



Century Paper & Board Mills Ltd.



Environmental Report 2007



Strive Together for Excellence

Vision

To be the market leader and an enduring force in the paper, paperboard and packaging industry, positively influencing and providing value to our stakeholders, society and nation.

Mission

To strive incessantly for excellence and sustain our position as a preferred suppliers of quality paper, paperboard and packaging material within a team environment and with a customer-focused strategy by establishing safe & environment-friendly operations.

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Executive Summary & Scope of Report

This report encompasses the activities of Century Paper & Board Mills Ltd. regarding environmental impacts and operational performance of the organization in the year 2007. This standalone environmental report is generated in the light of ACCA-WWF guidelines.

This report provides an overview of company profile, sales land-marks, business ethics & 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 environment and safety.

Management Review Committees, OHSAS Implementation Team and ISO Departmental Coordinators are established for implementation and monitoring the performance of Environment Management System, Quality Management System and Occupational Health & Safety Assessment Series in the organization. Company achieved a milestone in 2006 and certified by AFAQ France in compliance with ISO 14001:2004 Environment Management System. Century is also certified in line with ISO 9001:2000 Quality Management System. We have established the system as per requirements of OHSAS 18001:2007 and certification audit will be organized in 2008. Regular internal audits are conducted to verify the compliance of standard requirements.

Under sustainable development program, company set objectives such as conservation of resources by following proactive strategy, energy conservation, effluent & emissions control, solid waste management and prepare their achievement plans in order to continual improvement in the areas of environmental performance.

Emergency preparedness & response procedures and plan have been established and implemented to deal with the accidents and emergency situations. Mock drills are organized 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.

Investments were made for conversion of boilers and power plant from Furnace Oil to Natural Gas, change of Bleaching process to Elemental Chlorine Free (ECF), recycling of used water and development of green areas inside & outside the mills for better environment. Rs. 8.5 billion is invested for the installation of PM-7 which is based on recycled fiber.

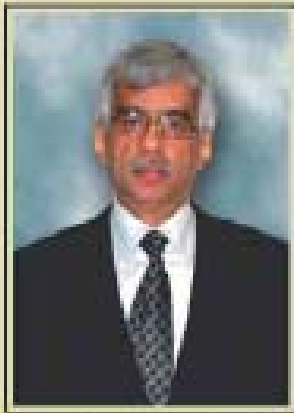
Operational control regarding significant environmental aspects and hazards are effectively implemented. Corrective actions are raised in case of any non compliance. Performance evaluation of the contractors and suppliers is carried out periodically to assess the capability and performance of their material and services in order to achieve organizational goals.



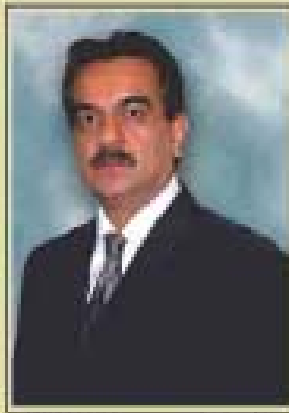
Board of Directors



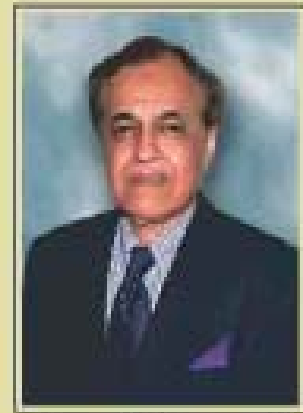
Iqbal Ali Lakhani
Chainman & Chief Executive



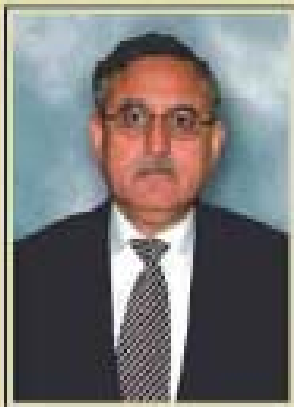
Zulfiqar Ali Lakhani



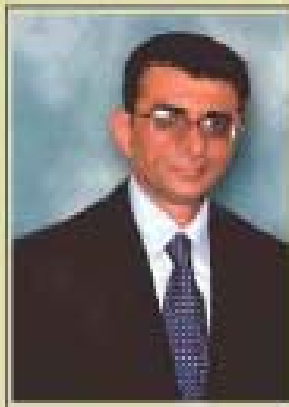
Amin Ali Lakhani



Tasleemuddin Ahmed Batlay



Aftab Ahmad
Director Operations



Zafar Iqbal Sobani
Chief Financial Officer



Syed Shabahat Hussain
Nominee Director (NIT)



Chief Executive's Message



I feel pleasure on the issuance of Environmental Report 2007 by Century Paper & Board Mills as a hall mark of our strong commitment towards environment, safety & occupational health.

In today's fast growing world mankind is overloading the limited capacity of the Eco-system. As a result, sustainability for our future generations has become a burning issue of the day.

At Century our mission is "Strive Together for Excellence" and it is our firm conviction that our human resource is real asset of our enterprise and we are committed to ensure safer & environment-friendly operations, products and services. We take care of the community in which we are operating.

We are certified for ISO 9001:2000 and ISO 14001:2004 and establishing the system in accordance with OHSAS 18001:2007. Our strong internal audit system paves the way for continual development of our management systems. Century establishes objectives and environmental management programs for the continual improvement throughout its operations, mitigation of environmental impacts and resource conservation.

We are launching the project of implementing Oracle-e-Business Suite, one of the leading international software for Enterprise Resource Planning (ERP). The deliverables of the project will result in total conversion of our existing legacy Information Technology Management System to real time information on all key facets of the company operation along with timely reports on Key Performance Indicators.

Century has initiated expansion project of around Rs. 8.5 billion to install Board Machine (PM7) based on recycling concept and free of chemical pulping resulting in minimum load on the Eco-system.

Iqbal Ali Lakhani

15th December 2007



Strive Together for Excellence

Core Values

Integrity

Team Work

Excellence

Readiness to Accept Challenges

Professional Culture

Customer Focused Approach

Environmental Friendly Operations

Safe and Healthy Practices

Continual Improvement



A Glorious Past - A Promising Future

(Investments and Expansions)

- 1990 The company commenced commercial production with three machines having capacity of 30,000 tons.
- 1995 Issued Right shares for expansion in production capacity.
- 1996 The company crossed Rs. 1 Billion Revenue mark.
Started 12.3 MW captive Power Generation Plant as CPGL (a subsidiary).
- 1997 A new three layers board machine (PM4) along with an offline coating Machine (CM2) was added. Production capacity reached 50,000 tons.
- 1998 The company was awarded ISO - 9002 - QMS certification.
- 1999 Successful re-engineering of machines, increasing capacity up to 60,000 tons per year.
- 2000 The company crossed Rs. 2 Billion Revenue mark.
- 2001 Upgrading of Coating Machine worth Rs. 125 Million by BMB Switzerland and Voith, UK.
- 2002 Dissolved Air Flootation Plant (DAF) installed, the first of its kind for treatment of effluent in Paper and Board Sector in Pakistan.
Installation CNC Roll Profile Grinding System at mills Maintenance Shop.
- 2003 Installation of twin layer board machine (PM5) worth Rs. 300 Million, enhancing total capacity to 80,000 tons per annum.
Installed plant for Corrugated Boxes worth Rs. 190 Million.
Expansion of Pulp Mills worth Rs. 240 Million for enhancing un-bleached & bleached pulp capacities.
Recognized by KSE as one of the Top 25 Companies for the first time, for the year 2002.
The company crossed Rs. 3 Billion Revenue mark.
- 2005 Power Generators converted to dual fired configuration i.e. oil and natural gas.
Merger of Century Power Generation Limited with the Company completed.
Launched investment of Rs. 560 Million for installing an additional paper machine (PM6).
- 2006 Foundation laid for new Coated Duplex Board Plant (PM7 Project) with capacity of 130,000 tons.
Commencement of PM6 as well as Online Coating, resulting in increased capacity to 110,000 tons.
The Company was awarded ISO 14001:2004 EMS Certification.
- 2007 The company crossed 4 Billion Revenue mark.
Oracle e-business suite (R-12) launched to automate business operations.



Environmental Policy

Century Paper & Board Mills Limited is committed to :

- Ensure environment friendly operations, products and services
- Mitigate environmental impacts through effective implementation of ISO 14001 in order to achieve conformance to applicable laws and regulations
- Establish objectives & targets for continual improvement In resource conservation by waste control and safe operating practices
- Promote environmental awareness to all employees and the community



Quality Policy

Our Mission : Strive Together For Excellence

Century excels in manufacturing of quality Paper, Paperboard and Corrugated Boxes for packaging.

Century, a customer focused company, is always ready to accept challenges for achieving its mission.

Century's quality objectives are designed for enhancing customer satisfaction and operational efficiencies.

Century is committed to building Safe, Healthy and Environment friendly atmosphere.

Century, with its professional and dedicated team, ensures continual Improvement in quality & productivity through effective Implementation of Quality Management System.

