

**Security Papers Limited**

# **Environmental Report 2011**

**Prepared by:**

**SAADAT ALI  
Dy. General Manager (QA/R&D)**



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# INTRODUCTION

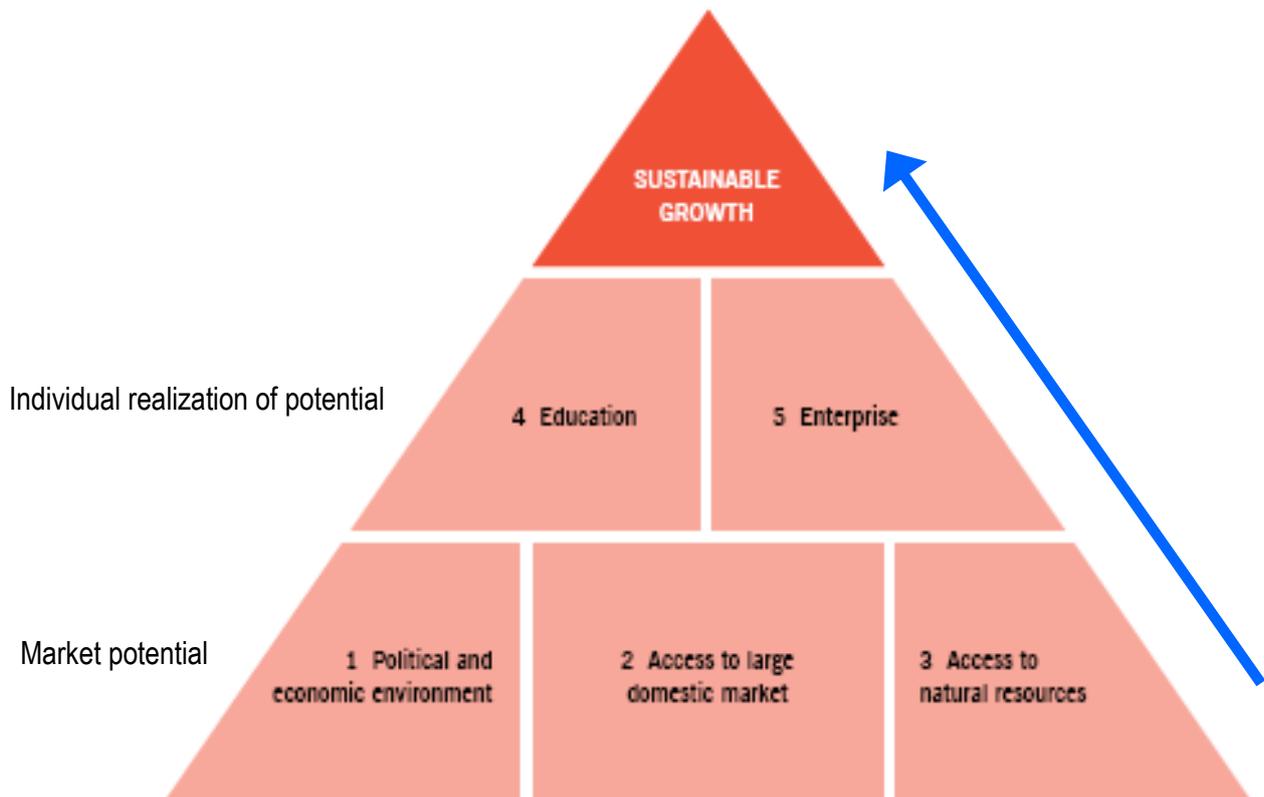
Environmental Report 2011 of Security Papers Limited has been prepared in such a way so that it could reflect the entire spectrum of economic, environmental and social activities of the Organization in a true sense.

**According to Klaus Schwab,**

President and Founder of the World Economic Forum (January 2010)

“The present system of global cooperation is not working sufficiently. [We need to] look at all issues on the global agenda in a systemic, integrated and strategic way. We have to rethink our values; we are living together in a global society with many different cultures. We have to redesign our process; how do we deal with the issues and challenges on the global agenda?”

**Five Foundations for Growth**





# COMPANY PROFILE

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Security Papers Limited (**SPL**) is manufacturing banknote paper and other security papers such as Prize Bonds, Defence Saving Certificates, Non-judicial Stamp Papers, certificate papers for Educational Boards and Degree Paper for Universities. **SPL** was established in 1965 as a private limited company and became a public limited company in 1967, as the first joint venture of Iran, Turkey and Pakistan under RCD (now ECO). The commercial production of the old machine PM-1 was started in 1969. Pakistan Security Printing Corporation (Pvt.) Ltd is the main customer of **SPL**. The Company has about 405 employees.

**SPL** has undergone a complete transformation since the year 2000, unprecedented in the public sector, through the institutionalization of strategic Management, with a 5-years plan and annual business planning, aiming at strategic goals relating to customer based expansion and satisfaction, quality manufacturing, counterfeit deterrence, security and resource mindset. Many changes have taken place in all areas of operations.

The operational efficiency of all the departments has substantially increased with the implementation of an integral computerized information system. The in-house laboratory is now modernized with latest and more efficient equipment. **SPL** is promptly addressing all major risk issues. Line authority and responsibility are now well defined, enabling transparency of transactions and internal audit function.

The new state of the art German machine PM-2 manufacturers custom-made paper of world class specifications with latest counterfeit deterrence such as 3-dimensional tonal-variation watermarks.

The Company is maintaining Corporate Governance Rating at 'CGR 8+' denoting 'high level of governance' as rated by JCR-VIS, which is currently reaffirmed. The Top Companies Award of the Karachi Stock Exchange is also held for the tenth year i.e. 2000-2010. JCR-VIS has re-affirmed medium to long-term entity rating of AAA (Triple A) and short-term rating of A-1+ (A one plus). The Company is also holding the Best Corporate Report Award for the year 2006 to 2010. The Management Association of Pakistan (MAP) has awarded 24<sup>th</sup>, 25<sup>th</sup>, 26<sup>th</sup>, 27<sup>th</sup> and 28<sup>th</sup> Corporate Excellence Award to the Company.



## **EXECUTIVE SUMMARY & SCOPE OF THE REPORT**

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This report encompasses the activities of Security Papers Limited regarding economic, social, environmental and operational performance of the Organization during the year 2011. This Environmental Report has been prepared keeping in view the guidelines of Association of Chartered Certified Accountants–World Wildlife Fund (ACCA–WWF).

This report provides an overview of Company Profile, business ethics and practices, continual improvement, major areas of operations, significant environmental aspects/ impacts, environmental monitoring and measurement, objectives achievement trend, environmental management programs and corporate social responsibility.

Policies and core values are incorporated in the report to show the commitment of the Company regarding CSR, environment and safety activities.

Under sustainable development program, the Company sets targets and objectives such as conservation of resources by following proactive strategy, energy conservation, effluent & emissions control, solid waste management and prepare their achievements plans in order to keeping improving in the areas of economics, social and environmental performance.

Emergency preparedness & response procedures and plan have been established and drills are conducted periodically in order to check the effectiveness of these plans. Assembly zones are identified and marked in the mills. Responsibilities and authorities in emergency situation are clearly identified in the procedures. Incident reporting & analysis mechanism is also defined.



# CHIEF EXECUTIVE MESSAGE

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It is a great pleasure for me on the issuance of Environmental Report 2011 by Security Papers Limited keeping in view the guidelines of Association of Chartered Certified Accountants–World Wildlife Fund (ACCA-WWF). The business environment remained challenging during the financial year 2011. Sharp increase in the price of cotton comber which is a major constituent of banknote paper has resulted in substantial increase in the cost of production and decline in gross margin. However, our focused strategy, reinforced cost control measures, operational efficiency, effective risk management and financial management has significantly added to the profitability.

Security Papers Limited mission is “Strive Together for Excellence” regarding the change in environmental conditions throughout the world due to raise in temperature in each year. In this regard, we believe in the protection and conservation of environment while ensuring that all operational activities remain environment-friendly. We are committed to ensure safer and environment-friendly atmosphere not only to our employees but also to the social community by ensuring compliance to National Environmental Quality Standards (NEQS).

We endeavour to constantly upgrade our business and process by bringing in latest innovations of relevant and appropriate technological advancements in its business strategies and processes. To achieve these goals, the Company is directing full efforts towards modernizing its various production processes through up-gradation of the plant without disturbance the environmental impacts on the social community. The aim of these efforts is to improve quality products as per customer requirements.

In order to keep the improvement in the area of operational, economics and environmental performance, Security Papers Limited is continuously issuing the Sustainability Reports from the last three years. In this regard, under sustainable development program, the Company has set objectives such as conservation of resources by following proactive strategy, energy conservation, effluent & emissions control, solid waste management.

Company is committed to ensure safer and environmental friendly operations, product and services. We mitigate the environmental impacts through effective implementation of ISO 14001:2004 to comply applicable laws and regulations. Certification of the Company in accordance with the ISO 14001:2004 EMS and ISO 9001:2008 QMS demonstrate management's commitment towards excellence throughout all the processes including safety, health, environment and quality.

**MRS. NAIYER MUZAFAR HUSAIN**

Chief Executive / Managing Director



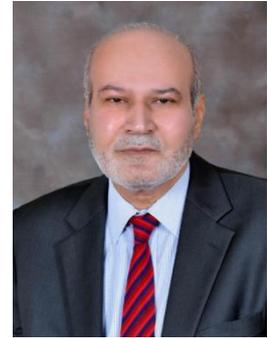
# BOARD OF DIRECTORS



**Mr. Mustapha A. Chinoy**  
Chairman



**Mrs. Naiyer Muzafar Husain**  
Chief Executive / Managing Director



**Sheikh Mohammad Aijaz Akhtar**



**Mr. Hasan Irfaan**



**Mrs. Ayla Akin**



**Mr. Ansar Hussain**



**Mr. Jameel Nasim**



**Mr. Mazhar-ul-Hassan Shah**



**Mr. Mohammad Reza Roshani Moghaddam**



# **ACHIEVEMENT AWARD DETAILS OF YEAR 2011**

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## **Corporate Excellence Award**

The Management Association of Pakistan (MAP) has awarded 27<sup>th</sup> Corporate Excellence Award trophy to the Company in Miscellaneous Sector. The Company already holds 24<sup>th</sup>, 25<sup>th</sup> and 26<sup>th</sup> Award.

The Corporate Excellence Awards are conferred by the MAP, a premier body of professional managers and entrepreneurs, with an objective to recognize the listed companies which excel in corporate and management practices.

## **Best Corporate Report Award**

The Annual Report – 2003 and 2006 to 2010 of the Company won the Best Corporate Report Award. The Joint Committee of the Institute of Chartered Accountants of Pakistan (ICAP) and the Institute of Cost & Management Accountants of Pakistan (ICMAP) has instituted this award.

## **Integrated Quality & Environmental Management System**

During the year 2011, M/s. SGS Pakistan has carried out third party surveillance audit regarding Integrated Quality and Environmental Management System (IMS) and reconfirmed the effectiveness of the system and declared that the system is working properly as per the rules and regulations of ISO standards.



## **Corporate Governance Rating**

Corporate governance rating is based on evaluation of key governance elements of the rated enterprise, which includes Ownership Structure, Regulatory Compliance, Composition and Operations of the Board of Directors and Executive Management, Financial Transparency, Self-Regulation, and Stakeholder Relations. The rating is measured on a scale ranging from CGR-1 (lowest) to CGR-10 (highest).

Because of the increasing need to highlight differences in governance practices of companies within the same rating band, JCR-VIS has expanded the corporate governance rating scales. Accordingly, ratings from 1 to 9 have been appended with the symbol '+' and '++'.

During the year, JCR-VIS Credit Rating Company Limited has reaffirmed the Corporate Governance Rating of the Company at CGR-8+ denoting 'high level of corporate governance'.

## **Top Companies Award 2010**

During the year the Company has received Top Companies Award of the Karachi Stock Exchange for the year 2009 and 2010. In the previous year, Company also received the award from Karachi Stock Exchange from year 2000 to 2007.

The Award is conferred on the basis of comprehensive criteria, which includes dividend payout, return on equity, compliance with listing regulations and good corporate governance.

## **Fire & Safety Award 2011**

Fire Protection Association of Pakistan (FPAP) and National Forum for Environment & Health (NFEH) have awarded Fire & Safety Award 2011 to the Company.



## Best Sustainability Report 2010

The joint committee of the Institute of Chartered Accountants of Pakistan and Institute of Cost & Management Accountants of Pakistan (ICAP – ICMAP) have awarded Best Sustainability Report (Appreciation Certificate) of year 2010 to the Company.



## Environmental Reporting Commendation Award 2010

The Association of Chartered Certified Accountants – World Wildlife Fund (ACCA – WWF) have awarded 'Commendation for Commitment to Environmental Reporting' of year 2010 to the Company.





## MANAGEMENT VISION

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“To be a nationally and internationally recognized and accepted security paper producing organization, providing highest quality paper to our customers, both in Pakistan and abroad.”



## MISSION STATEMENT

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“We are the only national organization producing strategically important security paper products for the nation. We have developed a unique set of strength and competencies. We wish to build on these assets and will strive continuously to achieve higher levels of excellence.

Our mission is to exceed the expectations of our customers in producing, with security and efficiency, highest quality paper products, employing international best practices and applying an integrated approach to product research and development, manufacturing technology, operations management, counterfeit deterrence, materials procurement, human resource management, financial management and information systems.”



# CORE VALUES

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1. Striving for continuous improvement and innovation with commitment and responsibility;
2. Treating stakeholders with respect, courtesy and competence;
3. Practicing highest personal and professional integrity;
4. Maintaining teamwork, trust and support, with open and candid communication;
5. Ensuring cost consciousness in all decisions and operations.



## STRATEGIC GOALS

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- a. Providing Customers Satisfaction by serving with quality products, security paper needs of national and international customers.
- b. Ensuring Quality Manufacturing by production of state-of-the-art security paper products with highest quality at lowest cost.
- c. Deterring Counterfeiting by producing security paper products that have built-in deterrence against counterfeiting so as to contribute to public confidence and facilitation of commercial transactions.
- d. Ensuring Security and Accountability by creating an environment of Security and accountability for employees, production facilities and products.
- e. Expanding Customer Base by exploring new national and international markets and undertaking product research and development in security paper.
- f. Ensuring Efficient Resource Management by managing human, financial, technical and infra-structural resources so as to support the above strategic goals and to ensure highest possible value addition to stakeholders.



