sustainablity report '09

Think & Grow

Engro Polymer & Chemicals Ltd.(EPCL) is proud to share its Economic, Environmental & Social performance based on Global Reporting Initiative (GRI) for the year 2008-2009. This report presents an overview of sustainability development related policies, procedures, practices and initiatives of EPCL. It is also externally assured and qualifies for the GRI-Application level A+, referred to as the most prevalent standard for sustainability reporting.

EPCL continues its tradition of sharing their performance with stakeholders; a major portion of the report includes Stakeholder Dialogue and Feedback from almost all our key stakeholders. We would like to acknowledge the contributions of our valued team members in developing our first ever sustainability report.

Contact:
CSR & Corporate Communication Officer
Corporate Communication Department,
First Floor, Bahria Complex I
24 M.T. Khan Road,
Karachi - 74000

This report is also available on our website.

www.engropolymer.com

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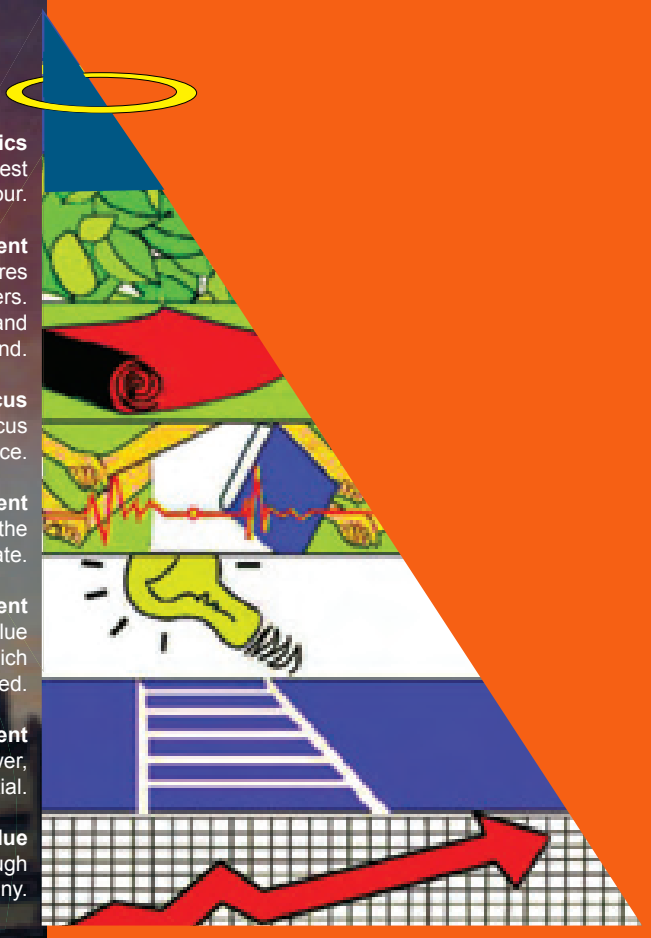
MISSION

Our mission is to achieve innovative growth which creates value for our stakeholders, customers & employees. Our commitment is to maintain highest standards of ethics, safety & environmental responsibility.

CORE VALUES



Ethics
We are committed to highest standards of ethical behaviour.

Safety, Health & Environment
We will operate, manage and utilize resources in a manner that ensures health and safety of our assets, people, neighbours and customers. We believe in playing a positive role in environmental conservation and will ensure our operations remain environmentally sound.

Customer Focus
We believe in keeping our customer needs as our primary focus as they define the reason for our existence.

Community Involvement
We shall endeavour to improve the quality of life in the communities in which we live and operate.

Continuous Improvement
Continuous improvement is a way of life for us. We value breakthrough ideas and encourage an environment in which innovative ideas are generated, nurtured and developed.

Individual growth and Development
We shall endeavour to assist, encourage and empower, individuals to achieve their maximum potential.

Enhancement of Shareholders' Value
We shall endeavour to enhance shareholders' value through long-term profitable growth of our company.

PRESIDENT'S MESSAGE

"Our Company and its people are committed to continuously enhance its contribution towards social, economic and environment sectors and it is but logical that we now move a step forward and subscribe to sustainable development".

Year 2009 has been a tough and rewarding year for the Company. The expansion & back integration project which it had embarked upon in 2007 is nearing completion after which the Company will enter into a totally new dimension of operations. Our Integrated Chemical Complex is one of its kind in the country. And this is by no means the only reason why I feel pride in our Company. The road to success has not been smooth; we came across an enormous number of challenges and faced setbacks in some areas of the HSE department, most of which we were able to overcome while there are a few we are still dealing with. However, I am confident that we will be able to put them behind us very soon and be ready to face the new ones. We feel pride in our ability to live by our Core Values in every aspect of professional life.

Our Company and its people are committed to continuously enhance its contribution towards social, economic and environment sectors and it is but logical that we now move a step forward and subscribe to sustainable development.

EPCL is not a signatory to the Global Compact but we are committed to uphold the outlined principles of the Compact in every aspect of our business. We feel that the Global Compact Principles in connection with the Global Reporting Initiatives - GRI 3, provide universally acclaimed benchmark of standards to which the Company can aspire.

The Company will continue to maintain its social responsibility focus on Environment, Water Conservation, Education, Health and other social uplift programmes. We remain committed to ensure sustainable standards and practices and are ready to deal with new challenges and opportunities. Training and people development along with safety, health and environment will remain on the list of strategic objectives.

We are pleased to mark the year 2009 with our first sustainability report and pledge to continue this trend of transparency reporting in the future.

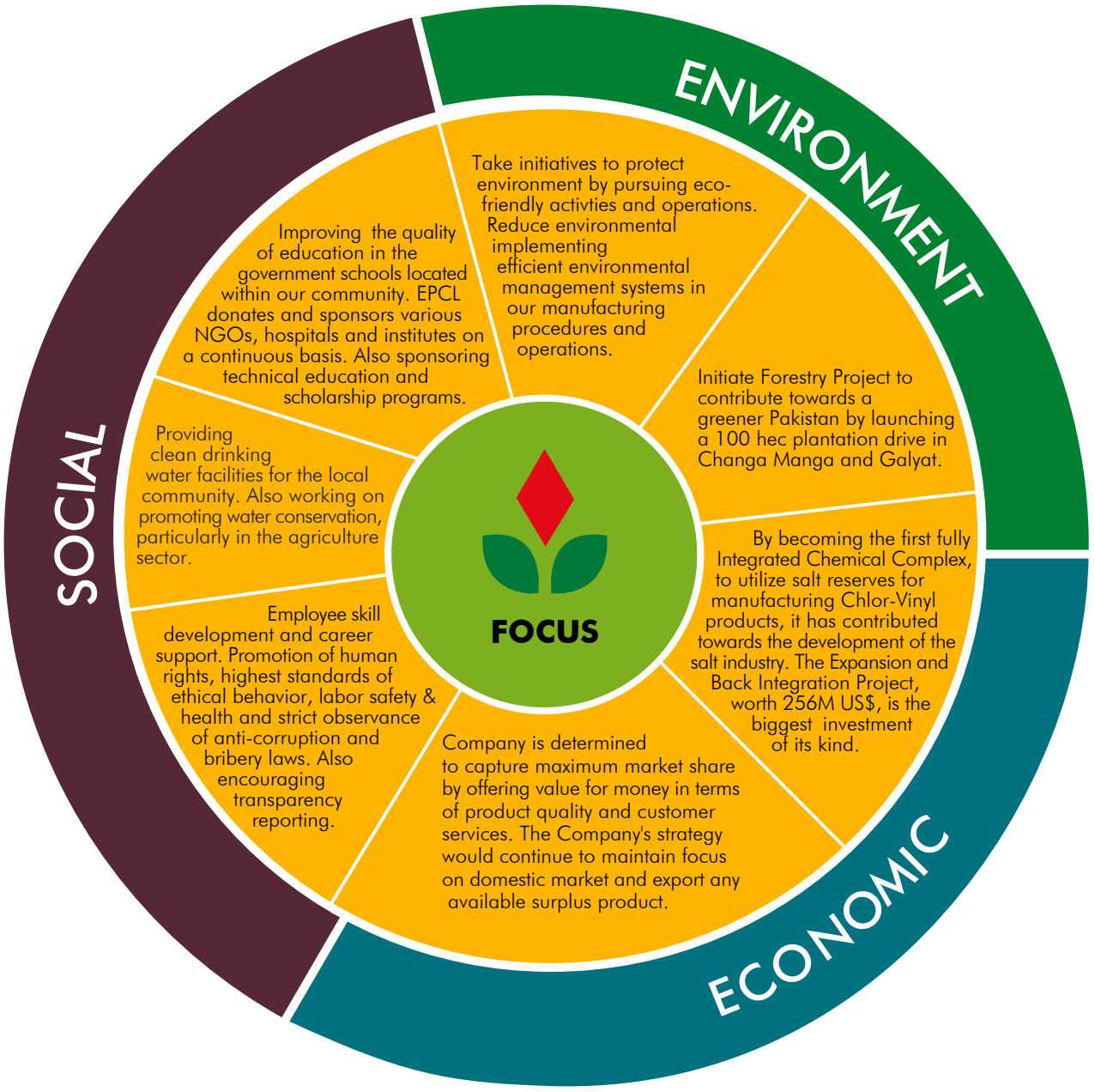
Asif Qadir
CEO, Engro Polymer & Chemicals Ltd.