Century values the social & economic well being of its partners and strives for a harmonious environment conducive to team performance.



Safety Policy

Our Mission : Better Health and Safer Operations

Century, manufacturer of quality Paper, Paperboard and Corrugated Boxes, committed to continuously improve health & safety performance in all areas of operations.

Commitment to implement necessary control measures for mitigation of accidents and associated risks by setting objectives and following applicable legal and other requirements.

Promotion of OH & S practices through training of employees to flourish healthy and safer work environment.

Constant review of safety policy and communication to all interested parties to ensure adequacy and compliance with the OHSAS 18001 standards.



Company Profile

Century Paper & Board Mills (CPBM), a listed public limited company of Lakson Group, started commercial production in 1990 as an integrated pulp and paper mill. It is now one of the biggest non-wood pulp and paper mill of Pakistan, manufacturing recycle-able products for packaging. The production facility is situated near Bhai Pheru at 67-KM, Lahore-Multan Highway N-5 District Kasur in Punjab province and spread over an area of 155 acres. The plant is mainly surrounded by industrial units and agricultural land along with few residential areas. There are no scenic areas / landscape or site of archaeological, historical, cultural and spiritual interest whose value affected due to the plant.

At present, annual paperboard production capacity of plant is around 110,000 tons, however after start-up of another paperboard machine (PM7), the volume will be 240,000 tons. In 2003, Century diversified its product line by installing a corrugated box plant (converting facility) with a capacity of 20,000 metric ton per year.

Century produces different varieties of superior quality Coated and Uncoated Board, Writing / Printing Paper, Poster & Kraft Paper, Corrugated Medium Paper and Corrugated Boxes. The existing product range caters to the needs of various multinational and national companies involved in the business of Tobacco, Pharmaceuticals, Foods & Beverages, Soap & Detergents, Cosmetics & Toiletries, Textile & Apparel, Home Appliances & Accessories, Auto Parts, Printing & Publication, Office & Computer Stationery, and Safety Match.

Distinctions

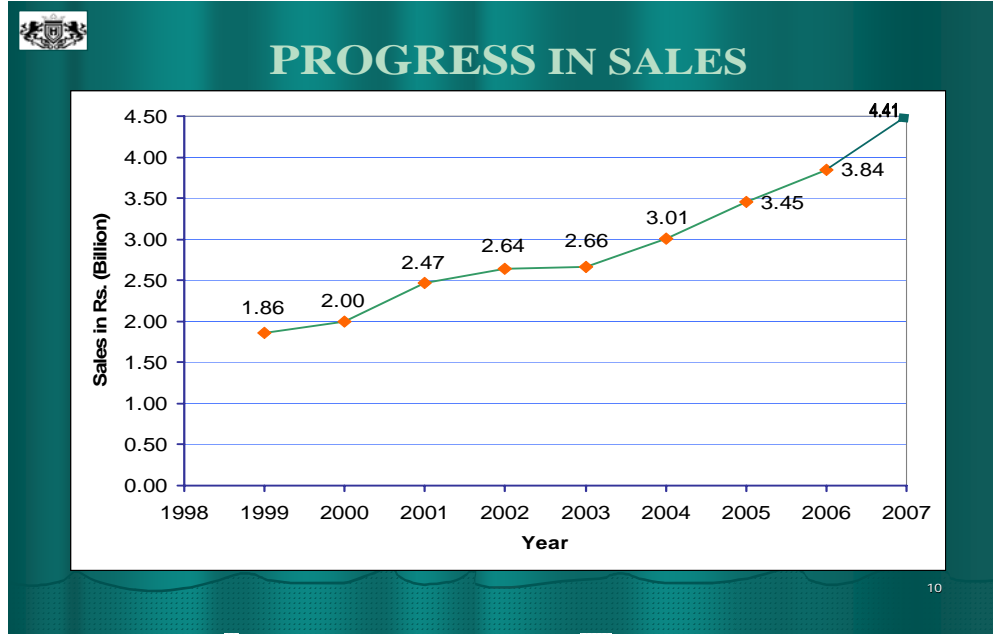
- ◆ Top 25 Companies Award from KSE for the year 2002, 2003 and 2004.
- ◆ Recognized for two year in succession by the Joint Committee of ICAP and ICMA, Pakistan for presentation of Corporate Report 2001 & 2002.
- ◆ A+ and A-1+ ranking from a renowned Credit Rating Agency of Pakistan.

Century – A Customer Focused Company

- ◆ At Century, our prime focus is to meet customer's needs and expectations
- ◆ Our customer satisfaction index remained 88.3 % in last survey
- ◆ Presently, our overall Market Share is 25 %
- ◆ Paper 10%
- ◆ Uncoated Board 32%
- ◆ Coated Board 22 %

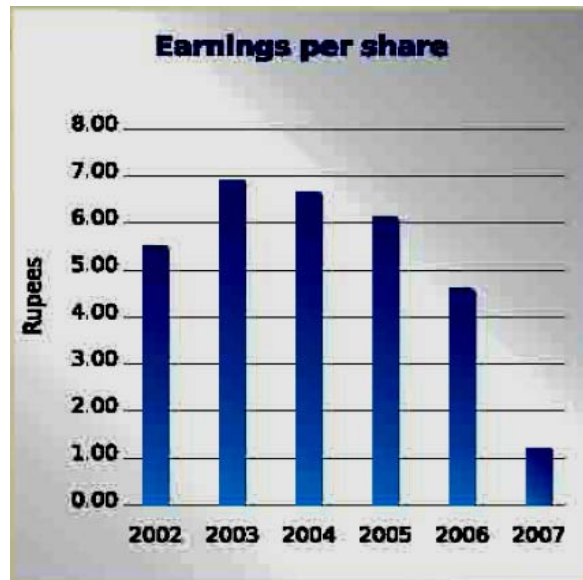


SALES LANDMARKS



Financial Highlights 2007

- ◆ Overall turnover 4.41 billion rupees.
- ◆ Profit before taxation 83 Million rupees.
- ◆ 1.30 Rupees EPS.
- ◆ Capital expenditure for 2007 is 5211 Million.
- ◆ Currently property, plant and equipment 8.58 billions.



Business Ethics and Practices

Our core business is to manufacture Paper, Paperboard and Packaging products to provide local businesses and individual's quality products with efficient services. We feel that Ethics and Practices play a vital role in advancement and betterment of the Company and we endeavor to follow them.

Corporate Governance

We as a responsible corporate citizen strongly adhere to Corporate Governance principles and comply with regulatory obligations enforced by regulatory agencies for improving corporate performance. We believe in uprightness of performance and expect it to be a fundamental responsibility of our employees to act in the Company's best interest while holding confidential information. We expect our employees to neither solicit internal information from others nor disclose Company's figures, data or any material information to any unauthorized persons / body.

Human Resource Development

We believe in individual respect and growth. Our employment and HR policies develop individual without race, religion, gender or any other discriminative factors. We provide equal opportunities with a team based management style employing incessant training and development programs for employees. These continuous improvement policies enhance efficiencies and knowledge and create a constructive and affirmative environment.

Transparent Financial Policies

We develop fair and transparent financial policies for conducting business. We ensure transparency and integrity and follow the principles of accounting and finance as approved by regulations and contemporary accounting codes. Any unsupportive or false entry, infringement of accounts for individual or company gain is strongly incoherent with our business codes and ethics.

Marketing and Industry Practices

We believe in free and fair business practices and open competitive markets. Developing any association within the segment, industry or with competitors to distort the pricing and availability is contradictory to our business code of conduct. Any anti-trust activity such as price fixing, monopolization, forming cartel of suppliers is prohibited. Our marketing policies are customer focused, placing high values in satisfying their requirements with emphasis on quality, service and product development. As a long term marketing strategy we vision to diversify and add value to our products while maintaining close liaisons with markets, customers and their needs.



Business Risk Management

Our Risk Management policies are geared to enhance shareholders worth, improve credit worthiness and minimize credit risk while diversifying income, supplier and customer bases and maintaining relationships with financial institutions.

Social and Community Commitments

We believe in community development without political affiliations with any person or group of persons working for gains. We contribute our resource for better environment with an unprejudiced approach. Our Safety, Health and Environment (SHE) polices are geared towards unbiased employee's betterment. Our positive contribution towards Community Related Services especially in health and education adds to economic development.

Environmental Management System (EMS)

We invest in environmental projects with environmental friendly policies to improve health and safety standards of employees, communities and surroundings. Our EMS continuously improves in light of advancement in technology and new understanding in Safety, Health and Environmental Science. We are driving towards zero waste generation at the source and materials will be reused and recycled to minimize the need for treatment or disposal and to conserve resources and environment. We are working for the conservation of natural resources, energy and bio-diversity by continuously improving our processes, practices and products.