## QUALITY POLICY

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“To be the best – value producer of quality paper that fully meets customer's requirements with continuous improvement in process, human assets and environment with goodness for stakeholders.”

# ENVIRONMENTAL POLICY

“Being paper producer, we understand that our process activities can have impacts on environment, we therefore, commit ourselves to participate in protection of interested parties and plan for sustainable development through complete Environmental Management System. We will:

- (i) Define methodology for efficient utilization of resources.
- (ii) Comply with regulatory requirements.
- (iii) Continuously review system for normal and emergency situations.
- (iv) Produce our environmental report available to public and government sector.
- (vi) Continuously train our staff at all levels for better understanding of the system and value of environment.”





## COMPANY WIDE QUALITY OBJECTIVES

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1. Ensure customer's requirements by providing 100% quality product.
2. Reduce over all spoil losses by at least 2% through effective control of the raw material quality and R&D work.
3. Reduce process losses by at least 2% by improving the production process parameters from Pulp Mill to Machine House.
4. Effectively implement the QMS (ISO 9001:2008) and EMS (ISO 14001:2004) in the organization.
5. Provide internal & external trainings regarding human resource & technical skills to the employees for the betterment of job performance.



# HEALTH & SAFETY POLICY

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“Being a paper manufacturing organization, we realize that our production activities can affect on the health and safety of our team members working in the Organization. We will endeavour to take quick and effective steps to ensure the health and safety of our team member by adopting the policy of “Health & Safety First” in every operational activity which is carried out in our factory premises.

- (i) To train and educate all employees of the Company regarding the health & safety measures and on emergency procedure / evacuation in care of any unforeseen incident i.e. fire, earthquake.
- (ii) By removing hazards which are responsible to create a threat regarding health and safety measures of each individual
- (iii) By providing appropriate facilities including building equipment / tools, healthy environment etc. and best communication system and by providing adequate control of health and safety risk.”



## HUMAN RESOURCE POLICY

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“To attain  
the highest standards  
of professionalism  
throughout  
the organization  
by recognizing  
and revealing individual  
capabilities, productivity,  
commitment and  
contribution.”



# CORPORATE SOCIAL RESPONSIBILITY

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## Philanthropy Policy

One of the most visible forms of philanthropy is targeted donations and charitable work by **SPL** aimed at delivering a sustainable benefit to the community and its people.

To ensure consistency of approach, the following guidelines for charitable giving and other acts of philanthropy have been established.

- Community improvements projects
- Well-being and relief for people in the community
- Recreation and sports, particularly the promotion of a healthy work-life balance for **SPL** employees.

Some of the measurements taken by **SPL** under corporate social responsibilities are given below:

- Donation to welfare foundations, Friends of Burns Centre (FOBC), SOS Children's Villages of Sindh, Koochi Goth Hospital, Dowites OT Complex - Civil Hospital, Nigahban Welfare Association, Sindh Institute of Urology & Transplantation (SIUT) and Layton Rahmatulla Benevolent Trust (LRBT)
- Financial assistance to the children of needy employees
- Medical checkups of employees
- Free medical treatment to all employees facing any industrial accident during work hours
- Prohibition of Child Labour



## Corporate Social Responsibility Data of Year 2011

Disbursement List for Donations / Charities During Year 2011			
S #	Name of NGO / NPO	Description for Donations	Amount (in Rs.)
1	Friends of Burns Centre (FOBC)	Donation for the purchase of ICU Ventilator for Burn Centre	1,638,000
2	SOS Children's Villages of Sindh	Donation for winter School Uniforms, Books, Stationary, Uniform, Shoes, Outfits etc	376,000
3	Koohi Goth Hospital	Donation for the treatment of desperate, poor people those cannot afford hospital fees	125,000
4	Dowites OT Complex - Civil Hospital	Donation for the purchase of Laparoscopic hand instrument set	200,000
5	Nigahban Welfare Association	Donation for the purchase of Surgical equipment	200,000
6	Sindh Institute of Urology & Transplantation (SIUT)	Donation for the treatment of desperate, poor people those cannot afford hospital fees	200,000
7	Layton Rahmatulla Benevolent Trust (LRBT)	Donation for the treatment of desperate, poor people those cannot afford hospital fees	200,000
<b>Total donated amount in year 2011:</b>			<b>2,939,000</b>



## Corporate Social Responsibility Highlights in Year 2011

Security Papers Limited donated to Friends of Burns Centre (FOBC) for the purchase of ICU Ventilator in year 2011.



Security Papers Limited donated to SOS Children's Villages of Sindh for winter school uniforms, books, stationary, shoes, outfits etc.





## Corporate Social Responsibility Highlights in Year 2011

In year 2011, Security Papers Limited donated the food stuffs and other utility items of daily life to rain flood affected people of Sindh area.



## Corporate Social Responsibility Highlights in Year 2011

*Delivered commodities at flood affectees campus area.*





# CORPORATE GOVERNANCE

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

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes six independent non-executive directors who also represent minority shareholders.
2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this Company.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy has occurred during the period under review. However, such vacancies as and when occur are duly filled up as per requirements of the Companies Ordinance, 1984.
5. The Company has prepared a 'Statement of Ethics and Business Practices', which has been signed by all the directors and employees of the Company.
6. The Board has developed a vision/mission statement, overall corporate strategy and formulated significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO have been taken by the Board.



8. The meetings of the Board were presided over by the Chairperson and, in her absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Board arranges orientation course for its directors as and when needed to apprise them of their duties and responsibilities. The incoming directors are also provided with appropriate briefing and orientation material to enable them first hand knowledge on the working of the Company.
10. The Board had approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment, as determined by the CEO.
11. The directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the Code.
15. 15. The Board has formed an audit committee. It comprises three members, of whom all are non-executive directors including the chairman of the committee.



16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The Board has set-up an effective internal audit function.
18. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.
19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
20. The Company maintains a list of related parties which is updated on a regular basis. All transactions with related parties are placed before the Board Audit Committee on a quarterly basis and are approved by the Board along with the methods of pricing.
21. We confirm that all other material principles contained in the Code have been complied with.



# Description about the Board of Directors

## Chairman

Mr. Mustapha A. Chinoy – Elected  
*Minority & Independent*

## Chief Executive

Mrs. Naiyer Muzafar Husain – Nominee – PSPC

## Non-executive Directors

Sheikh Mohammmd Aijaz Akhtar – Elected  
*Minority & Independent*

Mr. Hasan Irfaan – Nominee – PSPC

Mrs. Ayla Akin – Turkey – Nominee – SHAS  
*Minority & Independent*

Mr. Ansar Hussain – Elected – SLIC  
*Minority & Independent*

Mr. Jamal Nasim – Elected – NIT  
*Minority & Independent*

Mr. Mazhar-ul-Hassan Shah – Nominee – PSPC

Mr. Mohammad Reza Roshani Moghaddam – Iran – Nominee – IDRO  
*Minority & Independent*

PSPC - Pakistan Security Printing Corporation (Pvt.) Limited

NIT - National Investment Trust Limited

IDRO - Industrial Development and Renovation Organization of Iran

SHAS - Sumer Holding A.S. Genel Mudurlugu, Turkey (formerly SEKA)

SLIC - State Life Insurance Corporation of Pakistan



# STRUCTURE OF COMPANY WIDE COMMITTEES

## Board Audit Committee

- Mr. Mustapha A. Chinoy  
Non-executive Director - Chairman
- Mr. Hassan Irfaan  
Non-executive Director - Member
- Mr. Ansar Hussain  
Non-executive Director - Member
- Mr. Talha Bin Hamid  
General Manager (Internal Audit) - Secretary

## Board Human Resource & Compensation Committee

- Mrs. Naiyer Muzafar Husain  
Chief Executive - Chairperson
- Mr. Mustapha A. Chinoy  
Chairman - Member
- Sheikh Mohammad Aijaz Akhtar  
Non-executive Director - Member
- Mr. Jamal Nasim  
Non-executive Director - Member

## Board Investment Committee

- Mrs. Naiyer Muzafar Husain  
Chief Executive - Chairperson
- Mr. Mustapha A. Chinoy  
Chairman - Member
- Mr. Ansar Hussain  
Non-executive Director - Member
- Mr. Rizwan-ul-Haq Khan  
General Manager (F&A)/CFO - Secretary



## Management & Strategic Plan Committee

### Chairperson:

- Mrs. Naiyer Muzafar Husain - Chief Executive

### Members:

- Mr. Ghulam Hussain Akhtar - Director Projects
- Mr. Rizwan-ul-Haq Khan - General Manager (F&A)/CFO
- Mr. Muhammad Abdul Aleem - Company Secretary
- Maj. (R) Muhammad Ali Niazi - General Manager (Security)
- Mr. Faiz-ul-Islam - General Manager (Supply Chain)
- Mr. Talha Bin Hamid - General Manager (Audit)
- Mr. Muhammad Imran Awan - D.G.M. (Production)
- Mr. Saadat Ali - D.G.M. (QA/R&D)
- Mr. Khalil Ahmed - D.G.M. (Works)

## Management Review Council Committee

- Major (R) Muhammad Ali Niazi - General Manager (Security)
- Mr. Rizwan-ul-Haq Khan - General Manager (F&A)
- Mr. Faiz-ul-Islam - General Manager (Supply Chain)
- Mr. Muhammad Imran Awan - D.G.M. (Production)
- Mr. Saadat Ali - D.G.M. (QA/R&D)
- Mr. Khalil Ahmed - D.G.M. (Works)



## **CRITERIA TO EVALUATE BOARD'S PERFORMANCE**

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Following areas of responsibility forms the basis of criteria to evaluate Board's performance:

- a. Adherence to the laws, rules and regulations, etc. as laid down under the Companies Ordinance, 1984 and as may be specified from time to time by the Securities and Exchange Commission of Pakistan, the Memorandum and Articles of Association of the Company and the Listing Registrations of Stock Exchange.
- b. Adherence to the requirements of the Code of Corporate Governance in all material respects.
- c. Determining and monitoring the Company's values to be applied in all its operations.
- d. Establishing and evaluating strategic direction of the Company.
- e. Approving Company's policies and monitoring implementation.
- f. Ensuring adequate financial resources.
- g. Ensuring risk management and ways to mitigate the risks.
- h. Providing effective fiscal oversight.
- i. Deleting to Board's Committees.
- j. Approving hiring, compensation, salary reviews, and dismissals of top management.
- k. Overseeing the succession planning of the Company's top management.
- l. Ensuring that the Company has defined the operating principles of internal control and monitors the functions of such control.
- m. Supporting the Chief Executive.
- n. Enhancing Company's public image.



# CODE OF ETHICS & BUSINESS PRACTICES

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## Business Ethics and Anti-corruption Policy

The Company has a comprehensive Code of Ethics and Business Practices. All Directors and Employees are required to certify its compliance annually. Also, the Company has a policy on detection and prevention of corruption. Authorities and responsibilities are defined and appropriately delegated for transparent operation.

1. Maintaining integrity and scrupulous dealings
2. Reporting violations
3. Maintaining correct books and records of the Company
4. Strictly observing the laws of the country
5. Strictly avoiding questionable and improper payments or use of the Company's assets
6. Strictly avoiding conflicts of interest
7. Strictly avoiding political contributions
8. Expediting payment of amounts due customers, agents or distributors
9. Strictly avoiding giving and receiving of gifts
10. Treating mean to be as important as ends

## Products & Markets

**SPL** has not only been successfully fulfilling paper requirement of Pakistan Security Printing Corporation (PSPC) for printing banknotes, prize bonds, Non Judicial Stamp Paper, share certificates, etc. but is also providing papers to various educational institutions for degree certificates.



# MANAGEMENT SYSTEM

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To maintain high quality levels, Company has adopted modern management techniques and training practices. In this regard, **SPL** first time achieved Quality Assurance Certification against ISO 9002:1994 in year 2002 from DNV certification body. For the continuity of Quality Management System, Company upgraded its QMS system in year 2006 with the requirement of ISO 9001:2000 system from SGS. For further improving the Quality & Environmental Management System, **SPL** again acquired ISO 14001:2004 EMS certification in year 2006 from SGS Pakistan.

In order to develop a systematic approach in the existing system, ISO 9001:2000 has been revised and replaced by ISO 9001:2008 in the year of 2008. In this regard, the Re-certification Audit of Integrated Quality and Environmental Management System has been carried out in March 2009 from SGS. After successfully completion of said audit, the Company has obtained certifications of Integrated Quality & Environmental Management System of ISO 9001:2008 & ISO14001:2004 in April 2009.

Through already established Standard Operating Procedure (SOP) and Quality / Environmental System Procedures (Q/ESP), the Company is committed to improve the utilization of existing resources for the benefit of local and international communities regarding the betterment of environment, safety and quality.

A periodic internal quality & environmental audits are carried out on regular basis to check the effectiveness of Integrated Quality & Environmental Management System in the organization. Similarly, Third Party surveillance Audits are carried out by internationally recognised certification body SGS Pakistan (Pvt) Limited. In the same way, Cleaner Technology Project for Pulp & Paper Sector (CTPP) has carried out integrated audit regarding energy saving, reduction of fresh water consumption and environment.

The Company is moving ahead with commitment to achieve further milestones. We make objective based efforts for reducing unsafe and unhealthy work practices / conditions. Hazards identification and Risk assessment has been done and review when required. Incident / accident analysis and follow-up for corrective / preventive measures are taken to reduce accidents. Comprehensive training is imparted to our employees and contractors in the area of OHS. Fire Fighting System is available with all necessary facilities to tackle any emergency.

The Company aims to achieve high level of excellence by integrating the systems (QMS & EMS). Integrated Management System (IMS) has been developed and implemented as a combination of various sequential processes involving all operations and covering requirements of two standards. The integrated style has been adopted to ensure cost effective functioning, ongoing flexibility and smart documentation. All activities and processes of **SPL**, their application, sequence and functional interfaces with each other are clearly defined and documented for easy understanding and management of processes.



