachi

# Share Price Analysis

On 31 December 2021 there were 15,254 members on the record of the Company's ordinary shares. Market capitalization of the Company's stock as at 31 December 2021 was recorded at Rs. 20.68 billion (2020: Rs 22.80 billion) with the price per share fluctuating from a high of Rs 17.48 to a low of Rs 12.70 and closing the year at Rs 13.66.

Trading volumes for the Company's shares remained consistently high during the year and 7.36 million shares were traded at the Pakistan Stock Exchange. The Stock posted a loss of 9.30% during the year as against 1.92% gain of PSX 100 index.

Closely held shares (i.e. those held by the sponsors, investment companies, financial institutions, foreign investors and other corporate bodies) amounted to 87.64% of the total share capital including 75.01% held by the foreign shareholders.



## Investor Relation Contact

Mr. Waseem Ahmed Siddiqui  
 (Manager Shares & Secretarial)  
 Email: waseem.siddiqui@lottechem.pk  
 UAN: +92(0)21 111-568-782  
 Fax: +92(0)21 34169126

Enquiries concerning cost of share certificate, dividend payments, change of address, verification of transfer deeds and shares transfers should be directed to the Shares Registrar at the following address:

M/S Famco Associates (Pvt) Limited  
 8-F, Near to Hotel Faran, Nursery,  
 Block-6, P.E.C.H.S, Shahrah-e-Faisal,  
 Karachi.

# Pattern of Shareholding

As at 31 December 2021

No. of Shareholders	Size of Holding		No. of Shares held
	From	To	
2,852	1	100	92,269
4,071	101	500	1,212,611
2,240	501	1,000	1,878,855
3,442	1,001	5,000	9,157,571
980	5,001	10,000	7,808,392
348	10,001	15,000	4,580,795
252	15,001	20,000	4,711,608
144	20,001	25,000	3,400,766
123	25,001	30,000	3,521,943
57	30,001	35,000	1,906,869
74	35,001	40,000	2,849,249
34	40,001	45,000	1,470,667
85	45,001	50,000	4,230,939
25	50,001	55,000	1,324,325
24	55,001	60,000	1,416,728
13	60,001	65,000	820,621
18	65,001	70,000	1,243,327
25	70,001	75,000	1,836,800
17	75,001	80,000	1,331,613
11	80,001	85,000	913,980
11	85,001	90,000	980,500
8	90,001	95,000	751,000
75	95,001	100,000	7,489,555
8	100,001	105,000	827,879
9	105,001	110,000	985,986
9	110,001	115,000	1,025,403
11	115,001	120,000	1,317,100
15	120,001	125,000	1,859,480
8	125,001	130,000	1,031,200
3	130,001	135,000	394,876
8	135,001	140,000	1,104,741
3	140,001	145,000	431,500
18	145,001	150,000	2,699,100
8	150,001	155,000	1,220,500
3	155,001	160,000	480,000
6	160,001	165,000	976,000
2	165,001	170,000	337,525
4	170,001	175,000	695,500
3	175,001	180,000	540,000
3	180,001	185,000	551,000
3	185,001	190,000	570,000
3	190,001	195,000	578,000
22	195,001	200,000	4,396,000
5	200,001	205,000	1,011,439
4	205,001	210,000	831,500
1	210,001	215,000	212,000
3	215,001	220,000	648,500
2	220,001	225,000	450,000
4	230,001	235,000	933,000
2	235,001	240,000	472,500

# Pattern of Shareholding

As at 31 December 2021

No. of Shareholders	Size of Holding		No. of Shares held
	From	To	
8	245,001	250,000	2,000,000
4	250,001	255,000	1,009,400
2	255,001	260,000	516,600
3	260,001	265,000	788,000
3	270,001	275,000	824,032
2	275,001	280,000	555,032
2	280,001	285,000	566,000
2	285,001	290,000	573,400
1	290,001	295,000	295,000
11	295,001	300,000	3,300,000
1	305,001	310,000	309,216
1	310,001	315,000	315,000
2	315,001	320,000	640,000
3	320,001	325,000	975,000
1	325,001	330,000	330,000
1	340,001	345,000	345,000
1	350,001	355,000	350,350
1	355,001	360,000	358,000
1	360,001	365,000	363,500
1	370,001	375,000	372,500
1	385,001	390,000	389,000
3	395,001	400,000	1,200,000
2	400,001	405,000	804,875
1	410,001	415,000	410,500
2	420,001	425,000	850,000
1	440,001	445,000	445,000
3	450,001	455,000	1,355,500
1	455,001	460,000	457,000
1	460,001	465,000	464,000
1	470,001	475,000	474,500
3	490,001	495,000	1,480,565
8	495,001	500,000	4,000,000
1	505,001	510,000	508,500
1	510,001	515,000	510,500
1	515,001	520,000	520,000
1	520,001	525,000	522,500
1	545,001	550,000	550,000
2	555,001	560,000	1,118,572
1	590,001	595,000	595,000
2	595,001	600,000	1,197,000
1	600,001	605,000	600,100
2	605,001	610,000	1,213,514
1	640,001	645,000	642,000
1	645,001	650,000	650,000
1	665,001	670,000	670,000
4	695,001	700,000	2,795,000
3	745,001	750,000	2,250,000
1	750,001	755,000	753,000
1	890,001	895,000	894,000
1	970,001	975,000	970,711

# Pattern of Shareholding

As at 31 December 2021

No. of Shareholders	Size of Holding		No. of Shares held
	From	To	
3	995,001	1,000,000	3,000,000
1	1,010,001	1,015,000	1,011,500
1	1,055,001	1,060,000	1,058,203
1	1,070,001	1,075,000	1,075,000
1	1,080,001	1,085,000	1,081,500
1	1,100,001	1,105,000	1,103,000
1	1,105,001	1,110,000	1,106,000
1	1,115,001	1,120,000	1,116,000
1	1,160,001	1,165,000	1,165,000
1	1,175,001	1,180,000	1,179,345
1	1,245,001	1,250,000	1,250,000
1	1,295,001	1,300,000	1,300,000
1	1,335,001	1,340,000	1,337,000
1	1,380,001	1,385,000	1,382,000
4	1,495,001	1,500,000	6,000,000
1	1,575,001	1,580,000	1,578,500
1	1,745,001	1,750,000	1,750,000
1	1,795,001	1,800,000	1,800,000
1	1,800,001	1,805,000	1,804,778
1	1,810,001	1,815,000	1,814,893
1	1,815,001	1,820,000	1,817,200
2	1,995,001	2,000,000	4,000,000
1	2,070,001	2,075,000	2,072,500
1	2,210,001	2,215,000	2,211,500
1	2,245,001	2,250,000	2,250,000
1	2,495,001	2,500,000	2,500,000
1	2,690,001	2,695,000	2,695,000
1	2,720,001	2,725,000	2,720,500
1	2,750,001	2,755,000	2,750,904
1	2,970,001	2,975,000	2,975,000
1	2,990,001	2,995,000	2,995,000
1	3,265,001	3,270,000	3,267,000
1	3,740,001	3,745,000	3,741,000
1	3,785,001	3,790,000	3,786,500
1	4,480,001	4,485,000	4,483,500
1	4,910,001	4,915,000	4,913,500
1	5,680,001	5,685,000	5,684,901
1	6,195,001	6,200,000	6,195,500
1	6,530,001	6,535,000	6,533,500
1	15,640,001	15,645,000	15,642,500
1	17,115,001	17,120,000	17,119,000
1	19,995,001	20,000,000	20,000,000
1	36,160,001	36,165,000	36,163,300
1	53,325,001	53,330,000	53,327,500
1	1,135,860,001	1,135,865,000	1,135,860,105
<b>15,254</b>			<b>1,514,207,208</b>

# Categories of Shareholding

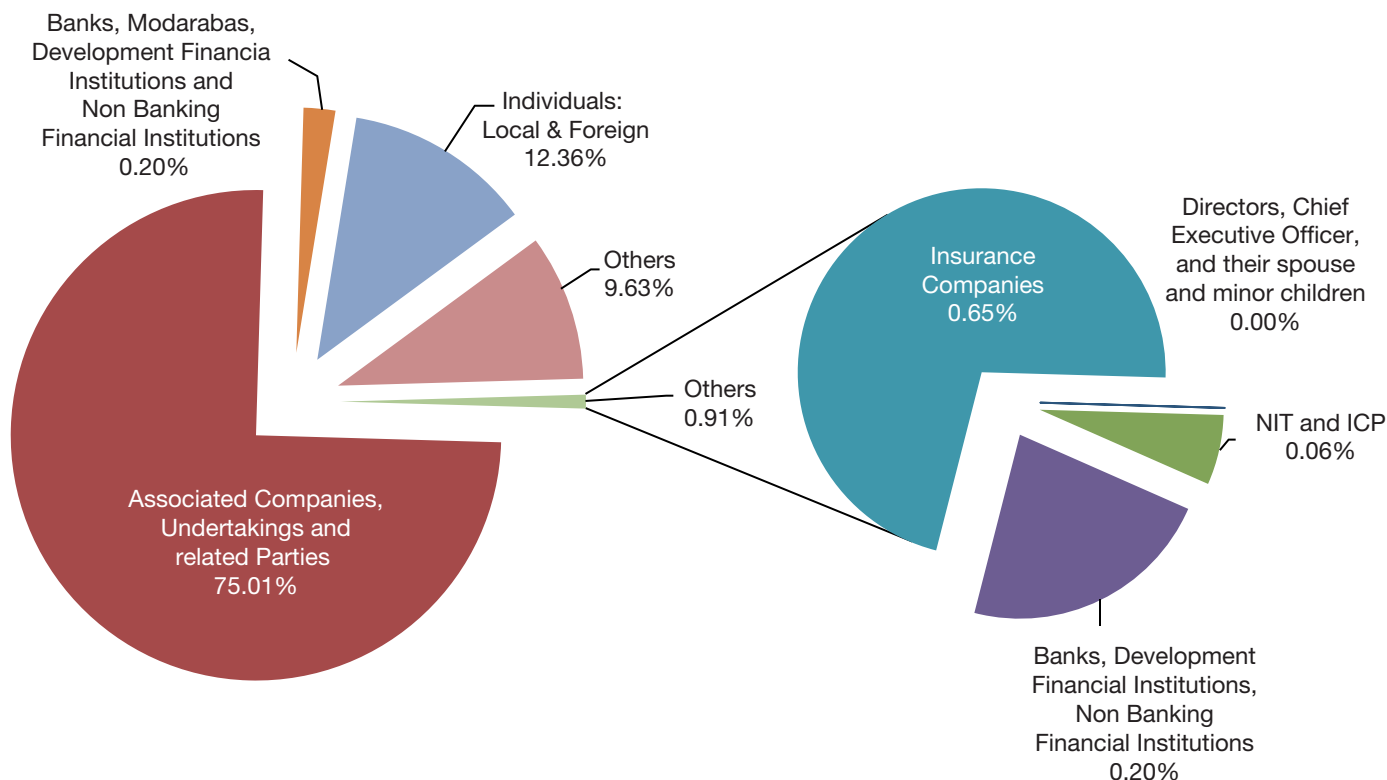
As at 31 December 2021

S.No	Shareholders Category	No. of Shareholders	No. of Shares	Percentage (%)
1	Directors, Chief Executive Officer, and their spouse and minor children	8	8	0.00
2	Associated Companies, Undertakings and related Parties	1	1,135,860,105	75.01
3	NIT and ICP	4	848,208	0.06
4	Banks, Development Financial Institutions, Non Banking Financial Institutions	24	3,084,822	0.20
5	Insurance Companies	9	9,852,449	0.65
6	Modarabas and Mutual Funds	22	31,648,750	2.09
7	General Public :			
	a. local	14,978	187,091,863	12.36
	b .Foreign	2	1894	0.00
8	Others	206	145,819,109	9.63
	<b>Total</b>	<b>15,254</b>	<b>1,514,207,208</b>	<b>100.00</b>

## Shareholders holding five percent or more voting rights

Lotte Chemical Corporation	1	1,135,860,105	75.01
----------------------------	---	---------------	-------

## Shareholders Categorisation 2021



# STRENGTHENING CORE COMPETENCIES

We aim to strengthen our core competencies in the main business and expand its scope to related businesses in order to create synergy. It is our passion to be the best in the industry by enhancing our core competencies through continuous learning.



## Corporate Governance

Board of Directors	26
Board Committees	28
Executive Management Team	29
Management Committees	30
Organisational Structure	31
Corporate Governance & Compliance	32
Business Risks & Challenges	37



# Board of Directors

As at 17 February 2022



**Sang Hyeon Lee**  
Chairman

#### Tenure

Appointed to the Board on 23 June 2020 for the term to expire on 22 June 2023.

#### Board and Committee Activities

- Chairman
- Member HR and Remuneration Committee
- Member Shares Sub Committee

#### Outside Interests

- None

#### Career

Mr Lee is currently Head of Aromatic Business for LOTTE Chemical Corporation, South Korea. He joined KP Chemical Corporation (now LOTTE Chemical Corporation) in 1992, spending his first twelve years in the Production Control Team in the Ulsan Plant, where he was in charge of planning, budgeting, cost accounting and decision making support.

He has served as Executive Director on the Company's Board from February 2015 to January 2021.

Mr Lee graduated from Hanyang University, majoring in Business Administration in 1989.

He is a certified Director of Corporate Governance from Pakistan Institute of Corporate Governance (PICG).



**Humair Ijaz**  
Chief Executive

#### Tenure

Appointed to the Board on 23 June 2020 for the term to expire on 22 June 2023.

#### Outside Interests

- None

#### Career

Mr Humair Ijaz has over 28 years of experience. After working for Siemens for a year, he joined ICI in 1993 as Management Trainee and worked in various businesses including Paints, Soda Ash and Pharmaceuticals. He was transferred to the PTA Business in 1998 as Logistics Manager and was promoted as IT Manager in the same year. He made significant contribution in setting up the business processes and systems of the PTA Plant. In 2004, he was promoted as Supply Chain Manager and then Commercial Manager in 2008. He has played an instrumental role in reshaping the Company's Commercial activities and based on his continued commitment, he was promoted as Director Commercial in 2013 and was appointed as the CE in June 2015.

He did his Bachelor's in Electrical Engineering and MBA (Finance) from Virginia Tech, USA and possesses a wide range of experience in the areas of Supply Chain, Sales and Information Technology.

He is a certified Director of Corporate Governance from Pakistan Institute of Corporate Governance (PICG).



**Young Dae Kim**  
Executive Director

#### Tenure

Appointed to the Board on 25 January 2021 for the term to expire on 22 June 2023.

#### Board and Committee Activities

- Chairman Shares Sub Committee
- Member HR & Remuneration Committee

#### Outside Interests

None.

#### Career

Mr Kim has been working with LOTTE Chemical Corporation, South Korea since 1997, spending his first 11 years in Quality Assurance, Logistics and Shift control team at Ulsan Plant. Mr Kim graduated from Ulsan University South Korea, majoring in Chemistry, in 1997.

He is a certified Director of Corporate Governance from Pakistan Institute of Corporate Governance (PICG).



**IL Kyu Kim**  
Non-Executive Director

#### Tenure

Appointed to the Board on 01 Feb 2022 for the term to expire on 22 June 2023.

#### Board and Committee Activities

- Member, Audit Committee

#### Outside Interests

- None

#### Career

Mr. IL Kyu Kim is currently Managing Director of Aromatic Business Unit for LOTTE Chemical Corporation, South Korea. Prior to this, he had been associated with Polymer Sales Business Unit for more than 11 years. He has also worked in PC (Poly Carbonate), MMA (Methyl Methacrylate) and PP (Poly Propylene) sales units.

Mr. Kim has a versatile experience of more than 29 years of working with petrochemical companies in South Korea. He holds a Bachelor's degree in International Trade from Dongkuk University in South Korea.



**Jae Sun Park**  
Non-Executive Director

**Tenure**

Appointed to the Board on 01 Feb 2022 for the term to expire on 22 June 2023.

**Outside Interests**

- Director, Lotte Chemical Titan, Malaysia

**Career**

Ms. Jae Sun Park joined Lotte Chemical Corporation, South Korea, as a legal counsel in 2012 and assumed her role as General Counsel of Legal Affairs Team in 2015.

Prior to that, as an in-house legal counsel, she worked for a US based global finance company, ALG Korea from 2009 to 2010. Also, she had experience in a government agency, the Press Arbitration Commission, South Korea, from 2004 to 2007.

Ms Park is a qualified and licensed lawyer in New York State as well as South Korea. She acquired LLB from Yonsei University in 1998, and got LL.M Degree in Business Law at UCLA (University of California Los Angeles) in 2011, and got LL.M degree in International Commercial Law from University of London in 2009.

Ms Park has previously served as a non-executive Director on the Company's Board from April 2018 to February 2020.



**Pervaiz Akhtar**  
Independent Director

**Tenure**

Appointed to the Board on 23 June 2020 for the term to expire on 22 June 2023.

**Board and Committee Activities**

- Chairman Audit Committee
- Chairman HR & Remuneration Committee

**Outside Interests**

- Director, Star Farm Pakistan (Pvt) Limited (METRO Group Company)
- Director, German Pakistan Chamber of Commerce & Industry
- Director, CABI-SFPK Joint Venture
- Director, Murree Brewery Company Limited
- Director, CoRe Alliance

**Career**

Mr Akhtar graduated in 1976 from University of Punjab with majors in Economics. He later attended an MBA program at School of Business and Commerce Islamabad and secured distinction in Business Policy & Strategy and Human Resource Management. He completed his professional training with Klynveld Peat Marwick Goerdeler (KPMG) and passed Institute of Chartered Accountants of Pakistan (Inter) examination in 1981. In 1989 Mr. Akhtar was awarded a USAID scholarship and he completed Petroleum Management Program at Arthur D. Little Inc Boston, U.S.A.

He is responsible for METRO's Corporate Affairs since 2007. Being part of the senior management team, he has contributed towards successfully establishing the METRO Cash & Carry's business in Pakistan.

Prior to joining METRO, he served as General Manager Corporate Affairs for a Dutch Multinational Company (SHV Energy) for over 9 years. Mr Akhtar has a versatile experience of more than 35 years of working with local and multinational companies in Pakistan. During this period, he served in senior management positions in the field of Finance, Human Resources, Procurement and Corporate Affairs.

He is a certified Director of Corporate Governance from Pakistan Institute of Corporate Governance (PICG).



**Adnan Afridi**  
Independent Director

**Tenure**

Appointed to the Board on 23 June 2020 for the term to expire on 22 June 2023.

**Board and Committee Activities**

- Member Audit Committee

**Outside Interests**

- MD, National Investment Trust Ltd
- Director, Bank Al Habib Limited
- Director, Habib Sugar Mills Limited
- Director, Mari Petroleum Company Limited
- Director, International Industries Limited
- Director, Dynea Pakistan Limited
- Director, Siemens (Pakistan) Engineering Company Ltd
- Director, Bulk Transport Company (Pvt) Ltd
- Member, SECP Policy Board
- Vice Chairman Board of Governors, The Kidney Centre Institute
- Member Board of Governors, Shaukat Khanum Memorial Trust

**Career**

Mr. Adnan Afridi is at present Managing Director – National Investment Trust Limited. He has over 25 years' international experience in Change Management, business transformation, innovation and profitability enhancement in blue chip companies, public sector and start-up situations. He has led a distinguished career in financial services and capital markets including serving as Managing Director of the Karachi Stock Exchange, CEO, Overseas Chamber of Commerce and Industry (OICC), Chairman of National Clearing Corporation of Pakistan (NCCPL) and Board of Directors of Central Depository Company (CDC). Mr. Afridi has also served on multiple listed company boards including Silk Bank Limited and Gul Ahmed Textile Mills Limited.

Mr. Afridi has a degree in Economics (A.B, Magna Cum Laude, 1992) from Harvard University and a degree in Corporate Law (JD, Magna Cum Laude in 1995) from Harvard Law School.

He is an active supporter of charitable organizations. He has served as the President of the Old Grammarians Society & Trust. He is also a Member of YPO Pakistan since 2008.

He is a certified Director of Corporate Governance from Pakistan Institute of Corporate Governance (PICG).



**Mohammad Zubair**  
Independent Director

**Tenure**

Appointed to the Board on 23 June 2020 for the term to expire on 22 June 2023.

**Board and Committee Activities**

- Member Shares Sub Committee

**Outside Interests**

- Director, Hascol Petroleum Limited
- Oil Industry Advisor, National Bank of Pakistan

**Career**

Mr Zubair is a leader of corporate world with a proven track record spreading over 4 decades as Country Representative (CEO), Group CFO and CIA overseeing Country Management, Finance/Internal Audit and Support Services in the national and international Oil & Gas Industry. He remained associated with several Boards of Directors and Committees in Pakistan & abroad.

He served CHEVRON one of the largest Energy Companies in the world for 38 years and headed Chevron Pakistan as Country Representative. During this long career, he worked in Pakistan and several years overseas including Thailand, Singapore and Caltex Headquarters in Dallas, USA which provided extensive exposure to interact and work with highly diverse manpower and professionals around the globe. He also represented Chevron as a board member in various Chevron Companies and Joint Ventures for a number of years in Pakistan, Egypt and Middle East Countries. After Chevron; joined Total-Parco as CFO of their group of companies in 2015 and held this position till his retirement in 2018 after continuous service of almost 41 years with top class multinationals in Oil & Gas Industry of the world.

Mr. Zubair is a professional accountant along with a degree in Laws and graduated from Columbia University NY, USA in Advanced Management / Senior Executive Education.

He is a certified Director of Corporate Governance from Pakistan Institute of Corporate Governance (PICG).

# Board Committees with brief terms of reference

As at 17 February 2022

## Audit Committee

### Members:

Mr Pervaiz Akhtar, Chairman  
Mr IL Kyu Kim  
Mr Adnan Afridi

The Audit Committee assists the Board in effectively discharging its responsibilities with regard to corporate governance, financial reporting and corporate control. The Board draws up the terms of reference of the Audit Committee, which comply with relevant legislations.

The Board acts in accordance with the Committee's recommendations on matters forming its responsibilities. The Audit Committee reviews the system of internal controls, risk management and the financial audit process, as well as assists the Board in reviewing financial statements and announcements to shareholders. In carrying out its duties, the Audit Committee has the authority to discuss any issues within its remit with management, internal auditors or external auditors. If it deems necessary, it may also obtain legal advice on it. The Committee controls and monitors the scope of the internal audit function, including powers and responsibilities encompassing its charter.

The Chairman of the Audit Committee is an Independent Non-Executive Director, while its members include Non-Executive Directors. The Company Secretary acts as the Secretary of the Committee.

The Audit Committee meets at least once every quarter of the financial year. Its members meet at least once a year with external auditors, without the CFO and the Head of Internal Audit being present. In addition, Committee members also meet Head of Internal Audit and internal auditors at least once a year, without the CFO and external auditors being present.

## HR and Remuneration Committee

### Members:

Mr Pervaiz Akhtar, Chairman  
Mr Sang Hyeon Lee  
Mr Young Dae Kim

The HR and Remuneration Committee assists the Company's Board of Directors to administer and develop a fair and transparent procedure for establishing human resource management policies. The Committee is responsible for reviewing the remuneration and benefits of the Chief Executive, Executive Directors and senior managers. Consisting of two Non-Executives and one Executive Director, the Committee is also responsible for reviewing the remuneration budget. The Chairman of the Committee is an Independent Director.

The General Manager HR & IT acts as the Secretary and the Committee meets at least once a year.

## Shares Sub Committee

### Members:

Mr Young Dae Kim, Chairman  
Mr Sang Hyeon Lee  
Mr Mohammad Zubair

The Shares Sub Committee consists of one Executive and two Non-Executive Directors. This Committee approves registrations, transfers and transmission of the Company's shares. Resolutions passed by this Committee are subsequently placed at Board meetings for ratification.



# Executive Management Team

The Executive Management Team consists of functional heads, operating under the Board and the Chief Executive, to ensure smooth operations and achieve strategic objectives. The Team conducts its business under the chairmanship of the Chief Executive

with other senior managers. The Team is responsible for strategic business planning, decision-making, establishing adequacy of the Company's operational, administrative and control policies adopted by the Board and monitoring compliance thereof.



**Tariq Nazir Virk**  
Director Manufacturing

**Humair Ijaz**  
Chief Executive, Profile on page 26.

**Waheed U Khan**  
General Manager, HR & IT

**Tariq Nazir Virk** is a vastly experienced multi skilled professional in Plant maintenance, Operations, Process and Project management. He has more than 31 years of hands on operational experience with Petrochemical Industry. He completed his Bachelor degree in Mechanical Engineering from University of Engineering and Technology, Lahore in 1990. He started off his career as a maintenance engineer with Dawood Hercules Chemical, one of the most reputable Fertilizer plants of the country.

He joined the Company in 1997 and was the key member of the original team which led the successful commissioning of the plant. He has served in various roles over the last 25 years of his association with the company. He has delivered some of the most challenging projects to the Business such as Ox Dryer replacement, DCS up-gradation, Process Air Compressor control system up-gradation, Oxidation Reactor agitator modification, Anaerobic effluent treatment project etc.