ACHIEVEMENTS:

- Cleaner Production technologies resulting in reduction of fresh water consumption
- Reduction in gaseous emission of Boilers & Power Plant by conversion of Furnace Oil to Natural Gas
- Reduction in SO₂ gas emission by some modification in plant
- Changing Bleaching process and making it Elemental Chlorine Free (ECF)
- Workplace and surroundings improvement program
- Implementation of Environmental Management Program in compliance with ISO 14001:2004 and established system in accordance with OHSAS 18001:2007



Continual Improvement

Continuous improvement is one of our key philosophies and below is a detail of how this is being pursued in every facet of our organization. This is an embodiment of our belief that our Company has to maintain to best practices and be socially responsible and profitability will follow automatically.

Business Structure

Our operations are currently organized into three main locations – Karachi, Lahore and Mills (Multan Road District Kasur). These locations are strictly administrative and logistic. In addition, there are various peripheral locations whose main purpose is to procure and store raw materials, positioned to take advantage of proximity to the source.

Management's Responsibility For Financial Reporting

The company has attained success through the character of its people. That character is reflected in our business practices. High quality financial reporting is one of our responsibilities, which is characterized accuracy, objectivity and transparency. Management is responsible for maintaining an effective system of internal controls over financial reporting to deliver those characteristics in all material respects. The board of Directors, through its audit committee, provides oversight.

Our commitment to providing timely, accurate and understandable information to investors encompasses.

Maintaining a Strong Internal Control System

Our system of internal controls includes policies and procedures, segregation of duties and the careful selection and development of employees. The system is designed to provide reasonable assurance that transactions are executed as authorized and appropriately recorded, that assets are safeguarded and that accounting records are sufficiently reliable to permit the preparation of financial statements that confirm in all material respects with accounting principles. Our framework of controls is defined in form of Accounting, Information Technology and Human Resources manuals and we monitor these internal controls through control self assessments by departmental heads and on going program of internal audits.

Executing Financial Stewardship

We maintain specific programs and activities to ensure that employees understand their fiduciary responsibilities to shareholders. This ongoing effort encompasses financial discipline in our strategic and daily business decisions and brings particular focus to maintaining accurate financial reporting and effective controls through process improvement, skill development and oversight.



Exerting Rigorous Oversight of the Business

We continuously review our business results and strategic choices. Our senior management is actively involved in strategic and reviewing key initiatives, financial performance and control assessments. The intent is to ensure that we remain objective in our assessments, constructively challenge the approach to business opportunities, identify potential issues and ensure that reward and recognition systems are appropriately aligned with results.

Information Technology

For many years we placed heavy reliance on legacy systems developed in obsolete technologies. Increase scope of work and future projects created a demand of an ERP (Enterprise Resource Planning).

This year the company has decided to implement ERP software – Oracle e Business Suite throughout the organization. Besides, we also make full use of IT resource available. We have a robust, swift and internal communication system based on email and instant messaging.

We are also using computerized technology extensively to design our products as well as drive innovation in our manufacturing operations.

Competitiveness

We operate in comparatively rarified industry. Our corporate history has been characterized by a proactive rather than reactive approach to market innovation and expansion. Our main philosophy is that it is our quality as well as level of service that matters to our customers the most, as ultimately it affects their output as well. Consequently, our main priority is to maintain the quality and timeliness of our inputs in the face of rapidly fluctuating raw material market conditions.

We aim to compete and give value to our consumers, customers and shareholders in the following ways:

- ◆ By continually developing new and improved products; and
- ◆ By striving to lower the cost of our sourcing, manufacturing and distribution processes while still maintaining and improving the quality of our products.

Human Resource

Our people's creativity, energy and passion drive our business, making them our most important asset. This is most evident during periods of change and under challenging trading conditions.

We believe in providing industrial respect and continuous growth of our employees. We acknowledge the value of our employees in terms of their dedication and accumulated expertise. We employ and develop individuals without regard to race, religion, gender or any other discrimination.



We profess team based management in our organization and endeavor to maintain a professional working environment that is also very open, giving all employees access to top management.

We strive to ensure employee satisfaction by freely inviting feed back and carrying out studies and surveys to gauge the effectiveness of various departments. We encourage open discussion and suggestions for improvements in order to continuously drive the Company and its employees, forward. We have embarked on comprehensive training programs for our employees and ensured that knowledge thus gathered is freely shared.

Shareholder Connection

Relations with shareholders and other investors:

We believe it is important both to explain the business developments and financial results to investors and to understand their objectives.

The senior management has lead responsibility for investor relations. They are supported by a Corporate Department which ensures compliance with corporate legislation. Our quarterly and annual results are generally accessible via the internet.

Communications with shareholders

The company communicates with its shareholders through the Annual General Meeting as well as responding their questions and enquires during the course of the year. At the Annual General Meeting, the Chairman gives a full account of the progress of the business of the last year and a review of current issues.

Corporate Governance & Best Practices

Board Responsibility: Our board has responsibility for the management, general affairs, direction and performance of the business as a whole. The responsibility of the Directors is collective, taking into account their respective roles as Executive Directors and Non Executive Directors.

Our Board meets on regular intervals to consider important corporate events and actions, such as:

- ◆ Agreement of quarterly results announcement
- ◆ Approval of Annual Report and Accounts
- ◆ Declaration of dividends
- ◆ Nominations for Board appointments
- ◆ Convening of shareholder's meeting
- ◆ Approval of corporate strategy
- ◆ Review of risks and controls
- ◆ Authorization of major transactions; and

Our Directors have set out a number of areas of responsibility which are reserved to them and other areas for which matters are delegated to the management whose actions are regularly reported to and monitored by the Board.



Corporate Image: Our Company has developed and succeeded in maintaining a benchmark corporate image which reflected in dealing with various stakeholders.

Internal Audits: The Company has outsourced the internal audit activities to one of the large reputed professional firm of Chartered Accountants. The outsourcing will benefit the Company.

- ◆ To adopt best international practices
- ◆ To give emphasis on key risk areas and in-depth insight of the key issues
- ◆ To get acquainted with more objective observations in different areas and recommendations for improvement.
- ◆ Availability of variety of expertise and competence at cheaper cost including IT audit.



Directors' Report

The Board of Directors of the Century Paper and Board Mills Limited takes pleasure in presenting the Annual Report together with the annual audited financial report of the Company for the year ended June 30, 2007.

National Economy

Economy of the country displaced remarkable resilience as its key indicators showed marked improvement and met major economic targets. Significant progress has been witnessed in the macro economic environment of Pakistan. The growth momentum of the economy continued to accelerate in the financial year 06-07 with robust increase in GDP of 7.0%. The major growth drivers have been services, agriculture and manufacturing sector.

Foreign investors are also showing interest in doing business in Pakistan and highest Foreign Direct Investment in the country was made during the financial year 2006-07. This reflects the growth of economy and interest of the foreign investors in this growing economy. However, the inflation in the country continued to be on higher side, which resulted in continuity of a tight monetary policy in the country keeping interest rate on high side.

Paper & Paperboard Industry

Paper and paperboard demand in Pakistan continued to witness strong growth in the line with the overall improvement in the economy of the country resulting in widening of the gap between the demand and domestic supplies of various categories of paper and paperboard. This increasing gap is currently being met through imports. To meet this growing demand large investments are being made in this sector to enhance the domestic capacities of quality paper and paperboard. Your Company is one of the key players in this investment and its capacity will increase to more than double in first quarter in year 2008.

In addition to the investment by the manufacturer of paper and board, the down stream industries, which are printing, packaging and converting industries, are also upgrading their plants and equipments to meet the growing demand for quality printing and packaging in the country. A remarkable investment in these industries has been witnessed during the last couple of years. This trend has continued during the last year and is expected to continue in the coming years. Promising growth in GDP is encouraging investments in this sector.

Through the demand of paper and paperboard remained strong through out the year yet the industry has faced a lot of challenges, which include increase in the cost of raw materials especially those which are sourced locally such as wheat straw and recycled waste paper etc. in addition to the increasing prices of such raw materials their supply containers another big impediment. Moreover, interruptions in supply of fuel and power to paper and paperboard industry in particular also resulted in increase in costs and loss of production.

These are the major cost drivers of the paper and board industry, which resulted in substantial increase in the cost of production of local producers coupled with continuous cost increase of Human Resource and interest rates.



The industry during the year was able to pass on some portion of this increase on input costs to its customers. Imported paper and paperboard from some countries was available at lower rates in Pakistan as compare to the prevailing prices in their own countries due to dumping practices etc. The overall impact of this has resulted into a negative impact on the industry.

We are taking up these issues with the concerned government authorities and are optimistic of remedial actions by the government to mitigate the impact of these factors.

Production

During the year under review the overall production of paper and paperboard of your Company increased by 10% over last year. This increase is as a result of full year production of PM6, a paper machine, which was added in the second half of the last financial year.

Production during the year was lower than that of the installed capacities due to outages during the year especially in the first half. These outages of the production were due to intermittent supply of gas and power by the state owned utilities. Moreover, supply from our own engines which had undergone a major BMR last year for converting them to natural gas fuel was also not consistent. Some planned work was carried out to have desired level of efficiencies and output, which has now been achieved.

Capacity utilization of corrugated boxes, added in the year 2003, improved considerably and has shown a 29% increase in production over last year as a result of increase in the demand and production efficiencies.