# THE MANAGEMENT



**Mr. Ghulam Hussain Akhtar**  
Director (Projects)



**Mr. Muhammad Abdul Aleem**  
Company Secretary



**Maj. (R) Muhammad Ali Niazi**  
General Manager (Security)



**Mr. Faiz-ul-Islam**  
General Manager (Supply Chain)



**Mr. Rizwan-ul-Haq Khan**  
General Manager (F&A)/CFO



**Mr. Talha Bin Hamid**  
General Manager (Audit)



**Mr. Khalil Ahmed**  
Dy. General Manager (Works)



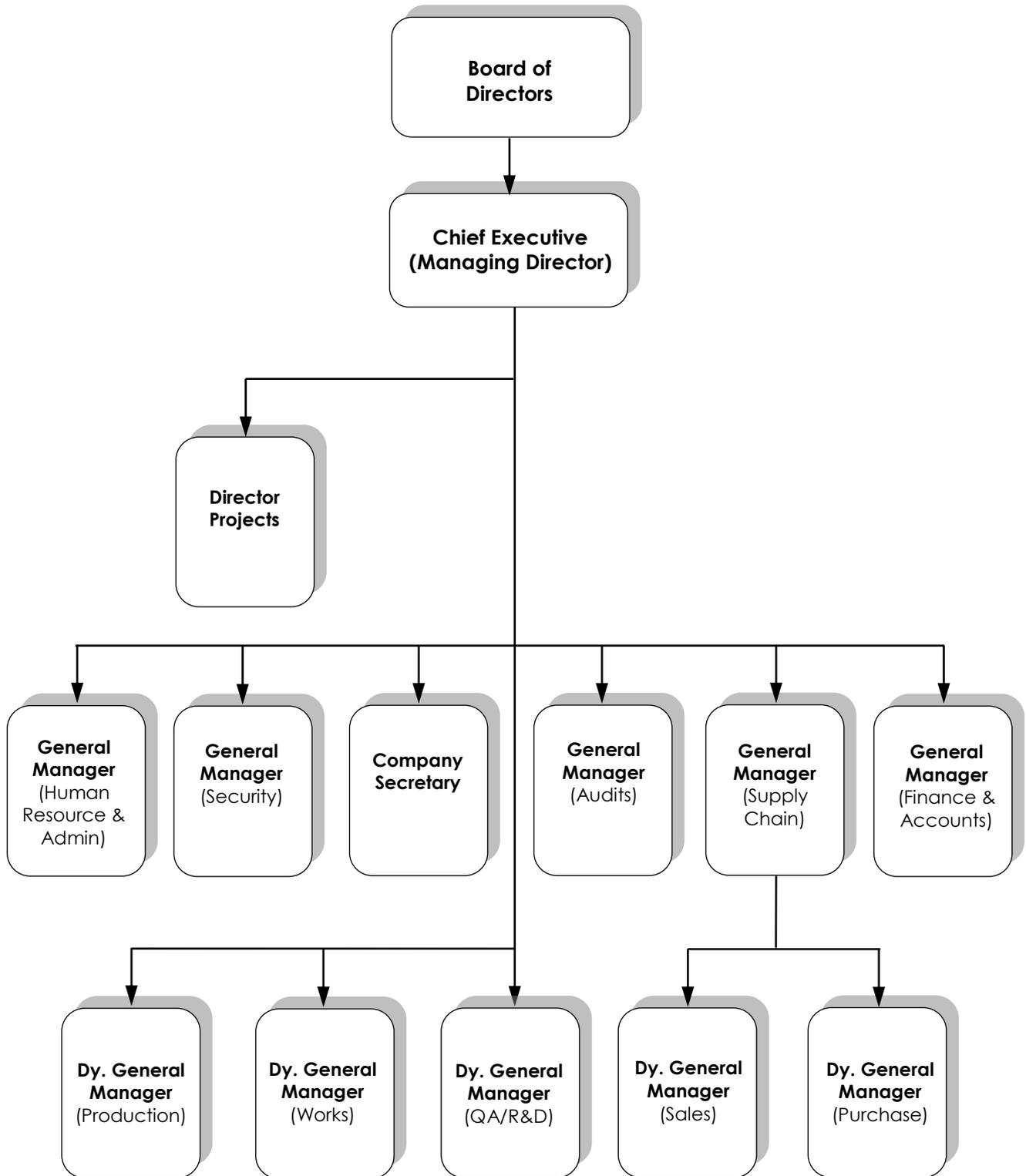
**Mr. Saadat Ali**  
Dy. General Manager (QAR&D)



**Mr. Muhammad Imran Awan**  
Dy. General Manager (Production)



# ORGANIZATIONAL CHART





# OPERATIONAL ACTIVITIES

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## Production Department

Production Department is a major department in the Company. It comprises of following subsections:

- (i) Machine House
- (ii) Pulp Mill
- (iii) Finishing

Production Department plans his production activity as per the order of their client demand. The Company aims at producing high quality security papers. In year 2011, all production process are effectively monitored, corrective actions are taken and preventive measures are planed and implemented perfectly. We have continued our efforts to expand the product base to achieve the economy of scales and optimize the production capacity. Successful new paper trial runs were carried in the year 2011.

In year 2011, Company has made number of modifications and upgrading of plant. In this connection, Company will increase its potential and capability to produce paper of international quality.



# ENGINEERING DEPARTMENT

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The core function of the Engineering Department is to support the plant for smooth running at maximum efficiency output. In this regard, Engineering Department priorly plans his routine maintenance and annual shutdown maintenance activities carefully.

Engineering Department comprises the following sections:

- (i) Mechanical (Maintenance)
- (ii) Electrical & Electronics
- (iii) Civil

In this regard, Engineering Department has developed Standard Operating Procedure (SOP) Document No. Q/E/SPL-SOP-MNT and relevant work instructions of each section so that all machines and equipments remain in a best operation condition throughout the year as per the requirement of production process. Usually, Engineering Department carried out following four type of maintenance work:-

- (i) Routine Maintenance
- (ii) Breakdown Maintenance
- (iii) Preventive Maintenance
- (iv) Outside / Contract Maintenance

During the year 2011, following important jobs have been done regarding the further improving the performance of the plant;

- Modification of Slitter / Rewinder Machine with auto positioning of Slitters
- Modification of Sheeter Machine with additional layboy and reel splicing system
- Modification in Size Kitchen
  - Old Size Kitchen room extended and new Size Supply Tank of stainless steel manufactured and installed in-house to facilitate the operation and maintenance of the plant
- Installation of Flow Lines
  - New arrangement of two flow lines equipped with paper cutting, inspection and counting machine in parallel in a hall to meet chain process requirement of Sheeter machine and Shrink Wrap Paper machine.



# QUALITY ASSURANCE / RESEARCH & DEVELOPMENT DEPARTMENT

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## Quality Assurance

Keeping in view long term sustainable development regarding the quality products as per customer's requirements, we monitor all the stages of production from raw material to final finished product to ensure quality.

Management of the Company is committed toward delivery of quality products with minimum adverse environmental impacts along with compliance with National Environmental Quality Standard (NEQS).

The Company is also committed to provide safe and environmental friendly atmosphere not only to its employees but also to the community by ensuring compliance to National Environmental Quality Standards (NEQS). The Company is putting all its efforts to monitor all its processes which may pollute the environment and control and mitigate any environmental impacts.

We manage our activities to mitigate its environmental impacts through effective implementation of EMS and by making and implementing short term and long term plans. **SPL** regularly conducts tests of its all emission sources and effluents. Objectives are set for significant environmental aspects and measures are taken against them. Periodic internal and external third party quality and environmental audits are conducted for continual improvement of the system. We organise trainings particularly on emergency response, energy conservation and operational control, to educate the employees and contractors to maintain healthy environment.



## ISO 9001:2008 Quality Management System Certificate No. SG06/00813

Certificate SG06/00813

The management system of

### Security Papers Limited

Jinnah Avenue, Malir Halt, Karachi-75100,  
Pakistan.

has been assessed and certified as meeting the requirements of

## ISO 9001:2008

For the following activities

### Production of Bank Note and other Security Papers

Further clarifications regarding the scope of this certificate and the applicability of  
ISO 9001:2008 requirements may be obtained by consulting the organization

This certificate is valid from 03 April 2009 until 02 April 2012  
and remains valid subject to satisfactory surveillance audits.  
Re certification audit due before 02 March 2012  
Issue 2. Certified since 03 April 2006

Authorised by



SGS United Kingdom Ltd Systems & Services Certification  
Rossmore Business Park Ellesmere Port Cheshire CH65 3EN UK  
t +44 (0)151 350-6666 f +44 (0)151 350-6600 www.sgs.com

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# ISO14001:2004 Environmental Management System Certificate No. SG06/00239

Certificate SG06/00239

The management system of

## Security Papers Limited

Jinnah Avenue, Malir Halt, Karachi-75100,  
Pakistan.

has been assessed and certified as meeting the requirements of

### ISO 14001:2004

For the following activities

### Production of Bank Note and other Security Papers

This certificate is valid from 26 April 2009 until 25 April 2012  
and remains valid subject to satisfactory surveillance audits.  
Re certification audit due before 25 March 2012  
Issue 2. Certified since 26 April 2006

Authorised by



SGS Societe Generale de Surveillance SA, Systems & Services Certification  
Technoparkstrasse 1 8005 Zurich Switzerland  
t +41 (0)44 445-16-80 f +41 (0)44 445-16-88 www.sgs.com

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## Research & Development

To meet future challenges, we are constantly in search of areas of improvement. For this purpose, we are already engaged in balancing, up-gradation and modernization for existing capital assets and resources. We feel that the research and development activities are the backbone of sustainability.

Efforts are being made to reduce process and material losses to ensure continuous improvement in efficiency. The objective is to increase customer satisfaction.

During the year, following activities were carried out in the R&D Department for achieving the objectives:

- (i) Cost reduction by using cost effective alternate raw material and chemicals
- (ii) New product formulation and design modification have been developed (such as cheque and national passport papers) according to customer's requirement
- (iii) Relative humidity impact on stage wise products has been improved significantly through intensive efforts of team members which reduced process losses.

## Objectives & Targets Achievements

Company & departmental objectives are established on annual basis keeping in view policy statement and other organizational goals regarding Quality, Environment and Occupational Health & Safety. Besides this, **SPL** Management also considers company strategies, customer needs, legal & other requirements, product, process, finance and business requirements, education & training of employees, community awareness and other opportunities leading to continual improvement in organization's performance. Achievements plans and management programs are designed to achieve these objectives and targets. The progress of the set objectives and targets are monitored using relevant performance indicators and regularly reported by concerned for management review. If required objectives / targets management programs and objectives achievement plans are revised according to the situation.



# SECURITY DEPARTMENT

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## General

In order to achieve continually improved results in the field of security in relation to men, material and information, we are endeavouring to further enhance latest security, fire and safety techniques.

## Crisis Management Cell (CMC)

Crisis Management Cell has been developed and it is working under the Security Department. The Cell has been commissioned to counter and handle any untoward crisis situation. Standard Operating Procedure (SOP) has been prepared and issued on the functioning of CMC to all the departments. During the year, a number of employees (both male and female) are trained to help and provide first aid in case of any emergency. Various teams are formed to manage all type of crisis.

## Training

A booklet has been prepared and issued to all the departments on "Safety Policy & Fire Orders". The said book is prepared in Urdu for easy understanding of everyone. This book comprehensively cover topics related to safety and fire.

Like every year two 'First Aid and Fire' training sessions were arranged in-house through Civil Defence Authorities with the aim to train maximum employees.



# HUMAN RESOURCE & ADMINISTRATION

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Human Resource & Administration Department provide employee services, direction and support for staff and administers policies and procedures, diversity initiatives, recruitment and employment, HR data management, employee relations, personal and professional development, employee assistance programmes, compliance issues related to recruitment and workplace health and safety issues.

The major goals of the Human Resource & Administration are:

- Recruitment of Professional Employees
- Aligning compensation and benefits with corporate vision, mission & values
- HR Information Databases
- Career Planning
- Succession Planning

During the year, following policies were implemented or updated:

- Travel Policy
- Telephone Facility – Mobile Phone
- Provident Fund (contributions)
- Policy for deceased employee's family under CSR approach
- Management Trainee Officer Policy
- Medical Facility
- Succession Planning (01 – 05 Years)
- Educate, train and develop the masses
- Building a foundation for career and succession planning
- Create a competitive environment
- Improve the motivational level of employees

In year 2011, Company continued to invest in the professional development of its employees. Various in house and outside training programs, in the area of management, plant operation and maintenance, information technology, finance were carried out. In this regard, total 2097 Training Man Hours were consumed from outside institutions.



# INFORMATION TECHNOLOGY DEPARTMENT

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The information Technology Department is responsible for the Company's IT requirements. It develops, maintains and enforces IT policies procedures and standards throughout the Company. The Department focuses on effective and rapid communication as a key area for quality management and services and recognizes IT as the most essential tool for sustaining the current business and for future business progress.

The Department promotes use of IT and acts as a co-ordinator to build an IT interface with the rest of the Company. The Department has been set up with the following functions and duties:

- Implementation of Oracle applications
- Attain business efficiency through Oracle systems
- Hardware and software support and management
- Coordinate the systems development
- Users training and design workflow of IT Department
- Formulation of IT policy
- Preparation of disaster recovery plan
- Implementation of data backup management policies
- Planning of different IT related programmes
- Management of Company's website and e-mail
- Proactive promotion of IT
- Maintenance of Local Area Network (LAN)

Oracle based applications are in place and continuous improvements are being made in these applications in order to attain business efficiency. The Department coordinates the systems development and ensures that all investment on hardware and software are in line with Company's long term plans.



## **SUPPLY CHAIN DEPARTMENT**

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During the year, the Supply Chain Department ensured uninterrupted supply of raw materials, allied items, engineering spares etc. at most competitive prices for smooth operation of the Plant.

All-out efforts were made to induct new suppliers particularly for raw materials like comber and denim cuttings, creating a situation which ensured maximum benefit to our organization.

In the current scenario of international crisis and uncertainty, the role of the Department became even more important to come out with the options which could create maximum benefit for the Organization. We certainly tried to do that and surely our price correlated international trends thus ensuring that no additional burden had to be borne by the Organization.

During this year, major upgrading was carried out plant involving import of equipments for different projects. The Department ensured timely clearance of all consignments which had sophisticated components and needed utmost precautions.

The Department will continue to use all its resources for the benefit and satisfaction of stakeholders.