Tariq stamped his mark on every function through his leadership that he was assigned to look over, whether it was HSE, Projects, Planning, Workshop, Operations or Process. He has special passion to hone young talent and thus has successfully developed a proficient team which is a great mix of youth and old.

In the light of his contributions and skills, Tariq was promoted as General Manager Manufacturing in 2016 and was appointed as Director Manufacturing in 2021. He never looked back since then and continued to make huge contributions to reduce fixed cost, enhance safety, reliability and operational efficiencies of the plant which are second to none vis a vis any International plant of this nature.

**Waheed U Khan** has over three decades of versatile experience. Started his career with Computer-Aided Engineering Services in Descon Engineering Ltd as a designing engineer and moved to the major BMR project of Dawood Hercules Chemicals to enhance its Production Capacity, Reliability & Efficiency. Commissioned Haldor Topsoe Ammonia Reactor and completed the project with the team. He joined the Company in 1997. Since then, he has been challenged to perform in various departments of the organization, including Production, Technical, HSE, Product Quality, ISO & Technical Training before becoming HR, Administration & Public Affairs Manager in 2008. Based on his continued commitment and experience, he was promoted as General Manager HR & IT in 2016.

He has played a pivotal role in nurturing a caring & performance culture based on the strong values of the organization. Closely worked with ICI, AkzoNobel and LOTTE Group during the business acquisitions. Implemented strategies to reduce rising employee attrition and increase employee engagement. Over the years, he has established strong succession programs to reduce business risks, introduced a job evaluation process to rightly position each role in its competitive range, initiated HR Audits for benchmarking & improvements as well as synergized IT with business processes to enhance efficiency and effectiveness. He is also driving the CSR program for the Company and has delivered various initiatives in the areas of health, education and a green environment. He played a key role in the establishment of LOTTE Pakistan Foundation. Under his leadership, the Company has won several awards in recognition of the business HR & CSR systems & initiatives.

Waheed holds a Master's degree in Business from LUMS and a second Master's degree in Engineering from University of the Punjab with the roll of honour & distinction.

# Management Committees

with brief terms of reference

## Executive Committee

### Members:

Mr Humair Ijaz  
Mr Young Dae Kim  
Mr Tariq Nazir Virk  
Mr Waheed U Khan  
Mr Sangho Moon  
Mr Ashiq Ali  
Mr Adnan Ul Haque  
Mr Syed Masood Ul Hasan  
Mr Syed Qamar Alam  
Mr Yong Min Kim  
Mr Muhammad Talha Khan

The Executive Committee, chaired by the CE, supports the Executive Management Team in achieving its objectives and is responsible for smooth operations on an ongoing basis. It comprises of the various heads of departments including the Executive Management Team. The Committee reviews all operational and financial aspects, advises improvements to operational policies / procedures and monitors implementation of the same.

## BCP Committee

### Members:

Mr Humair Ijaz  
Mr Tariq Nazir Virk  
Mr Ashiq Ali  
Mr Adnan Ul Haque  
Mr Syed Masood Ul Hasan  
Mr Syed Qamar Alam  
Mr Muhammad Tabish Ashfaq  
Mr Syed Arif Hussain  
Mr Sohail Abbas

The BCP Committee's objective is to steer the Business Continuity Plan (BCP) by establishing a fit-for-purpose

strategic and operational framework to respond to major business interruption situations.

The CE as Business Continuity Manager (BCM) leads the BCP process along with Director Manufacturing and Chief Financial Officer. A working level BCP Committee, headed by Director Manufacturing is responsible for stewarding the BCP Programme and comprises of representatives of all functions / departments. Each functional head is responsible for current and comprehensive Business Continuity Planning in his respective sphere of operations.

## HSE&S Management Committee

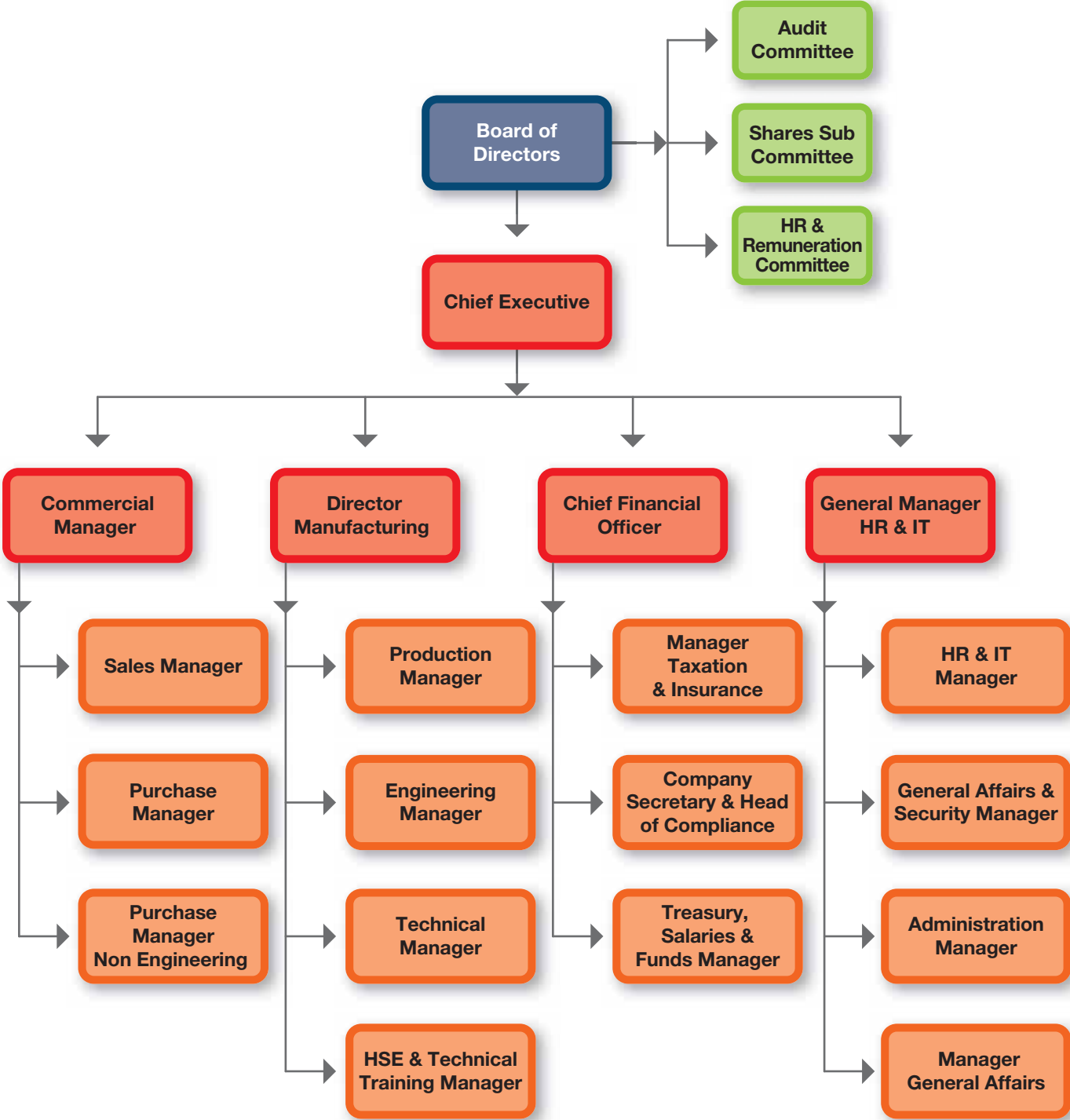
### Members:

Mr Humair Ijaz  
Mr Tariq Nazir Virk  
Mr Waheed U Khan  
Mr Ashiq Ali  
Mr Yong Min Kim  
Mr Syed Masood Ul Hasan  
Mr Adnan Ul Haque  
Mr Syed Qamar Alam  
Mr Muhammad Talha Khan  
Mr Sohail Abbas

The HSE&S Committee, chaired by the CE, periodically reviews and monitors Company-wide practices. It oversees the Health, Safety, Environment and Security functions of the Company and is responsible for ensuring that all operations are safe, environment-friendly and compliant with regulatory framework.

The Committee received regular reports from the HS&E function, including quarterly reports prepared for Executive Committee on Company's Health, Safety and Environmental performance and operational integrity. These included quarter-by-quarter measures of personal and process safety, environmental and regulatory compliance and audit findings. Operational risk and performance forms a large part of the Committee's agenda.

# Organisational Structure



# Corporate Governance and Compliance

## Board Governance

The Company's Corporate Governance Structure is based on the requirements of the Companies Act 2017, along with other circulars and guidelines issued by the Securities and Exchange Commission of Pakistan (SECP), regulations of the Pakistan Stock Exchange, the Code of Corporate Governance and the Company's Articles of Association. This is further strengthened by several internal procedures, which include a risk management assessment and control system, as well as a system of assurances of compliance with the applicable laws, regulations and the Company's Code of Conduct.

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

## Role of the Board

The Board of Directors provides oversight in the governance, management and control of the Company and is responsible for setting the goals, objectives and strategies of the Company and for formulating the policies and guidelines towards achieving those goals and objectives. The Board is accountable to the shareholders for the discharge of its fiduciary function. The Management is responsible for the implementation of the aforesaid goals and strategies in accordance with the policies and guidelines laid down by the Board of Directors. In order to facilitate the smooth running of the day-to-day affairs of the Company, the Board entrusts the Chief Executive with necessary powers and responsibilities who in turn is assisted by an Executive Management Team. The Board is also assisted by Sub Committees comprising mainly Non-Executive / Independent Directors. Specific tasks are delegated to the board sub committees and the Board seeks to set the 'tone from the top' by working with the management to agree on the values of the Company.

The activities of the Board are based on the requirements and duties laid down under relevant laws and the Company's Memorandum and Articles of Association. This compliance assists the Board in safeguarding the interests of all the stakeholders.

## Board Composition, Size and Tenure

The structure of the Board reflects an optimum combination of Executive, Non-Executive and Independent Directors. The current Board comprises eight directors which include two Executive Directors (including the Chief Executive), three Non-Executive Directors and three 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.

All the Directors are appointed for a term of three years on completion of which they are eligible for re-election under the Company's Articles of Association through a formal election process.

Consent to act as director is obtained from each candidate prior to election. The Company has had an Audit Committee and a HR & Remuneration Committee of the Board much before the introduction of the Code of Corporate Governance.

## Roles and Responsibilities of the Chairman and Chief Executive

There is a clear segregation of roles between the Chairman of the Board and the Chief Executive for smooth running of the business. The Company's Articles of Association, relevant laws and the duties assigned by the Board outline the responsibilities and the power of the Chairman of the Board.

The key role and responsibilities of the Chairman includes;

- Provides leadership of the Board
- Acts as main point of contact between the Board and management.
- Speaks on Board matters to shareholders and other parties.
- Is responsible for the integrity and effectiveness of the Board's system of governance.
- Ensures that systems are in place to provide directors with accurate, timely and clear information to enable the Board to operate effectively.

The Chief Executive functions in accordance with the powers vested in him by law, the Company's Articles of Association and the authorities delegated to him by the Board. The Chief Executive is responsible for framing strategic proposals and formulating business plans for the Board approval. Moreover, the Chief Executive is also responsible for ensuring smooth functioning of the business with optimum utilisation of the Company's resources and effective implementation of internal controls.

## Board Meetings

The Board determines the key items for its consideration for the coming financial year. The agenda is set by the Chairman in consultation with the Chief Executive and with support of the Company Secretary. A similar process is used for meetings of Board Committees.

Meetings of the Board of Directors and Sub Committees are held in accordance with an annual schedule circulated before each year end to ensure maximum participation of the directors.

Discussions at Board meetings are open and constructive. All discussions of the Board and their records are maintained in confidence unless there is a specific decision or legal requirement to make disclosure.

When participating in Board discussion, Executive Directors are expected to discharge their responsibilities as directors of the Company and not to act solely as the representatives of that activity for which they bear executive responsibility.

## **Independence and Conflict of Interest**

The Non-Executive and Independent directors are expected to be independent in character and judgment and free from any business or other relationship which would materially interfere with the exercise of that judgment.

The Board is satisfied that there is no compromise to the independence of, and nothing to give rise to conflicts of interest for, those directors who serve together as directors on the boards of outside entities or who have other appointments in outside entities.

## **Board Induction and Education**

All Directors, including foreign resident Directors, as part of their induction package, are provided with sufficient information of their duties and responsibilities under respective laws and the Company's Memorandum and Articles of Association. Directors, being senior professionals and possessing experience of managing various responsibilities, have adequate exposure to corporate matters.

On joining Company's Board, Non-Executive and Independent Directors are given a tailored induction programme. This includes meetings with the management and site visit. Moreover, the Board received briefings on Company's Code of Conduct, Company's values and key business developments including legal updates, the economic outlook and the necessary information under respective laws and the Company's Memorandum and Articles of Association.

At present, three independent directors, two Executive Director and one Non-Executive Director have completed all parts of the certification "The Board Development Series" offered by the Pakistan Institute of Corporate Governance (PICG). Certification for remaining directors will be obtained in accordance with the Code of Corporate Governance.

## **Board Evaluation**

A comprehensive evaluation with respect to the effectiveness of the Board own performance, members of the board and its committees was carried out in 2021 using an external facilitator, THK Associates (Pvt.) Ltd. The Board evaluation assessment covered specific areas of Board performance including Board Composition, Board & CEO Compensation, Strategic Planning, Board Procedures, Board Interaction, Board Information, Board Committees and Board & CE Effectiveness. The findings of the evaluation were discussed in detail with the Board of Directors.

The Board also regularly reviews the developments in Corporate Governance to ensure that the Company always remains aligned with the best practices.

## **CE Performance Review**

The Board of Directors of Lotte Chemical Pakistan Limited regularly evaluates performance of the CE based on agreed financial and non-financial KPIs.

The Board has reviewed the performance of the CE for the current financial year and is satisfied with the achievements for the year. The Board has full confidence in his abilities to manage the affairs of the Company in the most professional and competent manner. The CE is also responsible for setting the objectives for his management team and regularly updates the Board about the performance of the management in achieving the desired goals.

## **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 corporations. This is in pursuance with Section 205 of the Companies Act 2017, which also requires them to disclose all material interests.

This information is used to help maintain an updated list of related parties. In case any conflict of interest arises, the matter is referred to the Board's Audit Committee.

None of the directors are either members of any stock exchanges in Pakistan or engaged in the business of stock brokerage. Moreover, they are not involved in external audit and have had no relationship with the Company's external auditors during the preceding two years. Remuneration and benefits of the Board, including the Chief Executive and Executive Directors, are disclosed in note 37 to the financial statements as determined under provisions of the Articles of Association of the Company.

## Board & Management Committee

The Board may at any time establish Committees of the Board to assist in carrying out its responsibilities. Any Committee will be subject to the Board Principles and will speak or act for the Board only when and to the extent so authorised.

The permanent Committees of the Board include the Audit Committee, the HR & Remuneration Committee and Shares Sub Committee.

Each permanent Committee is comprised of those directors the Board considers best suited to serve on that Committee and in accordance with the Code of Corporate Governance.

The Board and Management Committees brief details are covered elsewhere in the Report.



## Financial Statements

Periodic financial statements of the Company are circulated to the directors duly endorsed by the Chief Executive and the Chief Financial Officer for approval by the Board before publication, in compliance with the Listed Companies (Code of Corporate Governance) Regulations. After consideration and approval, the Board authorizes the signing of financial statements for issuance and circulation. The half-yearly and annual financial statements are initiated by the external auditors before presentation to the Audit Committee and the Board for their respective approvals.

The publication and circulation to the shareholders, stock exchange and regulators of quarterly unaudited financial statements along with Directors' Review is done within one month and half-yearly financial statements reviewed by the external auditors within two months, of the respective period end dates.

Annual financial statements together with the Directors' Report, Auditors' Reports and other Statutory Statements / Information are circulated for consideration and approval by the shareholders, within four months from the end of the financial year. These statements are also made available on the Company's website. All other important information considered sensitive for share price determination is transmitted to stakeholders and regulators on a timely basis.

## Adequate Disclosure

We believe in best practices in corporate governance by adopting transparency and disclosure as a policy with our stakeholders. This is achieved through disclosure of 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 the financial statements. We follow the Companies Act, 2017 and applicable IAS and IFRS (International Accounting Standards and International Financial Reporting Standards). In addition, we endeavour to provide as much relevant supplementary information in the financial statements as possible.

## Annual General Meeting

The Company holds its Annual General Meeting of the shareholders in light of the Companies Act, 2017, Code of Corporate Governance and our Articles of Association. We request all our shareholders to participate. We also ensure that a copy of the Annual Report containing the agenda and notice of AGM is dispatched to every shareholder at his/her registered address.

**Issues raised in last AGM:** During the 23rd AGM of the Company held on 21 April 2021, general clarifications were sought by the shareholders on the financial statements and the market. No significant issues were raised.

## Investor Relations

The Company seeks to keep all stakeholders informed on a regular basis. This is done by means of publication on Company's website containing complete financial reports on a quarterly basis and the publication of the annual and interim reports. In addition, the Company communicates with all its shareholders / investors and analysts through

organizing or attending meetings such as AGMs. Meetings are held with stakeholders to ensure that the investment community receives a balanced and complete view of the Company's performance and the issues faced by the business, while always observing applicable rules concerning selective disclosure, equal treatment of shareholders and insider trading.

## Pattern of Shareholding

Disclosure of Company's shareholding structure is given in the pattern pursuant to the Companies Ordinance 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. LOTTE Chemical Corporation, Korea holds 75.01% shares, while the balance 24.99% shares are held by individuals and domestic and foreign institutions. The Pattern of Shareholding in the Company, as at 31 December 2021, is given on page 20 of the Annual Report.

## Code of Conduct

Even before the introduction of the requirement in the Code of Corporate Governance, the Company had a comprehensive Code of Conduct. In order to apprise the employees of the Code of Conduct, the Company organizes training sessions and induction programmes on a regular basis to ensure compliance at all levels. Besides this, every employee of the Company is required to sign, on an annual basis, a statement to the effect that he or she understands the Code of Conduct and that he or she abides by it at all times while doing business for the Company. Salient features of the Code of Conduct are covered earlier in the Report.

## Speak Up

A separate 'Speak Up' policy has been formulated in order to facilitate strict adherence to the Code of Conduct, whereby any Company employee can raise concerns, expose irregularities and help management of the Company in identifying financial malpractices and potential frauds without any fear of reprisal or adverse consequences on a confidential basis through various modes of communication. Complete anonymity of the person using this facility is assured and all complaints are thoroughly investigated either by the Company internally or by assigning it to the Internal Auditors.

Employees of the Company are encouraged to use the guidance provided by the Speak Up Policy for reporting wrongdoing / improper conduct. A separate Speak Up Committee has been formed with a direct reporting line to the Board Audit Committee.

## Insider Trading

The Company has a stringent policy on insider trading and securities transactions. The policy paper which is circulated to all the employees of the Company from time to time prohibits all employees of the Company from making use of inside information for direct or indirect transactions in Company shares. Closed periods during which Directors, CEO, CFO, CS and designated Executives, as determined by the Board, and their spouse and minor children were precluded from dealing in Company shares are duly determined. No trading in Company shares is allowed during the closed periods. Prior notification in writing is required to be given to Company Secretary before carrying out any transaction and once the transaction is executed, it is to be reported back to the Company Secretary within two days of execution of the transactions with relevant details of purchase/sale of shares. No opposite transaction is allowed within six months i.e. if anyone buys any shares of the Company, he or she is not allowed to sell those shares within six months to make a gain.

## Related Party Transactions

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.

## Internal Control

The Company has a sound system of internal control and risk management. The internal audit function, mainly responsible for internal controls, has been outsourced to a Chartered Accountants firm and reports directly to the Chairman of the Audit Committee. As a consequence of regular review over several years, the Company now has an extremely robust system of internal controls which was further strengthened in 2005 when the Company had to go through a comprehensive implementation of the Sarbanes-Oxley Act (SOX) due to listing of its previous parent company's shares on the New York Stock Exchange. Although this requirement is no longer applicable to the Company, the Company continued with the control framework then adopted.

## Internal and External Audit

Internal Audit function plays a key role in providing the management and the Board an objective view and reassurance of the effectiveness of the risk management and related control systems throughout the entity. Internal Audits

are carried out across all functions by the appointed Internal Audit firm and all findings are 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, reviews the assessment of risks, internal and disclosure controls and procedures and suggests remedial actions where applicable. The role of the Audit Committee is to assist the Board in fulfilling their oversight responsibilities regarding the integrity of Company's financial statements, risk management and internal control, compliance with legal and regulatory requirements, the external auditors' performance, qualifications and independence, the performance of the internal audit function, and compliance with the Code of Conduct.

The external auditors are appointed by the shareholders on a yearly basis at the Annual General Meeting on the recommendation of the Audit Committee and Board of Directors. The partner in charge of our audit or the audit firm is rotated every five years as per the regulations.

## **HR Policy & Succession Planning**

A comprehensive HR policy is part of terms of employment and is applicable to all the permanent employees. The key objective of the HR policy is to develop a high performance culture providing a critical link between an employee's performance and Company's goals. The policy also supports in maintaining the desired organisational culture. In order to ensure continued business performance, the Company has developed a robust Succession Plan for the positions of Chief Executive, his direct reports in Executive Management Team and business critical roles.

## **Quality Policy Statement**

Lotte Chemical Pakistan Limited operates in an environment which is influenced by global trends. To remain competitive and retain its status as a preferred PTA supplier, it has to produce a world-class product that always meets the expectations of its customers, both local and overseas, in terms of price, product, quality and service.

The Company achieves the above mentioned objectives by delivering a quality service on the principle of "right first time every time".

To support the Quality Policy, the Company ensures ownership at all levels to continually improve the Quality System consistent with the latest standards and provides necessary training & resource to deliver added value to the business.

## **Risk Management**

The Board has an overall responsibility for the risk management process and internal control procedures. The Audit Committee monitors the Company's risk management process quarterly or more frequently if required and reviews the adequacy of the risk management framework. The Company's documented and regularly reviewed procedures are designed to safeguard our assets, address risks facing the business, and ensure timely reporting to the Board and senior management. A clear organizational structure with defined delegation of authorities is maintained and the senior management takes the day-to-day responsibility for implementation of procedures, ongoing risk monitoring, and effectiveness of controls.

The risk and control procedure is supported through a Business Continuity Plan and Crisis Management Plan.

## **Business Continuity Plan / Crisis Management Plan**

The Company recognizes the importance of a comprehensive Business Continuity Planning Programme that allows it to plan for and manage major business disruptions. All significant risks, possibilities for control and reduction are identified. The plan is periodically tested in a simulated environment to ensure that it can be implemented in emergency situations and that the management and employees are aware of their respective roles. The range of events considered includes natural disasters, failure of equipment, terrorist action, government/political/legal actions, and changes in the financial and business climate. The controls identified are tested by internal auditors and action plans are followed rigorously to ensure timely corrective action is implemented for the effective functioning of controls. In addition, a Crisis Management Plan is also developed and is regularly reviewed and updated. This focuses on helping management to handle the immediate effects of a major incident and includes instructions on communications both within and outside the Company.

During the year, the Board through its Audit Committee regularly reviewed the processes whereby risks are identified, evaluated and managed.

# Business Risks & Challenges

The following risks are considered to be relevant in evaluating the overall outlook and business strategy of the Company.