Financial Review

Gross sale of your company, for the year under review amounted to Rs. 4.42 Billion showing a 15% growth over last year. This healthy increase is result of 10% volume increase, a favorable product mix and improvement in selling price during the year.

Gross profit for the year amounted to Rs. 306 Million, which was lower than last year. This was due to an increase in the raw material prices both local and imported and increase in the cost of fuel and power and short supplies. Due to high inflation prevailing in the country during the year all other cost components also increased. Human resource availability of technical people has now become a major issue in the country due to economic growth and your company is also faced with this challenge and this has resulted in a higher increase in this segment. Increased cost without full capacity utilization resulting in lower revenue returns.

The Company raised selling prices during the year to cover up the incremental depreciation on the new resources added increased costs without full capacity utilization resulting in lower revenue returns.



Major Areas of Operations

Sales & Marketing

Marketing department identifies the customer needs and establish liaison to meet their changing requirements. Customer survey is conducted to assess satisfaction level of customers on CPBM products.

The sales value during the year showed an improvement of 15% over last year, and the increase in this top line has been contributed by paper and corrugated boxes.

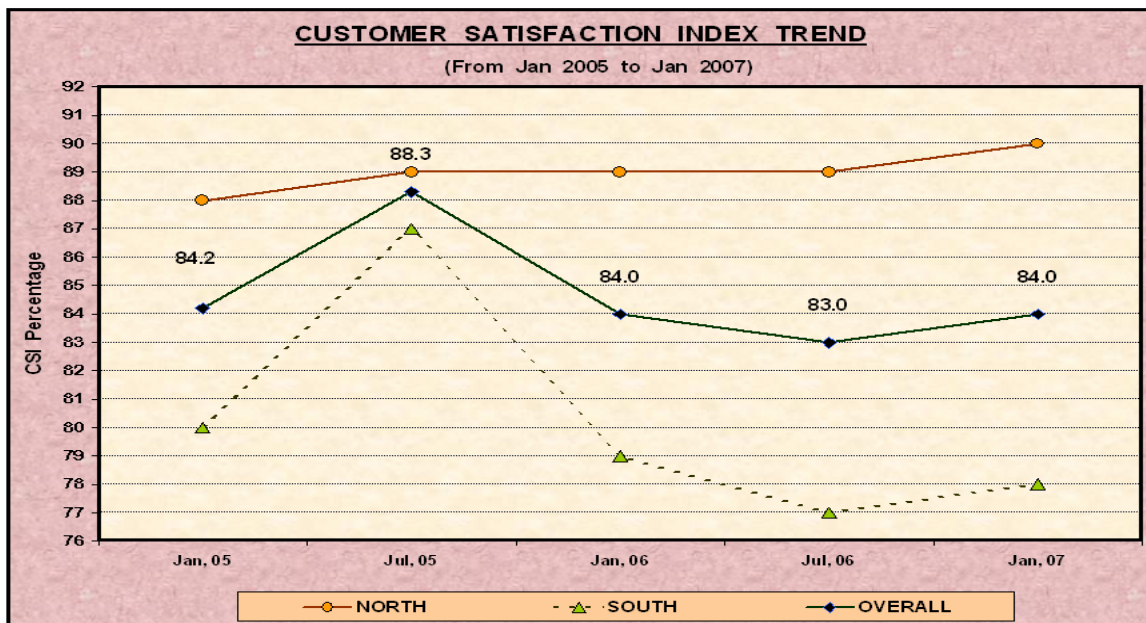
Sales of coated board, which is one of our main products, increased as compared to the last year. However, this was not sufficient to meet the growing demand of our regular customers due to our production capacity constrains and they managed to meet the rest of their demand through imports.

By the grace of ALLAH during the third quarter of financial year 2007-08 our expansion project of 130,000 tons / annum will be on line and this will enable us to comprehensively meet coated board demand of our existing customers and huge untapped market that we are unable to meet at this juncture.

Company continued to hold its position as the major local player in the country for the supply of paper & paperboard to the printing & packaging industry. This trust of customers is due to our better product quality as compared to other local players and the customer service which we are continuously trying to improve further.

Box business showed a robust growth of 30% during the year compared to the last year. This increase in volumes is a result of acceptability of our products' quality by a wide range of customers spread all over the country, which includes well known FMCG multinational and local companies.

Customer Satisfaction Index Trend for last five surveys:



Supply Chain

Supply chain ensures timely supply of basic raw material, spares equipments, chemicals, additives available in local market as per requirement. The working has been started to implement ERP Oracle for managing all functions of Procurement, Production, Planning and Inventory Management. Well defined procedures are established to perform all the activities including performance evaluation of the contractors and suppliers.

Imports

Imports department organizes all necessary logistics for provision of required items from abroad. Periodic evaluation of the imports related suppliers is done according to the related procedure.

Raw Material and Engineering Stores

We ensure safe storage of material, spares, equipment, chemicals additives and maintain the optimum stock levels for smooth and environment-friendly operations. Material / Items is properly identified for immediate traceability by using a computer program.



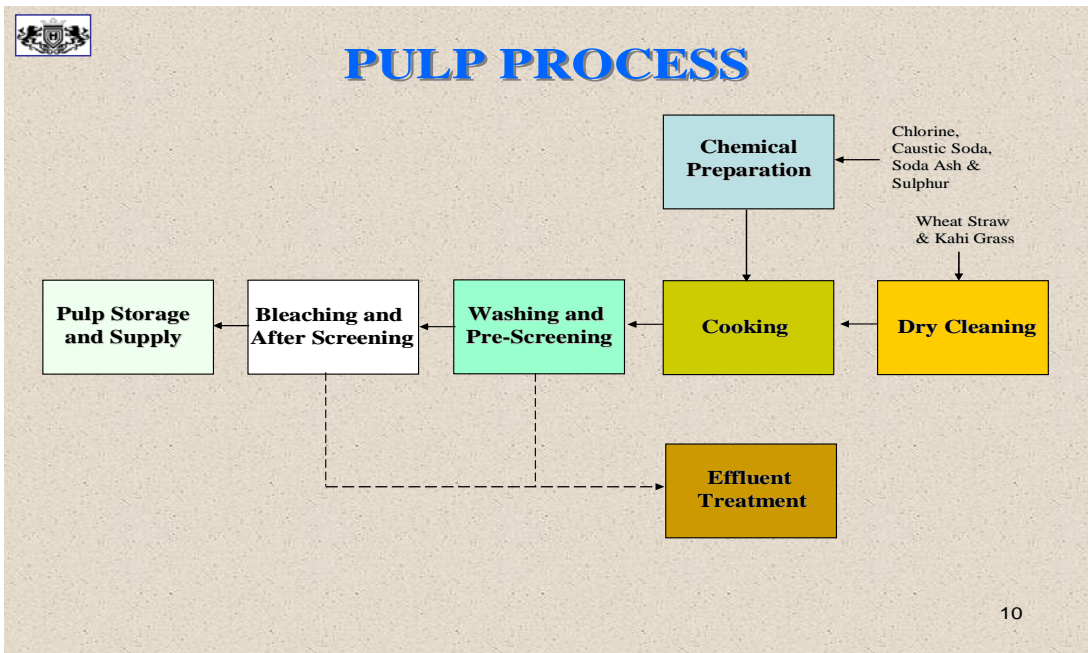
Pulp Mills

CPBM produces non-wood pulp (un-bleached & bleached) using indigenous raw material Wheat Straw. Pulp Mills has the following sections:

- ◆ Chemical House
- ◆ Straw Preparation Plant
- ◆ Cooking House
- ◆ Washing and Bleaching House

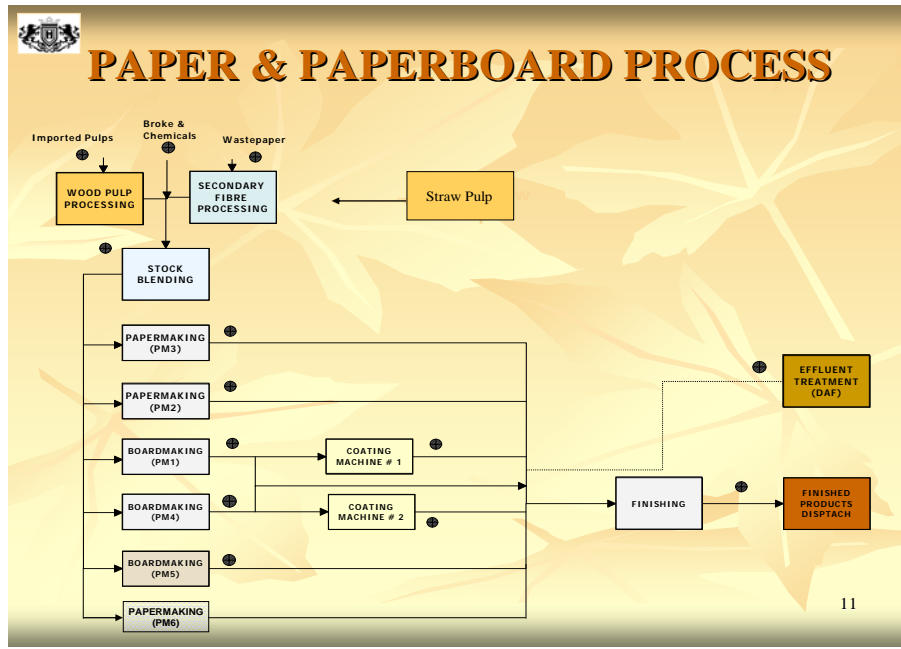


PULP MAKING PROCESS:



Paper Mills

Paper Mills production facilities include 03 waste plants to obtain recycled fiber from wastepaper, 05 refining lines, 03 paper machines, 03 board machines, (another one is in progress, PM7), 02 off-line coating machines and 01 on-line coating machine on PM4, a finishing section with sheeters & cutters.