## **CORPORATE DEPARTMENT**

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During the year, all Board meetings and Annual General meeting were held much before the mandatory time limit ensuring compliance with the requirements of the corporate laws and good governance in all material respects.

All the requirements of shareholders were met in quickest possible manner to meet their satisfaction. No shareholder queries were left pending. Dividend was paid to the shareholders well before the mandatory time limit.

Effective communication was maintained with all the stakeholders including Board of Directors, management and relevant agencies.

It is the resolve of the Department to keep performing core function of corporate affairs in a most efficient manner.



# INTERNAL AUDIT DEPARTMENT

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The Internal Audit Department is governed by the Board Audit Committee (BAC) which consists of non-executive directors. It assists the BAC and the Board in fulfilling their responsibilities. The head of the Internal Audit Department reviews and reports to the Chairman Audit Committee on the following aspects of Company's operations:

- Adequacy and effectiveness of internal controls
- Management of financial risk
- Continued assurance that financial accounting and other records and reports provide a true and fair view of Company's operations
- Safeguard of Company's operations with applicable regulatory framework, including Companies Ordinance 1984, Code of Corporate Governance, other applicable statues, International Accounting Standards (as adopted by Institute of Chartered Accountants of Pakistan) and best practices.
- Companies of respective departments with policies, plans and procedures as laid down by the management
- Compliance of Company's internal control structure with corporate governance provisions and International Profession Practices Framework issued by institute of Internal Auditors, USA.

The Internal Audit function is an independent appraisal activity in the Company for the review of accounting, financial and operational matters. It acts as a management control and resident value adding agent. Internal audit reviews are risk-based and impartial. The broad targets of these reviews are operational efficiency, safeguard of profitability and Company's interests, establishment and observance of internal controls. Internal Audit's scope covers financial as well as operational aspects and is an effective tool to monitor compliance with management policies.



# FINANCE & ACCOUNTS DEPARTMENT

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The Finance and Accounts Department manages company finances and has core responsibility for organizing the financial and accounting affairs including the preparation and presentation of financial information. Its key role is to develop policies, procedures, internal controls, management information systems including the following:-

- Provide strategic financial information for business and operational planning
- Fulfil external and internal financial reporting requirements
- Preparation and compilation of budget estimates and to maintain an effective budgetary control system
- Control of expenditure and economy measures
- Advise on the financial aspect of all transactions
- Comply generally accepted accounting practices and procedures
- Introduce cost effectiveness and profit improvement plans
- Strive for overall corporate health
- Undertake strategic planning
- Monitor capital and structure and debt equity ratios
- Working capital and funds management
- Tax Planning, Production Pricing and Cost reduction and Cost Control

The Finance and Accounts Department is committed to maintain highest standards of ethics and professionalism and play a proactive role in achieving Company's objectives. With the dedication and teamwork the Department will continue to add value, face new challenges and to exceed the expectation of the management and the shareholders.



# ECONOMIC PERFORMANCE

The Directors of the Company declared the Annual Report of the Company for the year ended June 30, 2011.

The operating results of the Company for the year ended June 30, 2011 are summarized as follows:

Description	2011	2010
	<b>(Rupees in '000)</b>	
Profit before taxation	<b>421,528</b>	520,257
Taxation		
Current – for the year	<b>25,347</b>	159,346
Current – for prior year	<b>(405)</b>	(74)
	<b>24,942</b>	159,272
Deferred	<b>81,510</b>	12,894
	<b>106,452</b>	172,166
Profit after taxation	<b>315,076</b>	348,091

## Subsequent Appropriations

The Directors have recommended (i) final cash dividend of Rs. 5/- per share, i.e. 50% (2010: Rs. 5/- per share i.e. 50%) and appropriation of Rs. 109.000 million (2010: Rs. 142.30 million) to revenue reserves.

These appropriations will be reflected in the subsequent financial statements, in compliance with the revised Fourth Schedule to the Companies Ordinance, 1984.

## Earning per Share

The earnings per share (EPS) – before and after taxation at Rs. 10.24 and Rs. 7.66 (2010: Rs. 12.64 and Rs. 8.46) respectively.

## Operating Results

During the year, the net sales revenue is higher by Rs. 150.51 million as compared to the previous year mainly due to increase in product pricing.



The Company earned a gross profit of Rs. 344.000 million during the year as compared to Rs. 458.18 million in the previous year. The decrease in gross profit during the current year as compared to the corresponding year is mainly attributable to sharp increase in the price of cotton comber which is a major constituent of banknote paper.

Other operating income increased by Rs. 44.10 million during the current year as compared to the previous year mainly due to effective financial management.

The profit after tax of Rs. 315.07 million has been earned for the year as compared to Rs. 348.09 million during the previous year. The decline in Company's profitability during the year is mainly due to rising costs of raw materials and manufacturing overheads.

### **Market and Book Value per Share**

The book value per share stood at Rs. 78.25 as against Rs. 75.59 in the previous year. The before and after tax return on equity was 13.09% and 9.78% compared to 16.72% and 11.19% in the corresponding period respectively.

The average market price during the year remained at Rs. 42.20 (2010: Rs. 52.10) per share. The market price as of June 30, 2011 was Rs. 40.50 (2010: Rs. 42.99).

### **Statement on Corporate and Financial Reporting Framework**

- a. The financial statements prepared by the management of the Company, present fairly the state of affairs, the results of its operations, cash flows and changes in equity.
- b. Proper books of account of the Company have been maintained.
- c. Appropriate accounting policies have been consistently applied during the year. The financial statements and accounting estimates are based on reasonable and prudent judgment.
- d. The International Financial Reporting Standards, as applicable in Pakistan have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
- e. The system of internal audit is effectively working and it has been monitored properly through internal auditing system.



## **The Domestic Economy Growth**

The Gross Domestic Product (GDP) growth for 2010-11 is estimated to remain at around 2.4 percent compared to the target of 4.5 percent. The setback is attributable to the agriculture sector which was badly affected by floods. Large-scale manufacturing remained victim of power outages and lower domestic demand. The CPI inflation in July-May 2010-11 has escalated by 14.0 percent as against 11.6 percent in the corresponding period. The Wholesale Price Index (WPI) inflation is primarily driven by inordinate spike in cotton prices. The domestic environment is still affected by the intensification of war on terror and volatile security situation while external environment is affected by uncertainties surrounding external inflows and oil prices.

## **Capital Risk Management**

The Company's objective when managing capital is to safe guard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its business.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders or issue new shares.

## **Contribution to the National Exchequer and the Economy of the Country**

During the year, the Company has made contribution to national exchequer by way of taxes, levies, sales tax etc. amounted to Rs. 247 million as compared to Rs. 306 million during the corresponding period. In addition the Company has also made foreign exchange of US\$15.20 million (approx.) through import substitution during the year as compared to US\$ 13.94 million in the corresponding period.



## REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES



**KPMG Taseer Hadi & Co.**  
Chartered Accountants  
Sheikh Sultan Trust Building No. 2  
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Karachi, 75530 Pakistan

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Fax + 92 (21) 3568 5095  
Internet www.kpmg.com.pk

### Review Report to the Members on Statement of Compliance with Best Practices of Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **Security Papers Limited** ("the Company") to comply with the Listing Regulation No. 35 (previously Regulation No. 37) of Karachi Stock Exchange (Guarantee) Limited, where the Company is listed.

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

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's 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.

Further, Sub- Regulation (xiii) of Listing Regulation No. 35 notified by The Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated 19 January 2009 requires the Company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company the year ended 30 June 2011.

Date: 27 July 2011

Karachi

*KPMG Taseer Hadi & Co.*  
**KPMG Taseer Hadi & Co.**  
Chartered Accountants  
Moneeza Usman Butt

KPMG Taseer Hadi & Co., a Partnership firm registered in Pakistan and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.



# ENVIRONMENTAL SAFETY ASPECTS & IMPACTS

Environmental safety aspects and impacts of the Company are given below:-

**Table 1:**

## Aspect / Impact Analysis Report 2011

S #	Department/ Section	Activity	Environmental Aspect	Environmental Impact	Severity (S)	Occurrence (O)	Total Nos. (S x O)	Rank	Controls Limits to Minimize Significant Environmental Impacts
1.	Stores (Raw materials & Chemicals)	Handling Solid	Dispersion of dust, fibres and fine powder of chemicals in air	<ul style="list-style-type: none"> <li>Health hazards for working staff</li> <li>Accident</li> <li>Air Pollution</li> </ul>	2	5	10	B	-
		Handling Liquid	<ul style="list-style-type: none"> <li>Spillage</li> <li>Toxic fumes</li> </ul>	<ul style="list-style-type: none"> <li>Injury</li> <li>Effect on working people</li> <li>Air pollution</li> </ul>	2	5	10	B	-
		Stacking Solid	<ul style="list-style-type: none"> <li>Fall</li> <li>Damage</li> </ul>	<ul style="list-style-type: none"> <li>Injury</li> <li>Effect on working people</li> <li>Dust particles suspension</li> </ul>	1	5	5	B	-
		Stacking Liquid	<ul style="list-style-type: none"> <li>Fall</li> <li>Spillage</li> </ul>	<ul style="list-style-type: none"> <li>Injury</li> <li>Emission of fumes</li> <li>Effect on the health of working people</li> </ul>	1	5	5	B	-
		Storage conditions	<ul style="list-style-type: none"> <li>Fire hazards</li> <li>Emission</li> </ul>	<ul style="list-style-type: none"> <li>Effect on the health of working people</li> <li>Fire hazards</li> </ul>	2	5	10	B	-
		Raw material inspection	<ul style="list-style-type: none"> <li>Suspension of dust particles &amp; fine cotton fibers in the air</li> </ul>	<ul style="list-style-type: none"> <li>Effect on the health of working people</li> </ul>	2	5	10	B	-
		Packing	<ul style="list-style-type: none"> <li>Spillage droppings</li> <li>Emission of fumes gaseous</li> </ul>	<ul style="list-style-type: none"> <li>Environmental pollution</li> <li>Effect on the health of working people</li> </ul>	2	5	10	B	-
2.	Pulp Mill (Rag Cutter Section)	Sorting of Raw Materials	<ul style="list-style-type: none"> <li>Suspension of dust particles &amp; fine cotton fibres in the air</li> </ul>	<ul style="list-style-type: none"> <li>Effect on the health of working people</li> <li>Pollution</li> </ul>	2	5	10	B	-
		Cutting of Raw Materials	<ul style="list-style-type: none"> <li>Suspension of dust particles &amp; fine cotton fibres in the air</li> </ul>	<ul style="list-style-type: none"> <li>Fire hazards</li> <li>Effect on the health of working people</li> </ul>	2	5	10	B	-
		Raw Materials filling in bags	<ul style="list-style-type: none"> <li>Suspension of dust particles &amp; fine cotton fibres in the air</li> </ul>	<ul style="list-style-type: none"> <li>Fire hazards</li> <li>Effect on the health of working people</li> </ul>	2	5	10	B	-
3.	Pulp Mill (Rag Digester Boiler Section)	Raw Materials loading in Rag Boilers	<ul style="list-style-type: none"> <li>Handling of Raw Materials</li> </ul>	<ul style="list-style-type: none"> <li>Accident can occur</li> </ul>	2	5	10	B	-
			<ul style="list-style-type: none"> <li>Suspension of dust particles &amp; fine cotton fibers in the air</li> </ul>	<ul style="list-style-type: none"> <li>Can effect on the health of working people</li> </ul>	2	5	10	B	-



## Aspect / Impact Analysis Report 2011

S #	Department/ Section	Activity	Environmental Aspect	Environmental Impact	Severity (S)	Occurrence (O)	Total Nos. (S x O)	Rank	Controls Limits to Minimize Significant Environmental Impacts
			<ul style="list-style-type: none"> <li>Improper maintenance of Rag Boiler</li> </ul>	<ul style="list-style-type: none"> <li>Accident can occur</li> </ul>	4	3	12	C	More frequent preventive maintenance
		Handling of Caustic Soda	<ul style="list-style-type: none"> <li>Injury to human health</li> </ul>	<ul style="list-style-type: none"> <li>Can effect the body of the working people</li> <li>BOD &amp; COD contamination increase in effluent the water.</li> </ul>	2	5	10	B	-
		Washing	<ul style="list-style-type: none"> <li>Cleaning of fibers</li> </ul>	<ul style="list-style-type: none"> <li>Contaminated the liquid effluent</li> </ul>	1	8	8	B	-
		Maintenance	<ul style="list-style-type: none"> <li>Improper maintenance</li> </ul>	<ul style="list-style-type: none"> <li>Environmental pollution</li> </ul>	1	5	5	B	-
			<ul style="list-style-type: none"> <li>Noise formation</li> </ul>	<ul style="list-style-type: none"> <li>Can effect the ears of the working people</li> </ul>	2	5	10	B	-
4.	Hemp Breaker	Loading of material	<ul style="list-style-type: none"> <li>Improper Loading</li> </ul>	<ul style="list-style-type: none"> <li>Accident can occur</li> </ul>	2	5	10	B	-
		Bleaching with Hypo Chlorite	<ul style="list-style-type: none"> <li>Spillage</li> </ul>	<ul style="list-style-type: none"> <li>Unpleasant smell</li> <li>Can effect the body of the working people</li> <li>BOD &amp; COD contamination increase in effluent water</li> </ul>	2	5	10	B	-
		Breaking of raw materials	<ul style="list-style-type: none"> <li>Accident</li> <li>Noise</li> </ul>	<ul style="list-style-type: none"> <li>Accident can occur</li> </ul>	2	3	6	B	-
5.	Hi-Lo Pulper (Recycling of paper cutting)	Pulping Addition of H <sub>2</sub> SO <sub>4</sub>	<ul style="list-style-type: none"> <li>Spillage</li> </ul>	<ul style="list-style-type: none"> <li>Can damage the floor</li> </ul>	2	5	10	B	-
			<ul style="list-style-type: none"> <li>Temperature</li> </ul>	<ul style="list-style-type: none"> <li>Fire hazard</li> </ul>	2	5	10	B	-
			<ul style="list-style-type: none"> <li>Noise</li> </ul>	<ul style="list-style-type: none"> <li>Can effect the body of the working people</li> </ul>	2	3	6	B	-
6.	Beater House	Loading of materials	<ul style="list-style-type: none"> <li>Improper Loading</li> </ul>	<ul style="list-style-type: none"> <li>Accident can occur</li> </ul>	2	5	10	B	-
		Bleaching with Hypo Chlorite	<ul style="list-style-type: none"> <li>Spillage</li> </ul>	<ul style="list-style-type: none"> <li>Unpleasant smell</li> <li>Can effect the body of the working people</li> <li>BOD &amp; COD contamination increase in effluent water</li> </ul>	2	5	10	B	-
		Breaking of raw materials	<ul style="list-style-type: none"> <li>Accident</li> <li>Noise</li> </ul>	<ul style="list-style-type: none"> <li>Accident can occur</li> </ul>	2	3	6	B	-
		Beating of stock Addition of chemicals	<ul style="list-style-type: none"> <li>Spillage</li> </ul>	<ul style="list-style-type: none"> <li>Can effect on the health of working people</li> </ul>	2	3	6	B	-
			<ul style="list-style-type: none"> <li>Noise</li> </ul>	<ul style="list-style-type: none"> <li>Can effect on the ears of working people</li> </ul>	2	5	10	B	-
		Handling	<ul style="list-style-type: none"> <li>Improper handling</li> </ul>	<ul style="list-style-type: none"> <li>Accident can occur</li> </ul>	2	5	10	B	-
7.	Machine House	Refining of Pulp	<ul style="list-style-type: none"> <li>Noise formation</li> </ul>	<ul style="list-style-type: none"> <li>Can effect on the health of working people</li> </ul>	3	3	9	B	-
		Addition of H <sub>2</sub> SO <sub>4</sub>	<ul style="list-style-type: none"> <li>Spillage</li> <li>Handling</li> </ul>	<ul style="list-style-type: none"> <li>Can deteriorate the floor</li> <li>Can effect on the health of working people</li> </ul>	2	5	10	B	-
		Wet Strength Agent (WSA) & internal sizing solution preparation; Melamine & HCl	<ul style="list-style-type: none"> <li>Generation of irritating fumes</li> </ul>	<ul style="list-style-type: none"> <li>Can effect on the health of working people</li> </ul>	2	5	10	B	-