COMPANY INFORMATION

Chairman	Asad Umar
President & Chief Executive	Asif Qadir
Directors	Isar Ahmad Shahzada Dawood Masaharu Domichi Takeshi Hagiwara Shabbir Hashmi Waqar A. Malik Khalid Mansoor Khalid S. Subhani
Company Secretary	Arshaduddin Ahmed
Registered Office	First Floor, Bahria Complex I, 24 M.T. Khan Road, Karachi - 74000.
Lahore Regional Office	F-1, RB-1 Awami Complex, 1-4 Usman Block, New Garden Town, Lahore – 54600, Pakistan Ph: 042-111 411 411
Manufacturing Facility	EZ/1/P-II-1, Eastern Zone, Bin Qasim, Karachi.
Warehouses	**Lahore** 21 Km Ferozpur Road, Lahore. Ph: 042-35273640, 042-35272407. **Faisalabad** 846-C, Street No. 2 (Aulukh Street), Small Industrial Estate, Sargodha Road, Faisalabad. Ph: 041-8810135. **Multan** Quality Godown, Main Bhawalpur Road, Multan. Ph: 061-6021251. **Islamabad** Plot No. 175 -176, Street No. 2, Sector I-9, Industrial Area, Islamabad. Ph: 051-4432895. **Quetta** Main Sirki Road, Opposite Chiltan Ghee Mill.
Website	www.engropolymer.com
UAN	021 - 111-411-411

SUSTAINABILITY STRATEGY & FOCUS

EPCL's emerging business approach of balancing growth with responsibility is the foundation of its sustainable strategy. EPCL endorses the "triple bottom line" philosophy and believes that "profits, people and planet", all are critical elements for its success as a company.



EXECUTIVE SUMMARY

THINK & GROW – is a theme that best describes the evolutionary phase and sustainable practices. We develop, ever mindful of our primary responsibility towards the stakeholders; we move forward, pausing to give back to the community and we plan, without losing sight of our environmental commitments.

Our first ever sustainability report has been designed to reflect the entire spectrum of economic, environmental, and social dimensions. To be able to truly assess the degree of success achieved in fostering sustainable development, our key findings have been assembled into 8 segments - each reflecting the initiatives taken, indicators highlighted and milestones achieved.

We report our efforts in sustainability according to the Global Reporting Initiative. By following transparency in reporting defined by GRI - G3 guidelines, this report has been designed to include Strategy, Profile, Sustainability, Governance and UNGC's Ten Performance Indicators.

Valuing our stakeholders has always been the key to our success. This report has a specific section dedicated to our stakeholders, highlighting the notes and dialogues we had with them. The major portion of the report includes Stakeholder Dialogue with almost all our key stakeholders such as our employees, during IIP certification; customers, during customer survey for the period 2008-2009; shareholders who were engaged during AGM held in 2009; Government departments including Provincial Forest departments Punjab & NWFP, Ministry of Environment and Irrigation department, engaged for Forestry Project intervention. This year, we also engaged the teachers, students, parents, local NGOs, fishermen community and farmers for different interventions; some of them are already included in the report. Stakeholder Dialogues examined, among other things, interventions, direct and indirect objectives and intervention focus, level and effectiveness of EPCL's engagement in terms of implementation of activities and realization of desired outputs, benefits to the community, comparison of EPCL's interventions with efforts of similar nature made by other organizations, possible efforts at integrating interventions, suggestions for improvements / future actions etc.

EPCL's foremost Core Values are Health, Safety & Environment. Environment and Safety will always continue to play a key role in arriving at our business decisions. Adopting a new system of management provided by DuPont based on OSHA standards known as Process Safety and Risk Management (PSRM) allows us to mitigate the environmental impacts. The Company has a comprehensive Environmental Management System (EMS), certified and regularly audited for ISO-14001:2004. In 2009, contributions made by the Company were focused on environment related initiatives and programs. We pursued Environmental Advocacy and Literacy geared towards our employees and the community in which we operate and one such key initiative was EPCL's Forestation Project. This was a one of its kind Government-Corporate partnership which carried out a massive plantation drive, planting 100 hec of land with indigenous and fast growing (high carbon sequestration) species for contributing towards a greener Pakistan. A Mangrove plantation drive launched in front of the plant shoreline as part of our Mangrove Rehabilitation Program is a similar venture. Other initiatives range from introducing water conservation technologies like HEIS to developing a Demand-Based-Irrigation-System (DBIS) by working closely with various stakeholders.

The Company's focus remains on the smooth and safe start-up of the Integrated Chemical Complex, and a flawless transition from a single product operation to a highly diversified Integrated Chemical Complex. The Company's Balance sheet almost doubled as compared to last year, mainly due to the Expansion and Back Integration Project. We follow a triple bottom line philosophy where 'profits, people & planet' are deemed to be mission critical to our success. The Company's first sustainability report is a reflection of our emergent practices and practiced norms that aim to foster sustainable growth in all aspects of business.

CORPORATE STRUCTURE

Engro Polymer & Chemicals Ltd. has been playing a significant role since its inception in 1997 to strengthen the economy of Pakistan by setting up a state of the art manufacturing facility, bringing in foreign investment, job creation, contribution to foregin exchanges, revenue generation and development of the local PVC industry. The Corporate Structure incorporates Board of Directors and Committees, Plant Inputs and Outputs and Hierarchial Divisions

INTRODUCTION

Engro Polymer & Chemicals Ltd. is a Chlor-Vinyl industry and the only fully Integrated Chemical Complex in Pakistan which is involved in the manufacturing, marketing and distribution of PVC and Chlor-Vinyl products from the provision of salt. The Company was established in 1997.

We manufacture and market 150,000 tons of PVC resin, 100,000 tons of Caustic Soda from our state of the art Chlor-Alkali unit and 20,000 tons of Sodium Hypochlorite on full capacity. EPCL also commissioned high quality Ethylene based Vinyl Chloride Monomer (VCM) and Ethylene Dichloride (EDC) from our newly Integrated Chlor-Vinyl Complex, the very first and largest capacity of its kind in Pakistan, using state of the art technology and backed by Cryogenic Storage. The product range is the result of a very recent Expansion & Back-Integration Project being carried out by the Company by investing $256M.

As an organization committed to excellence, the Company's quality control systems and dedicated distribution fleet are designed to ensure that all our valued customers across Pakistan receive timely supplies of the highest quality products. We have been working on developing the local salt industry, which is primarily located in the under-developed areas of Sindh's coastal belt. This new facility has enabled EPCL to contribute towards the economic growth of the nation by reduction in imports, higher exports & developing the salt industry. We aim to grow further, resulting in the creation of hundreds of direct and thousands of indirect jobs related to the chemical and PVC industry.

The Company markets its PVC product under the brand name of SABZ. The name was selected in view of this Company's core value of 'Environment'; SABZ has five different grades which are based on K-Values.