Box Plant

Box Plant consists of corrugators, box section and auxiliary machines.
Production capacity:

- ◆ Present 12000 Tons / Annum
- ◆ Projected 20000 Tons / Annum



Human Resource

A well established Human Resource department has been developed with the aim of placing right person for right job in line with company goals and strategies. HR department consists of following wings:

HR Development Cell

HR development cell organizes hiring, training, development, analysis and compensation activities.



Personnel & Administration

P & A activities include administration, security, time office and payroll.

Welfare & Services

This section organizes facilities regarding transport, medical and provides services in emergency situations.

Quality Assurance

Quality Assurance Laboratories equipped with latest instruments for precise measurements of various characteristics of Pulp, Paper, Paperboard and Corrugated Boxes.

- ◆ Central Quality Assurance Lab.
- ◆ Environmental & Pulp Mills Lab.
- ◆ Box Plant Lab.
- ◆ Coating Lab.
- ◆ Chemicals Lab.
- ◆ Wheat Straw Lab.



Research & Development

- ◆ Developed cigarette packaging board like Bleached Board 240, 225, 215 gsm etc.
- ◆ Substituted Computer Stationary Paper with imported / local.
- ◆ Developed high quality corrugated box (C-48) for Tobacco Packaging.
- ◆ Engaged in collaborative study with National Institute for Biotechnology & Genetic Engineering (NIBGE) to develop secondary effluent treatment process.
- ◆ Planned a complete R & D Complex to cater future requirements.

Communication Systems

- ◆ Linked through Wide Area Network (WAN).
- ◆ Company website providing corporate and product information.
- ◆ QMS Intranet website.
- ◆ Moving on to Wireless Networking.
- ◆ Installation of ERP Oracle.



Power Plant

Support services consist of a 12.3 MW power plant, recently company commissioned successfully another 24 MW power plant with the collaboration of Hyundai, Korea.



Technical Services

CPBM has a technical division, comprising mechanical maintenance shops with high-tech roll grinding facility & condition monitoring unit, process automation (instrumentation), electrical department and design section.



Utilities

A boiler house with 05 gas-fired boilers and 05 air compressors, a natural gas supply distribution stand and water works for smooth operations of plant.



Management Systems

To maintain high quality levels, Century has adopted modern management techniques and training practices. In this context, CPBM achieved Quality Assurance Certification against ISO 9002:1994 standard in 1998 from AFAQ-Ascet International, France. In 2001, Century became the first pulp and paper mill in Pakistan to have ISO 9001:2000 QMS certification. Century renewed its ISO 9001:2000 certification in 2004 with extended scope of corrugated box making.

In order to develop a systematic approach for continually improving the effectiveness of Century's performance with respect to quality & customer requirements, CPBM management standardized its practices in compliance to ISO 9002:1994 criterion. Later on, as this standard was revised in December 2000, Century transformed its quality management system according to the requirements of ISO 9001:2000 version and renewed certification in 2001 and 2004. The quality management system is still implemented at CPBM and improvements have been made in many areas.

CPBM acquired ISO 14001:2004 EMS qualification during year 2006 from an international certification body AFAQ AFNOR, France. Environmental improvement and conservation of natural resources are part of company policies and procedures. We manage our activities to mitigate its environmental impacts through effective implementation of EMS and by making short-term to long-term plans. CPBM conducts regularly testing of its all emissions sources and effluents. Objectives are set for significant environmental aspects and measures are taken against them. Periodic internal and external (third party) environmental audits are conducted for continual improvement of system. We organize trainings, particularly on Emergency Response, Energy Conservation and Operational Control, to educate the employees and contractors to maintain healthy environment. Aim to become a company that is trusted by the local community and society through various activities conducive to the society. We adopted Cleaner Production Technologies to reduce fresh water consumption and to save energy.

Now, an environmental management system compliant to ISO 14001:2004 standard has been integrated with already established quality management system and other management functions of the organization.

CPBM is moving ahead with commitment to achieve further milestones like OHSAS 18001:2007 (Occupational Health & Safety Assessment Series). 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 OH & S. Work Permit procedure is implemented to ensure safe practices. Fire Fighting Post is available with all necessary facilities to tackle any emergency.

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



Management Committees

Century established 03 forums for effective implementation of safety, health, environment & quality systems in accordance with OHSAS 18001, ISO 14001 EMS & ISO 9001 QMS.

- ◆ IMS Review Forum
- ◆ OHSAS Implementation Team
- ◆ ISO Departmental Coordinators Team



IMS Review Forum

Director Operations, General Managers, Senior Managers, Managers & Deputy Managers, and Management Representative are member of this forum. Members of this forum conduct their meetings as per plan and review overall performance of Management Systems at Century.

OHSAS Implementation Team

Selected Senior Engineers, Senior Plant Superintendents, Engineers, Plant Superintendents, Supervisors, and Manager for Integrated Management System / MR are the members of this team. They are responsible for establishing, implementing and maintaining Occupational Health & Safety Systems at Century to comply with OHSAS 18001 and other applicable legal requirements.



ISO Departmental Coordinators Team

This team comprises of Deputy Managers, Senior Executives, Executives / Officers, Supervisors, and MR. Departmental Coordinators ensure effective implementation of ISO 9001 QMS & ISO 14001 EMS in their respective areas of responsibility.



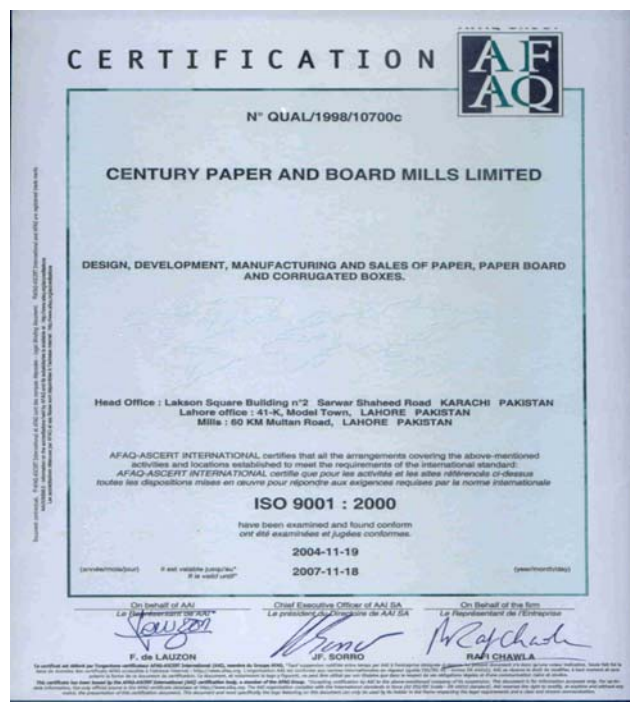
Effluent Treatment Plant

Century installed a primary treatment plant based on state of art “Dissolved Air Floatation (DAF)” in 1998 to reduce pollution load in terms of Suspended Solids, BOD and COD.



Demonstration of Commitment

Century is a customer-focused company and committed to ensure safer and environment-friendly operations, products and services. We mitigate environment impacts through effective implementation of ISO 14001 in order to achieving applicable laws and regulations. Certification of Century in accordance with ISO 14001:2004 EMS & ISO 9001:2000 QMS demonstrate management commitment towards excellence throughout all the processes including safety, health, environment & quality.



Air Pollutants

Century is committed to ensure that its air emissions remain within the limits where non compliance is recorded and corrective action is taken as per requirements.

Boilers Emissions

One of the main sources of the gaseous emissions of Century is Boiler's stacks. Boilers have been converted from Furnace Oil to Natural Gas to mitigate its environmental impacts.