	Risks	Mitigating Factors
<b>STRATEGIC</b>	Changing Economic Conditions & Government Policies	The Board and the Management strive to follow a defined strategy to overcome strategic risks and continuously seek dialogue with the policy makers through various business forums in the overall interest of the domestic industries.
	Non Compliance with Laws & Regulations	Changes in regulatory environment are monitored closely and all significant changes are adapted in a timely manner. We advertise and encourage use of 'Speak Up' policy to all our employees to report irregularities, if any, in relation to our Code of Conduct. We remain committed to compliance with all legal and regulatory requirements with special emphasis on our Code of Conduct.
<b>OPERATIONAL</b>	Critical Equipment Failure	Stringent control measures for all critical equipment are in place which includes, but is not limited to, exhaustive preventive maintenance regimes, availability of all adequate spares, upgrade of technologies and necessary training of related manpower.
	Power Failure	Being the sole producer of PTA in the country, it remains imperative that the PTA plant remains in operation on continuous basis throughout the year and as a result, alternate sources for all its key utility needs are in place. The Company in 1998/1999 invested heavily in the K-Electric network to ensure uninterrupted power supply to the Company and the Company entered into an evergreen power supply agreement with K-Electric based on its investment in the necessary infrastructure. All critical equipment remains connected to standby generators. In addition, the Company invested in a captive co-generation power facility, which became operational in July 2012, to improve the energy economics of the business and to ensure alternate uninterrupted power supply for continuous PTA operations.
	Risk to Health, Safety and Environment	We continue to uphold the highest safety standards, in line with ISO 45001:2018 & internal HSE policies, for both Company and contractor employees which is evident by an excellent safety record spread over 23 years without a Lost Time Injury – more than 64 million man-hours have been completed without a Lost Time Case.
	Inability to attract and retain talent	The Board and the Management put great emphasis on attracting, educating, motivating and retaining staff and the Company continues to support the development of a winning culture through its human resources management policies. Engagement of all our employees remains our key priority.
<b>COMMERCIAL</b>	Key Supplier Failure	The Company aims to use its purchasing power and long-term relationships with the suppliers to ensure continuous availability of raw materials. Maintenance of optimum buffer inventory levels and ensuring alternative sources for key raw materials assists in partially mitigating the risk of abrupt supply interruptions.
	Key Customer Failure	The Company takes pride in the dependable relations developed with its customers over the years and aims to enter into long-term relationships to ensure continuous sale of its product. The Company has demonstrated its ability to export larger volumes, if required. Availability of locally produced PTA and excellent technical support present a strong incentive for local customers to retain the relationship with the Company on a long-term basis.
<b>FINANCIAL</b>	Liquidity Risk	The Company's sales strategy enables maximum volumes to be sold against sight letters of credit and purchasing strategy ensures optimum level of credit days. Adequate modes of financing are available in the form of committed bank facilities. This risk is also mitigated by continuous monitoring of cash flow needs and careful selection of financially strong banks with good credit ratings.
	Fluctuations in Foreign Currency Rates	The Company incurs foreign currency risk on sales, purchases and borrowings that are in a currency other than Pak Rupees. The Company's foreign currency risk arising on sales is minimised through a natural hedge resulting from the pricing mechanism of PTA whereby the price invoiced for PTA domestically is recalculated every month to derive a Rupee price from the international commodity price of PTA in US dollars. To hedge against its foreign currency risk arising on purchase transactions, the Company may enter into forward exchange contracts when considered appropriate. Also, the natural hedge on PTA sales minimises the impact of risk arising on purchase transactions.
	Credit Risk	The Company's exposure to credit risk is influenced by the individual characteristics of each customer. All sales are made against letters of credit and the Board has established a credit policy under which each new customer is analysed individually for credit worthiness. All customers have been transacting with the Company for over five years.

# VALUE-BASED MANAGEMENT

Our talented team delivers quality products to our customers which creates higher value and sustains profitability.



## **Business Review**

Chairman's Review Report	40
Directors' Report	41
Statement of Compliance	47
Review Report to the Members on Statement of Compliance	49



# Chairman's Review Report

For the year ended 31 December 2021

On Board's overall performance U/S 192 of the Companies Act 2017

Dear Stakeholders,

On behalf of the Board of Directors, I am pleased to present the Annual Report of LOTTE Chemical Pakistan Limited highlighting the Company's commendable performance and achievements for the year ended 31 December 2021.

Since its acquisition by the LOTTE Group in 2009, the Company has made great strides in expanding its footprint and shareholder value. LOTTE Chemical Pakistan has excelled in delivering growth through investments in Plant efficiency and value addition projects.

The year 2021 despite a challenging economic environment, has been a prosperous one for the Company. It gives me great pleasure to announce that LOTTE Chemical Pakistan Limited has maintained its upward trajectory and continued to deliver exceptional business performance across the board. The Company delivered strong results with Production and Sales volume, 25% and 21% higher than the corresponding period - the highest ever since the commencement of PTA operations in 1998.

The Company continued to make investments in its production facility, aimed at sustaining continuous reliable operations and to improve plant efficiencies. A complete review of the business performance is described in the annexed Directors' Report.

The Company has an effective governance and legal framework in place that ensures compliance with applicable laws and regulations and is instrumental in achieving long-term sustainability and growth. The Board remained actively engaged with the management to monitor the Company's performance against its established strategy, goals and targets. The Board carried out its fiduciary duties with a sense of objective judgment and in good faith in the best interests of the Company and its stakeholders. The Board and its committees played an active role to oversee critical aspects from governance perspective and adherence to high standards of ethical practices.

During the year, four meetings of the Board of Directors, four Audit Committee and one HR & Remuneration Committee meetings were held.

As required under the Code of Corporate Governance, an annual evaluation of the board's own performance, members of board and of its committees of the Lotte Chemical Pakistan Limited was carried out for the financial year ended 31 December 2021. The online assessment was carried out



by engaging external independent facilitator, THK Associates (Pvt) Ltd. I am pleased to report that the overall performance of the Board was found satisfactory.

The Board has an appropriate mix of skills and experience. The Board comprises members with rich professional experience in various domains, having strong financial and analytical abilities and independent perspectives. The Board keeps abreast of trends and issues affecting the market in which the Company operates and provides appropriate direction and oversight on a timely basis to ensure optimal utilization of resources. All Directors fully participated and contributed in the decision-making process of the Board.

On behalf of the Board, I express my sincere appreciation to LOTTE Chemical Pakistan Limited's customers, suppliers, the Government and all other stakeholders for their continued support and to appreciate the commitment and valuable services rendered by the employees of the Company in such trying times.

A handwritten signature in black ink, appearing to read 'Sang Hyeon Lee'. The signature is fluid and stylized, with a long horizontal stroke at the end.

Sang Hyeon Lee  
Chairman

# Directors' Report

For the year ended 31 December 2021

The Directors are pleased to present their report and the audited financial statements of the Company for the year ended 31 December 2021.

## Board Changes

Mr Min Jae Hwang and Ms Won Lee resigned with effect from 01 February 2022 and Mr IL Kyu Kim and Ms Jae Sun Park were appointed as Directors with effect from the same day to fill the casual vacancies for the remainder of the term to expire on 22 June 2023.

Following this Mr Sang Hyeon Lee was appointed as Chairman of the Board in place of outgoing Director Mr Min Jae Hwang with immediate effect.

The Board places on record its appreciation for the valuable contributions made by the outgoing Directors, Mr Min Jae Hwang and Ms Won Lee and welcomes Mr IL Kyu Kim and Ms Jae Sun Park as the new Directors of the Company.

## Business Overview

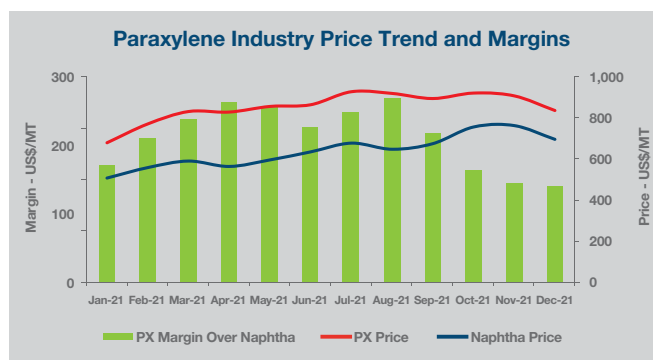
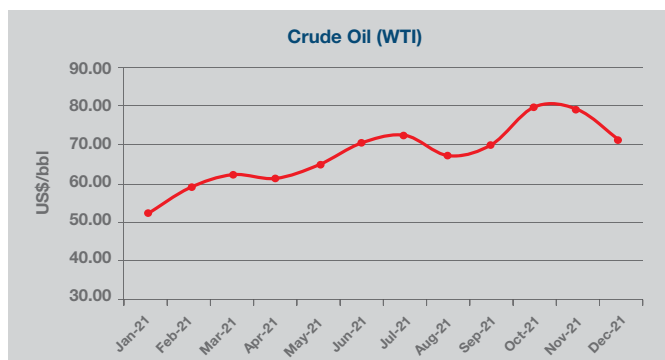
### Crude Oil

Crude Oil (WTI) prices experienced a bullish trend in the first quarter as global economies gradually recovered from the Covid-19 virus and lifted travel bans. This trend was further fueled by the production cuts of Saudi Arabia, and the optimism surrounding talks of the stimulus package in the US. However, the said growth slowed down at the start of the second quarter when Southeast Asia and the Indian subcontinent witnessed a surge in Covid-19 cases. Nevertheless, as the situation in the aforementioned region improved, oil demand regained strength and prices continued to trend upward. Furthermore, the negotiations of the US-Iran nuclear deal that could add additional Iranian barrels in the market remained inconclusive providing an

additional thrust to the prices. However, the prices lost earlier gained strength in the third quarter as the OPEC+ announced its plan to add a total of 2 million barrels per day by the end of 2021. The prices were further weighed down by the resurgence of Covid-19 virus cases around the World followed by the imposition of a zero-tolerance policy in China to contain the spread of the virus. Towards the last quarter of the year, Crude Oil prices regained strength on the back of supply disruptions from the US amid the hurricane season. Moreover, an increase in Coal and Gas prices led to the use of Crude Oil as an alternate for heating fuel during winters that acted as a catalyst for the rising trend. Lack of action from OPEC+ on the surging oil prices led to a coordinated release of Crude Oil from Strategic Petroleum Reserves (SPR) by the United States, China, India, South Korea, Japan, and the UK. Towards the end of the year, oil demand concerns reemerged as the World feared the impact of the Omicron Covid-19 variant on global economies. The year ended with Crude Oil prices at US\$ 75.21 /bbl., while the average price for the year was at US\$ 67.83 /bbl.

### Paraxylene (PX) Industry

Paraxylene (PX) prices experienced a sharp increase at the start of the year on the back of a strong recovery of Crude prices and improved downstream demand. The market was further incentivized by several planned and unplanned shutdowns in the region. However, the upward trend was capped in the second quarter of the year as Covid-19 cases resurged in the Southeast Asian and Indian subcontinent weakening the market sentiment. Nevertheless, the delays of a new PX plant start-up amid



PTA capacity additions provided some support to the prices. PX demand deteriorated in the second half of the year when the downstream PTA and polyester producers in China were forced to curtail operations to cater the government's energy-saving targets. The recovery of Crude prices in the last quarter assisted the PX market but high operating rates amid ample supply in the region limited the upward movement resulting in break-even margins. This consistent weakness in margins forced producers in China to reduce PX production rates as well as shift production to more lucrative products such as gasoline. The average PX margin over Naphtha for the year was US\$ 214 per tonne and the average price of PX was US\$ 858.78 per tonne compared to US\$ 578.25 per tonne in 2020.

## PTA Industry

The PTA industry mirrored the upstream feedstock markets and showed strength at the start of the year. PTA demand improved significantly as major global economies recovered from the pandemic. However, prices stagnated as the second quarter approached amid the resurgence of Covid-19 cases in Southeast Asia and the Indian continent. Moreover, the start-up of a new PTA capacity in China during the same timeline resulted in ample supply in the region and further limited the upward movement in price. During the third quarter of the year, several polyester producers in China were forced to reduce throughput in order to meet the

government's energy savings targets leading to an inventory build-up and consequently downward price movement. However, the market resisted the bearish trend to cope with rising Acetic Acid prices that nearly doubled from the start of the year. As the last quarter of the year commenced, PTA prices regained some strength on the back of strong feedstock prices. Additionally, as the aforementioned energy consumption controls eased in China, the downstream polyester producers ramped up their operating rate, providing further support to prices. Towards the end of the year, prices experienced a bearish trend as the World struggled to cope with a more contagious variant of the COVID-19. Several parts of China enforced lockdowns forcing the polyester producers to slash their operating rates that deteriorated the market sentiment.

PTA producers operated at an average rate of 73.4% in 2021 while the average PTA price for the year was US\$ 668.94 per tonne. The PTA margin over PX averaged at US\$ 103 per tonne for 2021 compared to US\$ 86 per tonne in the previous year.

## Domestic Downstream Industry

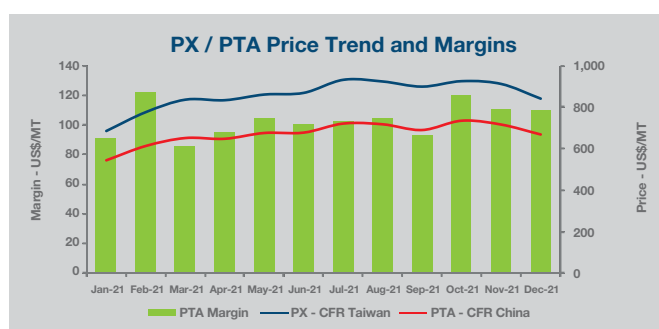
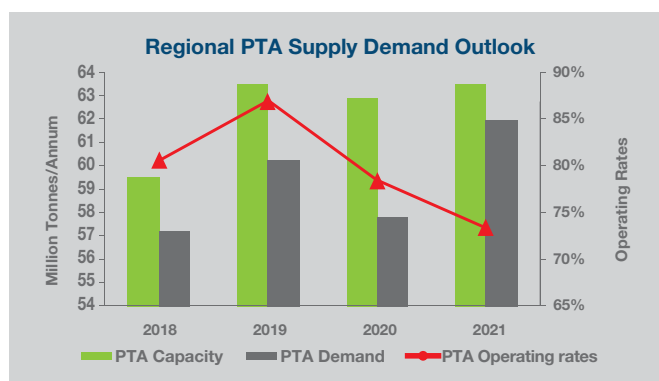
The polymer industry of Pakistan regained strength in 2021 and experienced a healthy demand growth of almost 25% compared to the previous year owing to resilient domestic and export demand. However, the global supply chain disruptions in the second half of the year led to delayed arrivals of raw materials forcing producers to rationalize operations. Additionally, disruptions in the energy supply to the industries during the winter season further restricted the operations of the textile sector. Nevertheless, the polymer industry exhibited significant signs of recovery compared to last year and operated at an average rate of 86% during the year, compared to 70% in 2020.

## Operations

The Board is pleased to report that Production and Sales volume for the year at 520,047 tonnes and 519,079 tonnes, respectively, were the highest ever since the commencement of PTA operations in 1998.

Production and Sales volume during the year were 25% and 21% higher than the corresponding period last year due to suspension of Plant operations for almost 54 days during Q2 2020 as a result of lockdowns to contain outbreak of COVID-19 pandemic.

The Company continued to make investments in its production facility, aimed at sustaining continuous reliable operations and to improve plant efficiencies.



## Health, Safety and Environment (HSE)

The Directors are proud to report that your Company has maintained due focus on HSE and has achieved a major milestone by completing 64.6 million man-hours as of 31st December 2021, without any injury to own or to contractors' employees. This is an impeccable record by any global standards. Your Company actively fosters a culture of training and capacity-building of its employees and invests in state-of-the-art equipments and techniques to ensure safety at all times.

During the year, both internal and external audits were carried out to verify compliance with regulations and standards. No major concerns were reported in these audits. In addition to this, the Company's liquid effluent met national environmental quality standards and gaseous emissions also remained within regulatory limits.

A detailed report on HSE performance and development in 2021 is available on page 62 of the Annual Report.

## Impact of the Company's Business on Environment

Protection of the environment remains a critical component of our sustainability vision. Energy, water, waste and resource conservation; biodiversity enhancement; emissions management and regulatory compliance; are all essential areas of focus for us.

We are committed to ensuring that our operations remain environment friendly - taking an avid interest in reducing our carbon footprint. In line with this belief, we maintain a state-of-the-art deep shaft technology Effluent Treatment Plant (ETP) to treat liquid effluent. To further improve our waste management the Company has implemented a project to install Anaerobic Reactor, installation of which was completed in Q4 2021. Being an ISO 14001 certified organization, and believing that long-term economic sustainability depends on ecological sustainability, our focus remains on reducing waste.

A detailed report on Environmental protection is available on page 66 of the Annual Report.

## Financial Performance

Revenue of Rs 67,165 million for the year was higher by 72% compared to Rs 38,965 million of previous year mainly due to higher PTA price. The Company posted a gross profit of Rs 7,581 million for the year as compared

Amount in Rs million	Year ended 31 December	
	2021	2020
Revenue	<b>67,165</b>	38,965
Gross profit	<b>7,581</b>	2,642
Profit before taxation	<b>6,499</b>	2,999
Taxation	<b>(1,856)</b>	(874)
Profit after taxation	<b>4,643</b>	2,125
Earnings per share (in Rupees)	<b>3.07</b>	1.40

to gross profit of Rs 2,642 million during the same period last year. Distribution and selling expenses were 12% higher than last year due to overall impact of high inflation. Other operating expenses were higher than last year mainly due to higher provision for Workers' Profit Participation and Workers' Welfare Funds on the back of higher profit.

The taxation charge for the year is based on statutory income tax rate and tax under Final Tax Regime (FTR) as adjusted by the movement in the deferred tax account.

Earnings per share (EPS) for the year increased to Rs 3.07 per share as compared to Rs 1.40 per share for last year.

## Dividend

During the year, an interim dividend @ Rs 1.50 per ordinary share (15%) for the year ended 31 December 2021 as approved by Board of Directors, was paid to the shareholders of the Company.

## Human Resources

Throughout 2021, HR standards were held high and untiring efforts were made to increase efficiency and accountability, while improving services to our customers and streamlining our administration. Your Company remains passionate about promoting and maintaining a positive culture of employee engagement in order to maintain the Company's market position, attracting, retaining and developing talent across. As part of its human capital strategy, the Company advocates equal opportunity employment. While we ensure compliance with the prevailing labor laws, we follow best practices in industrial relations and ensure a productive and positive work environment for all.

A detailed report on human resource performance and development in 2021 is available on page 52 of the Annual Report.

## Corporate Social Responsibility (CSR) Activities

As a socially responsible corporate citizen, your Company has committed itself to the uplift of local communities and society. We have identified Health and Education as the foremost need of our people and strive to improve these areas by supporting and partnering with charitable organizations. In order to better organize CSR activities the Company has established LOTTE Pakistan Foundation (LPF).

A detailed report on CSR activities undertaken by the Company in 2021 is available on page 68 of the Annual Report.

## Future Outlook

Crude Oil (WTI) prices are expected to continue trending upwards amid consistent improvement in oil demand as the world evades drastic lockdown decisions owing to the less severity of the COVID-19, Omicron variant. Furthermore, the overall Crude Oil market is expected to remain tight as OPEC+ struggles to meet its commitment on improving output. However, the prices may witness some correction if the cartel decides to add more barrels to the market. Additionally, the market awaits the conclusion of the US-Iran nuclear talks that may significantly influence the oil market balance in 2022.

PX market is expected to gain strength in 2022 mainly driven by the projected increase in Crude prices and gradual recovery from the downstream polyester sector as the threat of severity of the Omicron variant begins to fade. Capacity additions of approximately 11.8 million metric tonnes and 11.3 million metric tonnes in the PX and PTA market respectively are planned in China for the upcoming year that may exert downward pressure on the price and add further length to the market. Nevertheless, growing polyester demand and new plant start-ups of almost 6 million metric tonnes in the region may help in balancing the supply-demand equation.

The domestic Polymer industry is projected to continue operating at a healthy rate amid significant planned investments in the textile industry. Moreover, the expected approval of the Government's incentives to the Textile sector in the Textile and Apparel Policy 2020-25, may further improve the market sentiment. Additional demand for PTA is expected from the downstream polymer sector as a new producer expects to come online towards the end of 2022. However, the prevalent energy crisis may continue to pose a challenge for producers struggling to achieve consistent operations.

## Corporate Governance

The Directors are pleased to state as follows:

- The financial statements of the Company, prepared by the management fairly present its state of affairs, the results of its operations, cash flows and the changes in equity.
- Proper books of account have been maintained by the Company.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and the accounting estimates are based on reasonable and prudent judgments.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of the financial statements and departures there from, if any, have been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts on the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of Corporate Governance.

## Principal Activities

The Company is engaged in the manufacture and sale of Pure Terephthalic Acid (PTA). There have been no changes in the nature of the principal activities during the financial year.

## Risk Management

The Audit Committee monitors the Company's risk management process and reviews the adequacy of the risk management framework. The Board has an overall responsibility for the risk management process and internal control procedures. The Company's documented and regularly reviewed procedures are designed to safeguard our assets, address risks facing the business, and ensure timely reporting to the Board and senior management. A clear organizational structure with defined delegation of authorities is maintained and the senior management takes the day-to-day responsibility for implementation of procedures, ongoing risk monitoring, and effectiveness of controls.

A statement summarizing principal risk and uncertainties faced by the Company is given on page 37 of the Annual Report.

## Composition of the Board

The total number of directors and composition of the board is as follows:

Total number of Directors	Nos
(a) Male	7
(b) Female	1
	8

Composition of the Board	
Independent Directors	3
Non-executive Directors	2
Executive Directors	2
Female Director	1

## Committees of the Board

The names of members of the Board's committees are given below:

Audit Committee	
Mr Pervaiz Akhtar	Chairman
Mr IL Kyu Kim	Member
Mr Adnan Afridi	Member

HR and Remuneration Committee	
Mr Pervaiz Akhtar	Chairman
Mr Sang Hyeon Lee	Member
Mr Young Dae Kim	Member

The names of the persons, who at any time during the financial year ended 31 December 2021, were Members of the Board and its Committees along with their attendance is as follows:

Name of Director	Board of Directors meetings	Audit Committee meetings	HR & Remuneration Committee meetings
Mr. Min Jae Hwang	4	-	-
Mr. Humair Ijaz	4	-	-
Mr. Sang Hyeon Lee	4	4	1
Mr. In Goo Park (resigned w.e.f 25 Jan 2021)	-	-	-
Mr. Young Dae Kim (appointed w.e.f 25 Jan 2021)	4	-	1
Ms. Won Lee	3	-	-
Mr. Pervaiz Akhtar	4	4	1
Mr. Adnan Afridi	4	4	-
Mr. Mohammad Zubair	4	-	-

Leave of absence was granted to directors who could not attend some of the Board meetings.

During the year, 4 (four) Board of Directors, 4 (four) Audit Committees and 1 (one) HR & Remuneration Committee meetings were held. All Board meetings were held in Pakistan.

## Director's Remuneration

The Board of Directors has approved a policy for remuneration of Non-Executive Directors (excluding the nominees of major shareholder) in respect of attendance at each Board of Directors, its Committee and General meetings of the Company. The policy also provides for reimbursement of reasonable expenses incurred for attending required Board and General meetings of the Company.

A statement summarizing remuneration of Chief Executive and Directors is disclosed in note 37 to the financial statements.

## Board Evaluation

As required under the Listed Companies (Code of Corporate Governance) Regulations, evaluation of the board's own performance, members of board and of its committees of the Lotte Chemical Pakistan Limited was completed for the financial year ended 31 December 2021.

The online assessment was carried out by engaging external independent facilitator, THK Associates (Pvt.) Ltd.

## Key Operational and Financial Data

A statement summarizing key operating and financial data for the last six years of the Company is given on page 75 of the Annual Report.

## Investment in Retirement Benefits

The value of net assets of the staff retirement funds as per their respective audited financial statements for the year ended 31 December 2020 is as follows:

	Value (Rs '000)
Lotte Chemical Pakistan Management Staff Provident Fund	614,172
Lotte Chemical Pakistan Management Staff Gratuity Fund	360,493
Lotte Chemical Pakistan Management Staff Defined Contribution Superannuation Fund	465,026
Lotte Chemical Pakistan Non-Management Staff Provident Fund	10,158
Lotte Chemical Pakistan Non-Management Staff Gratuity Fund	5,359

## Pattern of Shareholding

The statement of Pattern of Shareholding in the Company as at 31 December 2021 is annexed to this Report.

## Adequacy of Internal Financial Controls

The Board, through the Audit Committee monitors and reviews the adequacy of the internal controls. The Company's system of internal control is sound in design and has been continually evaluated for effectiveness and control. The internal control framework has been effectively implemented through outsourcing the internal audit function to M/s EY Ford Rhodes, Chartered Accountants who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

**Sang Hyeon Lee**  
Chairman

Date: 17 February 2022  
Karachi

## Trading in Company Shares

The Directors, Chief Executive, Chief Financial Officer, Company Secretary and Head of Internal Audit and their spouses and minor children did not carry out any transaction in the shares of the Company during the year, except for transfer of one share to Mr Young Dae Kim.

## Holding Company

Lotte Chemical Corporation, South Korea continues to hold 75.01% shares in Lotte Chemical Pakistan Limited.

## Subsequent Events

No material changes and commitments affecting the financial position of the Company have occurred between the end of the financial year of the Company i.e. 31 December 2021 and the date of this report.

## External Auditors

The present auditors M/s KPMG Taseer Hadi & Co., Chartered Accountants, retire and being eligible, have offered themselves for re-appointment. The Board has recommended the re-appointment of the retiring auditors for the year ending 31 December 2022, as suggested by the Audit Committee, for approval of the shareholders in the forthcoming Annual General Meeting.

## Acknowledgement

We acknowledge and are thankful for the continued support of our shareholders, customers, suppliers and employees.

**Humair Ijaz**  
Chief Executive

# Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019

## Lotte Chemical Pakistan Limited Year ended 31 December 2021

The Company has complied with Listed Companies (Code of Corporate Governance) Regulations, 2019 (here-in-after referred as 'the Regulations') in the following manner:

1. The total numbers of directors are eight (8) as per the following:
  - a. Male: 7
  - b. Female: 1
2. The composition of the Board is as follows:

Category	Names
Independent Directors	Mr Pervaiz Akhtar Mr Adnan Afridi Mr Muhammad Zubair
Non-Executive Directors	Mr Min Jae Hwang (Chairman) Mr Sang Hyeon Lee
Executive Directors	Mr Humair Ijaz Mr Young Dae Kim
Female Director	Ms Won Lee (Non-Executive director)

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.
 