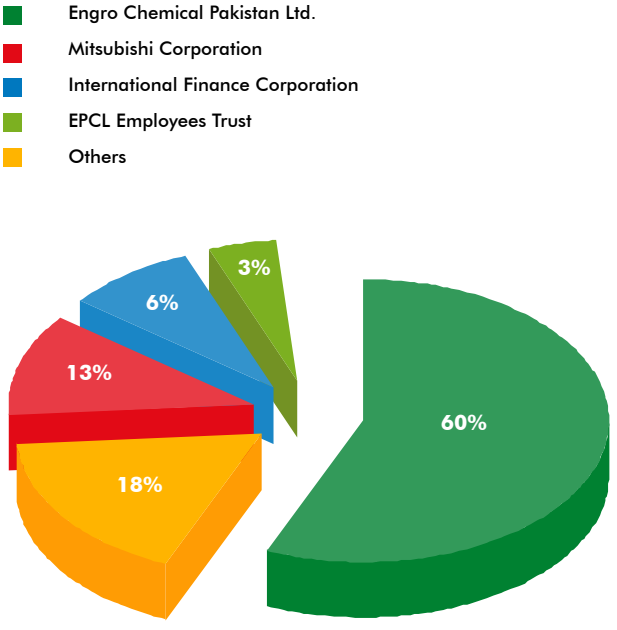
AU 67 S Film, Sheet, Artificial Leather, Wire Coating, Hoses
AU 72 Film, Sheet, Artificial Leather, Wire Coating, Hoses
AU 67 R Pipe, Sheet, Window Profiles
AU 60 Films, Sheet, Bottle, Window Profiles
AU 58 Films, Sheet, Bottle, Window Profiles.

To facilitate the increase in production, expansion in the existing utilities of the plant has also been undertaken. The new facilities have been installed adjacent to the existing EPCL PVC plant in the Eastern Zone of Port Qasim Industrial Area. The magnitude and viability of the project has attracted foreign investors like Mitsubishi Corporation of Japan and International Finance Corporation (IFC) to invest in Pakistan. Our Expansion Project has enabled us to produce additional products in ample quantities to cater to the local demand and export requirements.

EDC and VCM have export potential and high quality EDC is under production, which used to be imported previously.

We have been exporting to China and other countries in the Middle East, South East Asia and North East Asia, which shows our export competitiveness. EPCL has focused upon the value addition of local PVC industry by providing technical services to local manufacturers for quality improvement of finished products along with development of new products and markets. In this regard, EPCL has conducted various workshops and training sessions for skilled and unskilled manpower related to the PVC industry.

Besides these efforts, EPCL has played a pivotal role in providing cost effective and efficient solutions like Drip Irrigation and PVC Geomembrane for the water conservation sector. EPCL continues its focused approach on increasing and sustaining its values through growth and innovation. All national and international standards for Health, Safety and Environment, are closely monitored while the Company meets increments in production targets. The Company is also exploring new ventures for sustainable development and corporate social responsibility.



PVC 150,000 Mtons **Power Plant** 60 MW **Caustic Soda** 107 Ktons **EDC** 230 KTA **VCM** 204 KTA

PLANT INPUTS AND OUTPUTS

ENERGY

Electricity	474, 200 MW-h / Annum
Steam	411, 200 T / Annum
Gas	175, 564,000 m3 / Annum
Water	4, 304, 000 m3 / Annum

RAW MATERIAL

Salt	170, 640 T / Annum
Ethylene	71, 040 T / Annum

PRODUCTS

PVC	150 KT / Annum
Caustic	100 KT / Annum
HCl	44 KT / Annum
Hydrogen	97, 000 Nm3 / day
Sodium Hypochlorite	10 KT / Annum
Surplus Power	

EMISSIONS

CO2	349,104 T / Annum
Particulate Matter	11. 41 T / Annum
VCM	9.008 T / Annum
HCl	0.0144 T / Annum
Cl2	0.048 T / Annum
Wastewater	1, 540, 000m3 / Annum
COD	199. 6 T / Annum
VCM	0. 433 T / Annum

BOARD OF DIRECTORS

Asad Umar, Chairman

Asad Umar is the President & Chief Executive of Engro Chemical Pakistan Ltd. and Chairman of Engro Polymer & Chemicals Ltd., Engro Vopak Terminal Ltd., Engro Foods Ltd. and Engro Energy (Pvt.) Ltd.

He is on the Boards of the Oil and Gas Development Company Ltd., The Pakistan Centre for Philanthropy, The Pakistan Business Council and the Karachi Stock Exchange (Guarantee) Ltd. He is also one of the trustees on the LUMS Board of Trustees. He has held key assignments at Engro and with Exxon Chemical at Canada and holds a Masters Degree in Business Administration.

Asif Qadir, President

Asif Qadir is a Senior Vice President of Engro Chemical Pakistan Ltd. & Chief Executive of Engro Polymer & Chemicals Ltd. and Director of Engro Energy (Pvt) Ltd. He has held key assignments at Engro and with Exxon Chemical Canada and holds a Masters Degree in Chemical Engineering.

Isar Ahmad, Director

Isar Ahmed is Group Director of Strategy and Business Development at the Dawood Group. He has had the experience of working in senior management positions in both multinational and large Pakistani organizations.

He held the position of Finance Director Supply Chain, Director and Head of Business Unit at Reckitt Benkiser (previously Reckitt & Colman) and was the Managing Director of Haleeb Foods (previously CDL Foods Ltd.). He has also been the Financial Advisor at Indus Motor Company Ltd. He is on the Board of the Company and Engro Chemical Pakistan Ltd. He holds a Masters Degree in Economics and is a Chartered Accountant from the Institute of Chartered Accountants in England and Wales.

Khalid Mansoor, Director

Khalid Mansoor is a Senior Vice President at Engro Chemical Pakistan Ltd. He has been involved in various key assignments at Engro and with Esso Chemical Canada. He is on the Board of the Company, Engro Chemical Pakistan Ltd. and Engro Foods Ltd. He is also the Chief Executive of Engro Energy (Pvt.) Ltd.

Khalid Siraj Subhani, Director

Khalid Siraj Subhani is the Senior Vice President of Engro Chemical Pakistan Ltd. He has held key positions at Engro Chemicals and with Esso Chemicals Canada. He is on the Boards of the Company, Engro Chemicals Pakistan Ltd., Engro Vopak Terminal Ltd., and Chairman of Innovative & Automation (Pvt.) Ltd.

Shahzada Dawood, Director

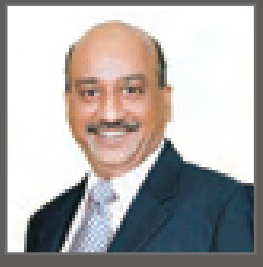
Shahzada Dawood is the Chief Executive of Dawood Hercules Chemicals Ltd. He is on the Boards of the Company, Sui Northern Gas Pipeline Ltd. and a number of other companies engaged in diversified business fields. He holds a Masters Degree in Global Textile Marketing and an L.L.B.

Takeshi Hagiwara, Director

Takeshi Hagiwara has been with Mitsubishi Corporation for 25 years and has held several positions during this time. He is currently the General Manager for Mitsubishi Corporation's Chlor Alkali Unit and has a degree in Economics from the Keio University Japan.

Masaharu Domichi, Director

Masaharu Domichi has a degree in Law from the University of Tokyo, Japan and has been with Mitsubishi Corporation for 29 years. He has a diverse experience in handling industrial machinery, construction equipment and environment and project development. Currently, he is the General Manager of Mitsubishi Corporation's operations in Pakistan.