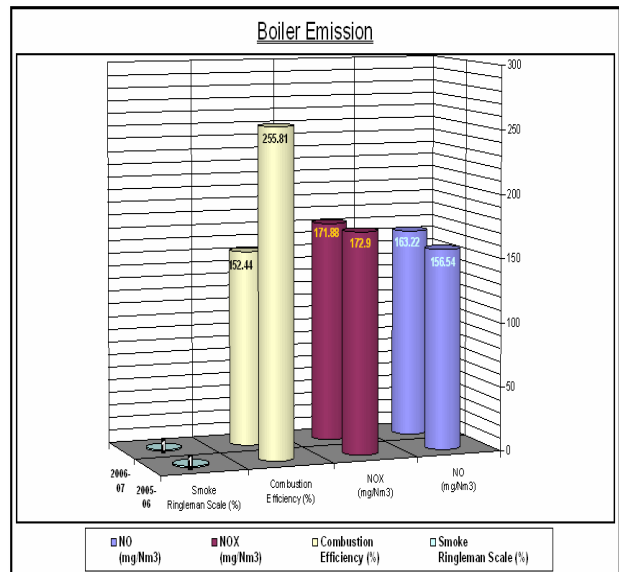
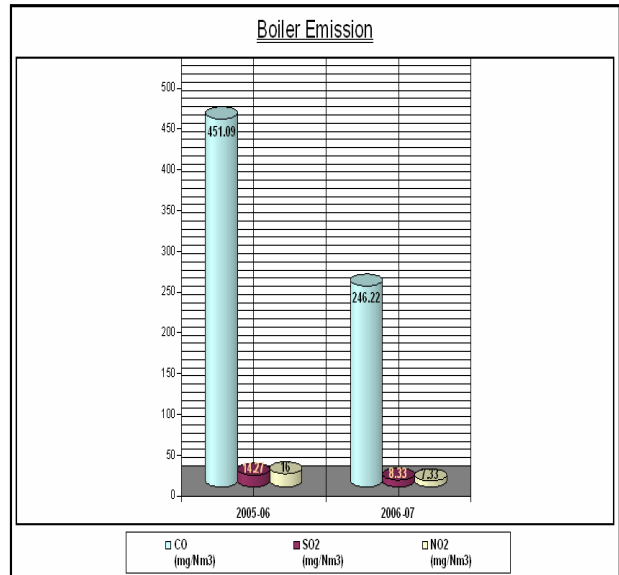
Significant reduction in most of the parameters observed while comparing the results of previous two years. Utmost efforts are done to keep the emissions from Boilers such as Carbon Monoxide (CO), Sulphur Oxides (SOx), Oxides of Nitrogen (NOx) & other emission within the NEQS limits.

Carbon Monoxide (CO) has adverse effects on human health, it may affect the lungs and oxygen carrying capacity of blood.

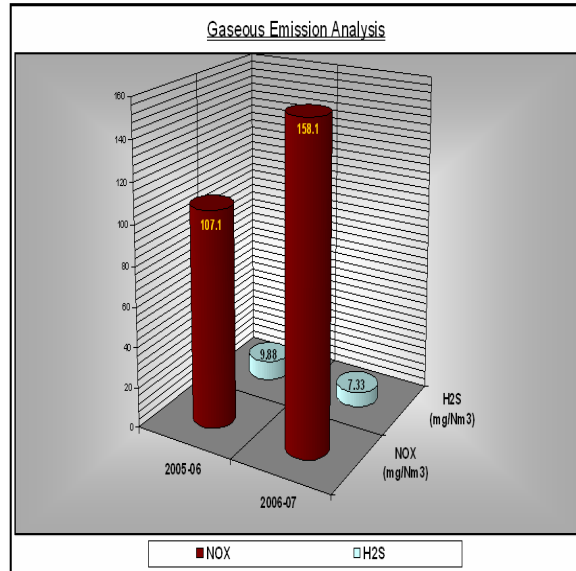
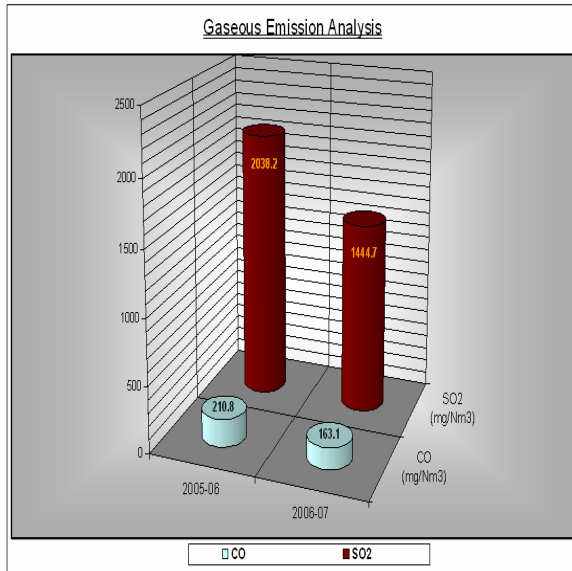
Sulphur Oxides (SOx) also adversely effect the environment.

Oxides of Nitrogen (NOx) circulate in the atmosphere and come to earth as acid rain.

Necessary operational controls are implemented to have a close monitoring & controlling these hazardous emissions.



Sulphite Plant Emissions



Ambient Air Quality Analysis

Ambient air quality analysis was carried out in Feb, 2007. Average concentration at different locations was found in the range.

AMBIENT AIR QUALITY DATA						
Location	Ambient Temperature	Wind Velocity	CO (ppm)	NO ₂ (µg / Nm ³)	SO ₂ (µg / Nm ³)	PM ₁₀ (µg / Nm ³)
	C°	m / sec	24 hr average	24 hr average	24 hr average	24 hr average
Plant Site	16	0.74	0.96	0.01	0.01	223
Multan Road (Outside Factory Premises)	14	0.71	1.33	0.01	0.01	325
At Community (Gulshan Basti)	16	0.69	0.58	< 0.01	< 0.01	147



Soil Quality Analysis

Soil analysis shows that the features of the soil are environmental friendly.

SOIL QUALITY ANALYSIS											
Location	pH	Chloride (mg / kg)	Cadmium (mg / kg)	T. Chromium (mg / kg)	Calcium (mg / kg)	Magnesium (mg / kg)	Lead (mg / kg)	Mercury (mg / kg)	Conductivity	Iron (mg / kg)	Total Petroleum Hydrocarbons (mg / kg)
From Plant Site	8.35	18.43	BDL	BDL	0.70	0.80	BDL	0.02	0.202	2.90	0.026
From Neighbour Site	8.95	64.51	BDL	BDL	0.27	0.85	BDL	0.01	0.377	3.10	0.034

* BDL: Below Detection Limit

Results of seasonal crops in neighbour cultivation land are prosperous.



Ground Water Analysis

The quality of the ground water at plant and its vicinity is reasonably good. The microbiological analysis results indicate that water is free from microbe contamination and fit for human consumption. The chemical analysis of water samples from plant site shows that all the analyzed parameters are within the limits of WHO.

GROUND WATER ANALYSIS														
Location	TDS (mg / l)	Chloride (mg / l)	Sulphate (mg / l)	Sodium (mg / l)	Potassium (mg / l)	Fluoride (mg / l)	Manganese (mg / l)	T. Hardness (mg / l)	T. Alkalinity (mg / l)	Iron (mg / l)	Lead (mg / l)	Mercury (mg / l)	Arsenic (mg / l)	T. Coliforms
Ground Water from Plant Side	807	115.2	246.5	100	4.3	0.49	BDL	284.4	246.3	0.25	0.1	BDL	BDL	Absent
Ground Water from Community (Gulshan Basti)	1103	175.1	368.1	96	3	0.84	BDL	459	190.1	0.35	0.1	BDL	BDL	Absent

EFFLUENT ANALYSIS

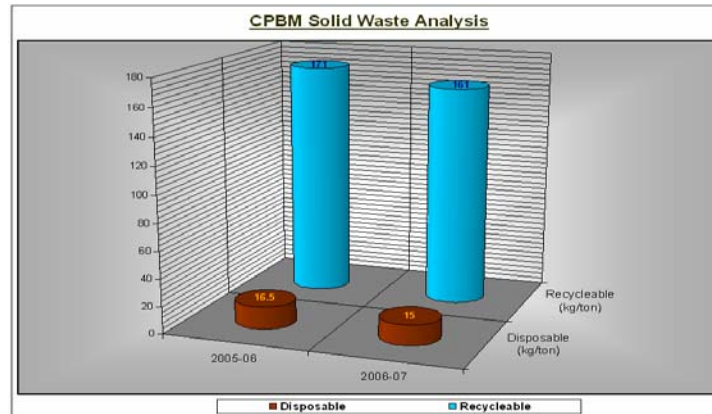
Tests	Sampling Points	
	Liquid Effluent of CPBM before treatment	Liquid Effluent of CPBM after treatment
pH	6.8	6.6
BOD ₅ (mg / l)	1954	1018
COD (mg / l)	3472	2215
TDS (mg / l)	3086	3324
TSS (mg / l)	375	107.5
Sulphide (mg / l)	26.9	34.6



Solid Waste Management

A documented procedure is established and implemented in the organization to handle the solid waste generated in various operations. Wastage of product is recyclable so it is reprocessed in our system. Disposable and recyclable material is separately collected and disposed off appropriately.