## Aspect / Impact Analysis Report 2011

S #	Department/ Section	Activity	Environmental Aspect	Environmental Impact	Severity (S)	Occurrence (O)	Total Nos. (S x O)	Rank	Controls Limits to Minimize Significant Environmental Impacts
		Weight control through sensor Sealed radioactive source	<ul style="list-style-type: none"> <li>Formation of radioactive rays</li> </ul>	<ul style="list-style-type: none"> <li>Can effect on the health of working people</li> <li>Environmental pollution</li> </ul>	9	2	18	C	Restrict the movement of persons in that area, regular medical check-p of concerned personnel.
						1	9	B	-
		Handling Reel weighing	<ul style="list-style-type: none"> <li>Improper handling</li> </ul>	<ul style="list-style-type: none"> <li>Accident can occur</li> </ul>	2	5	10	B	-
		Operation of PM-2	<ul style="list-style-type: none"> <li>Noise formation</li> </ul>	<ul style="list-style-type: none"> <li>Damage of human hearing ability</li> </ul>	1	2	2	B	-
8.	Finishing	Rewinding Cutting of paper reel	<ul style="list-style-type: none"> <li>Improper handling</li> </ul>	<ul style="list-style-type: none"> <li>Accident can occur</li> </ul>	2	5	10	B	-
			<ul style="list-style-type: none"> <li>Noise formation</li> </ul>	<ul style="list-style-type: none"> <li>Can effect on the health of working people</li> </ul>	2	5	10	B	-
		Sheeter Paper Sheet cutting	<ul style="list-style-type: none"> <li>Improper handling</li> </ul>	<ul style="list-style-type: none"> <li>Accident can occur</li> </ul>	2	5	10	B	-
			<ul style="list-style-type: none"> <li>Noise formation</li> </ul>	<ul style="list-style-type: none"> <li>Can effect on the health of working people</li> </ul>	2	5	10	B	-
		Guillotine Cutting of reams	<ul style="list-style-type: none"> <li>Improper handling</li> </ul>	<ul style="list-style-type: none"> <li>Accident can occur</li> </ul>	2	5	10	B	-
9.	Semi Finished Products and Final Finished Product Delivery storage EB4	Different chemicals use for the manufacturing of finished products	<ul style="list-style-type: none"> <li>Emission of highly volatile fumes</li> </ul>	<ul style="list-style-type: none"> <li>Irritation of eyes of working people</li> <li>Respiratory effect</li> <li>Air pollution</li> </ul>	2	5	10	B	-
10.	Effluent water & Waste Water	Treatment Prior to Disposal	<ul style="list-style-type: none"> <li>Due to improper treatment, the level of industrial effluent (like BOD &amp; COD) will increase</li> </ul>	<ul style="list-style-type: none"> <li>Environmental Pollution</li> <li>Dangerous for aquatic life &amp; as well as effect on human health</li> </ul>	2	5	10	B	-
11.	Boiler	Operation Improper gas and oil fuel ratio	<ul style="list-style-type: none"> <li>Incomplete combustion</li> </ul>	<ul style="list-style-type: none"> <li>Air pollution</li> </ul>	1	5	5	B	-
			<ul style="list-style-type: none"> <li>Explosion / Accident can occur</li> </ul>	<ul style="list-style-type: none"> <li>Fire hazard</li> <li>Loss of Human lives</li> <li>Environmental pollution</li> </ul>	5	1	5	B	-
		Maintenance	<ul style="list-style-type: none"> <li>Improper preventive maintenance</li> </ul>	<ul style="list-style-type: none"> <li>Chemical spillages</li> <li>Solid waste</li> </ul>	2	5	10	B	-
			<ul style="list-style-type: none"> <li>Noise / vibration</li> </ul>	<ul style="list-style-type: none"> <li>Can effect on the ears of working people</li> </ul>	2	5	10	B	-
		Routine maintenance work	<ul style="list-style-type: none"> <li>Spillage of oil &amp; grease</li> </ul>	<ul style="list-style-type: none"> <li>Environmental pollution</li> <li>Can effect on the health of working people</li> </ul>	2	5	10	B	-
12.	Incinerator	Combustion Monitoring	<ul style="list-style-type: none"> <li>Incomplete combustion of waste materials</li> </ul>	<ul style="list-style-type: none"> <li>Air Pollution</li> <li>Fire Hazard</li> <li>Can affect the health of environment</li> </ul>	5	3	15	C	(i) Burnt the material in small batches, so as to ensure the complete combustion process (ii) Spray water on burnt material prior its removal from its place (iii) Strictly monitor the flame and its smoke emission.
13.	Generator	Maintenance	<ul style="list-style-type: none"> <li>Improper maintenance</li> </ul>	<ul style="list-style-type: none"> <li>Air pollution / Oil Spillages</li> </ul>	3	4	12	C	Develop good housekeeping habit.



## Aspect / Impact Analysis Report 2011

S #	Department/ Section	Activity	Environmental Aspect	Environmental Impact	Severity (S)	Occurrence (O)	Total Nos. (S x O)	Rank	Controls Limits to Minimize Significant Environmental Impacts
			<ul style="list-style-type: none"> <li>Improper air &amp; fuel ratio during operation</li> </ul>	<ul style="list-style-type: none"> <li>Air pollution / Oil Spillages</li> </ul>	3	4	12	C	Keep the fuel and air ratio proper for complete combustion process.
			<ul style="list-style-type: none"> <li>Noise</li> </ul>	<ul style="list-style-type: none"> <li>Can effect on the ears of working people</li> </ul>	1	5	5	B	-
14.	Chiller	Maintenance	<ul style="list-style-type: none"> <li>Improper maintenance</li> </ul>	<ul style="list-style-type: none"> <li>Environmental pollution</li> </ul>	1	5	5	B	-
			<ul style="list-style-type: none"> <li>Noise</li> </ul>	<ul style="list-style-type: none"> <li>Can effect on the ears of working people</li> </ul>	1	5	5	B	-
15.	Quality Assurance / R & D	Chemical handling	<ul style="list-style-type: none"> <li>Improper handling</li> </ul>	<ul style="list-style-type: none"> <li>Can effect on the health of working people</li> </ul>	3	4	12	C	Implement good laboratory practices as per manual prepared.
			<ul style="list-style-type: none"> <li>Improper dispose</li> </ul>	<ul style="list-style-type: none"> <li>Environment Pollution</li> </ul>	3	4	12	C	Implement good laboratory practices as per manual prepared.
		Glass ware handling	<ul style="list-style-type: none"> <li>Glass Breakage</li> </ul>	<ul style="list-style-type: none"> <li>Can effect on the health of working people</li> </ul>	5	2	10	B	-
			<ul style="list-style-type: none"> <li>Improper placement</li> </ul>	<ul style="list-style-type: none"> <li>Solid Waste</li> <li>Environment pollution</li> </ul>	1	5	5	B	-
		<ul style="list-style-type: none"> <li>Spillage of Liquid Chemicals</li> <li>Dispersion of fine cotton particle and solid powders</li> </ul>	<ul style="list-style-type: none"> <li>Can effect on the health of working people</li> <li>Environment pollution</li> </ul>	3	3	9	B	-	
16.	Disposal of Solid Waste & Sludge	Final dispose of solid waste	<ul style="list-style-type: none"> <li>Improper disposal</li> </ul>	<ul style="list-style-type: none"> <li>Solid waste deteriorate the factory environment</li> <li>Can effect on the health of working people</li> </ul>	2	4	8	B	-
		Transportation	<ul style="list-style-type: none"> <li>Improper transportation</li> </ul>	<ul style="list-style-type: none"> <li>Environment pollution</li> <li>Can effect on the health of working people</li> </ul>	1	5	5	B	-
17.	Oil used for the maintenance of different Machines in whole company (Works Deptt.)	Handling	<ul style="list-style-type: none"> <li>Improper handling</li> </ul>	<ul style="list-style-type: none"> <li>Environment pollution</li> </ul>	2	5	10	B	-
		Storage	<ul style="list-style-type: none"> <li>Improper storage</li> </ul>	<ul style="list-style-type: none"> <li>Environment pollution</li> </ul>	2	5	10	B	-
			<ul style="list-style-type: none"> <li>Secondary contamination</li> </ul>	<ul style="list-style-type: none"> <li>Spillages</li> <li>Environment pollution</li> <li>Effect on the health of working people</li> </ul>	2	5	10	B	-
		Disposal	<ul style="list-style-type: none"> <li>Improper disposal</li> </ul>	<ul style="list-style-type: none"> <li>Environment pollution</li> </ul>	1	5	5	B	-
18.	General	House keeping	<ul style="list-style-type: none"> <li>Improper cleaning</li> </ul>	<ul style="list-style-type: none"> <li>Deposition of debris</li> <li>Generation of unpleasant smell</li> <li>Environmental pollution</li> </ul>	3	2	6	B	-
		Fire security	<ul style="list-style-type: none"> <li>Improper maintenance of fire fighting establishments / equipment</li> </ul>	<ul style="list-style-type: none"> <li>Fire hazards</li> </ul>	5	2	10	B	-
19.	Lifter	Lifting of raw materials, chemicals, engineering materials and finished product	<ul style="list-style-type: none"> <li>Smoke Emission</li> <li>Fire Hazards</li> <li>Careless in improper handling</li> <li>Lubricants / Oil</li> <li>Noise</li> </ul>	<ul style="list-style-type: none"> <li>Air pollution</li> <li>Contamination of factory grounds</li> <li>Deposition of toxic metal on the leave of plant</li> </ul>	3	3	9	B	-



## Aspect / Impact Analysis Report 2011

S #	Department/ Section	Activity	Environmental Aspect	Environmental Impact	Severity (S)	Occurrence (O)	Total Nos. (S x O)	Rank	Controls Limits to Minimize Significant Environmental Impacts
20.	Engineering Workshop used oil filters (Lubricants)	Replaced with new filters due to chocking of pores	<ul style="list-style-type: none"> <li>Improper Disposal</li> </ul>	<ul style="list-style-type: none"> <li>Soil pollution</li> <li>Negative impacts on natural vegetations and animals &amp; human being.</li> </ul>	2	4	8	B	-
21.	Kerosene Oil	Washing of different machinery parts, Beaters / Breakers	<ul style="list-style-type: none"> <li>Spillage on the ground floor</li> <li>Highly volatile</li> </ul>	<ul style="list-style-type: none"> <li>Fire Hazards</li> <li>Unpleasant smell due to injures fumes</li> </ul>	4	2	8	B	-
22.	Motor vehicles	Loading / unloading of Raw Materials and Chemicals, dispatching of finished products	<ul style="list-style-type: none"> <li>Smoke Emission</li> <li>Fire Hazards</li> <li>Careless in improper handling</li> <li>Lubricants / Oil</li> <li>Noise</li> </ul>	<ul style="list-style-type: none"> <li>Air pollution (emission of Carbon, CO, CO<sub>2</sub>, SO<sub>2</sub> and Lead Pb)</li> <li>Negative effect on human &amp; animals health and plants</li> </ul>	2	5	10	B	-
23.	Tube Lights	Use for lighting purpose throughout the organization	<ul style="list-style-type: none"> <li>Presence of Mercury Oxide</li> </ul>	<ul style="list-style-type: none"> <li>It is highly hazardous</li> </ul>	02	02	04	B	-
24.	Co-Generation Power Plant	Operation	<ul style="list-style-type: none"> <li>High Sound Level</li> </ul>	<ul style="list-style-type: none"> <li>Negative effect on human hearing</li> </ul>	5	2	10	B	-
			<ul style="list-style-type: none"> <li>Vibration</li> </ul>	<ul style="list-style-type: none"> <li>Building and equipments damage</li> </ul>	10	1	10	B	-
			<ul style="list-style-type: none"> <li>Gas Emission</li> </ul>	<ul style="list-style-type: none"> <li>Air pollution</li> </ul>	03	03	09	B	-
25.	IT Department	Disposal of solid waste	<ul style="list-style-type: none"> <li>Disposal of computer and its accessories items</li> </ul>	<ul style="list-style-type: none"> <li>Environmental Hazards</li> </ul>	01	04	04	B	-

➤ **S** : Severity

➤ **O** : Occurrence

### RANK:

0	:	A	-----	No action required
1 to 10	:	B	-----	Keep monitoring
11 to 20	:	C	-----	Monitor changes
21 to 100	:	D	-----	Plan & implement focused measure to control

### SCALE:

Severity : 1 to 10 (Lowest to highest)  
 Occurrence : 1 to 10 (Lowest to highest)



# WATER

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Water is the most vital utility for the production of paper, as it is the only steam production and pulp carrying medium in the Pulp and Paper Mill. To fulfil the large needs of water in the Company, there are two sources of fresh water, one is the Reverse Osmosis (RO) plant situated in the vicinity of the mill and the other is Karachi Development Authority (KDA) water supply system. The RO Plant is supplied with water through 08 tube-wells installed at various locations of the mill. The total fresh water consumption in the year 2011 is about 2,563 m<sup>3</sup>/day.