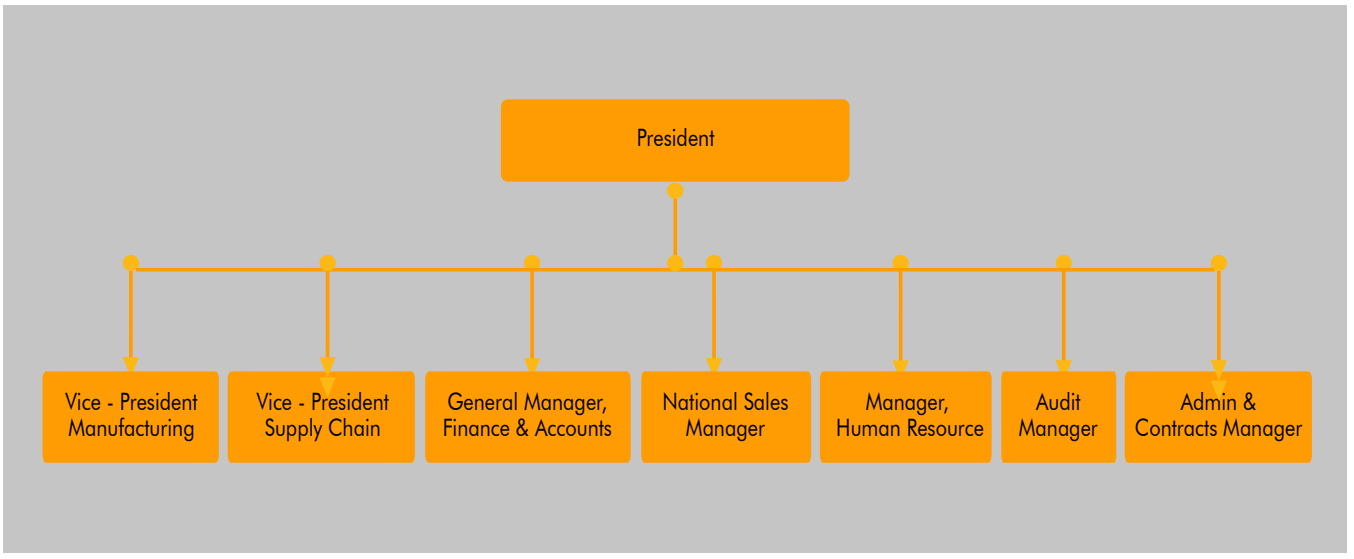
Shabbir Hashmi, Director

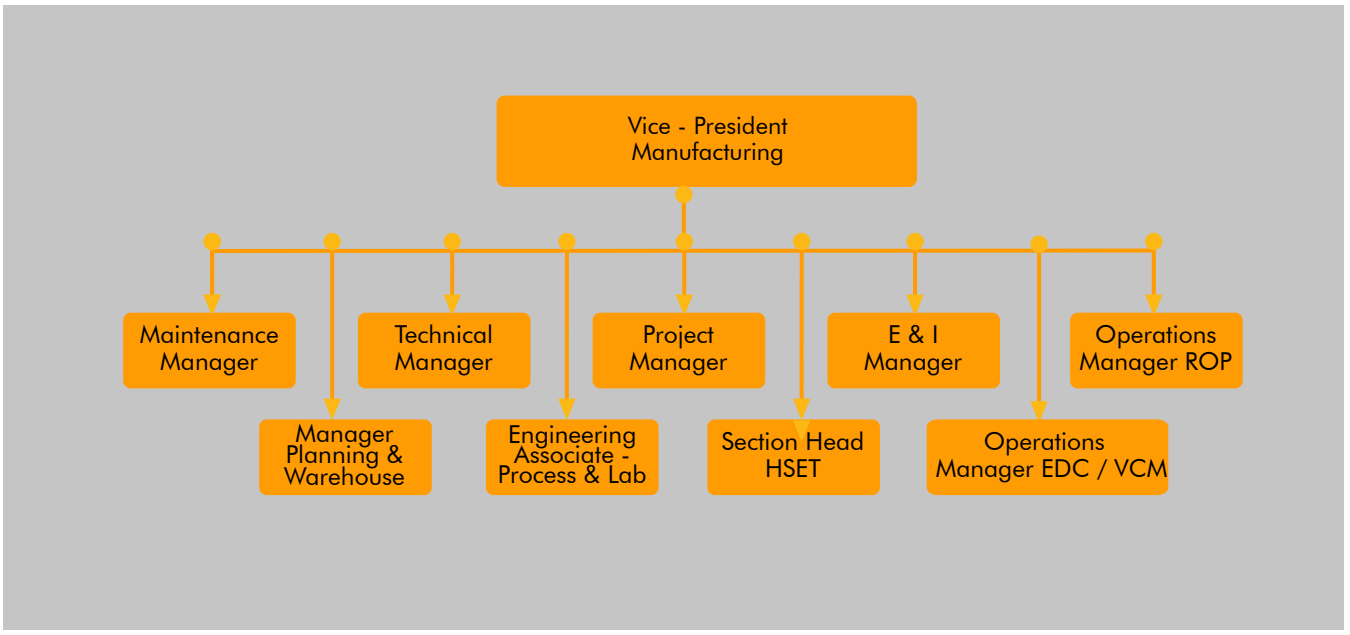
Shabbir Hashmi joined Actis (formerly CDC Group plc) in 1994. He leads private equity investment activities out of Karachi for Pakistan and Bangladesh. Prior to joining Actis, he worked for eight years with the World Bank and USAID specializing in the energy sector. He is an engineer from DCET, Pakistan and holds an MBA from JF Kennedy University, USA.

Waqar Malik, Director

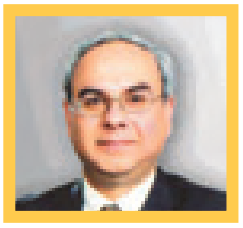
Waqar A Malik is the Chief Executive of ICI Pakistan Ltd. and Chairman of Pakistan PTA Ltd. He is also Vice President of the Overseas Investors Chamber of Commerce & Industry, Trustee of The Duke of Edinburgh's Award Foundation of Pakistan, Member of the Board of Governors of National Management Foundation (LUMS) and Pakistan Institute of Management. He has more than 21 years of management and leadership experience in a variety of businesses in Pakistan and abroad and has attended INSEAD and Harvard Business Schools. Waqar, by profession, is a Fellow Member of the Institute of Chartered Accountants in England & Wales.

ORGANIZATIONAL PROFILE





MANAGEMENT COMMITTEE



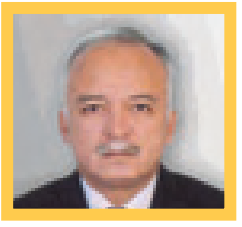
Asif Qadir
President

Syed Ahsenuddin
Vice President &
Site Executive

Yoshio Shigo
Vice President Technology
& Supply Chain

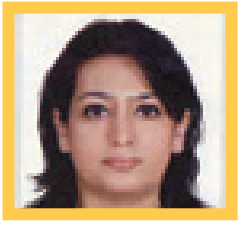
Arshaduddin Ahmed
General Manager F&A

Khalid Mukhtar
Admin Manager

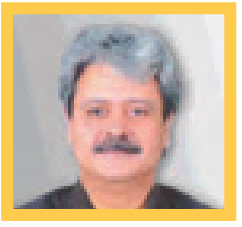


Nayyer Iqbal Raza
Technical Manager

Zia Naeem Siddiqi
Project Manager



Hafsa Abbasy
HR Manager



Syed Ashar Hussain
National Sales Manager

Saleem Lallany
Audit Manager

Engro Polymer & Chemicals Ltd. Management Committee headed by the Company's President promotes all Company activities. Management Committee takes a basic stance on sustainable practices and manages EPCL's processes in line with the Company's policies approved by its Board of Directors. The committee is strict in complying with the applicable laws and requirements of the government and other stakeholders. The committee believes in continuous improvement in effectiveness of the designated management systems.

OTHER MANUFACTURING COMMITTEES

There are several other manufacturing safety and environment committees that focus on all the operations taking place and eliminate all unsafe practices & conditions, observe all safety and environment regulations and contribute to prevent all possible injuries and incidents.

The safety & environment committees operating at plant promote HSE standards, monitor personal safety & health and risk management in the areas of operations, process, maintenance, environment, industrial hygiene in line with the Company's HSE policy. The sub committees' primary role is to review operating, designs procedure and facility to assure that the likelihood of exposure to fire, explosion, toxic materials, other occupational hazards and environmental impacts are reduced to a minimum practical level.

Safe Operations Committee (SOC)

Position	Designation
Chairman	Vice President
Secretary	Section Head, SET
Members	Maintenance Manager
	Technical Manager
	Operation Manager (EDC VCM)
	Operations Manager (ROP)
	E&I Manager

Sub SOC - Process (P) EDC-VCM

Position	Designation
Chairman	Operations Manager (EDC VCM)
Secretary	Section Head SET
Members	Unit Manager Operations
	Process Engineer
	Shift Incharge
	Area Assistant Engineer
	Area Owner

Sub SOC - Process (P) ROP

Position	Designation
Chairman	Operations Manager (ROP)
Secretary	Sr. Engr, HSE
Members	Process Engineering Section Head
	Concerned UMO
	Shift Incharge (Concerned)
	Area Assistant Engineer
	Area Owner

Sub SOC - Electrical and Instrument (E / I)

Position	Designation
Chairman	Project Engineering Manager
Secretary	I/E Engineer
Members	Concerned UMO
	Sr. Engr, HSE
	Sr. Electrical Engineer (only for Electrical)
	Instrument Section Head (only for Instrument)
	Shift Incharge (Concerned)
	Area Assistant Engineer
	Area Owner

Sub SOC - Mechanical (M)