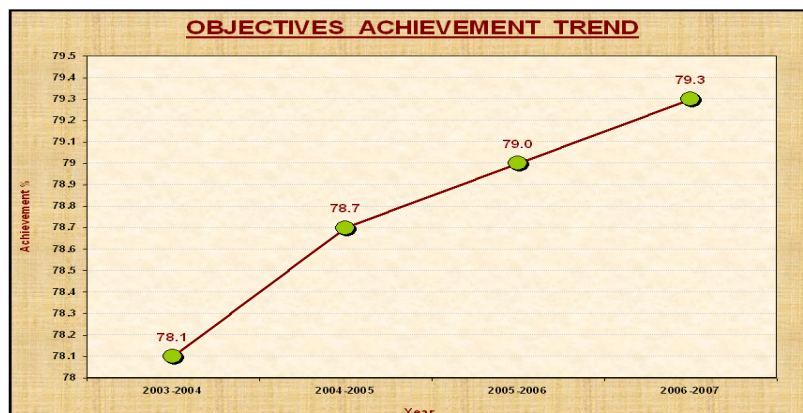
Furthermore, Century used 50,000 tons of recyclable wastepaper annually, collected locally from large metropolis.



Objectives and 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, Century Management also considers company strategies, customer & market needs, legal & other requirements, product & process performance, financial & business requirements, education & training of employees, community awareness & other opportunities leading to continual improvement in organizational performance. Achievements plans and management programs are designed to achieve these objectives & targets. The progress of the set objectives and targets is 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.

An overview of below mentioned objectives achievement trend will illustrate the continual improvement regarding achievements of objectives & targets.



Significant Aspects / Impacts

CPBM ASPECTS / IMPACTS LIST			
Sr. #	Activity / Product / Goods / Services	Environmental Aspect(s)	Environmental Impact(s)
1	Cooling of SO ₂ gas in cooling tower	SO ₂ Water	Water pollution
2	Wheat Straw un-loading, stacking & shifting	Fire hazard (smoking, welding)	i- Degradation of air quality ii- Injuries
3	Digester operation	Lignin leakage, if gland packing worn	Water contamination
4	Pulp washing & Bleaching Process	Discharge of waste water	Water contamination
5	Refining, Running of Vacuum pumps, corrugators	Noise	Effect on hearing power
6	Thickening of waste paper pulp	Discharge of waste water	Water contamination
7	Pulp screening & cleaning	Discharge of waste water	Water contamination
8	Sheet feeding	Mishandling	Injuries & accidents
9	Sheet drying	High temperature & humidity	Hot & humid work environment
10	Coating process	Waste water	Water contamination
11	Combustion of Natural Gas / Furnace oil	Flue gases	Degradation of air quality
12	Unloading & shifting of raw materials	Particulate matter	Degradation of air quality, Health hazard



Emergency Preparedness & Response Plan

Century has established documented procedures and plan to deal with the emergency situations. Responsibilities and authorities are clearly defined in the procedures. A safety and security plan layout also displayed in all the areas of operations for guidance and movement in emergency situation.



Key features regarding emergency preparedness and response:

- ◆ Plant Zoning, Assembly Points and Emergency Exits
- ◆ Fire Fighting Post with all necessary facilities
 - Fire Extinguishers 185
 - Fire Hydrants 150
 - Fire Boxes 72
 - Bucket Stands 20
 - Fire Hose Reels 15
 - Electric Fire Alarms 05
 - Fire Monitor 04
- ◆ Dedicated Phone Line - 380
- ◆ Fire Extinguisher Filling Facility (water type)
- ◆ Water Reservoir capacity 250,000 gallons, pressure 3 - 7 bar
- ◆ 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
- ◆ Health Awareness Week



Training and Development

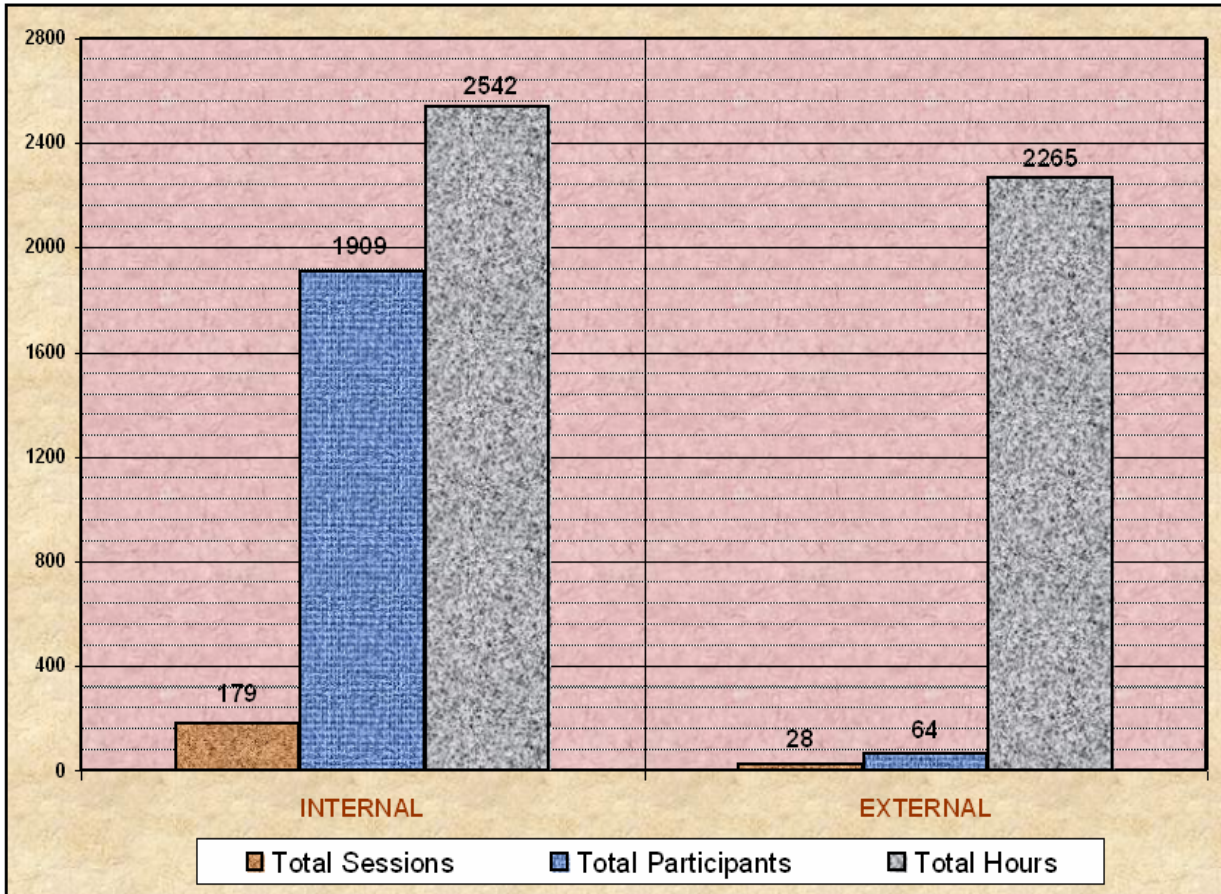
Century believes that human resource is the real asset of the company and has well established system for training and development of the personnel. Job specifications & job descriptions have been defined for each employee. Competency desired and existing levels are documented in order to identify the gaps resulting into preparation of "Training Need Analysis (TNA)". Training programs are organized on the basis of TNA. Annual training programs are designed keeping in view the requirements of subject and practical implementation in our system.



Generally following pattern is adopted to train the personnel:

Internal Training: This includes in-house training sessions, on job training & on spot meetings. Total 179 sessions conducted in 2006-07.

External Training: It includes foreign as well as training from external sources within the country. Total 28 sessions arranged in 2006-07 in which 64 personnel were given training. Sometimes trainers are invited in the mills from abroad / external source to train our personnel. Topics generally covered are Quality Management System, Environmental Management System, Safety & Occupational Health, objective setting, statistical techniques, customer relationship, and process application including paper manufacturing technologies.



Corporate Social Responsibility

It is an uncompromising commitment of the company to act positively and proactively in the development and welfare of employees and community.



Century donated a piece of land to Social Security department for construction of hospital near Phool Nagar. Hospital is operative now and individual workers & their families in the vicinity are getting treatment here.



We provide notebooks to students of schools & colleges of this area along with payment of utility bills of some schools in the suburb.



Century is committed to provide better environment to its employees & surrounding community. We developed green areas inside and outside the mills, that green area is increased by 28% in 2006-07.



Every year, Century invites employees and their families on 14th August to celebrate "Pakistan Independence Day". Employees and other group companies are also participated in this event.





Eid Milani parties, annual dinner programs, Service Award Ceremony employee's suggestions schemes are introduced for enhancing employee's confidence on the company.





Khara Bhai Foundation is working under the umbrella of Lakson Group which shares in educational expenses of deserving students. Khara Bhai Foundation also organizes free eye camps and gives financial assistance to the needy persons.