## Wastewater

Water, being the only pulp carrying medium for pulp and paper industry becomes the most important as well as difficult aspect to handle. All the water consumed for the product manufacturing eventually comes out as wastewater with high concentrations of pollutions such as COD, BOD, TSS and TDS.

## Sources & Generation Rates

In the Company, following are the main sources of wastewater generation:

- Pulp Mill
- Paper Machine
- Beater House

Being consumer of large amount of fresh water and high pollution loads, the Company diverted its Paper Machine and Beater House wastewater to clarifier before the final discharge to the neighbouring wastewater drain in order to reduce the wastewater pollution.

The Company is committed to ensure safer and environment-friendly operations, products and services. Certification of the Company in accordance, with ISO 14001:2004 EMS & ISO 9001:2008 QMS demonstrate management's commitment towards excellence throughout all the processes including safety, health, environment and quality.

## Wastewater Analysis

For waste water analysis, Company has its own environmental laboratory. The laboratory is well equipped with trained human resource and suitable



equipments. The laboratory has the capability to perform the waste water analysis such as pH, temperature, TSS, TDS, Chloride (Cl) and sulphate (SO<sub>4</sub>).

As part of the environmental management system, the laboratory performs regular sampling. Samples are collected and tested on weekly basis. Record of such activity is available within the laboratory.

Table 2 describes the overall summary of the wastewater analysis performed during this period. The values described under the parameters are monthly average values.

**Table 2: Characterization of SPL Generated Wastewater**

S. #	Source	Wastewater Flow	pH	Temp °C	TSS	TDS	NaCl	Na <sub>2</sub> SO <sub>4</sub>
		m <sup>3</sup> / day			mg / l			
1	Paper Machine & Beater House	501.63	8.11	27.54	52.77	790.29	210.26	377.81
2	Pulp Mill	102.75	8.11	27.54	52.77	790.29	210.26	377.81
<b>NEQS</b>			<b>6 – 9</b>	<b>40</b>	<b>150</b>	<b>3,500</b>	<b>1650</b>	<b>600</b>

The following Figure-1 graphically represents the above mentioned results.

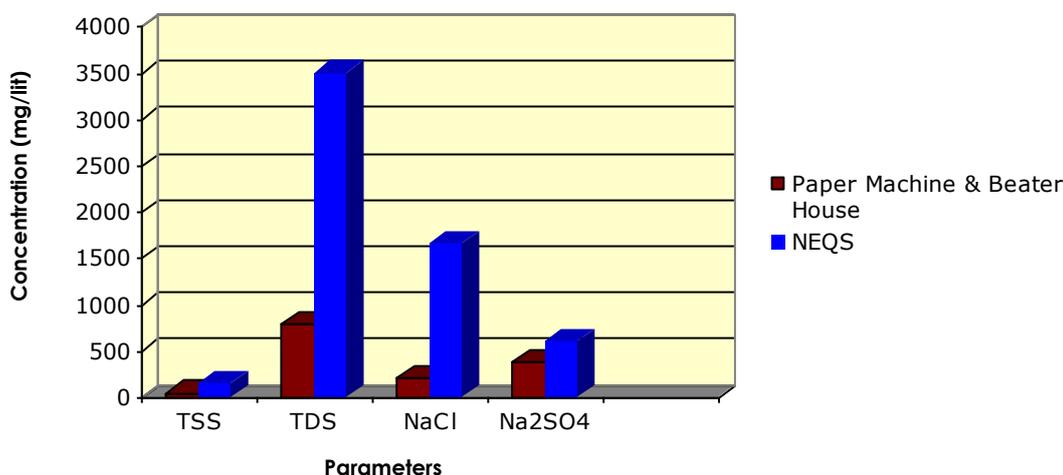


Figure 1 Comparison of NEQS with wastewater of Paper Machine at **SPL**.

The wastewater of Paper Machine and Beater House is in compliance with NEQS.



## Wastewater Pollution Load

The following Table 3 provides the pollution load calculation for wastewater:

**Table 3: Wastewater Pollution Load at 6.05 ton Basis**

No.	Source	Wastewater	TSS	TDS	NaCl	Na <sub>2</sub> SO <sub>4</sub>
		m <sup>3</sup> / d	mg / l			
1	Paper Machine & Beater House	501.63	43.80	655.94	174.52	313.58
2	Pulp Mill	102.75	8.97	134.35	35.74	64.23
<b>Total Pollution Load</b>			52.77	790.29	210.26	377.81
<b>Unit Pollution Load of product (kg / tp)</b>			<b>8.72</b>	<b>130.6</b>	<b>34.75</b>	<b>62.44</b>

The volume of effluent discharged and pollution load generated by Paper Machine & Beater House of the Company is graphically illustrated in Figure 2.

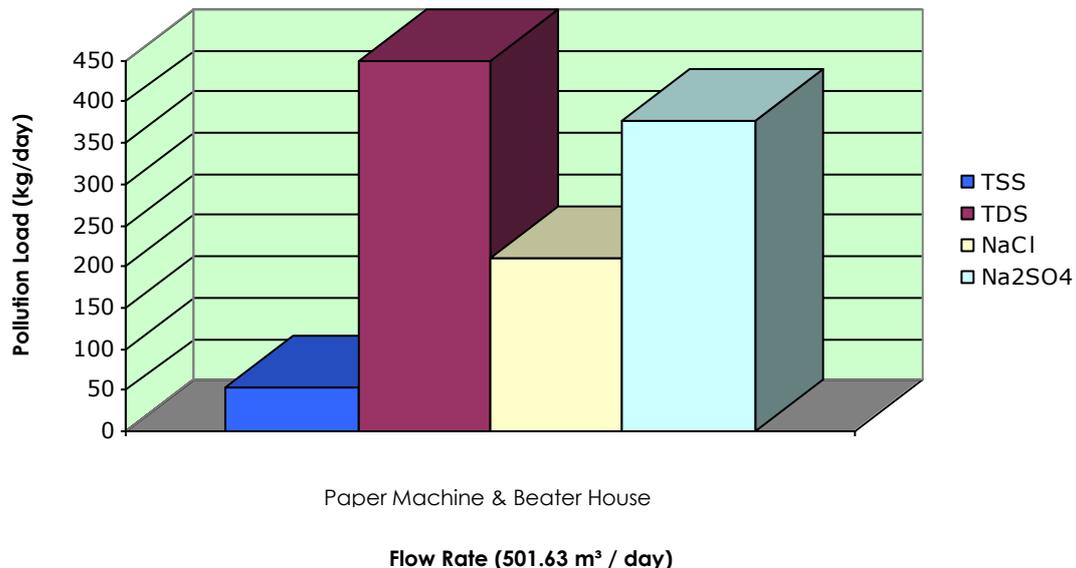


Figure 2: Wastewater Pollution Load of Paper Machine at **SPL**



## Wastewater Treatment Plant

The Company has its own primary wastewater treatment plant and is termed as clarifier. All the wastewater of Paper Machine and Beater House is discharged into two buffer tanks. The clarifier is then fed from this buffer tanks through feed pumps. The wastewater is retained in the clarifier where Alum is added to initiate the sedimentation process. The sedimentation process clarifies the wastewater and the sludge produced at the bottom is pumped to sludge drying beds. The sun dried sludge is then supplied to the secondary users. The treated water is discharged into the neighbouring drain. Sample of wastewater discharged from the clarifier is weekly analyzed at internal laboratory of the Company, for various polluting parameters in order to monitoring the efficiency of clarifier. Moreover, the wastewater and sludge samples are also tested from external laboratory once in a year.

Table 4 given below describes the wastewater analysis before and after the clarifier and the comparison with NEQS. The influent and effluent samples were tested by SGS Pakistan (Pvt.) Limited in year 2011.

**Table 4: Wastewater Analysis Report**

No.	Parameters	Unit	Wastewater		NEQS	%age Removal Efficiency of Clarifier
			Influent to Clarifier	Effluent from Clarifier		
1	pH	-	10.05	8.32	6 – 9	--
2	Temperature	°C	26.5	26.6	40	--
3	COD	mg/l	332	148	400	55.42
4	TSS	mg/l	80	16	150	80
5	TDS	mg/l	2300	750	3,500	67.39
6	BOD <sub>5</sub>	mg/l	152	77	250	49.34

The Clarifier removal efficiencies are graphically illustrated in Figure 3.

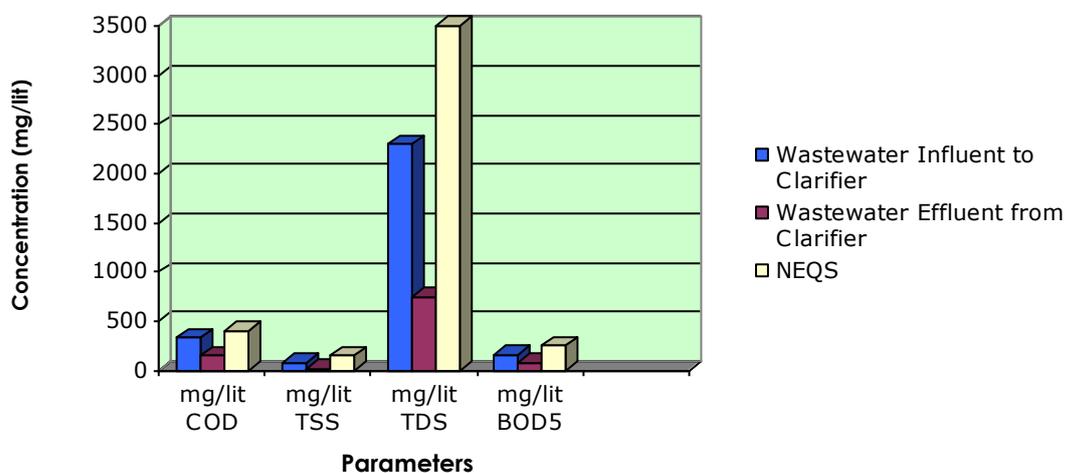


Figure 3: Comparison of Clarifier Removal Efficiencies with NEQS



## Environmental Impacts Study

The agro based pulp & paper mills like **SPL** generates black liquor as wastewater from the Pulp Mill operations. The black liquor containing lignin, along with other pulping chemicals. The black liquor is contaminated with COD and BOD5.

Besides the lignin, the effluent of **SPL** might contain solids, nutrients (nitrogen and phosphorus) and organic substances. The concentration of organic substances in effluent water is expressed as the amount of oxygen it takes to degrade these substances through either biological process (biological oxygen demand – BOD) or caustic in black liquor results in increase in dissolved solids thereby making microbial decomposition of organic matter inefficient.

Environmental impacts of the pulp and paper mill wastewater are described under:

### (i) **Biological Oxygen Demand (BOD)**

Biochemical Oxygen Demand (BOD) indicates the amount of oxygen consumed by micro-organisms in decomposing organic matter in water.

BOD directly affects the amount of dissolved oxygen in water bodies such as rivers and canals. The greater the BOD, the more rapidly the available oxygen is depleted in the water body. This means that the water with less oxygen concentration causes the death of aquatic organisms. Moreover, water with higher BOD contents may generate obnoxious odours leaving it unhealthy and of no use for human consumption.

BOD concentration of Pulp Mill wastewater has been found within the standard limits of NEQS values.



**(ii) Chemical Oxygen Demand (COD)**

Chemical Oxygen Demand (COD) refers to the amount of oxygen consumed in the complete oxidation of compounds, composed of carbon and hydrogen, present in the water. COD is an important environmental concern for all types of pulp and paper mills. Higher COD contents in the water leave it unhealthy for aquatic life.

COD concentration of Pulp Mill wastewater is within the standard limits of NEQS values.

**(iii) Total Suspended Solids (TSS)**

Total Suspended Solids (TSS) is a measure of solid material suspended in water. This includes both settleable and non-settleable matter.

Non-settleable matters increase the turbidity of water and settleable matter deposits over the surface of the underwater plants and at the fish gills, which reduces their life span and growth.

Total Suspended Solids (TSS) of wastewater is within the standard limits of NEQS values.

**(iv) Total Dissolved Solids (TDS)**

TDS is the measure of total dissolved inorganic and organic matter in water. Higher TDS concentrations in water make it unsuitable for agricultural use. It also increases the corrosion rate in water distribution network.

TDS concentration of Pulp Mill wastewater is within the standard limits of NEQS values.



# AIR POLLUTION

The Company is committed to ensure that its air emission remain within the limits, however, whenever any non-compliance is noticed, a corrective action takes place.

The boilers and generator are the sources of the air pollutants such as particulate matter, CO<sub>x</sub>, NO<sub>x</sub> and smoke in **SPL**. In particular, the most concentrated source of the air pollutants in the mill is Rag Digester. Moreover, water vapours originating from tank vents, wash filters, sewers and similar sources can be taken as the most visible air emission from a pulp and paper mill, but are not usually regulated unless they have significant impact on environment.

## Boilers, Generators, Rag Digesters, Absorption Chiller, Fork Lifters, and Hi-Roofs Stack Emissions

Boilers, Generators, Absorption Chiller, Fork Lifter, Rag Digesters and factory vehicles are the important utilities and major sources of air emissions in **SPL**. Therefore, **SPL** has made some efforts regarding their systems in order to minimize their emissions. The boilers are fed with treated water and stacks of both generator and boilers are monitored for adjusting the combustion ratios throughout the year on annual basis.

Table 5 describes the boilers stack emissions analysis conducted under normal conditions for major air pollutants of **SPL** in June 2011.