Position	Designation
Chairman	Technical Manager
Secretary	Project Engineer
Members	Concerned UMO
	Concerned UM Stationery
	Concerned UM Machinery
	Section Head, Inspection
	Section Head, SET
	Shift Incharge (Concerned)
	Area Assistant Engineer
	Area Owner

Sub SOC - Industrial Hygiene (I / H)

Position	Designation
Chairman	Engineering Associate
Secretary	Section Head Process Engineering
Members	Section Head, SET
	Laboratory Incharge
	Shift Incharge (Concerned)
	Area Assistant Engineer
	Area Owner
	Plant Clinic Doctor (on call)
	Process Engineer

Environment Steering Committee (ESC)

Position	Designation
Chairman	Technical Manager
Secretary	Sr. Engineer HSE
Members	Engineering Associate
	Operations Manager, EDC VCM
	Operations Manager, ROP

Plant Incident Report Review Committee (IRRC) Forum

Position	Designation
Chairman	Section Head, HSE
Secretary	HSE Engineer
Members	Section Head Machinery
	Section Head, E&I
	Section Head Ops - PVC
	PM&S Section Head
	UMO Ops

Plant Services Safety Review Committee (SSRC) Forum

Position	Designation
Chairman	Maintenance Manager
Secretary	Admin Section Head
Members	Admin & Contract Manager
	HSE Engineer
	Shift Incharge
	Section Head Warehouse

Manufacturing Training Committee (MTC)

Position	Designation
Chairman	Vice President
Secretary	Section Head, SET
Members	Maintenance Manager
	Technical Manager
	Operation Manager (EDC VCM)
	Operations Manager (ROP)
	E&I Manager
	Planning Manager

GOVERNANCE

Governance has been described as policies, roles, responsibilities, and processes that are established in an enterprise to guide, direct, and control how technologies are used to accomplish business goals. EPCL has devised its governance structure to include transparency, internal audit functions, audit committee, principal board committees, policy governing conflicts of interest & insider training etc.

GOVERNANCE

TRANSPARENCY

EPCL conducts its business in an atmosphere that is open and transparent with the goal of enhancing trust and understanding. Unless there are compelling reasons to the contrary, the Company provides to its employees, stakeholders, external bodies and the public, relevant information affecting them and the actions of the EPCL in a timely manner.

The Company has issued policy for governing conflicts of interest which requires that all officers and employees must avoid any conflict between their own interest and the interest of the Company. Board of Directors has duly formed its Board Audit Committee as well as Board Compensation Committee mostly comprising of non-executive members to ensure independent and transparent operation of the Company affairs.

The Company separately discloses all its related party transactions on quarterly basis as per the requirements of financial reporting framework applicable in Pakistan. Management has also established an independent Audit function to improve the Company's overall internal control environment. Besides, stakeholders interests are safeguarded through annual independent audit and half yearly review conducted by External Auditors appointed by shareholders themselves. Last but not the least, the Company expects its employees to maintain highest standard of integrity by avoiding even the appearance of impropriety in the conduct of their affairs. In this regard, the Company has issued gifts & business entertainment guidelines to discourage exchange of gifts beyond specified value and extravagant business entertainment. All employees are updated on a quarterly basis on Company's progress by the President.

INTERNAL AUDIT FUNCTIONS

The audit function plays an essential and useful role in the conduct of successful operations of our organization. It serves to examine and evaluate financial, administrative, and operational activities of the enterprise, supplying management personnel at all levels with information to assist in their control of the assets and operations for which they are responsible. The customer base of internal auditing at EPCL comprises of the board of directors represented by the Board Audit Committee on one hand and Operating & Line Management on the other.

The objective of internal audit is to assist management in the effective discharge of their responsibilities by furnishing them with reports setting forth independent and objective analyses, appraisals, recommendations, and pertinent comments concerning the activities audited. Internal auditing is involved in all phases of business activity in which it can be of service to management.

The main tasks of Internal Audit at EPCL are to:

- Establish a sound control environment and periodically test it for effectiveness.
- Determine that policies and procedures exist, and are being interpreted properly. They are being complied with care, and are adequate and effective. Make recommendations for revision where changes in operating conditions have made them cumbersome, obsolete, or inadequate.
- Determine the reliability, effectiveness, and efficiency of procedures designed to ensure that the organization is compliant with applicable laws and regulations.
- Determine whether appropriate procedures exist within operations for self-assessment and continuous improvements.

Nevertheless, controls are primarily the responsibility of every employee and not Internal Audit alone. Only when this ownership is established, can there be any meaningful review of compliance with controls.

Owing to continuously changing corporate environment and impact of local and global events and legislation, the role of internal auditing is constantly evolving. It is the responsibility of the Internal Auditors at EPCL to keep scanning the vital information sources regarding this profession to make sure they remain in step with the latest professional standards and best practices prevailing in the world.

The Internal Audit Section at EPCL presently comprises of a three person team. The Corporate Audit Manager heads the section and reports to the Board Audit Committee. He/She develops an audit plan and has extensive latitude for independent judgment. Senior Audit Assistant works towards the enhancement of internal controls and development of new systems as well as special projects. Whereas the Assistant Audit Officer provides internal control and departmental assistance to Corporate Audit Manager and Senior Audit Officer.

AUDIT COMMITTEE

EPCL's Board of Directors has constituted the Board Audit Committee that comprises of four non-executive directors as members and the Corporate Audit Manager as the Secretary. The Committee is required to meet on a regular basis at least once in each quarter prior to the approval of interim results

of the Company. Special meetings are also held at the request of any member of the Committee, Management or External or Internal Auditors.

Each year the Committee meets External Auditors without the Chief Financial Officer and Corporate Audit Manager being present, and also meets the Corporate Audit Manager and other members of the Audit Function without the Chief Financial Officer and the External Auditors being present.

PRINCIPAL BOARD COMMITTEES

BOARD AUDIT COMMITTEE (BAC)

The BAC assists the Board in fulfilling its responsibilities, primarily in reviewing and reporting financial and non-financial information to shareholders, system of internal control and risk management and the audit process. It has the power to call for information from management and to consult directly with the External Auditors or their advisors as considered appropriate.

The BAC comprises of non-executive Directors. The Chief Executive Officer and Chief Financial Officer attend the meetings by invitation. The Committee also privately meets with the External Auditors at least once a year. After each meeting the Chairman of the Committee reports to the Board. The Committee met five times during 2009.

Members

Isar Ahmad (Chairman)
Shabbir Hashmi
Khalid Siraj Subhani
Masaharu Domichi

The Secretary of the Committee is Saleem Lallany, Corporate Audit Manager.

BOARD COMPENSATION COMMITTEE (BCC)

The BCC is responsible for administering the compensation, organization and employee development matters relating to the Company. It reviews the key human resource initiatives and organizational overview of the Company.

The BCC consists of two independent Non-Executive Directors, two Non-Executive Directors and one Executive Director who is the CEO of the Company. The Committee met five times during 2009.

Members

Asad Umar (Chairman)
Asif Qadir
Isar Ahmed
Waqar A. Malik
Masaharu Domichi

The Secretary of the Committee is Ms. Hafza Abbasy, Human Resource Manager.

SCOPE OF WORK OF BOARD AUDIT COMMITTEE

- Monitor compliance with best practices of corporate governance and identification of significant violations thereof.
- Review management's policies and practices and ascertain adequacy and effectiveness of the Company's system of internal controls including financial and operational controls, accounting system and reporting structure.
- Review deviations from existing system of management controls which may have material effects on Company's financial position and operating results.
- Review reports on business ethics violations, conflict of interest issues and irregularities and monitor management's compliance with Company's relevant policies.
- Determination of compliance with relevant statutory requirements.
- Determination of appropriate measures to safeguard Company's assets.
- Recommend to Engro Polymer & Chemicals Ltd. Board, appointment of the External Auditors by the Company's shareholders, consider any questions of their resignation or removal, review their audit fee as well as provision by them of any service in addition to audit of the Company's financial statements.
- Facilitating the External Audit and discussion with External Auditors of major observations arising from interim and final audits and any matter they may wish to highlight (in the absence of management, where necessary).
- Examine External Auditor's internal control memorandum on internal accounting control and other audit findings including any significant suggestions for improvement and management's response to those suggestions.
- Annually review overall internal audit scope and extent as well as specific plans with the Corporate Audit Manager and monitor implementation.
- Review the organizational structure and qualifications of

the Internal Audit function and ensure it has adequate resources and is appropriately placed within the Company.