Regulations with respect to frequency, recording and circulating minutes of meeting of Board.
4. 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 procedures.
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Company.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board/Shareholders as empowered by the relevant provisions of the Companies Act, 2017 and the Regulations.
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Companies Act, 2017 and the
 

8. The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Companies Act, 2017 and the Regulations.

9. As at 31 December 2021, six directors namely Mr Humair Ijaz, Mr Sang Hyeon Lee, Mr Pervaiz Akhtar, Mr Adnan Afridi, Mr Muhammad Zubair and Mr Young Dae Kim along with the Chief Financial Officer have completed the required certification of Directors Training Course from authorized institutions.

10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations. However, no new appointments were made during the year.

11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board.

12. The Board has formed committees comprising of members given below:

**Audit Committee**

Mr Pervaiz Akhtar	Chairman
Mr Sang Hyeon Lee	Member
Mr Adnan Afridi	Member

**HR and Remuneration Committee**

Mr Pervaiz Akhtar	Chairman
Mr Sang Hyeon Lee	Member
Mr Young Dae Kim	Member

13. The terms of reference of the aforesaid Committees have been formed, documented and advised to the Committees for compliance.
14. The frequency of meetings of the committees were as per following:

<b>Committees</b>	<b>Frequency of meetings</b>
Audit Committee	Quarterly
HR and Remuneration Committee	Yearly

15. The Board had outsourced the internal audit function to M/s EY Ford Rhodes, Chartered Accountants who are

considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan (ICAP) and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Directors of the Company.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Companies Act, 2017, the Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all requirements of regulations 3,6,7,8,27,32,33 and 36 of the Listed Companies (Code of Corporate Governance), 2019 have been complied with from the date of its applicability.



**Sang Hyeon Lee**  
Chairman

Date: 17 February 2022  
Karachi



**Humair Ijaz**  
Chief Executive



KPMG Taseer Hadi & Co.  
Chartered Accountants  
Sheikh Sultan Trust Building No. 2, Beaumont Road,  
Karachi 75530 Pakistan  
+92 (21) 35685847, Fax +92 (21) 35685095

## Independent Auditors' Review Report

### To the members of Lotte Chemical Pakistan Limited

### Review report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Lotte Chemical Pakistan Limited ("the Company") for the year ended 31 December 2021 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. 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 Regulations.

As a part of our audit of the 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 Regulations require 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. 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.

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 requirements contained in the Regulations as applicable to the Company for the year ended 31 December 2021.


Date: 23 February 2022  
Karachi  
UDIN: CR202110096OJoNCW4qs

**KPMG Taseer Hadi & Co.**  
Chartered Accountants

# ON-SITE MANAGEMENT

We believe in accurate evaluation and quick decision making. We evaluate the business progress through direct communication in the field with customers, executives and partner companies, and include their ideas and suggestions in our strategy.



A photograph of three hands holding up large, colorful paper arrows pointing upwards. The left hand holds a green arrow, the middle hand holds a purple arrow, and the right hand holds a blue arrow. The hands are wearing business attire: a grey suit sleeve, a dark blue suit sleeve with a light blue striped cuff, and a purple suit sleeve with a light purple striped cuff. The background is a plain, light-colored wall.

## Functional & Operational Excellence

Human Resources (HR)	52
Information Technology (IT)	55
Manufacturing Excellence	57
Technical Training Centre (TTC)	60
Total Productive Management (TPM)	61
Health, Safety and Environment	62
Energy Conservation	66
Environmental Protection	66
Societal Responsibility	68
Labour Relations	70
Product Stewardship	70
Economic Contribution	71

# Human Resources (HR)

We believe that employees are a company's greatest asset and are the key to an organization's continuing success. Therefore, we concentrate our efforts towards attracting, developing and retaining talented people who possess the characteristics necessary to help the organization achieve its current and future objectives. We maintain a culture conducive to learning, and ensure adequate training is being imparted to each individual to encourage their personal and professional development. Our organizational culture is reflective of our flexible and modern Human Resource policies, which help each employee, not only realize their true potential, but also enhance it. We treat all employees and service providers fairly, compensate them according to industry norms and provide them with a safe working environment.

## Training and Development

We believe that the quality of training the company's employees receive significantly impacts their performance. Our thorough and timely training and development programs ensure that our employees possess all the skills necessary to perform optimally. Through a structured process, we provide management and leadership development opportunities to our employees. The development

needs of our employees are identified within the framework of our performance evaluation system. Development areas for each individual are determined by comparing employees' existing capabilities and competencies to those targeted, which, in turn, provides input for the Training Need Analysis. This process also aligns employee development with company strategy.

In light of the ongoing pandemic and COVID-19 SOPs in place, only essential trainings were identified and imparted via class room and on-line to the employees during the year.

## Talent Acquisition

The Company hires fresh and talented graduates from a range of professional and academic disciplines. We perceive them as future business and industry leaders and nurture them within our organization by providing them with training and development opportunities.

Several Graduate Trainee Engineer Recruitment Drives were conducted in 2021. The recruitment drives follow rigorous selection criteria through which we hire young and talented individuals from top engineering universities of Pakistan.





We provide opportunities to our trainees to network with the leaders and decision makers in their fields. Such networking opportunities serve as an excellent means to gain insight and practical knowledge from experienced industry practitioners. Furthermore, our personnel development plans ensure we offer the appropriate support, training and coaching so that our employees succeed at all levels.

The Company also extends internship opportunities to students from various universities offering technical and business management programs. The internship program provides them with an opportunity to gain familiarity with the corporate culture and business practices of the Company, while working alongside highly professional and supportive staff. Compared to previous years, the internship program was vastly scaled down due to concerns around health and wellbeing of the interns and LCPL staff.

Our structured Apprenticeship Program, under the guidelines of Government of Pakistan rules and regulations, is also one of the talent acquisition sources. Under this program, apprentices are provided with an opportunity to gain 24 months of training in different areas and functions of the plant. Through this process, they not only gain a thorough understanding about the technical know-how of the plant, but also a comprehensive understanding of processes related to occupational health and safety.

## **New Career Portal**

The Company continuously improves its recruitment system by leveraging technology. In the year 2021, a new career portal was developed and implemented. By making use of this portal, the Company's HR personnel, post job vacancies online and electronically sift through resumes of eligible candidates. The system not only saves costs and time but also allows the HR department to generate statistics and reports pertaining to job applications, conduct analyses and respond to applicant queries. Additionally, this portal provides the Line Managers access to resumes, in turn increasing their participation in the recruitment process.

## **Employee Engagement**

We are eager to engage with our employees, willing to hear their voices and help ease their concerns. The Human Resources department maintained focus on the key HR areas and undertook various initiatives to encourage and enhance the virtual engagement of employees.

## **Dialogue Sessions**

Communication sessions provide a platform for employees to interact with Management which improves communication and engagement. Keeping in view the safety of employees, limited sessions were held during the year due to COVID-19.

## Recreational Activities

LCPL understands the importance of recreational activities. These activities provide help to improve the physical well-being, emotional health, and cognitive functioning of employees. Unfortunately, due to strict social distancing policy implementation to reduce the spread of COVID-19, no such kind of activities arranged in 2021.

## Newsletter

We publish a Company's Newsletter 'Connect', in which important events are shared with employees and other stakeholders. Topics such as HR development, social events, business performance, CSR interventions, HSE performance, and continual improvement initiatives are regularly featured in the newsletter.



## Employee Satisfaction

We believe that employee satisfaction plays an important role in engagement with the Company. We carried out food and transport related surveys to obtain valuable feedback on these services from our employees. Actions for improvement were subsequently implemented.

## Diversity and Inclusion

We welcome diversity in terms of gender, ethnicity, beliefs, skill and life experiences, as we believe that a diverse workforce drives us forward. Multiple perspectives and experiences in the workplace allow us

to understand the mindset of our customers, suppliers and communities - helping us with developing innovative solutions and enhancing our Corporate Social Responsibility efforts.

One of our key challenges is to balance gender diversification in our organization. With females under-represented in the petrochemical industry, we encourage and fully support them to join our team.

Our selection process is unbiased, and our goal is to hire creative thinkers and innovators who display out-of-the-box thinking. Multi-taskers, flexible and passionate people who possess a progressive perspective and continuously improve and inspire themselves and others, remain our key strengths, and ultimately, our business drivers. A number of measures including strategic workforce planning, as well as program and policy development, are used to address issues of diversity and equal opportunity. Recognizing the benefits of a diverse workforce, the Company instills a culture of respect and tolerance within its employees.

## Talent Localization

The Company cultivates constructive and mutually beneficial relationships with its employees, customers, suppliers and communities. Our vision is to be the preferred supplier and employer in Pakistan, as well as in the markets we operate in. Our talent management efforts integrate a variety of components to develop local workforce and to utilize talent in Pakistan. In 2021, most of our workforce comprised of local talent.

We work towards employing the right people to deliver the services and operational excellence our customers require, when and where they need them, as well as build and strengthen local talent pools. We offer cutting-edge training and competency development programs.

## Transparency and Ethics

We expect our employees to adhere to the highest standards of integrity, discipline and ethics, which are fundamental to our company's success. Our Code of Conduct stipulates our exceptions, guiding employees to carry out ethical business practices. A separate 'Speak Up' policy is also in place to facilitate strict adherence to the Code of Conduct. We follow and set procedures for transparent business and free enterprise, which comply with the applicable laws and regulations.

# Information Technology (IT)

COVID-19 has significantly altered the routine life both at home and the workplace. In these trying times, the IT department took extraordinary measures to support the policy of “Work from Home” and provided excellent facilities to users to allow them to work from home without any interruptions which helped us ensuring business continuity.

The role of Information Technology is very important and has touched every aspect of the business. Today, IT is providing information to the business to become more productive, increase performance, save money, improve the customer experience, streamline communications and enhance managerial decision-making. IT is now at par with other departments such as Finance, Marketing, Commercial, and Human Resource and has become an imperative and integral function of the organization.

## IT Steering Committee (ITSC)

IT has become a major resource for fueling business innovation and has more responsibilities than ever to lead the Company forward. The IT Steering Committee function focuses on strategic IT issues - how to make IT

work for the business, improve Company performance, examine ways to exploit the maximum potential of information systems from existing and new IT products and provide innovative and cost-effective IT solutions.

The IT Steering Committee monitors and reviews the project status, as well as provides suggestions on its future plans with a visionary view.

## The Company's Business Processes

We continuously map and document our business processes to reduce process complexity, streamline operations, and improve controls by transforming processes into automated functions. To enhance efficiency and productivity, we also develop plans and conduct training to introduce automated workflow systems.

## Teamwork

Our "one team" attitude helps us to engage effectively from the c-suite to the front line. Our collaborative



working methodology emphasizes teamwork, trust, and tolerance for varying thoughts. We are a team of multi-skilled and talented people who engage with each other to find solutions to problems - and are keen on tackling challenges with perseverance.

## Major Projects / Improvements

Operational excellence has always been, and continues to be, an integral part of IT function.

During the year 2021, two major systems were upgraded to the latest version.

### MAXIMO Upgrade

In April 2021 the IT department had started a project to upgrade Maximo software from version 6.2.8 to version 7.6.1.2 and successfully completed it in August 2021.

### InfoPlus.21 Upgrade

InfoPlus.21 Upgrade Project In August 2021 the IT department had started another upgrade project of InfoPlus.21 from version 8.8.3 to version 11 and was successfully completed in August 2021.

Many new systems were developed and improvements were made in the existing systems to meet business requirements. The systems were developed for all business functions across the organization using different platforms such as Oracle, IBM Notes and Web.

IT infrastructure was also upgraded to provide efficient service to users. The upgrade included servers, routers, switches and internet bandwidth, which resulted in minimizing the downtime of the systems and maximizing the productivity of the users. Video conferencing facility was improved which has enhanced communication and reduced expense.

## Business Intelligence Tools

We have already started working on business intelligence tools which will provide insights and help

simplify information within our Company. Such tools will result in faster and easier decision-making by providing key information to decision-makers in a timely and efficient manner by way of dashboards - displaying possibilities for targeted planning and forecasting based on existing data.

## Information Security

Currently, information security is crucial to the entire organization. Information security is defined as the protection of information and system, and hardware that use, store and transmit that information. It is important that these systems are used, operated and managed efficiently and effectively to ensure business continuity and to enable the organisation to meet its requirements.

Keeping in view the importance of Information Security, LCPL developed policies and procedures which enable to manage business risks through defined controls that provide appropriate measures to ensure confidentiality, integrity and security of data, and continued availability of business-critical systems and information. These policies and procedures are audited by internal and external auditors annually.

## Value Addition and Future Investment

Our Company is committed to continuously improving its IT infrastructure, technologies, processes and procedures. This results in improved controls, enhanced reporting, optimized procedures and best overall performance.

We foster collaboration, innovation and creativity, trying our best to play a vital role in ensuring efficient and effective business processes while thinking of innovative ways to help the business benefit from technological advances. We continue to demonstrate "out-of-the-box" thinking and our goal remains to be a model IT functions, which plays a critical role for our business.

# Manufacturing Excellence

LCPL is always committed to continuously raising the benchmarks in order to elevate its performance in every aspect of operations. LCPL takes lots of pride for establishing a system and culture within the Company that commands its employees to realise their true potential and at the same time motivates them to work with sheer dedication, commitment and highest standards of professionalism. This has resulted in manufacturing and delivering the product of world class quality day in day out and thus meeting the expectations of its customers flawlessly, leading to a long term stronger growing bond.

LCPL believes in empowering its employees and gives them freedom to work freely and encourages them to bring up new ideas and initiatives. LCPL always sets challenging and stretched targets every year that motivate the team to pursue excellence and immaculate delivery in manufacturing.

LCPL's efficient Plant operations and adherence to highest International standards of safety, health and environment not only ensures a quality product but also makes sure that all its employees and contractors working within its premises are well protected against all hazards and risks.

The year 2021 was a year that led to achieving ever highest Production of PTA in more than 23 years of operational history of the Plant. Despite the fact that Plant is aging, this feat speaks volumes of the capabilities and professional skills of the Manufacturing team, upkeep of the Plant and the way the Plant and its equipment is being maintained and modernized with new advancements in technology. A record breaking milestone of 520 KT PTA in a year manifests manufacturing team's unwavering dedication and hard work. In 2021, Manufacturing team also broke previously set up record of highest ever production of PTA in a single month.

## HSE:

- Successfully sustained the business goal of Zero injury
- Successfully achieved 64.6 Million Man-hours without Lost Time Case
- 100% Compliance achieved in CWC (Chemical Weapons Convention) internal audit
- 100 % Compliance in Fire Insurance Audit -2021
- 100% Compliance of IMS Systems (Integrated Management System) - No NC (Non-Compliance) reported in IMS Surveillance Audit -2021





- LCPL achieved 18th Annual Environmental Excellence Award and 11th Annual Fire & Safety awards by National Forum of Environment & Health Pakistan

**Plant Availability** - LCPL always emphasizes on maximizing Plant availability and this year was no different, engineering team's proactive and predictive maintenance approach led to achieving ever best Plant availability figures of 97.25 %.

CTA Dryer caustic wash interval was enhanced to 4 months from 2 months with innovative and out of box solutions by the team. The caustic wash duration of

Dryer was reduced by 10 hours so all these innovations also contributed to enhancing Plant availability.

The performance of Gas Turbine Generator (GTG) is very sensitive to its environmental conditions; therefore keeping dirt free air intake of gas turbine in a contaminated atmosphere is a massive challenge. During first quarter of this year, Gas Turbine had to face extremely harsh smoky and dusty atmosphere from our neighboring industries that caused its multiple shutdowns for water washes and replacement of air intake filters. Co.Gen. team always strives for the maximum availability of gas turbine despite having inescapable challenging surroundings; therefore

brainstorming was carried out to minimize the downtime of gas turbine for water washes and its air intake filters replacement. An initiative was taken to replace combustion filters in parallel with the water wash activity without taking additional 06 hours which were earlier planned for this job. The job was closely supervised and filters replacement activity was completed within the planned duration. Team also decided to replace ventilation filters online, without shutting the turbine down. Both initiatives helped in reducing downtime of GTG and at the same time also minimized variable cost of Plant in terms of power, natural gas and diesel consumptions.

**AETP Commissioning** - By year end of 2021, a remarkable achievement was made in the form of completion and commissioning of AETP Project (Anaerobic Effluent Treatment Plant), which is now converting all waste streams from the plant to fuel gas which shall be used as a substitute of natural gas in

Boilers. Earlier all plant waste was only being processed in aerobic effluent reactor with the utilization of high energy.

During the year-2021, LCPL has modified the catalyst recovery unit aiming to 99% catalyst recovery. This was successfully commissioned and gave desired results. This was in-house development which resulted best in class performance comparable to latest technology plants.

**Gas Turbine Engine Exchange:** The 48MW GE LM6000 PD Aero-derivative Gas Turbine is the most critical asset at our Plant as it not only powers base plant thereby saving valuable variable cost on account of power import but is now also a source of additional revenue for the business through the export of surplus power to K-Electric. Gas turbine engine was replaced successfully and efficiently as per plan, which will ensure sustained and reliable availability of power to the Plant for it's own consumption plus for export to KE.



# Technical Training Centre (TTC)

Since 2009, LCPL's Technical Training Centre (TTC) has been providing a systematic method of training to all plant personnel working in various departments. TTC serves as a training resource to enhance professional skills and competencies of all the manufacturing staff, offers training and Orientation sessions on LCPL best HSE practices to neighboring industries and providing road map to incoming apprentices and engineering graduates, in turn playing a key role since its inception to achieve business objectives.

Training centre is equipped with a variety of state-of-the-art facilities. There are number of training rooms of various sizes, to cater to the requirement of individual training/trainer. The display area contains models of plant equipments to facilitate the trainers. Also a number of training manuals, modules, APIs and other forms of technical and safety literature such as videos are regularly updated by staff members at the TTC.

## Training KPIs

In 2021, continued focus was maintained on TTC activities with compliance of Covid-19 SOPs. A total of 72 Technical & HSE trainings were conducted at the Company. Overall training man-days (for both LCPL and contractors staff) were 2669.75 days in comparison to the year 2021 where it was 993.

## Orientation Training for Trainee Engineers and Apprentices

A four-week orientation programme has been formulated for fresh graduates who join the company. The aim of the programme is to give graduates an overview of the basic operational and safety procedures of the plant before they start their formal training in their respective sections. In 2021, two batches of 12 Trainee Engineers (TEs) completed their HSE orientation training at TTC, which was conducted by its internal Company staff.

An 8-week orientation program has been developed for apprentices, which provides basic training on different areas of the plant, during 2021 one batch of apprentices completed their orientation at TTC.

## Internal Faculty Recognition Programme

In line with Company's strategy to enhance and hone people' skills and abilities, LCPL has developed a talented



pool of in-house trainers through Internal Faculty Recognition Programme (IFRP). Launched in August 2013 by the Sustainability department, the IFRP is driven by the TTC.

The pool of internal trainers conducts various learning and development programmes within the Company, which saves training costs and helps improve a learning-culture based on knowledge sharing.

## Job Qualifying Programme (JQP)

Job Qualifying Programme is a structured training programme to enhance competency and skills of the manufacturing staff. JQP is a self-study programme that is followed by a written and practical examination - providing a great avenue for employees who want to sharpen and diversify their skills while working. Candidates are equipped with thorough knowledge throughout their training, be it in the form of quality reading material or regular guidance from line managers. JQP examinations are held twice a year - in April and September.

## Core Development Plan for Engineers (CDPE)

The CDPE was designed to enhance the technical skills and knowledge of engineers, and bring them in line with the Company's Standards and Practices. CDPE is designed for graduate engineers of all disciplines-ranging from chemical, mechanical, electrical , Instrumentation etc - who have started their careers or have up to 5 years' work experience with the Company.

# Total Productive Management (TPM)

TPM is a plant improvement methodology which enables continuous and rapid improvement through use of employee involvement, employee empowerment, and closed-loop measurement of results. It involves individuals working in small organized teams to create the most efficient working environment and mechanisms, while conforming to the highest safety parameters.

With the goal to achieve global competitiveness through operational excellence, Total Productive Management (TPM) was launched in October 2013.

## 5S Activities

The 5S process is one of the most fundamental and widely-applied methodologies around the world. It is the foundation of TPM. The guiding principles underlining the 5S system include: organization, cleanliness, and standardization.

The concept behind 5S is simple: minimize waste and improve efficiency by ensuring that workers spend time on productive tasks rather than looking for misplaced tools and sort through waste material. 5S implementation ultimately improves workplace environment and creates a self-sustaining culture within the organization.

## TPM Autonomous Maintenance

The first pillar of TPM, Autonomous Maintenance (AM) is about maintaining one's equipment by oneself through cross functional team efforts. This pillar was started in mid-2016, and is a collaborative activity involving Production, and Technical teams working together to maintain basic conditions on shop floor, optimal performance of machines, and skill enhancement of the staff. The intent is to keep plant operation effective and stable to achieve production targets.

A new chapter of AM was started this year, where the core focus has now been shifted to the skill enhancement of the teams and revision of routine activities and operating procedures. In the new AM phase teams are working on resolving long standing waste factors and concerns, and eliminating losses and potential risks.

## TPM Planned Maintenance

Planned Maintenance (PM) is the pillar of TPM that aims to achieve zero breakdowns and improve machine reliability. The objective of PM is to improve the effectiveness of operational equipment, in terms of increasing its reliability, maintainability, and performance and reducing maintenance costs and equipment failures. It is the deliberate methodical activity of building and continuously improving maintenance system.

Engineering team has been divided into 8 smaller groups for the implementation of this pillar. The pillar was started in 2020 and during 2021, we have been able to reap benefits of the system at various levels.

## TPM Quality Maintenance

TPM Quality Maintenance (QM) was started at LCPL in September 2017. This pillar is aimed towards customer satisfaction by maintaining highest quality through defect free manufacturing and on eliminating non-conformances in a systematic manner.

In 2021 the teams worked on developing operation and maintenance manuals of laboratory equipment, on skill enhancement of team members, and on development of training materials for individual laboratory equipment. Special focus was on efficient management of storage spaces in Laboratory.

## Suggestion & Reward System (SRS)

To improve manufacturing functions at the Company's plant site, a suggestion and Reward System (SRS) was initiated in December, 2014. With the help of the IT department, an SRS database was developed, allowing employees to input their suggestions related to plant or process improvement.

This year 300 suggestions were raised in the system and 102 were implemented, resulting in significant cost saving for business. This is the highest ever number for SRS since the launch of database.

# Health, Safety and Environment

LCPL's performance of 64.6 million man-hours (as at 31 December 2021) without LTC is a landmark achievement by global standards. It places LCPL amongst the best Petrochemical companies and is a testament to Company's commitment towards compliance to world class safe systems & practices, and active participation of the employees & contractors staff.

Health, Safety and Environment (HSE) management forms an integral part of LCPL's core values and company remains committed to instill these values amongst its employees and contractors. To achieve world class standards, the Company has developed HSE management systems which comply with international guidelines and local legislative requirements.

Throughout the years, LCPL has maintained exceptional safety records. Currently, amongst petrochemical industry, the LCPL is one of the leaders in terms of maintaining highest standards in Health, Safety and Environmental performance in all aspects of its operations. During its twenty three years of operation, LCPL has sustained an excellent safety record. The Company crossed a milestone of 64 million man-hours

without Lost Time Case (LTC) in 2021. The long-term objective of "zero injury" remains unchanged because we believe that every occupational accident is one too many.

The continued success in HSE field is indicative of company management's resolve and the commitment by the teams beneath at all levels. At LCPL, management, non management and contractor staff work together to ensure conformance to highest safety standards. The management's focus on Health, Safety and Environment defines company's vision and success criteria for the future.

LCPL reemphasizes the importance of safety within its staff by organizing capacity building workshops and hands on trainings to ensure its workforce



conducts its business safely, correctly and in tune with world class safety standards. Use of first aid kits for medical emergencies and CPR are part of its routine training plans. Additionally, LCPL formulates health and hygiene monitoring plans at the beginning of the year which is religiously followed during the course of the year which entails regular medical examinations in order to ensure occupational illness free environment for its employees.

## 2021 HSE Highlights

- Completed 64.6 Million Man-Hours without Lost Time Case (LTC) for our employees and all contractor staff
- Successfully completed An-Aerobic Treatment Plant (AETP) Project without any major injury or incident
- Achieved 18th Annual Environmental Excellence Award from National Forum for Environment and Health (NFEH)
- Achieved 11th Annual Fire & Safety Award from National Forum for Environment and Health (NFEH)
- Successfully maintained certifications of IMS standards (ISO 9001:2015, 14001:2015 & 45001:2018) without any Non Compliance
- Fully compliant in legislative requirements of sealed radiation sources implemented by Pakistan Nuclear Regulatory Authority (PNRA)

## Occupational Health and Safety Management System

In 2012, Company embarked on aligning its comprehensive HSE&S Management System with the International OHSAS-18001(Now ISO 45001:2018) Health & Safety Management System and ISO-14001 Environment Management System. Since March 2012, LCPL is ISO-45001 and ISO-14001 certified. Independent auditors from the internal HSE department monitor compliance with the systems.