Lakson Medical Trust established under Management of Hashmanis Hospital comprises of Swabi Hospital, Sahiwal Hospital and Shergarh Diagnostic Centre. Services are being provided to the community, related statistical data is presented as follows:

NUMBER OF OPD

LOCATION	FOR THE MONTH					YEAR TO DATE				
	2007-08	2006-07	2005-06	2004-05	2003-04	2007-08	2006-07	2005-06	2004-05	2003-04
SWABI	1,654	1,749	1,768	1,611	1,260	14,501	12,420	11,751	10,580	7,173
SAHIWAL	1,973	3,083	3,212	2,445	0	18,402	22,494	14,599	12,303	0
TOTAL	3,627	4,832	4,980	4,056	1,260	32,903	34,914	26,350	22,883	7,173

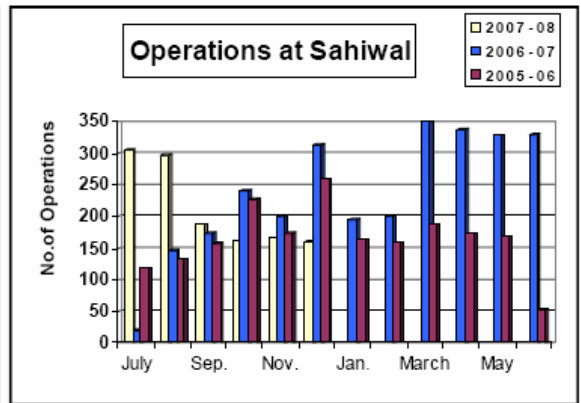
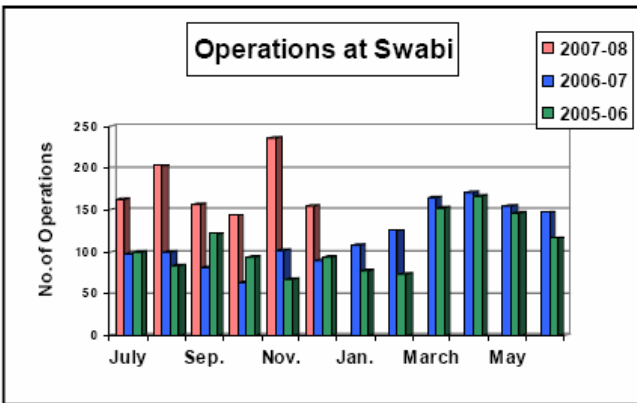
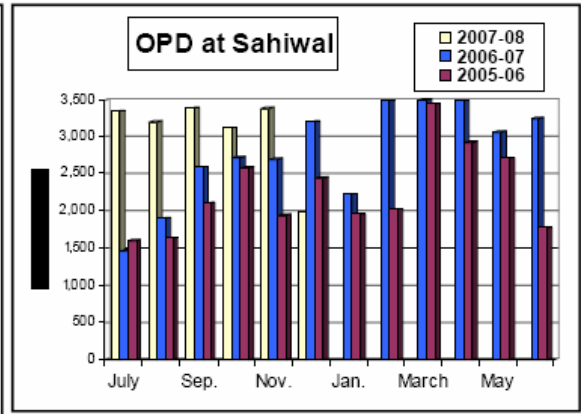
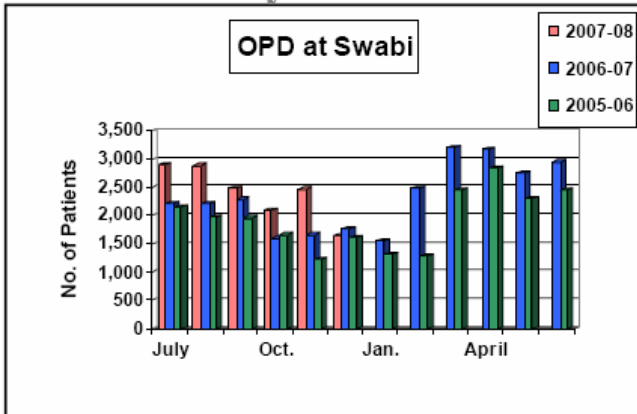


NUMBER OF OPERATIONS

TYPE	FOR THE MONTH 2007-08			YEAR TO DATE 2007-08			YEAR TO DATE PREVIOUS YEARS			
	SWABI	SAHWAL	TOTAL	SWABI	SAHWAL	TOTAL	2006-07	2005-06	2004-05	2003-04
CATARACT	100	91	191	681	930	1,611	2,018	1,212	1,122	256
OTHERS	54	70	124	373	351	724	669	397	518	133
TOTAL	154	161	315	1,054	1,281	2,335	2,687	1,609	1,640	389

STATISTICS

SWABI HOSPITAL May 2001 to date			SAHWAL HOSPITAL March 2004 to date			TOTAL		
		OPD			OPD			OPD
Male	53%	80,207	Male	48%	62,479	Male	51%	142,686
Female	47%	71,729	Female	52%	66,637	Female	49%	138,366
Total		151,936	Total		129,116	Total		281,052
Operations		8,274	Operations		10,548	Operations		18,822



Third Party Assessment Report

CPBM is committed to make its operations environment friendly and as a result of this commitment they change balancing process from Chlorination to elemental Chlorine free sequence and achieve the following:

Save 50% fresh water

Reduction in pollution load

12 % reduction in handling of hazardous waste i.e. Chlorine gas

Less generation of observable Organic Halides

Furthermore company also installed Primary Treatment Plant i.e. Dissolved Air Flootation (DAF) and reduced the TSS, BOD, COD values. In order to control dust CPBM installed modified cyclone at Straw cleaning plant and as a result of this they reduce 50% dust load. Company has also reduced their SO_x and NO_x emission by better operational control and conversion of power generator from furnace oil to natural gas.

Audit Trail

The audit covered the organization's management system activities accordance with the programme. Management system implementation and effectiveness in meeting the requirements of the audit standard and the organization's policies are describe under the following headings:

Statement Verification the client's Evaluation of Legal and Regulatory Compliance:

As per S.R.O (1) / 2001 by EPA in exercise of the powers conferred by section 31 of the Pakistan Environmental Protection Act 1997 for effluents and emissions CPBM fall under Effluents:

- ⦿ Effluent flow
- ⦿ Temperature
- ⦿ pH
- ⦿ BOD
- ⦿ TSS
- ⦿ TDS
- ⦿ COD
- ⦿ Sulfides

Emissions

- ⦿ SO_x, NO_x
- ⦿ CO
- ⦿ Particulates

The other laws to which compliance is necessary are Factory Act and Boiler Act. In order to monitor these parameters company has its own lab and as well as contact with external agency and conduct these test as per describe frequency by law.

To remain update with applicable legislation company has hired the services of law firm which keep update Manager HR as new legislation is made or any S.R.O issue from the EPA or any implementation agency or from the government.



Description of the Environmental and Health & Safety Situation:

Water

The company discharges waste water into Nullah, the level of pollutants in the discharge water is regularly monitor, the main source of liquid in effluents discharge to the environment is from Pulp washing and DAF Plant, this effluent is not directly discharge to the nullah but treated by DAF Plant to bring the pollutant load at acceptable limit. All the effluents are to made low quality product. The company has identifies the liquid discharge as an aspect having significant impact on the environment.

Air

The company discharges air emission from a number of sources, which include, process emissions e.g. SO₂, boiler e.g. CO and NO_x, generators CO, transportation CO etc. under normal conditions the same are control with in the allowable regulatory limits however dust pollution is identified as an aspect originating from stock preparation plant and raw material store, which have an impact on the environment. The same is further transmitted into objectives and targets against the same in order to reduce the impact of this aspect.

Waste Product

The main waste product of the company cut off papers and boards, which is reused in process.

Energy

No significant Impact / Aspect, the company has its own 12 MW Power House and operated by use of Natural gas.

Noise

The noise levels outside the factory premises are non significant, however within the operational areas, there are sections e.g. Machine House, Coating Plant, Stock Preparation Plant etc. where the noise levels are above the allowable limits of exposures. This is identified by the Company as an aspect having significant impact and has provided ear protection to all the personnel working in the high noise areas.

Detail of Audits: Client's Processes, Interfaces, Production / Service, Management System, Management Review, Internal Audits.

The core processes of CPBM are Cooking, Bleaching, Stock Preparation, Machining, Finishing, Coating, Corrugating and Box making and the supporting processes are material storage, house keeping, training, effluent treatment, maintenance, transportation etc. Company has identified their aspects & impacts not only at section level but also at organization level and in the same way Environmental Management Programme are made for both sections and organization. A comprehensive Environmental Management System is in the place to meet the all applicable legislation. To remain update with the environmental situation management meet monthly and review all the matters raise at departmental level, which is evident from the review records. In order to check the effectiveness of environmental management system company perform very regular internal audits and till the



date of initial audits, nine audits has been conducted since the company start working on its environmental management system.

The most strong point of the company is its management believe on system this is the reason company is not only certified against ISO 9001:2000 standards since 1998 but also adopted SAP and work on ISO 14001 and ISO 18001 as well. The Q&E documentation of the company is made in details but little bit complex as all the documents are controlled and maintained by Management Representative Office not at section level.

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For more information and any query regarding this report
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