- Review Internal Auditor's finding and recommendations including major findings of internal investigations and management's responses / corrective actions.
- Report matters of audit significance to the Board of Directors.
- Ensure coordination between the Company's Internal and External Auditors including provision of Internal Audit reports for review by External Auditors.
- Review the findings of any examinations by regulatory agencies.
- Review of preliminary announcements of results prior to publication.
- Review of quarterly, half-yearly and annual financial statements of the Company prior to their approval by the Board of Directors, focusing on:
  - Major judgmental areas
  - Significant adjustments resulting from the audit
  - Going concern assumption
  - Changes in accounting policies and practices
  - Compliance with applicable accounting standards
  - Compliance with listing regulations and other statutory / regulatory requirements.
- Review Company's statement on internal control systems prior to endorsement by Board of Directors.
- Institute special projects, stakeholders' audits of affiliates, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the Chief Executive and to consider remittance of any matter to the External Auditors or to any other external body.
- If necessary and as determined by Board Audit Committee, review with management, Internal Auditors and with Legal Department any litigation, claims or other contingency, including tax assessments that could have a material effect on Company's financial position or operating results.
- Review of gifts over a certain value received by members of the Management Committee for recommending disposal.
- Perform other overseeing functions as requested by the Board of Directors.

SUSTAINABILITY RELATED POLICIES

We at EPCL are firmly committed to the following policies and view them as a guide for practice if we are to achieve our objectives:

- Statement Of Business Ethics,
- HSE Policy,
- CSR Policy,
- Policy Governing Conflict Of Interest,
- Statement Of Anti-Restrictive Trade Practices Policy,
- Policy Regarding Directorships In Non-Affiliated Commercial, Industrial Or Financial Organizations,
- Gifts And Business Entertainment Guidelines,
- Insider Trading Policy, And
- Statement Of Best Practices.

The policy of Engro Polymer & Chemicals Ltd. (EPCL) is one of the strict observances of all laws applicable to its business.

Our policy does not stop there. Even where the law is permissive, EPCL chooses the course of highest integrity. Local customs, traditions and mores differ from place to place, and this must be recognized. But honesty is not subject to criticism in any culture. Shades of dishonesty simply invite demoralizing and reprehensible judgments. A well-founded reputation for scrupulous dealing is itself a priceless company asset.

An overly-ambitious employee might have the mistaken idea that we do not care how results are obtained, as long as he gets results. He might think it best not to tell higher management all that he is doing, not to record all transactions accurately in his books and records, and to deceive the Company's Internal and External Auditors. He would be wrong on all counts.

We do care how we get results. We expect compliance with our standard of integrity throughout the organization. We will not tolerate an employee who achieves results at the cost of violation of laws or unscrupulous dealing. By the same token, we support and we expect you to support, an employee who passes up an opportunity or advantage which can only be secured at the sacrifice of principle.

Equally important, we expect candor from managers at all levels, and compliance with accounting rules and controls. We don't want employees to misrepresent facts, whether they are misrepresenting in a mistaken effort to protect us or to make themselves look good. One of the kinds of harm which results when a manager conceals information from higher management and the auditors is that subordinates within the organization think they are being given a signal that company policies and rules, including accounting and control rules, can be ignored whenever inconvenient. This can result in corruption and demoralization of an organization. Our system of management will not work without honesty, including honest book-keeping, honest budget proposals, and honest economic evaluation of projects.

It has been and continues to be EPCL's policy that all transactions shall be accurately reflected in its books and records. This, of course, means that falsification of its books and records and any off-the-record bank accounts are strictly prohibited.

HSE

EPCL gives the highest importance to safe work practices, protection of the environment and the health of its employees in the conduct of its business. It is, therefore, the Company's policy to take actions as far as possible to prevent injury and ill health to employees, protect the environment and prevent damage to Company assets. The Company will adhere to the following principles to achieve safe operations and healthy environment:

- Top management will provide continuous support and commitment to the implementation of this policy.
- Health, Safety, & Environment and Industrial Hygiene will be given the highest priority (ahead of production, sales and profits) in arriving at business decisions.
- The Company will maintain and operate its facilities in a manner that protects the environment and the surrounding communities. It will comply with all laws in this regard and meet the National Environmental Quality Standards (NEQS).
- Health, Safety & Environment and Industrial Hygiene is a major responsibility of every employee and will be considered as such in personal performance appraisals.
- The Company will provide the necessary tools and equipment to perform work safety, consistent with the objectives of this policy. It is the employee's responsibility to keep the tools and equipment in safe operating conditions and fit for use at all times.
- Training will be provided to enable employees to recognize and handle unsafe or environmentally harmful situations.
- The Company will maintain and update Health, Safety, & Environment and Industrial Hygiene rules and procedures. The employees are responsible for carrying out their work in a safe and efficient manner within the framework of these guidelines.
- A good standard of housekeeping will be maintained in all Company facilities.
- The Company will encourage contractors to abide by its Health, Safety & Environment and Industrial Hygiene standards and regulations whilst performing tasks for the Company.
- The Company will encourage off-the-job Health, Safety, & Environment awareness amongst its employees and their families.
- Management will from time to time, test the effectiveness of its Health, Safety & Environment and Industrial Hygiene programs to ensure adequacy, compliance and continuous improvement in standards.

EPCL CSR POLICY

Engro Polymer & Chemicals Ltd. CSR Strategy

CSR strategy will focus on Environment, Water Conservation & Community Involvement in line with EPCL's core values to build the Company's image "as a leader in Environmental Conservation & Sustainable Business Development which operates responsibly and supports the communities in which it operates"

Based on EPCL's proposed CSR Strategy, Company will focus:

- On environment and water conservation, bring in sustainable projects to minimize environmental footprints and support in developing new initiatives in Pakistan.
- To play its role in creating awareness within its direct & indirect stakeholders in line with environment and water conservation related initiatives.
- To take initiatives to reduce the impact of climate change.
- To contribute in Socio-economic development of the communities around its operation.
- To encourage partnerships with government departments, NGOs, business partners in order to contribute positively towards Environment, Water Conservation & Community Development.
- To encourage and recognize its employees for volunteering in the spirit of serving the community.
- To create awareness about the appropriate usage of Chlor Vinyl products, advantages and benefits therein.

POLICY GOVERNING CONFLICTS OF INTEREST

The Policy of EPCL ("Company") with respect to conflicts of interest requires that officers and employees avoid any conflict between their own interest and the interests of the Company, in dealing with suppliers, customers, and all other organizations or individuals doing or seeking to do business with the Company or any affiliate. Moreover, policy requires that all such persons should avoid any conflict between their own interests and the interests of the Company in the conduct of their personal affairs, including transactions in securities of the Company, of any affiliate, or of any unaffiliated company having a business relationship with Company interests.

While it is not practical to enumerate all situations which might give rise to a violation of this policy, the examples given below indicate some which should be avoided. Moreover, there will be situations which, while perhaps justifiable, involve the appearance of a conflict of interests and they should be carefully weighed.

It is considered to be in conflict with the Company's interest:

(a) For an employee or any dependent member of his or her family to have an interest in any organization which has, or is seeking to have, business dealings with the Company or any affiliate where there is an opportunity for preferential treatment to be given or received, except:
  (i) with the knowledge and consent of top management, or
  (ii) in any case where such an interest comprises securities in widely held companies, which are quoted and sold on the open market, or in private companies where the interest is not material, subject paragraph (d) below.

(b) For an employee or any dependent member of his or her family to buy, sell or lease any kind of property, facilities or equipment from or to the Company or any affiliate or to any company, firm or individual who is or is seeking to become a contractor, supplier or customer, except with the knowledge and consent of top management.

(c) For an employee to serve as an officer or director of any other company, or in any management capacity for, or as a consultant to any individual, firm or other company doing or seeking to do business except with the knowledge and consent of top management.

  (NOTE: In this connection see also the Company's policy regarding Directorships in Non Affiliated Commercial, Industrial or Financial Organizations).

(d) For an employee, without proper authority, to give or release to anyone not employed by the Company, any data or information of a confidential nature concerning the Company or any affiliate, such as that relating to decisions, plans, earnings, financial or business forecasts, discoveries or competitive bids or otherwise use such information which is not generally known to the public for personal advantage

and not in the best interest of the Company, as for example, by acquiring or selling, or inducing others to acquire or sell, any interest in securities of the Company or any other Company involved in or which may become involved in, any transactions with the Company or any affiliate.