An ISO 45001:2018 system provides the Company regular updates and benchmarking to Industry's best practices. The ISO 45001:2018 Occupational Health and Safety Management System reduces harm to employees and other personnel, therefore reducing overall liability.

The Company's ISO 45001:2018 Safety Management Systems focus on the following best practices in safety management:

**Incident Prevention** - Work-related incidents are prevented through several layers of protection, including safe design, work practices, use of personal protective equipment, safe behavior and by using appropriate engineering, operating and administrative controls.

**Management Leadership and Accountability** - Management establishes clear safety expectations and goals, providing resources, establishing processes and monitoring overall progress.

**Employee Involvement** - Employees are involved in all aspects of the safety programme, and remain committed to working safely and protecting the safety of others.

**Regulatory Compliance** - Complying with applicable laws and regulations is an integral part of the Company's safety programme.

**Inclusive Scope** - Our safety objective is to prevent workplace incidents, injuries and illnesses for employees, contractors, visitors, suppliers and customers. Our ultimate goal is to provide our employees with the skills and attitude to ensure safety remains the number one priority even in their personal lives.

**Safety Education** - Employees are provided with the knowledge and skills necessary to work safely.

**Assessment** - Assessment and benchmarking against the world's safety leaders drives continual improvement through adopting best practices.

**Emergency Preparedness** - Emergency response plans and capabilities are maintained and tested to manage emergencies related to the Company's facilities and operations.

**Hazard Control** - Hazard studies are a vital component of Company's engineering procedures which are carried out for new plants, processes, buildings, services and operations. Company identifies assess, control and monitors various hazards at workplace. In 2021, LCPL carried out multiple hazard studies, including modifications & Periodic Hazards Reviews (PHR) related to process improvement, variable cost reduction, system upgrade and new initiatives.



## Accident Prevention

Industrial accidents not only cause suffering and distress amongst the workers and their families, but also represent a significant material loss to the society. Slips, trips and falls are leading causes of accidents within the workplace. Other hazards which can lead to accidents include falling objects, thermal and chemical burns, fires and explosions, dangerous substances and stress. To prevent accidents from occurring, Company has a comprehensive HSE system that incorporates training, risk assessment and monitoring.

LCPL identifies and prioritizes key risks, strengthens control over contractors working at site extends its safety programmes beyond manufacturing facility to the sales, Administration and distribution portfolios.

## Internal Audits

Company has a thorough internal audit system which monitors possible safety violations and wrong practices and identifies corrective measures. Safety officers conduct daily field audits, ensuring workers are practicing safe working protocols. The safety officers work towards identifying and eliminating immediate safety concerns that could otherwise lead to incidents, or eventually to greater grave accidents.

The safe-unsafe act (SUSA) audit system on the other hand, is a more action-driven audit, involving a team of managers who visit the plant and identify both safe and unsafe acts that employees may engage in, while performing their duties. Company appreciates and acknowledges safe acts which are highlighted in weekly communication meetings. Acts which are deemed unsafe are corrected on the spot by counseling the concerned individual. Unsafe acts are also brought up in weekly meetings so they serve as learning opportunities for others, in turn avoiding future occurrence.

## Process Safety

Company's commitment to protect the environment and the communities begins with operational safety. The Company has extensive processes and procedures to prevent incidents from occurring and if they do occur, to reduce their impact.

Assessing risks and finding ways to reduce them is the prime objective in order to reduce exposure of the employees and communities. Company engages in risk assessment and management – right from design and construction to start-up and operation, to maintenance and training. LCPL measures performance, conduct audits, and improves conditions. This is an ongoing

process, requiring advanced management systems and highly skilled manpower to continuously monitor and test equipment.

The Company maintains process safety programmes based on the principle that our facility is safe, designed and built according to effective engineering practices, and operated and maintained in accordance with the highest safety standards. Our comprehensive process safety programme includes the following:

**Management of change:** A documented process used at each chemical handling site to evaluate any potential hazard associated with process-related changes and incorporates controls in the design.

**Root cause analysis:** A structured approach to incident investigation allows us to learn from past incidents and prevent future incidents.

**Chemical safety testing:** A laboratory analysis of chemicals before use to identify potential hazardous properties.

**Engineering standards:** Using recognized engineering practices in designing and constructing facilities and equipment in accordance with global and local standards.

**Management leadership and commitment:** There is a Committee responsible for process safety which evaluates and controls hazards associated with reactive, flammable and toxic materials at the site.

**Leading indicators:** LCPL collects data to ensure safety management systems are consistently updated in order to ensure their efficacy.

## Employee Training on HSE

Health and Safety training plays a pivotal role in ensuring that staff is equipped with the required skills and knowledge to conduct daily tasks in a safe manner so the workplace environment is conducive to safety. Our entire workforce is trained, supported and regularly assessed.

Training needs of employees and contractors are identified in consultation with relevant departments. Training schedules and programmes are then developed including ongoing mandatory and refresher trainings. The objective of these trainings is to enhance the knowledge

and skills of individuals - enabling them to perform their jobs with minimum risk. Daily, weekly and monthly audit cycles, continuous trainings, effective communications of HSE incidents (learning events), daily tool box talks, which encompasses talks from supervisors to their staff on any safety topics or learning events from the previous week, all help to improve behavior-based safety and system compliance.

Training involves external as well as internal training. Company has developed its own internal faculty members who are vastly experienced in their respective fields. External subject specialists are also invited to conduct training as per requirement.

## HSE Induction Program

The Company has a system to provide HSE induction to employees, contractors and new visitors to the site. HSE induction involves awareness pertaining to Company policy, systems and procedures, relevant hazards present on site, emergency handling, risk assessment, control, as well as behavior-based safety.

## Behavior Based Safety Training

Successfully implementing sustainability strategy and HSE standards reflects Company's leadership behavior at the local level. This is why company is particularly concerned about training site managers to detect hazards early and avoid potential accidents.

The programme content ranges from risk assessment, warehousing procedures to emergency management and management systems. Additionally, Company conducts training sessions for contractors' staff working at sites. During 2021, various trainings for LCPL and Contractors staff were conducted to enhance their awareness and understanding on HSE.

## Computerised HSE System

LCPL has invested in a computerized HSE database system to report personal as well as process safety, incidents, accidents, injuries, occupational diseases and environmental accidents. This system is very helpful in analyzing data, determining the root cause of incidents and taking necessary preventative measures. The statistics compiled with the help of this advanced system are analyzed and reported to senior management at a pre-defined frequency.

# Energy Conservation

Pakistan is suffering from an energy crisis, affecting the lives of millions of people. To conserve energy, LCPL is always actively trying to optimize and further reduce its processes energy and resource consumption.

LCPL has integrated manufacturing process results in highly-efficient operations, allowing waste heat from one chemical process to be used in a different process. Compared to other facilities which lack comprehensive integration of processes and energy systems, LCPL integrated production process provides:

- Greater opportunities to beneficially use raw materials.
- Better use of thermal energy which would otherwise be lost into the environment.
- Significantly smaller emissions across the supply chain.

LCPL has always focused to operate every equipment at

its best efficiency to conserve energy and ultimately minimize the material losses. LCPL Co-generation Power Plant has started exporting its surplus power to K-Electric in the middle of last year. This year gas turbine operated at its best efficiency throughout the year resulting in optimization of natural gas consumption which is very dominant fuel source in Pakistan.

LCPL has observed and monitored energy consumption on a daily basis and report results to higher management at an agreed frequency. It also launched a company-wide energy saving plan by creating awareness among employees on switching off their office lights and electronic gadgets when out of office and give up the habit of keeping electronic items on standby mode when they go home. LCPL is also gradually replacing fluorescent lights in its office buildings and plant site with energy efficient LED lights.

# Environmental Protection

Protection of the environment remains a critical component of LCPL sustainability vision. LCPL ongoing efforts to minimize any impact on the environment, whether it is through operational excellence or innovative plant optimization, remains crucial in minimizing environmental risks. Energy, water, waste and resource conservation; biodiversity enhancement; emissions management and regulatory compliance; are all essential areas of focus for us.

LCPL is committed to ensuring that its operations remain environment friendly - taking an avid interest in reducing its carbon footprint. In line with this belief, we have invested in a state-of-the-art deep shaft technology Effluent Treatment Plant to treat liquid emissions. Additionally, we continue to invest in its operation, believing that it will yield long-term economic and environmental benefits. Our Company has recently installed the project of An-aerobic Reactor on Effluent Treatment Plant that generates bio gas and hence reduces the natural gas consumption on the Plant Site. The project was carried out to convert aerobic effluent treatment plant to an-aerobic effluent treatment plant with the intent of conversion of waste into energy .This will meet 5% of site energy requirements .

Being an ISO 14001 certified organization, and believing that long-term economic sustainability depends on ecological

sustainability, LCPL comply with the 3Rs of environment (reduce, recycle and reuse). LCPL focus remains on reducing waste generation, reusing generated waste within the processes, and lastly recycling so that waste output of any operation is minimized.

LCPL has also made great strides in lowering the impact on the environment by reducing greenhouse and acid gases through various modification and process optimization which includes installing a co-generation plant, shutting down one steam boiler, diesel generators, and an incinerator and installing a project for recovering metals. Up gradation of metal recovery unit was also done in 2021 which has further helped in recovery of metals, while commissioning activities of another such module at Utilities Plant is well underway, which shall have the same function.

## Waste Handling

All types of wastes, be it liquid or solid are reported, controlled and monitored according to site procedures and are reported internally and to local authorities as per legal requirements. Organic waste produced in effluent treatment plant is passed to cement plants as a partial fuel replacement. Clinical waste, on the other hand, is incinerated in line with legal environmental standards.

## Water Consumption

Due to a change in global climatic conditions, it is estimated that Pakistan will experience water scarcity in the coming years, making it imperative that water use be minimized, and water recycling initiatives implemented. LCPL water management practices are based on principles including, efficient usage, pollution prevention, and maximizing reusing and recycling.

LCPL continuously monitor its water intake and control its use. LCPL optimize water consumption through modern process optimization by recycling part of the waste water within the plant, as well as using it for horticultural purposes and landscaping - which substantially minimizes water intake.

Another initiative was taken to recycle the Reverse Osmosis Plant reject water for resource conservation and financial benefit.

The industrial process that LCPL has in place helps minimize its water usage by treating it to meet specific purposes within the manufacturing cycle, and recycling water where ever possible.

LCPL waste water treatment plants at its manufacturing facilities are designed and operated to meet and exceed environmental standards, securing the health of our employees, communities and the local eco-systems in which we operate.

LCPL water efficiency related best practices help reduce:

- Cost of water and waste water treatment
- Capital equipment costs
- Handling and use of potentially hazardous chemicals
- Carbon footprint - by reducing energy consumption associated with water treatment and distribution



## Biodiversity

LCPL has systems and procedures in place for conserving biodiversity. To maintain a sustainable environment at its plant site and demonstrate best practices in environment management, LCPL try to provide a conducive environment for fauna and flora in surrounding areas.

In the past, LCPL was involved in a tree plantation plan within the site which was aimed at improving the number of flora and fauna in the area. Based on recommendations provided by WWF, we developed around 100,000 trees around the premises and within the vicinity to provide nesting grounds to local birds and enhance greenery. LCPL plantation was also carried out on a three-kilometer portion passing through the Eastern Industrial Zone in Port Qasim, where more than three hundred saplings were planted. Additionally, we have been involved in initiatives to establish organic farming by using waste water from its reverse osmosis plant.

## Emissions Management

LCPL operational strategy, post power generation, has reduced thousands of tons of carbon, NO<sub>2</sub> and SO<sub>2</sub>, resulting in a substantial reduction in greenhouse gases. LCPL invested US\$ 4 million for a capital project which helped shutdown a unit that used furnace oil as fuel. Additionally, LCPL spent US\$ 50 million in the co-generation power project, resulting in the shutdown of diesel generators and one boiler. When it comes to discharge, LCPL effluent quality meets NEQS limits which reflect our dedication to conform to the highest environmental standards.

## Regulatory Compliance

LCPL report its processes liquid and gaseous emissions to local authorities at SEPA defined frequency. Since commissioning the plant in 1998, we continue to comply with all regulatory requirements related to the environment.

# Societal Responsibility

Taking care of the needs of our people is a vital aspect of our societal initiatives. We contribute towards healthcare and education - helping empower underprivileged individuals and paving the way for a more promising future for the most deserving sectors of society.

We strive to strengthen ties between industry and communities by promoting a favorable environment for business growth. We support projects and initiatives pertaining to education, health, disaster relief, youth engagement, environmental awareness, and other community programs. We remain supportive towards promoting organisations and programs, as well as collaborating with them to further augment and impact lives.

Our employees remain committed to establishing relationships with communities by volunteering to serve their time and effort so we can change lives and impact the society positively. Funding for our social impact activities stems from the Company's mission to serve others in need. Our volunteer activities include assistance and other programs that enhance employee volunteerism.

## Environment

We remain active in promoting initiatives that benefit the environment and enhance the importance of sustainability within our employees.





Go Green attributes at LCPL were started in 2008, and since then our team has been busy in making efforts to maintain and spread the green culture not only at LOTTE but also promote it in other industries as well. During the year 2021, several thousand plants have been planted and a few thousand plants were distributed among the employees and nearby industries.

Furthermore, a “Go-Green” intranet website has been developed. The website helps to select the variety of plants online and informs Administration Team for their delivery at the requested site.

### Health

LOTTE Pakistan Foundation pledged assistance to support Al-Khidmat Foundation Pakistan and Memon Health & Education Foundation.

### Education

As a responsible entity in the Pakistani business community, LCPL also supports different charitable organizations throughout the year in the education sector through scholarships for example Dar-UI -Sukun, TFC foundation, NED University and Holy Mountain School students.

LCPL aims to continue its CSR efforts to play a positive role in the society.



# Labour Relations, Freedom of Association and Collective Bargaining

Good labour relations and freedom of association are good for employees, business and morale. Collective bargaining involves a process of a joint decision. LCPL Management believes and promotes harmonious labour and management relations, productive work environment, the fair and equitable treatment of employees through the consistent application of collective agreements, labour relations legislation and company policies.

The world is changing and facing equally fundamental changes to the way we live and work. It is a revolution in work culture. The global Covid-19 pandemic has forever changed our experiences, attitudes and

behaviors. In this critical situation, LCPL has given safeguard to its employees.

Agreement 2021-22 process was concluded in a record time which is the result of a good understanding and level of trust between management and CBA. Our management ensures workplace security social protection, better prospects for personal development and social integration.

Partnering with workers and upholding freedom of association and the right to collective bargaining can contribute to more effective industrial relations.

## Product Stewardship

Like our overall safety processes, we go above and beyond to ensure that we manufacture PTA that is safe for our employees to handle and for our customers to use. We believe Product stewardship forms an integral part of our sustainability strategy. While maintaining our efforts to offer our customers more value and better performance, we aim to reduce the environmental burden throughout the life cycle of our product including manufacturing, packaging, distribution, usage and eventual disposal.

In order to fulfill our Product Stewardship responsibilities, we ensure that appropriate training and information is provided to all our staff, contractors, haulers and customers for handling our products in a safe and responsible manner. Furthermore, we ensure compliance with applicable laws, regulations and standards.

### Product Safety

Our product is safe when used as intended. All raw materials and finished product are subjected to numerous assessments and tests to ensure that safety is maintained during manufacturing, packaging distribution, usage and eventual disposal.

All customers and haulers are provided with MSDS (Material Safety Data Sheet) which consists of comprehensive information on the physical and chemical properties of the product, handling instructions, hazards, risks and precautionary measures in case of any mishaps during distribution and usage. This product literature is reviewed periodically and new information on adverse effects, types of use and circumstances of misuse are taken into account.

### Customer Satisfaction and Complaint Management

Customer satisfaction falls under our core value “Beyond Customer Expectation” and plays an integral role in our business. The business sales team conducts regular meetings to maintain business relationships and gauge customer satisfaction. Any concerns and issues are addressed on a priority basis, and systems are in place to ensure that occurrences are not repeated. Moreover, a comprehensive system is in place to handle all complaints, within a defined time frame. Information and status of all complaints are circulated at the highest levels of the organization.

# Economic Contribution

A sustainable business plays a pivotal role in delivering economic and social progress. A business which generates substantial revenue to sustain people's quality of life and safeguard the planet is important, but one that ensures that its employees, owners and members of the community remain financially secure, is also critically important.

We contribute economically in a number of ways: we provide employment, buy from local, regional and global suppliers, distribute our products, and contribute to the National exchequer via direct and indirect taxes.

	Amounts in Rs '000	
	2021	2020
<b>Suppliers</b>		
Cost of material, services and facilities	<b>58,339,584</b>	34,434,242
<b>Employees</b>		
Cost of employees' salaries and benefits	<b>1,028,337</b>	918,808
<b>Government</b>		
Tax paid, including remittance taxes and excise taxes	<b>14,424,075</b>	8,389,208
<b>Shareholders</b>		
Dividend	<b>2,271,311</b>	1,135,655
<b>Community</b>		
Voluntary contributions and investment of funds in the broader community	-	130,078
<b>Retained within Company</b>		
Depreciation, amortisation and retained earnings	<b>3,709,039</b>	2,256,345
<b>Total Economic Contribution</b>	<b>79,772,346</b>	47,264,336

## Transparent Approach to Taxation

We recognise the growing interest in the level of taxes paid by multinational companies. We remain transparent in our dealings and pay appropriate amount of taxes according to country-specific laws and regulations.

In the year, total taxes borne and collected by the Company amounted to Rs 14,424.1 million (2020: Rs 8,389.2 million). This figure includes excise taxes, transactional taxes and taxes incurred by employees. We consider the wider tax footprint to be an appropriate indication of tax contribution from our operations. Our presence in Pakistan is beneficial to the Country as it provides employment to people - affecting income levels and subsequently tax revenues.

## Understanding our Role and Responsibilities in our Value Chain

The reach and scale of our business result in us playing a pivotal role in the economic development of the Country.

We remain aware of our influence on our suppliers and the importance of developing long-term relationships with them. Our goal remains to pay fairly for their products, materials and services. In addition, we often work in collaboration with them, to help improve their working practices and conditions, as well as their overall efficiency, which in turn, impacts their income levels.

# BEYOND CUSTOMER EXPECTATION

We do not aim to just satisfy  
customers' needs, but to create  
value beyond their expectations.



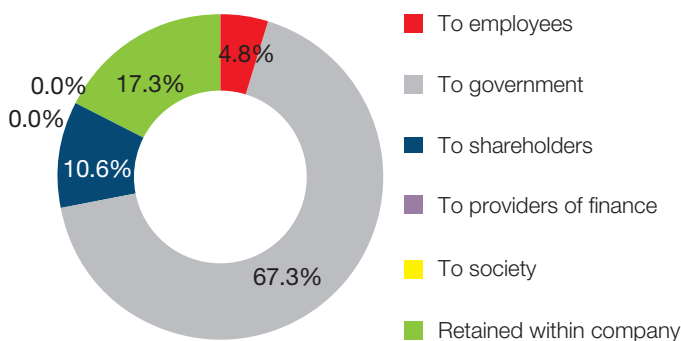
## Financial Summary

Statement of Value Addition	74
Statement of Charity Account	74
Key Operational and Financial Data	75
Vertical Analysis	76
Horizontal Analysis	77
Graphical Presentation	78
DuPont Chart Analysis	80
Variation Analysis in Quarterly Results	81

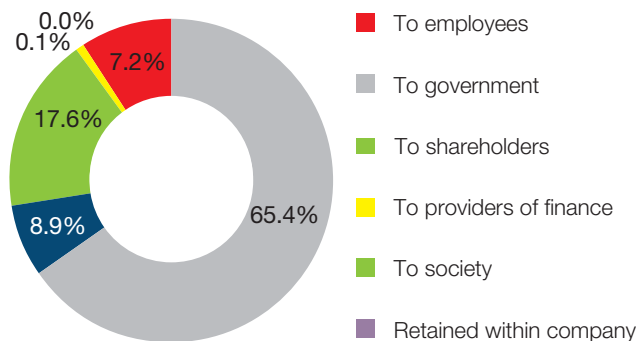
# Statement of Value Addition and Its Distribution

	2021		2020	
	Rs ('000)	%	Rs ('000)	%
<b>Wealth generated</b>				
Total revenue (including other income)	79,772,346		47,264,336	
Bought-in material and services	(58,339,584)		(34,434,242)	
	<b>21,432,762</b>	<b>100.0%</b>	<b>12,830,094</b>	<b>100.0%</b>
<b>Wealth distribution</b>				
<b>To employees</b>				
Salaries, wages and other benefits	1,028,337	4.8%	918,808	7.2%
<b>To government</b>				
Income tax, sales tax, excise duty, WWF and WPPF	14,424,075	67.3%	8,389,208	65.4%
<b>To shareholders</b>				
Dividend	2,271,311	10.6%	1,135,655	8.9%
<b>To providers of finance</b>				
Finance costs	-	0.0%	-	0.0%
<b>To society as donations</b>				
Donations towards education, health and environment	-	0.0%	130,078	1.0%
<b>Retained within company</b>				
Depreciation, amortisation and retained earnings	3,709,039	17.3%	2,256,345	17.6%
	<b>21,432,762</b>	<b>100.0%</b>	<b>12,830,094</b>	<b>100.0%</b>

**Wealth Distribution 2021**



**Wealth Distribution 2020**



## Statement of Charity Account

Description	Amounts in Rs '000	
	2021	2020
Community Projects	-	128,408
Education	-	1,670
Total	-	130,078

# Key Operational and Financial Data

## Six Years at a Glance

		2021	2020	2019	2018	2017	2016
<b>Statement of Financial Position Summary</b>							
Issued, subscribed & paid-up capital	Rs m	<b>15,142</b>	15,142	15,142	15,142	15,142	15,142
Capital reserves	Rs m	<b>2</b>	2	2	2	2	2
Revenue reserves	Rs m	<b>3,832</b>	2,605	466	(2,625)	(4,467)	(4,869)
Non-current liabilities	Rs m	<b>1,690</b>	3,432	1,838	125	98	75
Current liabilities	Rs m	<b>15,807</b>	10,315	11,698	8,629	9,766	7,188
Fixed assets	Rs m	<b>7,263</b>	6,439	6,379	5,143	5,652	5,149
Other non-current assets	Rs m	<b>1,056</b>	905	778	561	1,737	1,728
Current assets	Rs m	<b>28,154</b>	24,152	21,989	15,570	13,152	10,661
<b>Statement of Profit or Loss Summary</b>							
Revenue - net	Rs m	<b>67,165</b>	38,965	60,540	57,400	37,034	34,785
Cost of sales	Rs m	<b>(59,584)</b>	(36,323)	(52,509)	(50,019)	(35,837)	(34,080)
Gross profit / (loss)	Rs m	<b>7,581</b>	2,642	8,030	7,382	1,198	705
Distribution and selling expenses	Rs m	<b>(120)</b>	(107)	(104)	(102)	(93)	(78)
Administrative expenses	Rs m	<b>(491)</b>	(572)	(423)	(388)	(351)	(332)
Other expenses	Rs m	<b>(488)</b>	(236)	(643)	(555)	(55)	(28)
Other income	Rs m	<b>990</b>	1,422	1,229	515	249	214
Finance (costs) / income	Rs m	<b>(974)</b>	(150)	(567)	(505)	(52)	(10)
Profit / (loss) before taxation	Rs m	<b>6,499</b>	2,999	7,523	6,346	895	470
Taxation	Rs m	<b>(1,856)</b>	(874)	(2,163)	(1,914)	(483)	(147)
Profit / (loss) after taxation	Rs m	<b>4,643</b>	2,125	5,360	4,431	412	324
EBITDA	Rs m	<b>8,810</b>	4,416	9,166	7,697	1,597	1,695
<b>Statement of Cash Flow Summary</b>							
Net cash generated from operating activities	Rs m	<b>6,172</b>	5,186	12,123	237	2,878	1,764
Net cash used in investing activities	Rs m	<b>(1,455)</b>	1,520	(3,854)	(209)	(1,154)	(234)
Net cash used in financing activities	Rs m	<b>(3,785)</b>	(389)	(4,422)	(851)	(0)	(0)
Cash and cash equivalents at year end	Rs m	<b>15,306</b>	14,374	8,057	4,221	5,043	3,319
<b>Key Ratios</b>							
Gross profit ratio	%	<b>11.29</b>	6.78	13.26	12.86	3.23	2.03
EBITDA margin to sales	%	<b>13.12</b>	11.33	15.14	13.41	4.31	4.87
Net profit margin	%	<b>6.91</b>	5.45	8.85	7.72	1.11	0.93
ROE	%	<b>24.47</b>	11.97	34.34	35.39	3.86	3.15
ROCE	%	<b>22.63</b>	10.99	30.96	35.39	3.86	3.15
Inventory turnover	times	<b>11.74</b>	8.27	10.80	11.63	11.02	10.69
Inventory turnover in days	days	<b>31.08</b>	44.12	33.79	31.38	33.13	34.16
Debtors turnover	times	<b>17.89</b>	12.10	17.70	18.46	15.73	18.96
Average collection period	days	<b>20.41</b>	30.16	20.62	19.77	23.21	19.25
Creditors turnover	times	<b>9.65</b>	7.75	19.11	17.70	9.30	10.61
Payable turnover in days	days	<b>37.83</b>	47.11	19.10	20.62	39.25	34.39
Operating cycle	days	<b>13.65</b>	27.17	35.31	30.53	17.08	19.02
Total asset turnover	times	<b>1.98</b>	1.29	2.40	2.75	1.95	2.00
Fixed asset turnover	times	<b>9.80</b>	6.08	10.51	10.63	6.86	6.17
Current ratio	times	<b>1.78</b>	2.34	1.88	1.80	1.35	1.48
Quick ratio	times	<b>1.33</b>	1.83	1.39	1.10	0.92	0.92
Cash to current liabilities	times	<b>0.00</b>	0.00	0.00	0.18	0.00	0.00
Cash flow from operation to sales	times	<b>0.09</b>	0.13	0.20	0.00	0.08	0.05
Interest cover	times	<b>27.88</b>	12.44	29.69	225.63	16.88	22.81
Debt equity ratio	times	<b>1.09</b>	1.19	1.12	1.01	1.01	1.01
Price earnings ratio	times	<b>4.45</b>	10.73	3.96	5.77	26.33	38.90
EPS	Rs	<b>3.07</b>	1.40	3.54	2.93	0.27	0.21
Cash dividend per share	Rs	<b>1.50</b>	0.75	1.50	1.50	0.20	-
Dividend yield ratio	%	<b>10.98</b>	4.98	10.70	8.88	2.79	-
Dividend payout ratio	%	<b>48.92</b>	53.44	42.37	51.26	73.45	-
Dividend cover ratio	times	<b>2.04</b>	1.87	2.36	1.95	1.36	-
Breakup value per share	Rs	<b>12.53</b>	11.72	10.31	8.27	7.05	6.79
Market value per share - 31 December	Rs	<b>13.66</b>	15.06	14.02	16.89	7.17	8.32
Market value per share - High	Rs	<b>17.48</b>	16.25	18.50	20.67	12.89	9.49
Market value per share - Low	Rs	<b>12.70</b>	8.23	12.90	7.08	5.77	5.00
Market capitalization	Rs m	<b>20,684.07</b>	22,803.96	21,229.19	25,574.96	10,856.87	12,598.20