**Table 5: SPL Boilers Stack Emission Analysis**

No	Air Pollutants	Unit	Stack Emission				NEQS Limits
			Boiler Section				
			Boiler 1	Boiler 2	Boiler 3		
1	CO	mg/Nm <sup>3</sup>	4.67	4.67	210.33	800	
2	SO <sub>2</sub>	mg/Nm <sup>3</sup>	Zero	Zero	10.03	1700	
3	O <sub>2</sub>	%	10.77	11.30	11.67	-	
4	NO <sub>2</sub>	mg/Nm <sup>3</sup>	2.67	2.00	2.00	-	
5	NO	mg/Nm <sup>3</sup>	38.33	39.00	8.00	-	
6	NO <sub>x</sub>	mg/Nm <sup>3</sup>	41.00	41.00	10.00	400	
7	CO <sub>2</sub>	%	Zero	0.80	Zero	-	



These results depict that all the emissions from the boilers are within limit when compared to the NEQS.

The gaseous emissions from boilers are presented in following Figure 4.

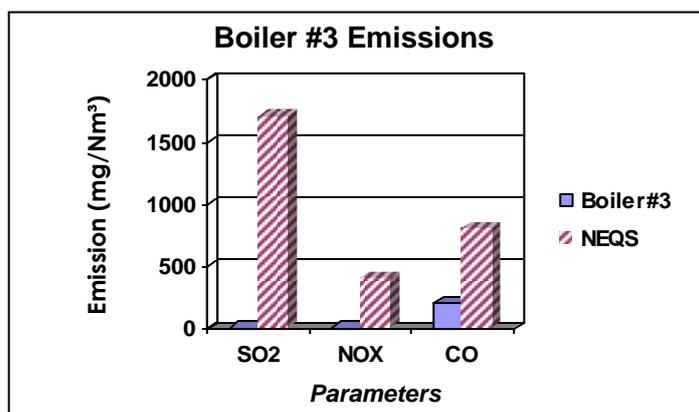
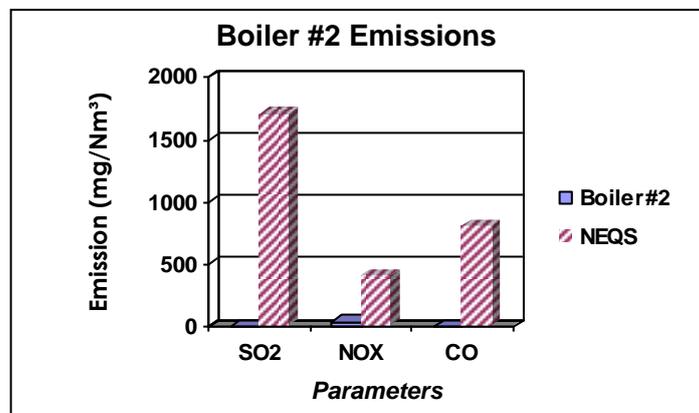
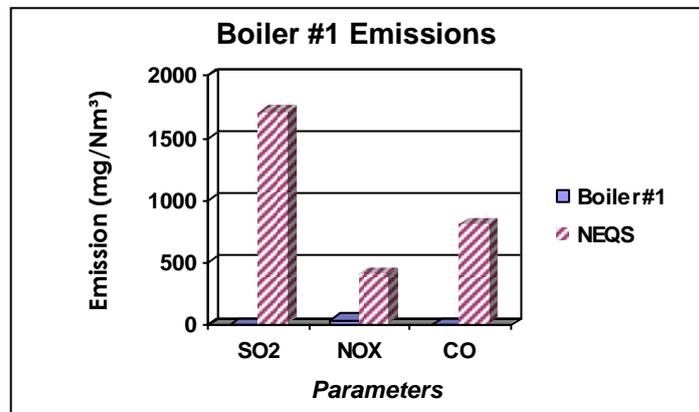




Table 6 describes the Generator stack emissions analysis conducted under normal conditions for major air pollutants of **SPL** in June 2011.

**Table 6: SPL Co-Generation Generators Stack Emission Analysis**

No	Air Pollutants	Unit	Stack Emission		
			Co-generation Generator # 1	Co-generation Generator # 2	NEQS Limits
1	CO	mg/Nm <sup>3</sup>	448.33	465.0	800
2	SO <sub>2</sub>	mg/Nm <sup>3</sup>	3.33	4.67	1700
3	O <sub>2</sub>	%	12.33	12.60	-
4	NO <sub>2</sub>	mg/Nm <sup>3</sup>	6.33	7.0	-
5	NO	mg/Nm <sup>3</sup>	228.0	244.67	-
6	NO <sub>x</sub>	mg/Nm <sup>3</sup>	234.33	251.67	400
7	CO <sub>2</sub>	%	4.25	4.18	-

These results depict that all the emissions from the Co-generation Generators No. 1 & 2 are within limit when compared to the NEQS. The gaseous emission from generator is presented in following Figure 5:-

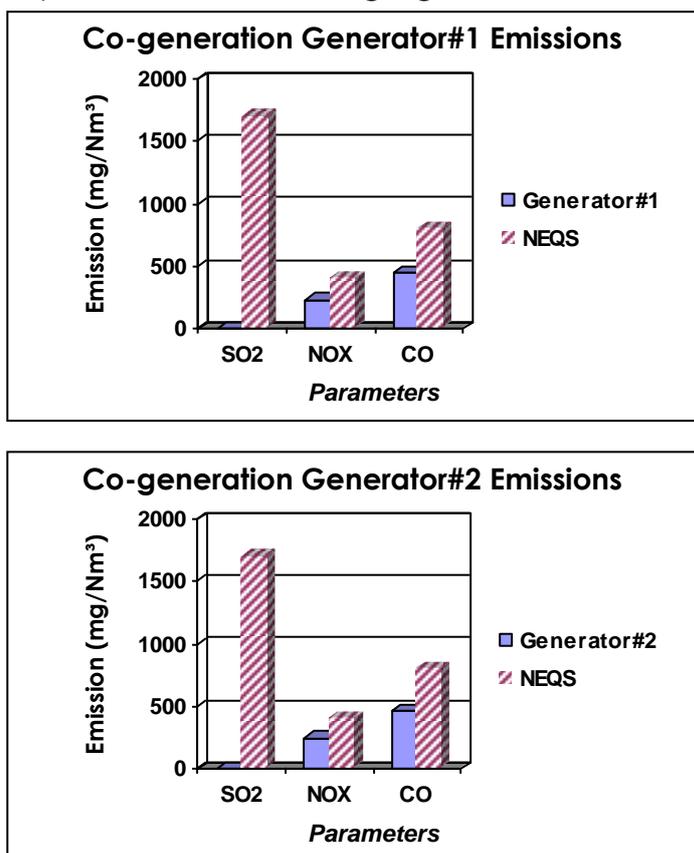


Figure 6: Air Emissions from Co-generation Generators at **SPL**.



Table 7 describes the Rag Digester stack emissions analysis conducted under normal conditions for major air pollutants of **SPL** in June 2011.

**Table 7: SPL Rag Digesters Stack Emission Analysis**

No	Air Pollutants	Unit	Stack Emission			
			Rag Digester#1	Rag Digester#2	Rag Digester#3	NEQS Limits
1	CO	mg/Nm <sup>3</sup>	38.0	47.33	305.33	800
2	SO <sub>2</sub>	mg/Nm <sup>3</sup>	27.0	21.67	22.50	1700
3	O <sub>2</sub>	%	15.40	15.10	18.13	-
4	NO <sub>2</sub>	mg/Nm <sup>3</sup>	Zero	Zero	1.0	-
5	NO	mg/Nm <sup>3</sup>	7.33	5.67	8.27	-
6	NO <sub>x</sub>	mg/Nm <sup>3</sup>	7.33	5.67	8.60	400
7	CO <sub>2</sub>	%	3.17	3.54	Zero	-

These results depict that all the emissions from the Rag Digesters No. 1, 2 and 3 are within limit as compared to the NEQS. The gaseous emission from Rag Digesters is presented in following Figure 6:-

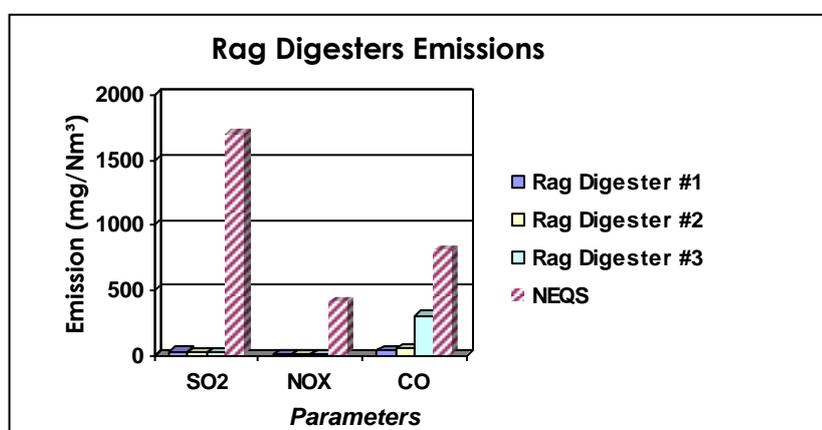


Figure 7: Air Emissions from Rag Digesters at **SPL**.

Table 8 describes the Absorption Chiller stack emissions analysis conducted under normal conditions for major air pollutants of **SPL** in June 2011.

**Table 8: SPL Absorption Chillers Stack Emission Analysis**

No	Air Pollutants	Unit	Stack Emission	
			Absorption Chiller	NEQS Limits
1	CO	mg/Nm <sup>3</sup>	3.0	800
2	SO <sub>2</sub>	mg/Nm <sup>3</sup>	Zero	1700
3	O <sub>2</sub>	%	12.17	-
4	NO <sub>2</sub>	mg/Nm <sup>3</sup>	Zero	-
5	NO	mg/Nm <sup>3</sup>	2.0	-
6	NO <sub>x</sub>	mg/Nm <sup>3</sup>	2.0	400
7	CO <sub>2</sub>	%	Zero	-

These results depict that all the emissions from the Absorption Chiller are within the limit when compared to the NEQS. The gaseous emission from Absorption Chiller is presented in following Figure 7:-

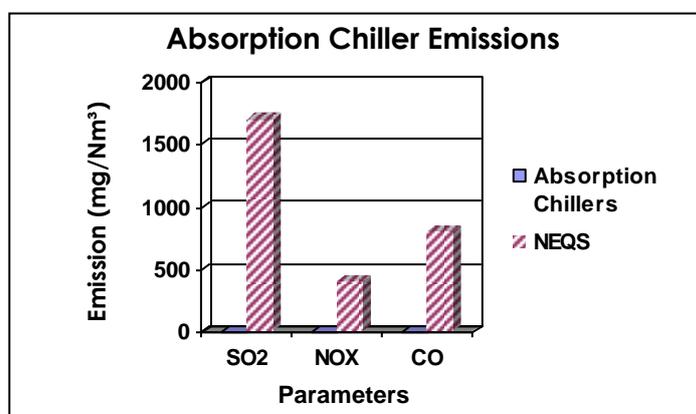


Figure 8: Air Emissions from Absorption Chiller at **SPL**.



Table 9 describes the Fork Lifter stack emissions analysis conducted under normal conditions for major air pollutants of **SPL** in June 2011.

**Table 9: SPL Fork Lifter Stack Emission Analysis**

No	Air Pollutants	Unit	Stack Emission			
			Fork Lifter (TOM)	Fork Lifter (CA-333)	Fork Lifter (CA-334)	NEQS Limits
1	CO	%	0.01	0.01	0.01	4.5 – 6.0
2	Noise	dB	76.27	72.0	72.60	85.0

These results depict that all the emissions from the Fork Lifters are within the limit as compared to the NEQS.

Table 10 describes the Ambulances (Hi-Roofs) stack emissions analysis conducted under normal conditions for major air pollutants of **SPL** in June 2011.

**Table 10: SPL Ambulances (Hi-Roofs) Stack Emission Analysis**

No	Air Pollutants	Unit	Stack Emission		
			Ambulance CN-2639	Ambulance CN-2639	NEQS Limits
1	CO	%	0.01	0.01	4.5 – 6.0
2	Noise	dB	72.93	72.83	85.0

These results depict that all the emissions from the Ambulances (Hi-Roofs) are within the limit as compared to the NEQS.

Table 11 given below describes the carbon emissions from Boiler House calculated on the basis of natural gas consumption in year 2011.

**Table 11:**

No.	Fuel Type	Fuel Consumption (m <sup>3</sup> )	Total Energy Consumption at Boiler House (kWh)	Total Carbon Emission	
				CO <sub>2</sub>	C
				(kg / y)	
1	Natural Gas	1,321,254	12,587,741	2,391,670.79	652,044.98



## Environmental Impacts

Carbon monoxide is poisonous to human beings at high concentrations. It can cause harmful health effects by reducing oxygen delivery to the body's tissues and organs most notably the heart and brain. Individuals who already suffer from heart problems may experience chest pain and reduced physical function upon even minor exposure to CO. Exposure to high levels of CO can also cause vision problems and physical or mental impairment.

Generally the oxides of sulphur ( $SO_x$ ) promote wheezing bronchial constriction, shortness of breath, asthma and heart disease, and even premature death. The environmental impacts related to  $SO_x$  emissions are acid rain and haziness in the atmosphere caused by sulphur particles.

$NO_x$  reduces the oxygen carrying capacity of blood. It can cause impairment of olfactory sense and night vision, dryness and roughness of the throat. The environmental impacts of  $NO_x$  are formation of photochemical oxidants and damage to materials and property by acid rains, resulting from oxidation of oxides of nitrogen to nitric acid after reaching with water vapours.

## Particulate Matter

Raw material storage house is the main area of concern with respect to Particulate Matter as one of the environmental concerns of **SPL**. Beside this area, other parts of the mill have little emissions of particulate matter but not enough quantity to consider it as the environmental concern.

Particulate matter is usually related to shifting of cotton bales through lifter from Raw Material Store to Pulp Mill area. This shifting of material provides consistent exposure of particulate matter to the workers of this section. Since raw material storage hall has fine particles that can easily enter into respiratory tract and initiate severe breathing problems, in this regard, Company is providing suitable Personal Protective Equipments (PPE) to each worker of this area for their personal safety.