(e) For any employee or any dependent member of his or her family to accept commissions; a share in profits, gifts in cash, gift certificates, travel or other payments, loans or advances other than from established banking or financial institutions on normal commercial terms, materials, services, repairs or improvements at no cost or any unreasonably low prices, excessive or extravagant entertainment; or gifts of merchandise of more than nominal value from any organization, firm or individual doing or seeking to do business with the Company or any affiliate, or, for personal advantage and not in the best interest of the Company, to provide any of the foregoing to any such organization, firm or individual.

STATEMENT OF ANTI-RESTRICTIVE TRADE PRACTICES POLICY

Engro Polymer & Chemicals Ltd. believes in fair trade and competition. Therefore, it is the policy of the Company that all of its Directors and employees shall, in carrying out their duties to the Company, comply with relevant laws. All employees are responsible for familiarizing themselves with the requirements of these laws as any violation may result in penalties and / or criminal offences.

No Director or employee should assume that the Company's interest ever requires otherwise. Moreover, no one in the Company has authority to give any order or direction that would result in a violation of this policy.

It is recognized that on occasion there may be legitimate doubt as to the proper interpretation of the law. In such circumstances, it is required that the employee refers the case through appropriate channels to the Head of Internal Audit for an opinion.

POLICY REGARDING DIRECTORSHIPS IN NON-AFFILIATED COMMERCIAL, INDUSTRIAL OR FINANCIAL ORGANIZATION

It is the policy of EPCL to restrict the holding by employees of directorships in non-affiliated commercial, industrial or financial organizations and to prohibit the acceptance by any employee of such a directorship if it would involve a conflict of interest with, or interfere with the complete discharge of the individual's duties to the Company.

While employees are generally discouraged from serving as Directors of non-affiliated commercial, industrial or financial organizations, the CEO may make exceptions to this general rule in special circumstances, such as instances where the Company's interests would best be served on instances of an employee who may desire to serve as a Director of a family owned company, or for an employee who has firm plans to retire within three years.

All expenses incurred by an employee serving as a Director of a non-affiliated commercial, industrial or financial organization in accordance with this policy will be for that employee's own account. The employee may accept and retain annual fees, meeting fees, other remuneration or reimbursed expenses specifically related to service as a Director.

INSIDER TRADING POLICY

Applicability of Policy

This Policy applies to all transactions in the Company's securities, including ordinary shares, options for common shares including employee share option schemes and any other securities the Company may issue from time to time, such as preferred shares. It applies to all employees of the Company, and all members of the Company's Board of Directors, who receive or have access to Material Non-Public Information (as defined below) regarding the Company. This group of people, and members of their immediate families, are referred to in this Policy as "Insiders." This Policy also applies to any person who receives Material Non-Public Information from any Insider (Tipping).

Any person who possesses Material Non-Public Information regarding the Company is an Insider for so long as the information is not publicly known.

Statement of the Policy

The Policy, which governs Trading in Company Securities and "Tipping" states that;

a) Subject to (b) and (c) below, trading in the Company's securities (i.e., purchase or sale of shares, and the exercise of share options granted by the Company to certain employees) is permitted throughout the year by all employees, Directors and Officers.
b) No trading in the securities of the Company is permitted for Directors, and all employees who are "Executives" as defined in the Code of Corporate Governance within the Closed Periods announced by the Company.
c) Notwithstanding paragraph (a) above, no Director, or employee who has actual knowledge of Material Non-Public Information relating to the Company is permitted to trade, either directly or indirectly, in the Company's securities or to disclose that information to any other person. Any concern over the interpretation of this rule should be referred to either the Chief Financial Officer or the Company Secretary.
d) All trades of the Company's securities by all Directors and "Executives" must be reported within five days to the Company Secretary.
e) No Insider shall disclose or "tip" any Material Non-Public Information to any other person nor shall such Insider make recommendations or express opinions on the basis of Material Non-Public Information as to trading in the Company's securities.

It is emphasized that any failure to observe this Policy may expose the Director, or employee, as well as the Company, to legal liability including penal consequences, under applicable securities laws and therefore a violation of the Company's policy on Business Ethics. Furthermore, employees who violate this Policy shall also be subject to disciplinary action by the Company which may include ineligibility for future participation in the Company's equity incentive plans or termination of employment.

Material Non-Public Information

It is not possible to define all categories of material information. However, information should be regarded as material if there is a reasonable likelihood that it would be considered important to a reasonable investor in making an investment decision regarding the purchase or sale of the Company's securities. The final decision with regard to materiality of information shall rest with the Management of the Company.

Material information which has not been disclosed to the general public is defined as Material Non-Public Information and may include, but is not restricted to:

- Financial results
- Projections of future earnings or losses
- Results of product developments/new product announcements
- News of a pending or proposed merger, acquisition or joint venture
- News of the disposition of a subsidiary
- New equity or debt offerings
- Impending bankruptcy or financial liquidity problems
- Major changes in senior management
- Significant litigation exposure

STATEMENT OF BEST PRACTICES

- Overall, work towards creating an environment which promotes the realization of our Vision and Values, by focusing on behavioral modification and systematic changes.
- Challenge the status quo by experimenting and taking reasonable and calculated risk.
- Think EPCL, by placing Company interest above individual, sectional, departmental and achieving these before implementing.
- Collectively develop clear, concise and realistic goals, also agreeing on the process of achieving these before implementing.
- Balance task, team and individual needs, by keeping the helicopter view.
- Work through teams, by valuing all ideas and effectively committing people through consensus building and active involvement.
- Remind each other of the importance of using participatory processes, just as much as emphasizing attention on safety, quality and continuous improvement.
- Recognize individual needs and help fulfill them.
- Trust each other by delegating authority and decision making to the lowest possible level.
- Encourage sharing a clear, consistent and timely feedback for learning and growth.
- Give everyone a chance by listening patiently and thinking before speaking.
- Recognize team and individual efforts to change by celebrating both lessons and successes.

Statement of Compliance /Best practices of Corporate Governance

External Auditors have issued unqualified annual statement of compliance / best practices of corporate governance on the prescribed format after listing of Company's securities in May 2009. This certification is now mandatory each year at the time of issuance of annual financial statements of the Company.

GIFTS AND BUSINESS ENTERTAINMENT GUIDELINES

DEFINITIONS

- Gifts
  A gift includes anything of value, transferred to another, for which no specific service or compensation is received or expected.

- Business Entertainment
  Business entertainment includes the act of dining or participating in a recreational or related activity.

GENERAL PRINCIPLES

EPCL is committed both to the highest integrity and to avoiding even the appearance of impropriety in the conduct of its affairs. These commitments have obvious significance for the bestowing of favours upon individuals, whether in the public or private sector, who are in a position, directly or indirectly, to benefit the Company.

The Company's business interests are best served when its relationships are free of influences such as gift-giving or receiving. Only in this way can the Company sustain constructive ongoing relationships with those doing business or seeking to do business with the Company. Therefore, the Company discourages the practice of giving or receiving gifts. It is however recognized that doing away entirely with the giving or receiving of gifts is not practical, and hence, occasional low value exchange of gifts may be permissible. Obviously, good business judgment must be exercised in all such cases.

COMPANY POLICY WITH RESPECT TO GIFTS

- Gifts of cash on Company's behalf are strictly prohibited.
- Exchange of non-cash gifts will be moderate, infrequent and appropriate to the occasion.
- The above will be in line with the Company's Ethics/Conflicts of Interest Policies, will reflect good business judgment, will comply with the applicable laws and be sensitive to the applicable codes of conduct.
- Giving and receiving gifts in the form of commissions, abnormal loans, shares profit, free travel tickets or hotel/other accommodation, membership in clubs/health facilities at no charge or at unreasonably low charge, repairs and improvements at unreasonably low prices, and such other facilities are strictly prohibited.

VALUE OF GIFTS

Gifts of nominal value may be received or given by the employees on an infrequent basis where it is considered that doing away with such gifts could impair our relations with others. Nominal value would be defined by the Management from time to time (currently Rs. 900/-)

GIFTS EXCEEDING NOMINAL VALUE

- Gifts exceeding nominal value should be returned reminding the party of EPCL's Gift Policy.
- If not feasible to return the gift, the Department Head should be told promptly. He may either:

(i) allow the employee to retain the gift as long as it is consistent with the spirit of EPCL Gifts and Business Entertainment Guidelines; or
(ii) send the gift to Finance & Accounts Manager who will arrange an auction at the Company/Club functions and send the sale proceeds to an appropriate charity.