# Vertical Analysis

	2021	2020	2019	2018	2017	2016
	-----%-----					
<b>Statement of Financial Position</b>						
Fixed assets	19.9	20.4	21.9	24.2	27.5	29.4
Other non-current assets	2.9	2.9	2.7	2.6	8.5	9.9
Current assets	77.2	76.7	75.4	73.2	64.0	60.8
<b>Total Assets</b>	<b>100.0</b>	100.0	100.0	100.0	100.0	100.0
Shareholders equity	52.0	56.4	53.6	58.8	52.0	58.6
Non-current liabilities	4.6	10.9	6.3	0.6	0.5	0.4
Current liabilities	43.4	32.8	40.1	40.6	47.5	41.0
<b>Total Equity and Liabilities</b>	<b>100.0</b>	100.0	100.0	100.0	100.0	100.0
<b>Statement of Profit or Loss</b>						
Revenue - net	100.0	100.0	100.0	100.0	100.0	100.0
Cost of sales	(88.7)	(93.2)	(86.7)	(87.1)	(96.8)	(98.0)
<b>Gross profit / (loss)</b>	<b>11.3</b>	6.8	13.3	12.9	3.2	2.0
Distribution and selling expenses	(0.2)	(0.3)	(0.2)	(0.2)	(0.3)	(0.2)
Administrative expenses	(0.7)	(1.5)	(0.7)	(0.7)	(0.9)	(1.0)
Other expenses	(0.7)	(0.6)	(1.1)	(1.0)	(0.1)	(0.1)
Other income	1.5	3.6	2.0	0.9	0.7	0.6
Finance (costs) / income	(1.5)	(0.4)	(0.9)	(0.9)	(0.1)	(0.0)
<b>Profit / (loss) before taxation</b>	<b>9.7</b>	7.7	12.4	11.1	2.4	1.4
Taxation	(2.8)	(2.2)	(3.6)	(3.3)	(1.3)	(0.4)
<b>Profit / (loss) after taxation</b>	<b>6.9</b>	5.5	8.9	7.7	1.1	0.9

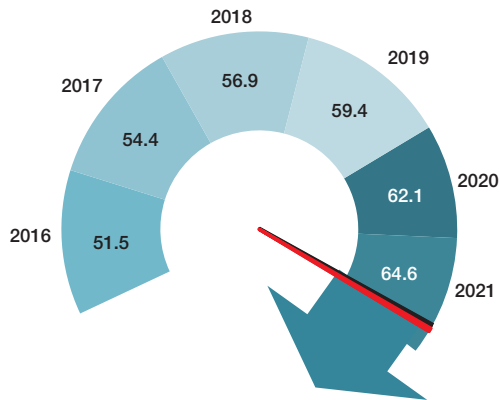
# Horizontal Analysis

Year on Year

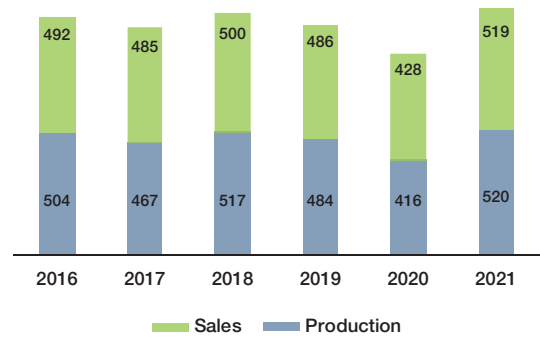
	<b>2021 over 2020</b>	2020 over 2019	2019 over 2018	2018 over 2017	2017 over 2016	2016 over 2015
-----%-----						
<b>Statement of Financial Position Analysis (%)</b>						
Fixed assets	<b>12.8</b>	0.9	24.0	(9.0)	9.8	(16.0)
Other non-current assets	<b>16.7</b>	16.4	38.6	(67.7)	0.5	13.8
Current assets	<b>16.6</b>	9.8	41.2	18.4	23.4	11.0
<b>Total Assets</b>	<b>15.8</b>	8.1	37.0	3.6	17.1	1.7
Shareholders equity	<b>6.9</b>	13.7	24.7	17.3	3.9	3.2
Non-current liabilities	<b>(50.8)</b>	86.7	1,364.8	27.7	30.4	22.7
Current liabilities	<b>53.2</b>	(11.8)	35.6	(11.6)	35.9	(0.6)
<b>Total Equity and Liabilities</b>	<b>15.8</b>	8.1	37.0	3.6	17.1	1.7
<b>Statement of Profit or Loss (%)</b>						
Revenue - net	<b>72.4</b>	(35.6)	5.5	55.0	6.5	2.7
Cost of sales	<b>64.0</b>	(30.8)	5.0	39.6	5.2	(0.1)
<b>Gross profit / (loss)</b>	<b>186.9</b>	(67.1)	8.8	516.3	69.9	(374.5)
Distribution and selling expenses	<b>11.6</b>	3.6	1.1	9.6	19.8	(4.0)
Administrative expenses	<b>(14.2)</b>	35.4	9.0	10.5	5.7	(3.3)
Other expenses	<b>107.0</b>	(63.4)	15.8	917.4	92.0	40.7
Other income	<b>(30.4)</b>	15.7	138.8	107.0	16.4	115.3
Finance (costs) / income	<b>548.3</b>	(73.5)	12.3	864.0	449.3	(63.1)
<b>Profit / (loss) before taxation</b>	<b>116.7</b>	(60.1)	18.6	609.1	90.2	(174.9)
Taxation	<b>112.4</b>	(59.6)	13.0	296.7	229.2	22.9
<b>Profit / (loss) after taxation</b>	<b>118.5</b>	(60.4)	21.0	974.7	27.3	(143.3)

# Graphical Presentation

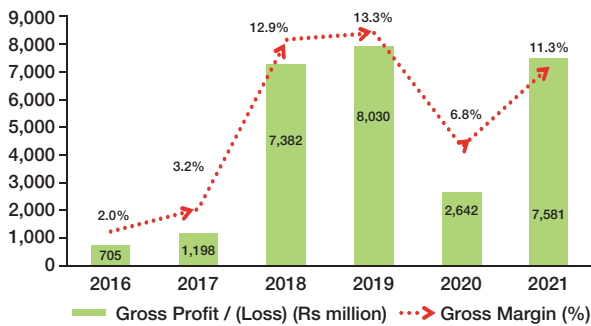
**Million man-hours without Lost Time Case (employees + contractors)**



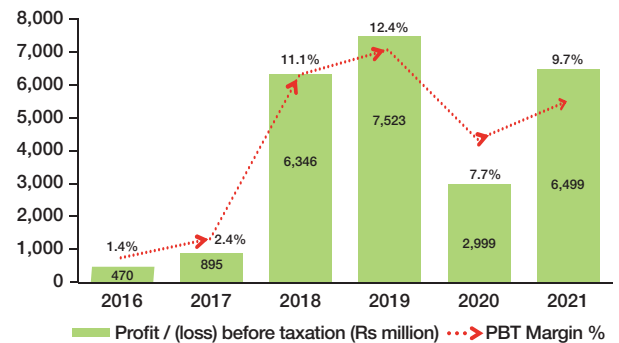
**Production & Sales (000 tes)**



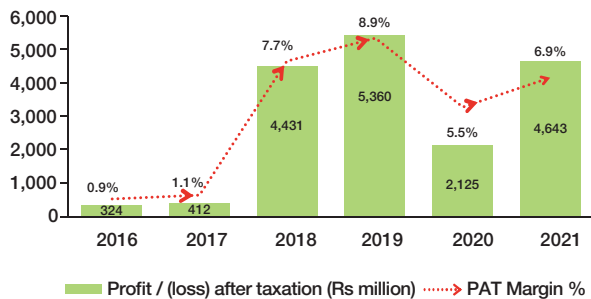
**Gross Profit / (Loss) (Rs million) & Gross Margin (%)**



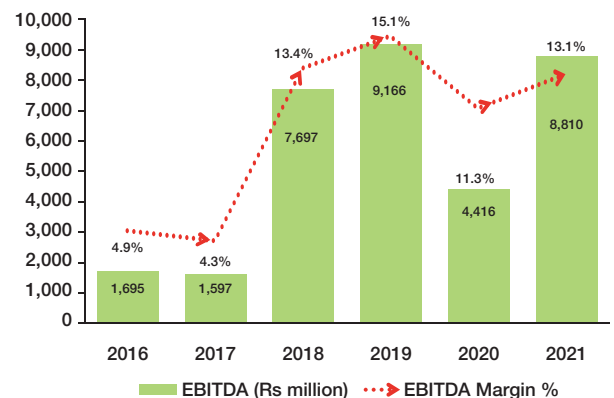
**PBT (Rs million) & PBT Margin (%)**



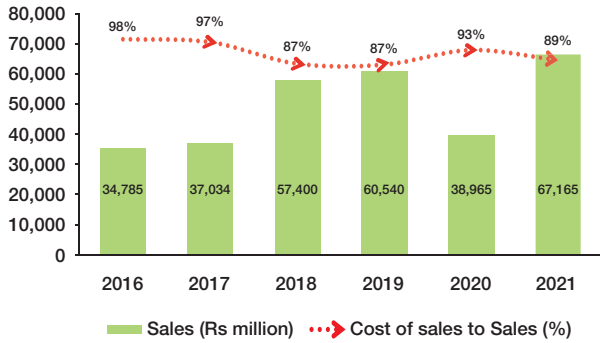
**PAT (Rs million) & PAT Margin (%)**



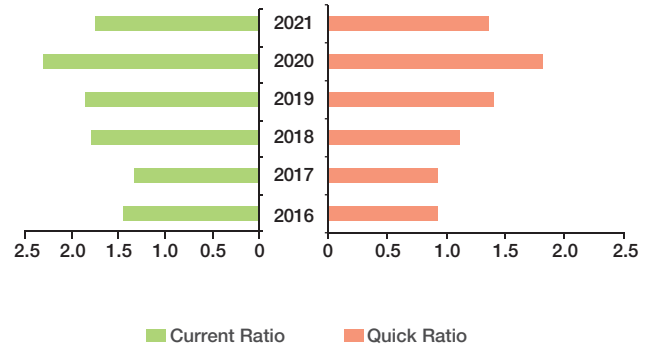
**EBITDA (Rs million) & EBITDA Margin (%)**



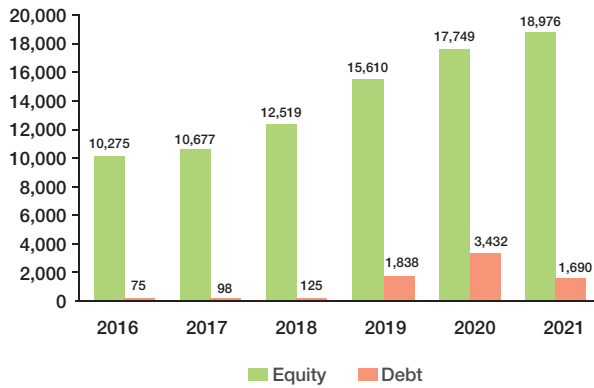
### Sales (Rs million) & Cost of sales to Sales (%)



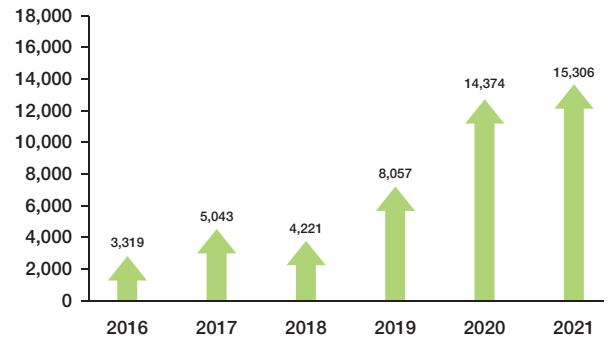
### Liquidity Ratios (times)



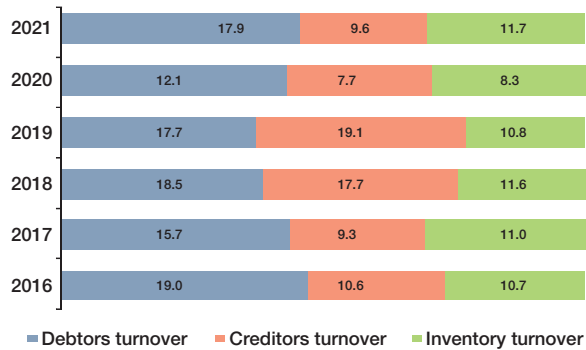
### Debt Equity (Rs million)



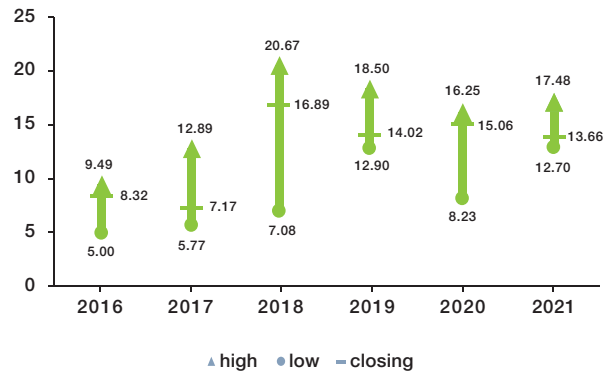
### Cash & Cash Equivalents at Year End (Rs million)



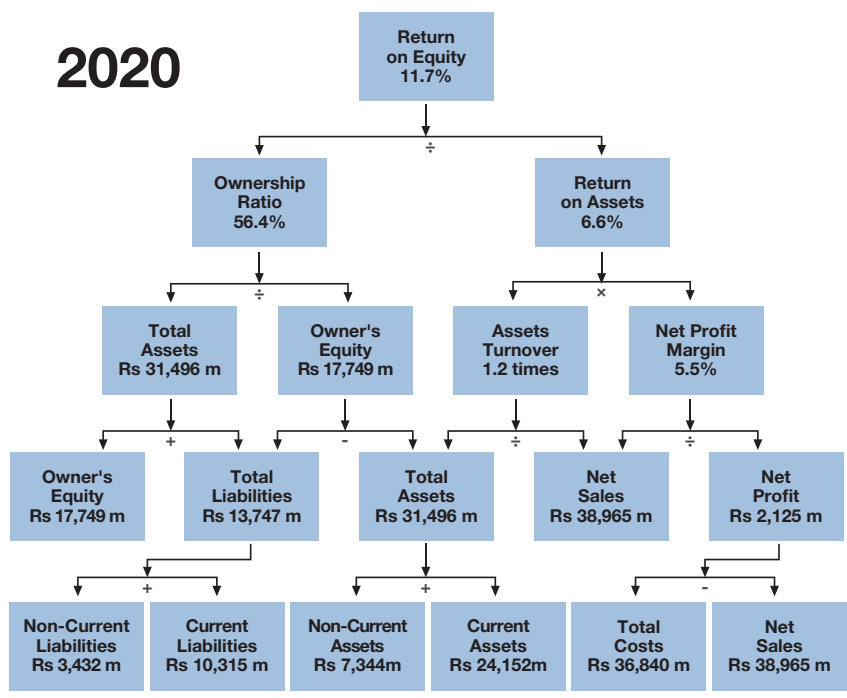
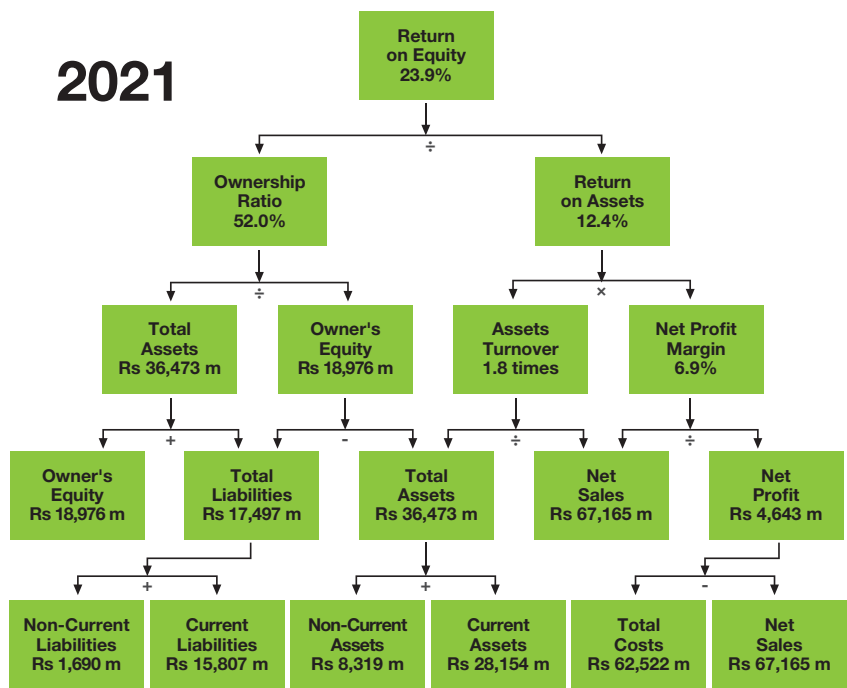
### Debtors, Creditors & Inventory Turnover (times)



### Market Value per Share (Rs)



# DuPont Chart Analysis



**Analysis:**

Net Sales increased by 72% due to higher average PTA price per tonne as well as the higher PTA margin over PX, which consequently increased the net margin from 5.5% to 6.9%. Total assets increased by 16% due to higher stock-in-trade and trade debts at year end, which consequently increased the return on assets to 12.4% from 6.6%. This resulted in 23.9% return on equity as compared to 11.7% in 2020.

# Variation Analysis in Quarterly Results

Amounts in Rs '000

	Q1	Q2	Q3	Q4	2021
Revenue	14,671,880	16,250,364	17,298,872	18,943,849	67,164,965
Gross profit	2,263,711	1,648,610	1,393,970	2,275,084	7,581,375
Profit before taxation	2,295,483	1,377,839	858,558	1,967,127	6,499,007
Profit after taxation	1,639,001	962,863	627,782	1,413,264	4,642,910

## Q1

- Crude prices trended higher in the first quarter on positive sentiment from the US stimulus package and the voluntary cut by Saudi Arabia. The market sentiment was further supported by hopes of recovery due to the initiation of the Covid-19 vaccine distribution.
- PX prices showed bullishness throughout the quarter owing to strong upstream Crude prices and prompt recovery of the downstream PTA industry. The market was further supported by several planned and unplanned shutdowns in the region restricting any downward movement in price.
- The PTA market trended in line with the upstream feedstock market and found support through low Polyester inventory levels and healthy operating rates in the industry. Nevertheless, towards the end of the quarter, fears of reduced demand due to the third wave of the virus weighed on the market and pushed the prices lower.
- The domestic polymer market experienced healthy demand in Q1 2021 as textile operations and exports experienced significant recovery. However, logistical constraints at the end of the quarter forced the local producers to curtail operations.
- Production volume during the quarter was 128,995 tonnes, 22% higher than the corresponding period last year due to planned Overhaul in Feb-March 2020.
- Sales volume, comprising of domestic sales only, for Q1 2021 was 128,351 tonnes, 11% higher than the corresponding quarter last year.

## Q2

- The Crude market experienced sluggish growth at the start of the quarter amid the alarming Covid-19 situation in Southeast Asia and the Indian subcontinent. However, as the situation in the aforementioned region improved the market regained strength and trended upwards. The price increase was further fueled by the inconclusive US-Iran negotiations on the nuclear deal that could add additional barrels to the market.
- Paraxylene (PX) prices remained range bound at the start of the quarter due to the resurgence of Covid-19 cases in Southeast Asia. Nevertheless, as the quarter progressed, the prices regained some strength on the back of strong Crude prices. Additionally, rationalized operations in the region and delays in the start-up of a new PX plant kept spot availability tight and further supported the prices.
- PTA prices stagnated in the second quarter due to the rampant spread of the pandemic in the region. Additionally, fears of increased supply resulting from the start-up of a new PTA plant in China restricted the price movement.
- Domestic polymer demand remained strong amid consistent export requirements. Availability of the vaccine and ease of Covid-19 restrictions further supported the market.
- The domestic polyester operations improved from 79% to 96% compared to the previous quarter.
- Production volume during the quarter was 133,270 tonnes, significantly higher than the corresponding period last year due to suspended operations during Q2-2020.
- Sales volume for Q2 2021 was 131,737 tonnes, 138% higher than the corresponding period last year.

## Q3

- Crude Oil (WTI) prices trended lower at the start of the quarter as OPEC+ announced its plan to ease production curbs. Additionally, the resurgence of Covid-19 cases and the implementation of the 'zero-tolerance' policy in China crippled the oil demand outlook as the country reduced its refinery throughput. However, towards the end of the quarter, the prices regained strength due to disruption in the US Crude Oil supply from the Gulf of Mexico due to the hurricane season.
- PX prices exhibited a bullish trend at the start of the third quarter owing to the delays in start-up of a new PX capacity in China. However, the prices soon lost strength on the supply-demand imbalance amid weak downstream demand resulting from the rise of Covid-19 cases. Additionally, production curbs enforced by the Chinese government under the dual-control policy further weighed on the market sentiment.
- PTA prices trended lower in Q3 – 2021 owing to the imposition of a zero-tolerance policy in China that weakened the downstream demand and ensued poor PX-PTA spot margins. However, by the end of the quarter, PTA prices managed to resist the downward trend as the co-feedstock, Acetic Acid market witnessed a price hike reaching record-high levels.
- The domestic polyester market was forced to reduce throughput in Q3-2021 as global supply chain constraints and rising freight hampered PTA imports in the country.
- Production volume during the quarter was 122,067 tonnes, 3% lower than the corresponding period last year.
- Sales volume, comprising of domestic sales only, for Q3 2021 was 128,949 tonnes, 4% higher than the corresponding quarter last year due to consistent demand from the domestic market.

## Q4

- Crude Oil (WTI) prices exhibited a bullish trend in the last quarter of the year on supply concerns as high coal and gas prices led to the utilization of Crude Oil as an alternate for heating fuel during winters. Lack of action from OPEC+ on the oil price hike led to a coordinated release of Crude Oil from Strategic Petroleum Reserves (SPR) by the United States, China, India, South Korea, Japan, and the UK. As the year approached its end, demand concerns reemerged as the World feared the impact of the Omicron Covid-19 variant on global economies.
- PX prices trended higher at the start of the quarter on the back of firm Crude prices. However, the market was soon weighed down by high operating rates in an already long market. Moreover, weakness in the PX-Naphtha margins forced PX producers in China to reduce throughput and shift production to more lucrative products.
- PTA prices followed the feedstock market and experienced a bullish trend at the start of the quarter. Additionally, the suspension of energy-saving policies in China enabled the polyester producers to ramp up their operating rates providing additional support to the market. However as the quarter progressed, PTA prices were weighed down due to the resurgence of Covid-19 cases globally. Several parts of the World including China and Europe enforced lockdowns weakening the market sentiment.
- The domestic Polymer industry operated at 91% during Q4 – 2021 due to healthy downstream demand and consistent import arrivals of key feedstock, PTA.
- Production volume during the quarter at 135,715 tonnes was 1.5% higher than the corresponding period last year.
- Sales volume, comprising of domestic sales only, for Q4 2021 was 130,042 tonnes, 3% lower than the corresponding quarter last year.