# NOISE MONITORING

The Company operations involve number of heavy machines with moving and rotating parts, which result into elevated noise levels at the workplace. Management of **SPL** consider the noise to be a health hazard at different working places of the workers within the organization.

Where the sound monitoring results are not within the standard limits, the Company provides Personal Protective Equipments (PPE) to the relevant areas. The staff of Workshop, Hemp Breaker in Pulp Mill along with the Refiner & Vacuum Papers Area of Machine House wears PPE. Similarly, the working people of Boiler House wear PPE.

In Pakistan, there is no national standard describing the maximum sound levels for workers in industries. However, American Conference of Government Industrial Hygienists (ACGIH) has recommended a safe noise exposure limit of 85 dB at the distance of 7.5 meters from the noise-source, where the worker can work for 8 hours in a day.

Table 12 describes the sources & their respective sound levels at **SPL**.

**Table 12**

## Noise Level Monitoring

S. #	Sources	Sound Level (dB)		Remarks
		At Source	At 7.5m away from the source	
	<b>Pulp Mill</b>			
1	Rag Chopper	102.3	93.0	Ear Plug to be used
2	Dust Drum	86.0	84.4	--
3	Sack Elevator	80.0	77.0	--
4	Feed Floor	78.0	78.0	--
5	Hi-lo Pulper	93.1	87.5	Ear Plug to be used
6	Hemp Breaker	90.8	88.0	Ear Plug to be used



## Noise Level Monitoring

S. #	Sources	Sound Level (dB)		Remarks
		At Source	At 7.5m away from the source	
<b>Beater House</b>				
7	Breakers	97.2	93.2	Ear Plug to be used
8	Beaters	97.8	95.1	Ear Plug to be used
<b>Machine House</b>				
9	Refiner	103.6	97.0	Ear Plug to be used
10	Vacuum Fans / Pumps	99.0	98.0	Ear Plug to be used
11	Wet End	103.1	93.4	Ear Plug to be used
12	Dryer Section	86.1	85.4	Ear Plug to be used
13	Calendar	86.4	85.4	Ear Plug to be used
14	Pop Reel	86.4	85.4	Ear Plug to be used
<b>Finishing</b>				
15	Rewinder	100.9	90.6	Ear Plug to be used
16	Sheeter	99.2	88.3	Ear Plug to be used
17	Jogger No. 1	94.0	89.0	Ear Plug to be used
18	Jogger No. 2	93.7	89.2	Ear Plug to be used
19	Jogger No. 3	95.1	86.2	Ear Plug to be used
<b>Chiller</b>				
20	Old Plant	93.1	84.5	--
21	New Plant	84.5	78.5	--
<b>Steam Generated Boiler</b>				
22	Boiler No. 1	93.1	84.5	--



## Noise Level Monitoring

S. #	Sources	Sound Level (dB)		Remarks
		At Source	At 7.5m away from the source	
23	Boiler No. 2	84.5	78.5	--
24	Boiler No. 3	88.0	80.0	--
	<b>Rag Digester Steam Boiler</b>			
25	Rag Digester No. 1	85.5	82.5	--
26	Rag Digester No. 2	85.4	82.0	--
27	Rag Digester No. 3	86.0	82.3	--
	<b>Mill Pumping House</b>			
28	Pump House	89.7	79.0	--
	<b>Mechanical Work Shop</b>			
29	Power Hammer	105.0	95.0	Ear Plug to be used
30	Lath Machine	92.0	83.0	--
	<b>Co-generation Power Plant</b>			
31	Office	88.0	82.0	--
32	Generator No. 1	112.0	113.0	Ear Plug to be used
33	Generator No. 2	112.0	112.0	Ear Plug to be used
34	Boiler	97.0	95.0	Ear Plug to be used

## Environmental Impacts

Noise may have both physiological as well as psychological effects on human beings. Physiological effects include dizziness, nausea, unusual blood pressure variation, physical fatigue, hearing impairment and, in acute cases, permanent hearing loss. The psychological effects may comprise reduced mental capability and irritations. Chronic exposure of workers to higher noise levels also impairs their efficiency and skill.



## SOLID WASTE

Solid waste of various kinds is generated throughout the production process in the Pulp & Paper Mill. At **SPL**, raw material binding strips, wires and empty chemical drums are the major solid wastes, which are sold to secondary users.

In the production line, first source of solid waste is the rejection of raw material which mainly comprises denim cutting and binding wires and strips. Used plastic drums / bags of chemical are another type of solid waste generated by **SPL**. However, currently most of the drums are reused in the mill's operation for various purposes or sold to secondary users.

The other major source of solid waste at **SPL** is the dried sludge generated from the wastewater, subsequent to drying of it at lagoons. However, this dried sludge is disposed off from the mills premises through contractor on regular basis.

The sources of solid waste other than production line are offices block, mechanical workshop, chemical house and utilities section. The garbage and other debris as a result of daily cleaning are the solid waste generated from offices and plant.

The main sources and quantity of solid waste generated in **SPL** are given in Table 13.

**Table 13: Solid Waste Sources, Generation Rate & Disposal at SPL**

N o.	Sources	Type of Solid Waste	Disposal
1	Raw Material Storage	Binding strips & wires used for bales	Sold to secondary users
2	Chemical Preparation	Empty drums, bags & other packing materials	
3	Mechanical Workshop	Miscellaneous material	
4	Wastewater Treatment Plant	Dry sludge	
5	Office Block	Garbage and other debris	
6	Other parts of the Mill	Miscellaneous material	

The solid waste generated in **SPL** is not of hazardous nature. Most of the solid waste is recycled and reused or sold to secondary users. Moreover, because of non hazardous nature of solid waste it is less likely to cause any harm to human beings and environment.



# OCCUPATIONAL HEALTH & SAFETY

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Occupational Health and Safety is a cross-disciplinary focus area dealing with safety, health and welfare of workers. As a secondary effect, OHS may also protect co-workers, employers, customers, suppliers, family members, nearby communities, and other members of the public who are influenced by the workplace environment.

Occupational health was first defined in 1950 by ILO / WHO committee as

“Occupational health should aim at the promotion and maintenance of the highest degree of physical, mental and social well-being of workers in all occupations; the prevention amongst workers of departure from health caused by their working conditions; the protection of workers in their employment from risks resulting from factors adverse to health; the placing and maintenance of the worker in an occupational environment adapted to his physiological and psychological capabilities; and, to summarize, the adaptation of work to man and of each man to his job.”

**SPL** is committed to the safe operations of its facilities. This commitment requires that potential safety hazards are systematically identified and the risk from these hazards be managed in a way that employees, public and the environment are protected. The management of risk is an evergreen process that is integrated into our plant design, construction, maintenance, and operations of the facilities. In this regard, **SPL** has made Health & Safety Surveillance Committee, the members of the committee are given below:-

- |       |                                 |          |
|-------|---------------------------------|----------|
| (i)   | Dy. General Manager (QA/R&D)    | Chairman |
| (ii)  | Manager (Production)            | Member   |
| (iii) | Manager (Mechanical)            | Member   |
| (iv)  | Manager (Security)              | Member   |
| (v)   | Dy. Assistant Manager (Welfare) | Member   |
| (vi)  | A nominee from workers          | Member   |



Keeping in view the importance of OHS in routine operations, **SPL** has taken some serious initiatives. Work Instructions for each machine and safety signboards are properly displayed at appropriate places with respect to each section of the mill. Material Safety Data Sheets (MSDS) are also available at each section of the mill. Personal Protective Equipment (PPE) are also available at number of sites.

The first aid boxes have been kept at all appropriate places in **SPL**. For any major injuries, local hospitals are contacted. As **SPL** believes that human resource is their real asset therefore, well organized internal and external trainings are provided by Mill to their employees. Trainings on general environmental awareness, chemical handling and occupational health & safety are delivered to all the newly appointed employees in order to adopt better working practices and handle the emergency situations. All these trainings are also conducted on periodic basis for the already existing employees.

Furthermore, a safety & security plan layout is displayed at all appropriate places for guidance in emergency situations. Additionally, there is a special team and area assigned to the safety squad in order to handle the emergency situations. The special rescue team is informed through a dedicated phone line which can be accessed from anywhere within the mill.

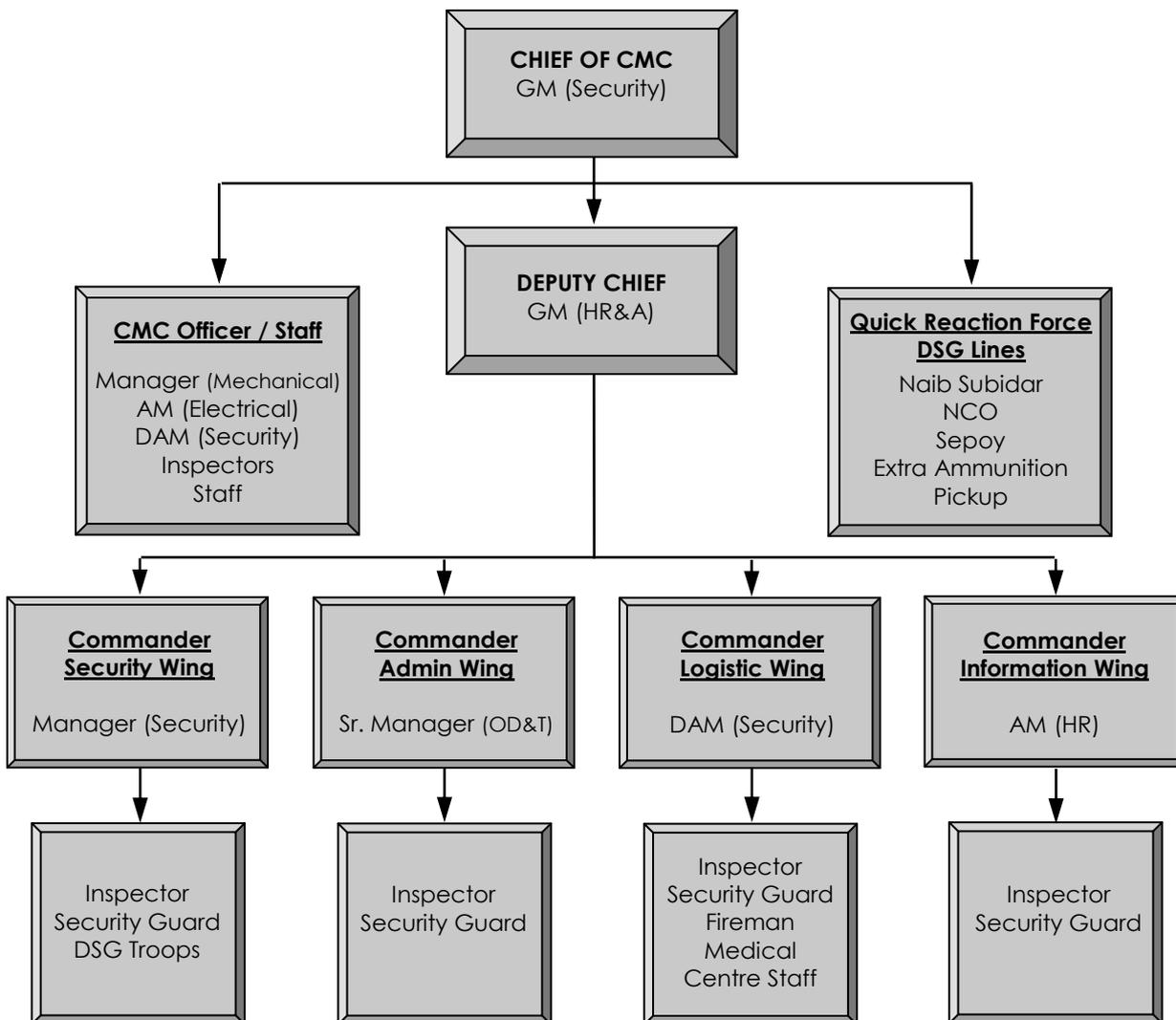
# SITE EMERGENCY & RESPONSE PLAN

The Company has established documented procedure & plan to deal with the emergency situations. Responsibilities and authorities are clearly defined in the procedures. A safety and security plan layout also display in all the area of operations for guidance and movement in emergency situation.

## Crisis Management Cell

Company has established a Crisis Management Cell (CMC). This cell has all the capabilities to handle the attack of the terrorist in any emergency situation.

### Structure of Crisis Management Cell





## Emergency Preparedness Highlights

Company has adopted following key features regarding emergency preparedness and response.

- Plant Zoning, Assembly Points and Emergency Exits
- Fire Fighting Post with all necessary facilities
- Fire Extinguisher
- Fire Hydrants
- Fire Boxes
- Bucket Stands
- Fire Hose Reels
- Electric Fire Alarms
- Fire Monitor
- Fire Extinguisher Filling Facility (Water Type)
- Work Permit Procedure to ensure Safe Practices
- Accident Reporting & Investigation Process

## Emergency Contact Numbers

- Bomb Disposal Squad: 15  
021-99212667
- Fire Brigade: 16  
021-99215007  
021-99215008
- Police Station: SHO Model Colony  
021-34602222  
021-34513833  
SHO Air Port  
021-34571420
- Edhi Ambulance Service: 115
- SPL Intercom Numbers:
  - Fire Section* 310
  - GM (Security) Office* 321
  - GM (Security) Residence* 342
  - Medical Centre* 345



## Water Reservoir Capacity

There are 13 hydrants installed at important locations connected to main line, with pressure pump connection and 02 hydrants in Residential Estate. There are three water tanks to support hydrants are available in the Company, these are:-

S.#	Tank	Capacity (in gallons)
1	Over Head Tank	50,000
2	Under Ground Tank # 1	500,000
3	Under Ground Tank # 2	250,000
4	Over Head Tank (In Residential Estate)	25,000

- First-aid points at different plant locations
- Availability of Ambulance round the clock
- Trained personnel ready at Post to tackle any emergency
- Work Permit Procedure to ensure safe practices
- Safety Vigilance Team
- Safety training of new employees
- Refresher trainings for all employees
- Accident Reporting and Investigation process
- Yearly Medical Check-up of employees



## Emergency Rehearsal of Year 2011

Company has conducted emergency drill rehearsal for the whole employees of the Company to tackle the emergency situation whenever any real emergency condition occurred.





## Emergency Rehearsal of Year 2011





*Security Papers*  
LIMITED

For more information and any query regarding this report,  
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