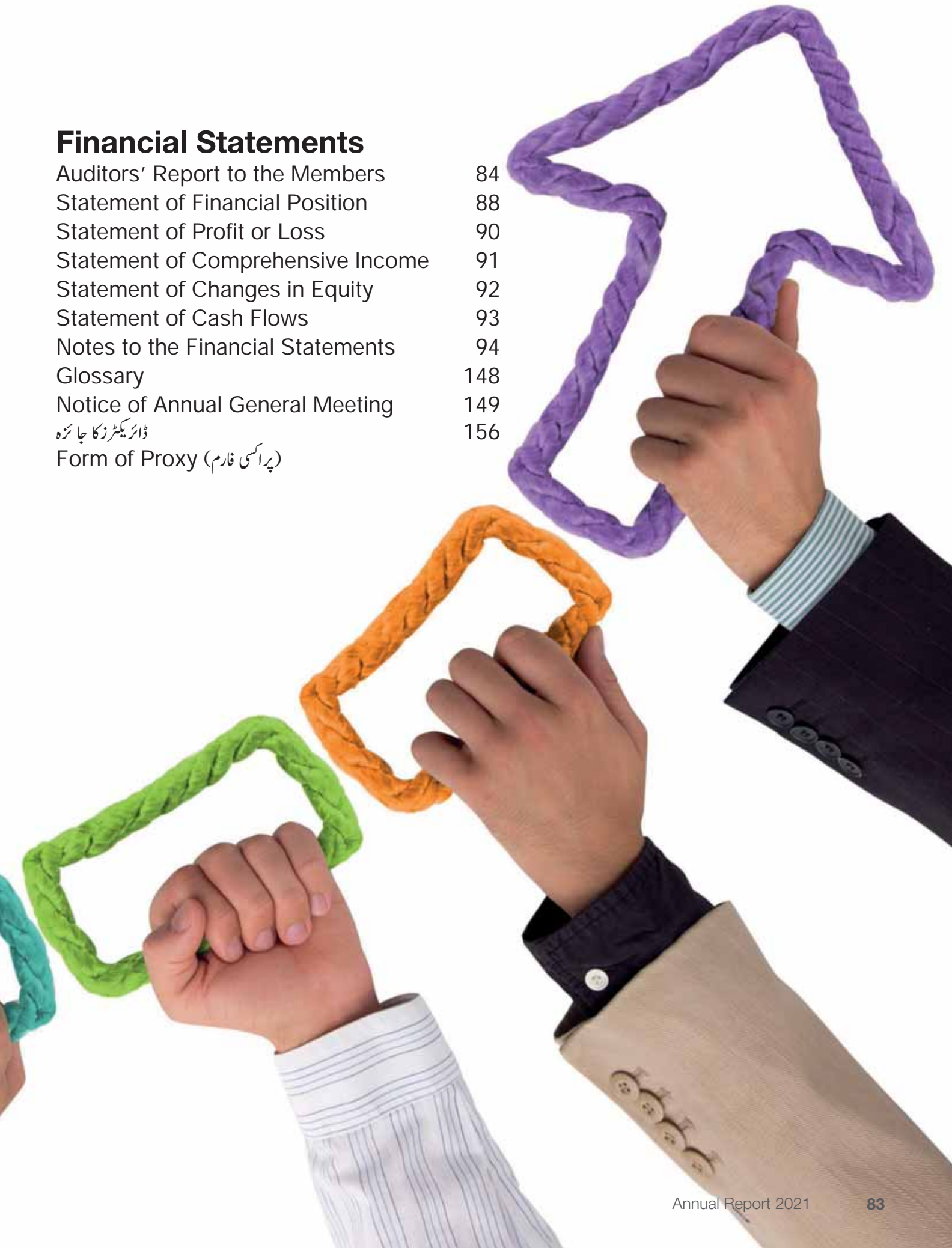
# ORIGINALITY

We quickly respond to changes, cooperate with other fields without boundaries, and implement innovation to develop originality inimitable by anyone.



## Financial Statements

Auditors' Report to the Members	84
Statement of Financial Position	88
Statement of Profit or Loss	90
Statement of Comprehensive Income	91
Statement of Changes in Equity	92
Statement of Cash Flows	93
Notes to the Financial Statements	94
Glossary	148
Notice of Annual General Meeting	149
ڈائریکٹرز کا جائزہ	156
Form of Proxy (پراکسی فارم)	



# Notes to the Financial Statements

For the year ended 31 December 2021

Amounts in Rs '000

29	<b>Distribution and selling expenses</b>	Note	<b>2021</b>	2020
	Salaries and benefits	29.1	<b>78,486</b>	72,117
	Outward freight and handling		<b>16,147</b>	12,849
	Rentals under ijarah arrangements	28.2	<b>1,891</b>	1,986
	Repairs and maintenance		<b>6,071</b>	5,875
	Travelling		<b>3,281</b>	2,267
	Postage and telephone		<b>1,092</b>	1,122
	Advertising and sales promotion		<b>905</b>	96
	Others		<b>11,804</b>	10,963
			<b>119,677</b>	107,275

**29.1** Salaries and benefits include Rs 5.83 million (2020: Rs 3.46 million) and Rs 6.21 million (2020: Rs 5.82 million) in respect of defined benefit and defined contribution plans respectively.

30	<b>Administrative and general expenses</b>	Note	<b>2021</b>	2020
	Salaries and benefits	30.1	<b>237,449</b>	218,305
	Legal, professional and consultancy		<b>14,350</b>	12,051
	Rentals under ijarah arrangements	28.2	<b>6,825</b>	6,983
	Travelling		<b>11,124</b>	7,846
	Depreciation on ROUA	6.3	<b>30,692</b>	30,692
	Repairs and maintenance		<b>35,358</b>	32,977
	IT related expenses		<b>21,244</b>	19,663
	Security		<b>28,839</b>	23,589
	Rent, rates and taxes		<b>15,005</b>	13,508
	Publication and subscriptions		<b>3,464</b>	3,248
	Postage and telephone		<b>6,050</b>	6,242
	Printing and stationary		<b>3,745</b>	4,084
	Auditors' remuneration	30.2	<b>5,008</b>	4,991
	Donations	30.3	-	130,078
	Obsolete and slow moving stores and spare parts			
	- Provision		-	2,802
	- Write off		<b>2,821</b>	-
	Others		<b>69,015</b>	55,100
			<b>490,989</b>	572,159

**30.1** Salaries and benefits include Rs 14.15 million (2020: Rs 7.69 million) and Rs 15.66 million (2020: Rs 14.27 million) in respect of defined benefit and defined contribution plans respectively.

30.2	<b>Auditors' remuneration</b>	<b>2021</b>	2020
	Audit fee	<b>2,150</b>	2,150
	Limited scope review, code of corporate governance, certifications and review and audit of group reporting packages etc	<b>2,436</b>	2,436
	Out of pocket expenses	<b>422</b>	405
		<b>5,008</b>	4,991

آن لائن جائزے کا انتظام بیرونی آزاد سہولت کار، THK لیسوسی ایٹس (پرائیویٹ) لمیٹڈ کی جانب سے انجام دیا گیا۔

## اہم انتظامی مالیاتی ڈیٹا

انتظام اور مالیات کی تفصیل سے متعلق کمپنی کی گزشتہ 6 سال پر مبنی اہم معلومات سالانہ رپورٹ کے صفحہ نمبر 75 پر درج کی گئی ہے۔

## ریٹائرمنٹ فوائڈ میں سرمایہ کاری

ملازمین کے ریٹائرمنٹ فنڈ سے متعلق سرمایہ کاریوں کے آڈٹ شدہ مالیاتی گوشوارے 31 دسمبر 2020 کو ختم شدہ سال کی تفصیل درج ذیل ہے:

(قدر '000 روپے)	
614,172	Lotte کیمیکل پاکستان مینجمنٹ اسٹاف پراویڈنٹ فنڈ
360,493	Lotte کیمیکل پاکستان مینجمنٹ اسٹاف گریجویٹ فنڈ
465,026	Lotte کیمیکل پاکستان مینجمنٹ اسٹاف ڈیفنڈڈ کنٹری بیوشن سپر اینیویوشن فنڈ
10,158	Lotte کیمیکل پاکستان نان مینجمنٹ اسٹاف پراویڈنٹ فنڈ
5,359	Lotte کیمیکل پاکستان نان مینجمنٹ اسٹاف گریجویٹ فنڈ

## بیرون آف شیئر ہولڈنگ

کمپنی میں بیرون آف شیئر ہولڈنگ سے متعلق اسٹیٹمنٹ برائے 31 دسمبر 2021 اس سالانہ رپورٹ سے منسلک ہے۔

## انٹرنل فنانشل کنٹرولز کا جائزہ

بورڈ، آڈٹ کمیٹی کے ذریعے انٹرنل کنٹرول کا جائزہ اور نگرانی انجام دیتا ہے۔ کمپنی کا اپنا ضابطے کا نظام مضبوط ہے اور اس کے موثر ہونے اور نافذ ہونے سے متعلق جانچ جاری رہتی ہے۔ اندرونی ضابطے

کے نظام کو جانچنے کے لیے باہر سے انٹرنل آڈٹ کرانے کے لیے میسرز EY فورڈ رہوڈز، چارٹرڈ اکاؤنٹنٹس کی خدمات حاصل کی گئیں جنہیں ان امور کی انجام دہی کے لیے مناسب تصور کیا جاتا ہے اور یہ کمپنی کی پالیسیوں اور عملدرآمد کے امور سے واقف بھی ہوتے ہیں۔

## کمپنی کے شیئرز میں کاروبار

زیر جائزہ سال کے دوران جناب بنگ ڈے کم کو ایک شیئر منتقل کرنے کے علاوہ کمپنی کے شیئرز میں ڈائریکٹرز، چیف ایگزیکٹو، چیف فنانشل آفیسر، کمپنی سیکریٹری اور ہیڈ آف انٹرنل آڈٹ اور ان کے شریک حیات اور بچوں نے کوئی لین دین نہیں کیا۔

## ہولڈنگ کمپنی

Lotte کیمیکل کارپوریشن، ساؤتھ کوریا، Lotte کیمیکل پاکستان لمیٹڈ میں 75.01 فیصد شیئرز کی مالک ہے۔

## متعلقہ واقعات

31 دسمبر 2021 کو ختم شدہ سال کے دوران اور اس رپورٹ کی اشاعت کے درمیان کمپنی کی مالیاتی پوزیشن میں کسی طرح کی کوئی قابل ذکر تبدیلی یا کوئی اثر انداز ہونے والی صورت حال پیش نہیں آئی۔

## بیرونی آڈیٹرز

کمپنی کے موجودہ آڈیٹرز میسرز KPMG تاثیر ہادی اینڈ کو، چارٹرڈ اکاؤنٹنٹس، کمپنی کے آڈیٹرز کے طور پر ریٹائر ہو رہے ہیں اور اہلیت کی بنا پر خود کو دوبارہ انتخاب کے لیے پیش کیا ہے۔ بورڈ نے آڈٹ کمیٹی کی تجویز کے مطابق میسرز کے پی ایم جی تاثیر ہادی اینڈ کو، چارٹرڈ اکاؤنٹنٹس، کو 31 دسمبر 2022 کو ختم ہونے والے سال کے لیے کمپنی کے قانونی آڈیٹرز منتخب کرنے کی توثیق کر دی ہے جس کی منظوری شیئر ہولڈرز کے آئندہ سالانہ اجلاس میں لی جائے گی۔

## اظہار تشکر

ہم اپنے شیئر ہولڈرز، کسٹمرز، سپلائرز اور ملازمین کا ان کے مستقل تعاون اور اعتماد پر اظہار تشکر کے طور پر شکریہ ادا کرتے ہیں۔



حمیر اجاز  
چیف ایگزیکٹو



سانگ بیون لی  
چیئر مین

تاریخ: 17 فروری 2022  
کراچی

ڈائریکٹر کا نام	بورڈ آف ڈائریکٹرز کے اجلاس	آڈٹ کمیٹی کے اجلاس	انچ آرینڈر ریویژن کمیٹی کے اجلاس
جناب من بے ہوانگ	4	-	-
جناب حمیر اعجاز	4	-	-
جناب سانگ ہون لی	4	4	1
جناب ان گو پارک (25 جنوری 2021 کو مستعفی ہوئے)	-	-	-
جناب بنگ ڈے کم (25 جنوری 2021 کو منتخب ہوئے)	4	-	1
مس ودون لی	3	-	-
جناب پرویز اختر	4	4	1
جناب عدنان آفریدی	4	4	-
جناب محمد زبیر	4	-	-

ان ممبران کی غیر حاضری کی درخواست منظوری کی گئی جو بورڈ میٹنگ میں شرکت نہ کر سکے۔

دوران سال بورڈ آف ڈائریکٹرز کی چار، آڈٹ کمیٹی کی چار، انچ آرینڈر ریویژن کمیٹی کی ایک میٹنگ منعقد ہوئی۔ تمام بورڈ میٹنگز پاکستان میں منعقد کی گئیں۔

### ڈائریکٹرز کا مشاہرہ

ڈائریکٹرز کے بورڈ نے نان ایگزیکٹو ڈائریکٹرز (بڑے شیئر ہولڈر کی نامزدگیوں کے علاوہ) کا مشاہرہ بورڈ اجلاسوں، اس کی کمیٹیوں اور اجلاس عام میں حاضری کے حوالے سے منظور کیا ہے۔ پالیسی میں کمیٹی بورڈ کے اجلاسوں اور کمیٹیوں میں شرکت پر ہونے والے مناسب اخراجات ادا کرنے کی سہولت بھی دی گئی ہے۔

چیف ایگزیکٹو اور ڈائریکٹرز کے مشاہرے کی تفصیلات پر مبنی اسٹیٹمنٹ مالیاتی گوشواروں کے نوٹ نمبر 37 پر ملاحظہ کریں۔

### بورڈ کا جائزہ

لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز کے تحت مطلوب، بورڈ کے اپنے جائزے، بورڈ ممبران اور Lotte کیمیکل پاکستان لمیٹڈ کی کمیٹیوں کا جائزہ برائے سال ختم شدہ 31 دسمبر 2021 کے لیے مکمل کر لیا گیا ہے۔

کمیٹی کو درپیش ممکنہ خطرات کی تفصیلات اور غیر یقینی کے پیش نظر اٹھائے جانے والے اقدامات سے متعلق باہمیہ سالانہ رپورٹ کے صفحہ نمبر 37 پر ملاحظہ کریں۔

### بورڈ کی تشکیل

ڈائریکٹرز کی کل تعداد اور بورڈ کی تشکیل درج ذیل ہے:

ڈائریکٹرز کی کل تعداد	مرد	خواتین
7	1	8

بورڈ کی تشکیل	آزاد ڈائریکٹرز	نان ایگزیکٹو ڈائریکٹرز	ایگزیکٹو ڈائریکٹرز	خاتون ڈائریکٹر
3	2	2	1	

### بورڈ کی کمیٹیاں

بورڈ کمیٹیوں کے ممبر کے نام درج ذیل ہیں:

آڈٹ کمیٹی	جناب پرویز اختر	جناب ال کیو کم	جناب عدنان آفریدی
چیئر مین	ممبر	ممبر	

انچ آرینڈر ریویژن کمیٹی	جناب پرویز اختر	جناب سانگ ہون لی	جناب بنگ ڈے کم
چیئر مین	ممبر	ممبر	

31 دسمبر 2021 کو ختم ہونے والے مالیاتی سال کے دوران جو افراد بورڈ اور کمیٹیوں کے ممبران رہ چکے ہیں ان کے نام درج ذیل ہیں:

## کاروباری سماجی بہبود (CSR) کے اقدامات

## کارپوریٹ گورننس

ڈائریکٹرز درج ذیل امور بیان کرتے ہوئے خوشی محسوس کرتے ہیں:

- انتظامیہ کی جانب سے تیار کردہ کمپنی کے مالیاتی گوشوارے، کمپنی کے معاملات، آپریشن کے نتائج، کیش فلوز اور ایکویٹی میں تبدیلیوں کی شفاف صورتحال پیش کر رہے ہیں۔
- کمپنی کی جانب سے باقاعدہ طور پر اکاؤنٹس کی بکس برقرار رکھی گئی ہیں۔
- مالیاتی گوشواروں اور اکاؤنٹنگ تخمینے کی تیاری مناسب اور محتاط انداز کی بنیاد پر متعلقہ اکاؤنٹنگ پالیسیوں کے تحت کی گئی ہے۔
- مالیاتی گوشواروں کی تیاری پاکستان میں لاگو انٹرنیشنل فنانشل رپورٹنگ کے معیار کے مطابق کی گئی ہے اور اس سے کسی طرح کے انحراف کو باقاعدہ واضح کیا گیا ہے۔
- انٹرنل کنٹرول کا نظام بہترین ہے اور اس پر موثر انداز میں عمل درآمد اور نگرانی کی جاتی ہے۔
- کمپنی کے استحکام اور آگے بڑھنے کی صلاحیت پر کسی بھی شک و شبہ کی کوئی گنجائش نہیں۔
- کارپوریٹ گورننس پر موثر انداز میں عمل درآمد سے کسی طرح کا بھی انحراف دیکھنے میں نہیں آیا۔

## پرنسپل سرگرمیاں

کمپنی PTA کی پیداوار اور فروخت کے کام میں مصروف ہے۔ مالیاتی سال کے دوران کمپنی کی اصل سرگرمیوں میں کسی طرح کی کوئی تبدیلی واقع نہیں ہوئی۔

## خطرات پر قابو پانے کا نظام

آڈٹ کمیٹی کی طرف سے کمپنی کے رسک مینجمنٹ انتظام کی نگرانی اور رسک مینجمنٹ فریم ورک کی فعالیت کا جائزہ لیا جاتا ہے۔ بورڈ خطرات کے انتظام اور انٹرنل کنٹرول کے ضوابط کا مکمل ذمہ دار ہے۔ کمپنی کے درج شدہ اور مستقل بنیادوں پر زبرد جائزہ دینے والے ضوابط اس انداز سے مرتب کردہ ہیں کہ ہمارے اثاثہ جات اور کاروبار کو درپیش خطرات پر قابو پایا جاسکے، اور اس طرح وقت پر بورڈ اور اعلیٰ انتظامیہ کو رپورٹ دینا بھی یقینی بنایا جائے۔ ادارے کے ڈھانچے سے متعلق ایک شفاف نظام کے ساتھ حکام کی ذمہ داریاں واضح کردہ ہیں اور اعلیٰ انتظامیہ روزمرہ کی بنیاد پر ان طریقہ کاروں، خطرات سے آگہی کے نظام اور کنٹرولز کے موثر ہونے کی ذمہ دار ہے۔

کاروباری طور پر سماجی ادارے کی حیثیت میں، آپ کی کمپنی نے مقامی علاقوں اور سوسائٹی کی بہبود کے لیے اپنے آپ کو مختص کیا ہے۔ ہم نے اپنے معاشرے میں تعلیم اور صحت کے مسائل کی نشاندہی کی ہے اور انہی شعبہ جات میں کام کرنے کے لیے فلاحی اداروں کے ساتھ شراکت داری کر رکھی ہے۔ سماجی بہبود کے اقدامات کو مزید منظم کرنے کے پیش نظر، کمپنی نے LOTTE پاکستان فاؤنڈیشن (LPPF) قائم کی ہے۔

کاروباری سماجی بہبود (CSR) کے اقدامات سے متعلق تفصیلی رپورٹ برائے سال 2021 کے لئے سالانہ رپورٹ کا صفحہ نمبر 68 ملاحظہ کریں۔

## مستقبل پر نظر

کروڈ آئل (WTI) کی قیمتوں میں تیل کی طلب میں اضافے کی بدولت تیزی کے امکانات ہیں کیونکہ کرونا کے نئے ویرینٹ او میکرون کی کم شدت سے دنیا بھر میں بحالی کے امور جاری ہیں۔ اس کے علاوہ، کروڈ آئل کی مجموعی مارکیٹ دباؤ کو ختم کرنے کی امید ہے کیونکہ اوپیک پلس کی جانب سے پیداوار میں اضافے کی کوششیں جاری ہیں۔ تاہم اگر مارکیٹ میں مزید بیرل کے اضافے سے قیمتوں میں بہتری آسکتی ہے۔ علاوہ ازیں، مارکیٹ کو امریکہ، ایران نیوکلیر معاہدے کی بحالی کا انتظار ہے جس سے 2022 میں آئل مارکیٹ میں توازن پیدا ہو سکتا ہے۔

2022 میں اپ اسٹریم کروڈ کی قیمتوں میں بحالی کی امیدوں سے PX مارکیٹ میں بھی تیزی کی توقع ہے اور اسی سے ڈاؤن اسٹریم پولیسٹرز کے شعبے میں بتدریج بحالی آئے گی کیونکہ او میکرون کی شدت ختم ہوتی جا رہی ہے۔ آنے والے سال میں چین میں PX اور PTA مارکیٹ میں تقریباً 11.8 ملین میٹرک ٹن کی اضافی پیداوار شامل ہونے جارہی ہے جس سے قیمت پر ڈاؤن اسٹریم دباؤ کم ہو سکتا ہے اور مارکیٹ کو مزید تقویت ملنے کے امکانات ہیں۔ اس کے باوجود، پولیسٹرز کی بڑھتی ہوئی طلب اور چین میں تقریباً 6 ملین میٹرک ٹن کے اضافی پیداواری صلاحیتوں سے طلب اور رسد میں توازن آنے کی توقع ہے۔

پولیسٹرز کی مقامی مارکیٹ میں تیزی کے امکانات ہیں کیونکہ ٹیکسٹائل کی صنعت میں سرمایہ کاری بڑھنے کا رجحان دیکھا جا رہا ہے۔ چینی ویکسین جو ٹیکسٹائل کے مرحلے میں ہے، توقع ہے کہ 2021 کے دوران پاکستان بھر میں تقسیم کر دی جائے گی۔ مزید برآں، حکومت کی جانب سے ٹیکسٹائل کے شعبے کو تقویت دینے والے اقدامات کی متوقع منظوری اور ٹیکسٹائل پالیسی برائے 2020-2025 سے اس شعبے کی اہلیت میں مزید بہتری آئے گی۔ ڈاؤن اسٹریم پولیسٹرز کے شعبے سے PTA کی متوقع اضافی طلب سے 2022 کے اختتام تک کچھ نئے پروڈیوسرز آنے کے امکانات ہیں۔ تاہم توانائی کے موجودہ مسائل سے پروڈیوسرز کو اپنے آپریشنز میں تسلسل کی مشکلات رہیں گی۔

دوران سال قوانین اور معیارات پر عمل درآمد کی تصدیق کے لئے کئی طرح کے اندرونی اور بیرونی آڈٹ ہوئے، جن میں کسی طرح کی بھی قابل ذکر خلاف ورزی سامنے نہیں آئی۔ مزید برآں کمپنی نے گندے پانی کے اخراج کے حوالے سے نیشنل انوائزمنٹ کوالٹی ایشینڈرڈز پر عمل جاری رکھا اور گیسوں کا اخراج بھی قوانین کی حدود کے اندر تھا۔

2021 میں HSE کارکردگی اور ڈیولپمنٹ سے متعلق تفصیلی رپورٹ سالانہ رپورٹ کے صفحہ نمبر 62 پر ملاحظہ کریں۔

## ماحول پر کمپنی بزنس کے اثرات

ماحول کی حفاظت ہمارے کاروباری استحکام کے نظریہ کی اساس ہے۔ توانائی، پانی، فضلہ اور وسائل کا استعمال، حیاتیاتی ماحول میں تنوع، اخراج کا نظام اور قانون کی پاسداری ہماری توجہ کا مرکز ہیں۔

ہم اس بات کے لیے پرعزم ہیں کہ ہمارے آپریشنز ماحول دوست رہیں اس کے لیے ہم کاربن کے اثرات کو کم کرنے پر بھرپور توجہ دے رہے ہیں۔ اس عزم کے پیش نظر، ہم پلانٹ سے نکلنے والے گندے پانی کو جدید ڈیپ شافٹ ٹیکنالوجی کے حامل ایفلوئنٹ ٹریٹمنٹ پلانٹ (ETP) کے ذریعے صاف کرتے ہیں۔ کمپنی کے ویسٹ مینجمنٹ کو مزید بہتر کرنے کے لیے ہم نے اینا ایروبک ری ایکٹر کی تنصیب کا پروجیکٹ شروع کیا ہے، جس کی تنصیب 2021 کی چوتھی سہ ماہی میں مکمل کی گئی۔ ایک ISO 14001 سرٹیفائیڈ ماحولیات کی صورت میں، ماحولیات کی تحفظ سے طویل المدتی تجارتی استحکام حاصل ہونے کے یقین کے بعد، فضلہ جات کو کم سے کم کرنا ہماری ترجیحات میں شامل رہا ہے۔

ہمارے ماحولیات کی تحفظ سے متعلق تفصیلی رپورٹ سالانہ رپورٹ کے صفحہ نمبر 66 پر ملاحظہ کریں۔

## مالیاتی کارکردگی

	ختم شدہ سال 31 دسمبر	
	2020	2021
آمدنی (روپے بلین میں)	38,965	67,165
مجموعی منافع	2,642	7,581
منافع قبل از ٹیکس	2,999	6,499
ٹیکسیشن	(874)	(1,856)
منافع بعد از ٹیکس	2,125	4,643
ہر ایک شیئر پر منافع (روپے میں)	1.40	3.07

PTA کی قیمت میں اضافے کے سبب گزشتہ سال کے 38,695 ملین روپے کے مقابلے میں 72 فیصد اضافہ سے 67,165 ملین روپے آمدنی حاصل کرنے میں کامیاب رہے۔ زبر جائزہ سال کے لیے مجموعی منافع گزشتہ سال کی اسی مدت کے 2,642 ملین روپے کے مقابلے میں 7,581 ملین روپے رہا۔ مجموعی طور پر مہنگائی بڑھنے سے ڈسٹری بیوٹن اور سیلز کے اخراجات 12 فیصد زائد رہے جبکہ انتظامی اخراجات گزشتہ سال کے مقابلے میں زائد رہے۔ کمپنی نے زیادہ منافع حاصل کرنے کے بعد دیگر اخراجات، ورکرز پرفارمنٹ پارٹنر شپ اور ورکرز ویلفیئر فنڈ کے لیے گزشتہ سال کے مقابلے میں زائد رقم فراہم کی۔

حکومتی انکم ٹیکس ریٹ اور ڈیفریڈ ٹیکس اکاؤنٹ میں فاسٹ ٹیکس ریجیم (FTR) کی بنیاد پر سال کے لیے ٹیکسیشن چارج عائد ہوتا ہے۔

سال کے لیے ہر ایک شیئر پر منافع (EPS) گزشتہ سال کے ہر ایک شیئر کے منافع 1.40 روپے کے مقابلے میں بڑھ کر 3.07 روپے فی شیئر ہو گیا۔

## منافع منقسمہ (ڈیویڈنڈ)

بورڈ آف ڈائریکٹرز کی جانب سے 31 دسمبر 2021 کو ختم شدہ سال کے لیے ہر ایک شیئر کے لیے عبوری منافع منقسمہ 1.50 روپے (15%) دینے کی منظوری کے بعد کمپنی کے شیئر ہولڈرز کو ادائیگی کا چکا ہے۔

## ہیومن ریسورسز

2021 کے دوران، ہیومن ریسورسز کے اعلیٰ معیاروں کے مطابق صلاحیت میں اضافے اور احتساب کے لیے بھرپور کوششیں جاری رکھنے کے ساتھ اپنے صارفین کو فراہم کی جانے والی خدمات اور انتظامیہ کو اعتماد میں لینے کے امور میں بہتری لائی گئی۔ آپ کی کمپنی ملازمین کی ہمت افزائی اور اعتماد کے ماحول کو فروغ دے کر ان کے کاموں کی حوصلہ افزائی کرتی ہے۔ کمپنی کی مارکیٹ پوزیشن کو برقرار رکھنے کے لیے تمام امور میں مہارت یافتہ افراد کو برقرار رکھنے ہوئے ان کی صلاحیتوں میں نکھار لانے کے اقدامات اٹھائے گئے۔ اپنی ہیومن کیپٹل کی منصوبہ بندی کے تحت کمپنی ملازمت کے یکساں مواقع فراہم کرتی ہے، ہم نافذ لیبر قوانین پر عمل درآمد کرتے ہیں، ہم صنعتی تعلقات میں بہترین تجربات کی پیروی کرتے ہیں اور تمام ملازمین کے لیے تعمیری اور مثبت ماحول کو یقینی بناتے ہیں۔

ہیومن ریسورسز کی کارکردگی اور بہتری سے متعلق تفصیلی رپورٹ برائے سال 2021 کے لیے سالانہ رپورٹ کا صفحہ نمبر 52 ملاحظہ کریں۔

ڈاؤن اسٹریم پولیسٹرانڈسٹری میں گزشتہ سال 2021 میں بحالی دیکھی گئی اور مقامی اور ایکسپورٹ کی طلب میں اضافے کے سبب گزشتہ سال کے مقابلے میں 25 فیصد کی اچھی طلب حاصل ہوئی۔ البتہ سال کی دوسری سہ ماہی کے دوران عالمی فراہمی میں آنے والے تعطل نے خام مال کی فراہمی میں تاخیر سے پروڈیوسرز کو اپنے آپریشنز محدود کرنے پر مجبور کیا۔ علاوہ ازیں، سردی کے موسم میں صنعتوں کو توانائی کی فراہمی میں تعطل نے بھی ٹیکسٹائل کے آپریشنز کو مزید محدود ہونے پر مجبور کر دیا۔ اس کے باوجود، پولیسٹرانڈسٹری میں گزشتہ سال کے مقابلے میں زبردست بحالی دیکھی گئی اور بزنس نے گزشتہ سال میں 70 فیصد کی اوسط شرح کے مقابلے میں 86 فیصد کی اوسط شرح سے کام جاری رکھا۔

### آپریشنز

بورڈ اس بات کو رپورٹ کرتے ہوئے خوش ہے کہ اس سال پیداوار اور فروخت بالترتیب 520,047 ٹن اور 519,079 ٹن رہی، یہ 1998 میں PTA آپریشنز کے آغاز سے لیکر اب تک کی سب سے زیادہ پیداوار اور فروخت ہے۔

دوران سال پیداوار اور فروخت میں گزشتہ سال کے مقابلے میں بالترتیب 25 اور 21 فیصد اضافہ واقع ہو گیا کیونکہ گزشتہ سال کر دنا کے سبب لاک ڈاؤن کے نتیجے میں پلانٹ آپریشنز میں 54 دن کا تعطل آیا تھا۔

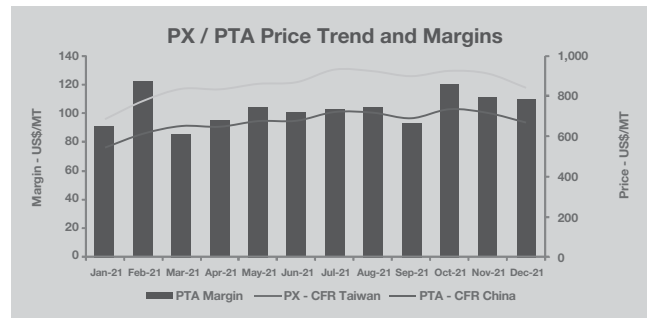
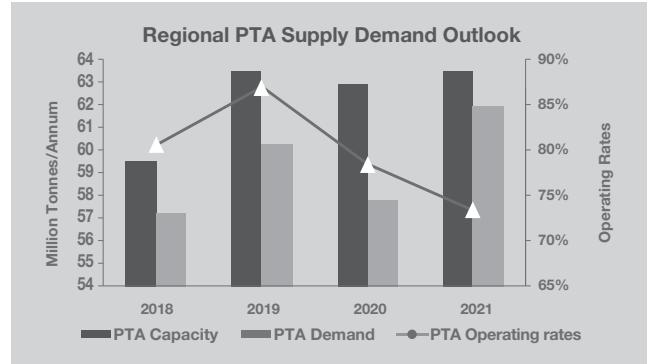
کمپنی نے اپنی پیداوار اور صلاحیت میں سرمایہ کاری کو جاری رکھتے ہوئے مستقل اور پائیدار آپریشنز کے تسلسل اور اپنے پلانٹ کے آپریشنز میں مزید بہتری کے امور جاری رکھے۔

### ہیلتھ، سیفٹی اینڈ انوائرنمنٹ (HSE)

ڈائریکٹریہ بتاتے ہوئے فخر محسوس کرتے ہیں کہ آپ کی کمپنی نے HSE پر بھرپور توجہ دیتے ہوئے 31 دسمبر 2021 کو 64.6 ملین مین آڈرز کی تکمیل کا سنگ میل عبور کیا ہے کہ اس دوران کمپنی کا اپنا ملازم یا کنٹریکٹر کا اسٹاف کسی طرح کے حادثے کا شکار نہیں ہوا۔ یہ بے مثال ریکارڈ کسی بھی عالمی معیار پر پورا اترنے کا واضح ثبوت ہے۔ آپ کی کمپنی اپنے ملازمین کی تربیت اور صلاحیتوں میں نکھار لانے کے لیے مناسب ماحول فراہم کرنے پر یقین رکھتی ہے اور ہر وقت تحفظ کو یقینی بنانے کے لیے جدید ساز و سامان اور مہارتوں پر بھرپور سرمایہ کاری جاری رکھتی ہے۔

PTA انڈسٹری میں اپ اسٹریم فیڈ اسٹاک مارکیٹ والی صورتحال رہی اور سال کے آغاز میں بہتری دکھائی دی۔ طلب میں مناسب بہتری دیکھی گئی کہ دنیا کی بڑی معیشتوں میں وبا سے بحالی کا سفر شروع ہوا۔ البتہ سال کی دوسری سہ ماہی میں قیمتوں میں عدم توازن آیا جب ساؤتھ ایسٹ ایشیا اور بھارت کے علاقے میں کرونا کے نئے کیسز ظاہر ہوئے، جس سے مارکیٹ میں کمی واقع ہوئی۔ اس کے علاوہ اسی دوران چین میں کچھ نئے پلانٹس کے شروع ہونے سے ریجن میں فراہمی بڑھی اور قیمتوں میں تیزی کی صورتحال میں استحکام پیدا ہوا۔ سال کی تیسری سہ ماہی کے دوران، چین کے کئی پولیسٹرانڈسٹری پروڈیوسرز کو حکومتی سطح پر توانائی کی بچت کے ٹارگٹ پورے کرنے کے لیے اپنی پیداوار میں کمی لانے پر مجبور کیا گیا اور انڈسٹری میں اضافے کے نتیجے میں قیمت میں کمی کا رجحان دیکھا گیا۔ تاہم مارکیٹ نے لیسٹک ایسڈ کی دوہری قیمتوں کے بوجھ سے خود کو بچانے میں کامیابی حاصل کی۔ سال کی آخری سہ ماہی کے آتے ہی، پی ٹی اے کی قیمتوں میں کچھ بہتری آئی کیونکہ فیڈ اسٹاک کی قیمتوں میں زبردست اضافہ ہوا۔ اس کے علاوہ چین میں بجلی کی کھپت پر مذکورہ بالا سختی ہٹنے سے، ڈاؤن اسٹریم پولیسٹرانڈسٹری پروڈیوسرز نے اپنی کاروباری لاگت میں کمی کی اور قیمتوں کو استحکام ملا۔ سال کے آخر میں، قیمتوں میں مندری کا رجحان دیکھا گیا کیونکہ دنیا بھر میں Covid-19 کے نئے ویرینٹ سے مقابلے کی صورتحال رہی۔ چین کے کئی علاقوں میں لاک ڈاؤن کے نتیجے میں پولیسٹرانڈسٹری پروڈیوسرز کو اپنا کام بند کرنا پڑا جس سے مارکیٹ کی صورتحال میں غیر یقینی پیدا ہوئی۔

مجموعی طور پر 2021 کے دوران PTA پروڈیوسرز کا اوسط آپریٹنگ ریٹ 73.4 فیصد رہا۔ سال کے لیے PTA کی اوسط قیمت 668.94 امریکی ڈالرز فی ٹن رہی۔ 2020 کے لیے PX کے مقابلے میں PTA کا منافع 103 امریکی ڈالرز فی ٹن رہا جبکہ گزشتہ سال کا اوسط منافع 86 امریکی ڈالرز فی ٹن تھا۔



## ڈائریکٹرز کا جائزہ

برائے ختم شدہ سال 31 دسمبر 2021

کمپنی کے ڈائریکٹرز 31 دسمبر 2021 کو ختم شدہ سال کے لئے کمپنی کے آڈٹ شدہ مالیاتی گوشوارے بشمول اپنی رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

## بورڈ میں تبدیلیاں

جناب من بے ہوانگ اور مس دون لی یکم فروری 2022 کو بورڈ سے مستعفی ہو گئے اور جناب ال کیوم اور مس بے سن پارک کو اسی دن ڈائریکٹرز کے طور پر منتخب کیا گیا تاکہ 22 جون 2023 تک کی باقی ماندہ مدت کے لیے خالی ہونے والی اسامیوں کو پُر کیا جائے۔

بعد ازاں جناب سانگ ہون لی کو مستعفی ہونے والے ڈائریکٹر جناب من بے ہوانگ کی جگہ فوری طور پر بورڈ کے چیئرمین کے طور پر منتخب کیا گیا۔

بورڈ اپنے مستعفی ہونے والے ڈائریکٹر جناب من بے ہوانگ اور مس دون لی کی خدمات کو سراہتے ہوئے کمپنی کے نئے ڈائریکٹر جناب ال کیوم اور مس بے سن پارک کو خوش آمدید کہتا ہے۔

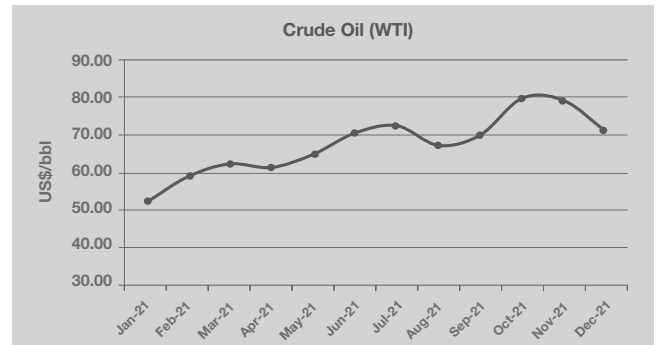
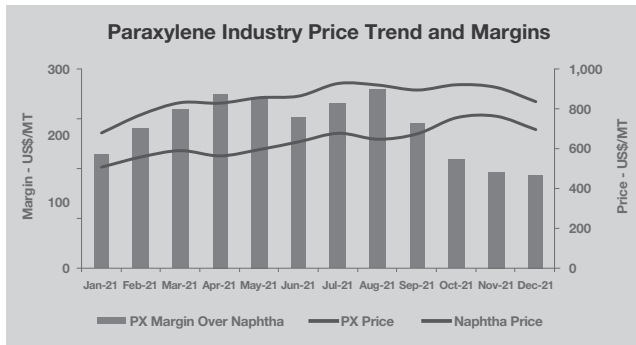
## کاروباری جائزہ

### کرد و آئل

### چیرا اٹالین (PX) انڈسٹری

دوران سال PX کی قیمتوں میں کرد و آئل کی طرح طلب میں بہتری اور بحالی سے زبردست تیزی دیکھی گئی۔ علاقے میں کئی طرح کے زیر منصوبہ اور غیر منصوبہ بندشوں کے نتیجے میں مارکیٹ میں بہتری آئی۔ البتہ سال کی دوسری سہ ماہی میں تیزی میں اس وقت کمی واقع ہوئی جب ساؤتھ ایسٹ ایشیا اور بھارت کے علاقے میں کرونا کے نئے کیسز ظاہر ہوئے، جس سے مارکیٹ میں کمزوری واقع ہوئی۔ اس کے باوجود، نئے PX پلانٹ کے شروع ہونے میں تاخیر سے قیمتوں میں کچھ بہتری ہوئی۔ سال کی دوسری ششماہی میں PX کی طلب میں کچھ بہتری دیکھی گئی جب چین میں PTA اور پولیسٹر پروڈیوسرز کو حکومت کی جانب سے بجلی کی بچت کے ٹارگٹ پانے کے لیے اپنے آپریٹرز میں کمی لانے کا حکم ملا۔ آخری سہ ماہی کے دوران کرد و کی قیمتوں کی بحالی سے PX مارکیٹ کو سہارا ملا لیکن ریجن میں بہت ساری سپلائی کے سبب کاروباری اخراجات بڑھنے سے منافع میں تیزی سے مناسب فائدہ حاصل ہوا۔ منافع میں جاری کمی کے نتیجے میں چین کے پروڈیوسرز نے PX کے پیداواری اخراجات میں کمی کرنے کے ساتھ پیداوار کو گیسولین جیسی متبادل سستی توانائی پر منتقل کیا۔ دوران سال Naptha پر اوسط منافع 214 ڈالر فی ٹن رہا اور PX کی اوسط قیمت گزشتہ سال 2020 کے 578.25 امریکی ڈالر فی ٹن کے مقابلے میں 858.78 ڈالر فی ٹن رہی۔

پہلی سہ ماہی کے دوران کرد و آئل کی قیمتوں میں تیزی آئی کیونکہ Covid-19 وائرس کے نتیجے میں لاگو ہونے والے سفری پابندیوں کے خاتمے سے عالمی معیشتوں میں بحالی دیکھی گئی۔ تیزی کے اس رجحان میں سعودی عرب کی جانب سے پیداوار میں کمی لانے اور امریکہ میں معاشی بحالی کے پہنچنے سے متعلق تبادلہ خیال سے مزید اضافہ ہوا۔ البتہ، ساؤتھ ایسٹ ایشیا اور بھارت میں کرونا کے کیسز میں اضافے کے سبب دوسری ششماہی کے آغاز سے اس تیزی میں کمی آنا شروع ہوئی۔ اس کے باوجود، مذکورہ علاقے میں صورتحال میں بہتری آئی، تیل کی قیمتوں میں بھر اضافے کا رجحان رہا اور قیمتیں بڑھتی رہیں۔ مزید برآں، امریکہ اور ایران کے درمیان جوہری معاہدے سے متعلق بات چیت شروع ہونے سے مارکیٹ میں ایرانی تیل کا اضافہ ہوتا جس میں تعطل سے قیمتوں میں تیزی رہی۔ تاہم قیمتوں میں ایک بار پھر اس وقت تیزی آئی جب اوپیک پلس نے 2021 کے اختتام تک یومیہ 2 ملین بیرل کل اضافے کے منصوبے کا اعلان کیا۔ قیمتوں میں ایک بار پھر کمی اس وقت آئی جب دنیا بھر میں پھر کرونا نے اپنے وار شروع کئے اور چین نے کرونا وائرس سے متعلق زیرو ٹالرنس پالیسی کے نفاذ کا اعلان کیا۔ سال کی آخری سہ ماہی کے دوران کرد و آئل کی قیمتوں میں امریکی طوفان کے سبب سپلائی میں تعطل کے نتیجے میں تیزی دیکھی گئی۔ علاوہ ازیں، کولے اور گیس کی قیمتوں میں اضافے کے سبب کرد و آئل کو متبادل کے طور پر استعمال کیا گیا جس سے قیمتوں میں تیزی شروع ہوئی۔ اوپیک پلس کی جانب کارروائی میں ناکامی کے سبب اقوام متحدہ، چین، بھارت، ساؤتھ کوریا، جاپان اور برطانیہ کی جانب سے اسٹریٹجک ریزرو (SPR) سے کرد و آئل کی مشترکہ فراہمی کی گئی۔ سال کے آخر تک، آئل کی طلب میں کچھ کمی دیکھی گئی جب Covid-19 کے نئے ویریئنٹ او میکرون نے عالمی معیشتوں پر اثرات مرتب کئے۔ سال کے اختتام پر کرد و آئل کی قیمتیں 75.21 bbl/ امریکی ڈالر جبکہ سال کے لیے اوسط قیمت 67.83 bbl/ امریکی ڈالر رہی۔



# پراکسی فارم

## 24 واں سالانہ اجلاس عام

میں / ہم \_\_\_\_\_ ساکن \_\_\_\_\_

بحیثیت ممبر Lotte کیمیکل پاکستان لمیٹڈ \_\_\_\_\_ کے عمومی شیئرز رکھتا ہوں / رکھتی ہوں، لہذا

بذریعہ ہذا \_\_\_\_\_ ساکن \_\_\_\_\_ یا ان کی عدم موجودگی کی صورت میں

\_\_\_\_\_ ساکن \_\_\_\_\_ جو کہ Lotte کیمیکل پاکستان لمیٹڈ کے

ممبر ہیں، کو بطور پراکسی مقرر کرتا ہوں / کرتی ہوں تاکہ وہ میری جگہ اور میری طرف سے کمپنی کے 24 ویں سالانہ اجلاس عام جو کہ 21 اپریل 2022 بروز جمعرات منعقد ہو رہا ہے میں اور اس کے کسی ملتی شدہ اجلاس میں شرکت کرے اور ووٹ ڈالے۔

میں / ہم بروز \_\_\_\_\_ بتاریخ \_\_\_\_\_ کو اپنے دستخط / امبر کے ساتھ اس امر کی تصدیق کرتا / کرتی ہوں / کرتے ہیں۔

مذکورہ بالا کے دستخط:

ان گواہان کی موجودگی میں: 1. \_\_\_\_\_

2. \_\_\_\_\_

مناسب قدر کی ریویٹیو ممبر پر دستخط

یہ دستخط کمپنی کے پاس رجسٹرڈ نمونہ دستخط کے مطابق ہونے چاہئیں۔

نوٹ / CDC اکاؤنٹ نمبر:

اہم نکات:

1. باضابطہ، مکمل شدہ اور دستخط کردہ یہ پراکسی فارم کمپنی کے رجسٹرڈ آفس بمقام 4-EZ/1/P، ایسٹرن انڈسٹریل زون، پورٹ قاسم کراچی میں اجلاس کے وقت سے 48 گھنٹے قبل پہنچ جانا چاہیے۔

2. کمپنی کا ممبر نہ ہونے کی صورت میں کسی فرد کو بطور پراکسی مقرر نہیں کیا جاسکتا، ماسوائے کارپوریشن جو ممبر کے علاوہ دوسرے فرد کو پراکسی نامزد کر سکتی ہے۔

3. کسی ممبر کی جانب سے ایک سے زیادہ پراکسی مقرر کئے جانے اور ممبر اگر کمپنی کو ایک سے زائد پراکسی انسٹرومنٹس داخل کرائے، تو وہ سب غیر موثر تصور کئے جائیں گے۔

برائے CDC اکاؤنٹ ہولڈرز / کاپور بیٹ ادارے:

درج بالا کے علاوہ درج ذیل تقاضے بھی لازمی ہیں:-

الف- پراکسی فارم دو افراد کی جانب سے گواہی کے ہمراہ ہونا چاہیے جن کے نام، پتے اور سی این آئی سی نمبر فارم پر درج ہوں۔

ب- تینٹیفیکیشن مالکان اور پراکسی کے سی این آئی سی یا پاسپورٹ کی تصدیق شدہ نقول پراکسی فارم کے ساتھ پیش کرنا ہوں گی۔

ج- پراکسی کو اجلاس کے وقت اپنا اصل سی این آئی سی یا اصل پاسپورٹ پیش کرنا ہوگا۔

د- کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد / پاور آف اٹارنی مع نمونہ دستخط، پراکسی فارم کے ساتھ کمپنی کو پیش کئے جائیں (اگر وہ پہلے پیش نہ کئے گئے ہوں)۔

# Form of Proxy

## 24th Annual General Meeting

I / We \_\_\_\_\_

of \_\_\_\_\_

being member(s) of Lotte Chemical Pakistan Limited holding \_\_\_\_\_

ordinary shares hereby appoint \_\_\_\_\_

of \_\_\_\_\_ or failing him / her \_\_\_\_\_

of \_\_\_\_\_ who is / are also member(s) of Lotte Chemical Pakistan Limited as my / our proxy in absence to attend and vote for me / us and on my / our behalf at the 24th Annual General Meeting of the Company to be held on Thursday, 21 April 2022 and at any adjournment thereof.

As witness my / our hand / seal this \_\_\_\_\_ day of \_\_\_\_\_

Signed by the said \_\_\_\_\_

in the presence of 1. \_\_\_\_\_

2. \_\_\_\_\_

Folio / CDC Account No.

Signature on  
Revenue Stamp of  
Appropriate Value

This Signature should agree with the specimen registered with the Company

### Important:

1. This Proxy Form, duly completed and signed, must be received at the Registered Office of the Company at EZ/I/P-4, Eastern Industrial Zone, Port Qasim, Karachi, not less than 48 hours before the time of holding the meeting.
2. No person shall act as proxy unless he / she himself / herself is a member of the Company, except that a corporation may appoint a person who is not a member.
3. If a member appoint more than one proxy and more than one instruments of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.

### For CDC Account Holders / Corporate Entities:

In addition to the above, the following requirements have to be met:

- i) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- ii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iii) The proxy shall produce his / her original CNIC or original passport at the time of the Meeting.
- iv) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.



**Registered Office**

EZ/I/P-4, Eastern Industrial Zone,  
Port Qasim Authority, Bin Qasim,  
Karachi - 75020, Pakistan  
UAN: +92 (0) 21 111 782 111  
Fax: +92 (0) 21 3472 6004  
URL: [www.lottechem.pk](http://www.lottechem.pk)

**City Office**

Al-Tijarah Centre, 14th Floor, 32/1-A,  
Main Shahrah-e-Faisal,  
Block 6, P.E.C.H.S.,  
Karachi-75400, Pakistan  
UAN: +92 (0) 21 111 568 782