GIFTS WITHIN THE COMPANY

The Company does not in general subscribe to Company gift presentations to its employees. Therefore, Company gift presentations to employees will be limited to service and performance awards under the approved programs and to gifts to outgoing/retiring employees.

GIFTS TO BE GIVEN

Promotional/give-away items over a certain value defined by the Management from time to time (currently Rs. 900/-) can be given with the prior approval of the concerned Vice President/Head of Department.

COMPANY'S POLICY WITH RESPECT TO ENTERTAINMENT

- Employees may incur entertainment expenses, consistent with local practices, of moderate value to people having business relationships with the Company. Entertainment should generally be on an infrequent basis and appropriate to the level of the individual.
- Employees should not give or accept extravagant entertainment.

ACCOUNTING FOR EXPENSES

Expenses incurred for gifts and entertainment should be reported on the Daily Expense Statement (DES) and approved in accordance with the Limits of Authority Manual. Details of expenses as to the business purpose, name and business relationship of the recipient of gifts/ entertainment should be given in the reverse side of the Daily Expense Statement (DES).

2009 - PVC Sales
Sr.
Month
Sale (MT)
Total
1
Jun
12461
64423
2
July
3
Aug
4827
4
Sep
5520
5
Oct
92978
100934

SUSTAINABLE DEVELOPMENT

Sustainability is the bedrock of any successful enterprise. While EPCL has adopted sustainable practices within economic, environmental and social spheres, its sustainable development policies have evolved to include Human Excellence, Marketing and Training projects, Logistics, Sales & Marketing Development.

ACCREDITATION

INVESTOR IN PEOPLE CERTIFICATION

EPCL believes that improving an individual's performance will ultimately result in improving the organization's performance. Investors in People is an international standard of best Human Resource Practices. It is a framework for performance improvement, a business / organisation development tool and a benchmark of good practice in people management. About 40,000 organizations around the globe conform to the Standard. Investors in People is based on four principles - Commitment, Planning, Action and Evaluation. These are supported by 12 indicators, or criteria, against which organisations are 'measured' through independent, external assessment.

EPCL manufacturing division acquired IIP certification in 2005 which has expanded its Company operation in 2008. We are the first in Pakistan to be recognised by IIP. In practice it means shared aims and vision, clear roles and responsibilities, business planning, improved communications, management development, effective induction, focused training & development and improved performance. Since acquiring this certification, EPCL has practiced Human Resource development especially training as per the guidelines of this Standard. Due to the utmost importance of employee motivation and training, non-manufacturing areas of EPCL acquired IIP certification in October 2008.

SAFETY, ENVIRONMENT & HEALTH CERTIFICATION

EMS - ISO 14001 Certification

EPCL acquired ISO 14001 certification in 2001 through United Registrar of Systems Ltd. (URS), accredited by United Kingdom Accreditation Services (UKAS). Since then there has been continuous focus on Health, Safety & Environmental Policies. As a result, during 2007 and 2008 Surveillance Audits, no non-conformity was reported. This system has helped us in managing our activities in an environmentally friendly manner, in order to reduce environmental risks. Awareness of these risks has increased among employees with the follow up of the ISO 14000 system.

In line with Engro Polymer and Chemicals Ltd. management's philosophy to maintain a clean environment, EPCL remains committed to energy conservation and environment friendly business practices. This system has helped us in managing our activities in an environmentally friendly manner. This is a useful way to display our commitment to Environment to our stakeholders and reduce environmental risks. Awareness of these risks has increased among employees with the follow up of ISO 14000 systems.

QMS - ISO 9001:2000 Certification

EPCL commenced its operations in 1999. Within the first year, ECPL obtained its ISO 9001:2000 certifications. This meant enhanced customer satisfaction through documented systems and procedures, setting high standards and meeting challenging objectives through training of personnel. Each year EPCL arranges annual third party customer satisfaction surveys. This provides an unbiased customer feedback on their perception of EPCL's product and related services. Additionally, the performance is matched against EPCL's previous performance and against the best in class industrial practices. 2008 Surveillance Audit was of major significance as EPCL's non-manufacturing areas were included in ISO 9001:2000 net. Also, no NCR was reported during this audit.

CREDIBILITY

Transparent Environment Reporting is now an important part of corporate governance. It actually ensures that stakeholders, financial institutions and the public at large have access to standardized, comparable, consistent and verifiable environmental information similar to corporate financial reporting. Social reporting allows us to address issues in an open, credible and transparent manner. Engro Polymer & Chemicals Ltd. has been consecutively publishing Environment Reports since 2005. The publication and distribution of these reports provided our stakeholders with the opportunity to comment on our progress. These are sincere commitments on our part to demonstrate openness and transparency. To top it all, this also allows our stakeholders to measure our progress through a set of performance indicators.

Judges Report for ACCA WWF Pakistan Environmental Reporting Awards 2008 - 2009

EPCL Environmental Performance Reports are consecutive winners of ACCA-WWF Environmental Reporting Awards. Because of these consecutive winnings, the Company was nominated in a panel of judges in the year 2009 to judge the Environment reports for the year 2008. EPCL has also won Annual Environment Excellence Award from National Forum for Environment and Health (NFEH) for the fourth time in 2009. This is our 3rd award in a row. In addition to this, our continuous efforts at environmental transparency reporting have been appreciated by ACCA-WWF Pakistan, ACCA Pakistan and WWF Pakistan. Mr Ahsen Uddin - Vice President EPCL, was invited to represent the panel of judges at ACCA - WWF Pakistan Environmental Reporting Awards Short-listing committee meeting in Lahore held on 3rd February 2009.

EPCL is constantly striving to improve its credibility as an organization, both locally as well as when it comes to meeting international standards. Our efforts for sustainable development and transparency reporting have been generally acknowledged by all, especially different forums working for appreciating and promoting environment-friendly initiatives in the country.

HUMAN EXCELLENCE

VALUING PEOPLE

Engro Polymer and Chemicals Ltd.'s success is built upon our workforce - a source of pride for the Company. At the end of 2009, the Company had over 350 employees in a corporate family that has almost doubled in size in two years.

As a socially responsible employer, we respect our employees' rights and endeavor to provide a safe & healthy workplace, fair policies & procedures, freedom of opinion & expression, and open dialogue with our employees.

In addition to offering attractive and fair compensation and benefits, Engro Polymer and Chemicals Ltd. encourages and invests in its employees' lifelong learning and professional development, and promotes a healthy balance between personal and professional lives.

A demonstrated engagement in diversity, proactive inclusion and equal opportunity is an investment in our people and our future growth. Our commitment to provide equal opportunity to all employees and applicants for employment in accordance with all applicable laws, directives and regulations is constantly reaffirmed through our policies and best-in-class practices.

Human Resource Management provides policies, practices and tools that create a workplace capable of motivating, developing and rewarding employees to achieve success.

The Company has been accredited with Investors in People (IIP) certification which is an indication of the open communication and alignment of employees' objectives with those of the organization.

HUMAN RESOURCE DEPARTMENT STRUCTURE

As per the growing size of the company, the Human Resource department has been restructured to cater to the workplace needs more effectively. Human Resource Personnel have been assigned the role of a Business Partner. A Business Partner will support execution of Human Resource Strategy via application of HR initiatives, tools and processes for their respective departments and partner with department heads to deliver human resource solutions aligned with department/function performance goals and business strategy.

RECRUITMENT

The Company has a proactive recruitment strategy in place to ensure optimal manning for ongoing business needs. Going forward, the Company continues to be optimally manned for future business needs.

The proactive approach towards recruitment helps address the problems of employee turnover mainly due to current brain drain situation in Pakistan, expansion in Middle East and Far Eastern regions experienced in the recent past, stupendous increase in cost of living etc.

In the year 2009, 122 (2008:136) new employees joined the Company, which was in line with the expansion/back integration recruitment plan.

COMPENSATION & BENEFITS

The Company is focused on rewarding employees for their level of performance which inculcates an enthusiasm and spirit to set higher targets, an example of which is the Employee Share Option Scheme (ESOS), announced for employees previously.

TRAINING & DEVELOPMENT

The speed of growth of our human capital is both an opportunity and a challenge. It represents the beginning of a new era - an era of learning and growth.

Training is a planned and structured effort to facilitate employees' learning of job related competencies. These competencies include knowledge, skills and behaviors that are critical for successful job performance.

In 2009, the Company continued to invest in the professional development of its employees. Various in-house and outside training programs, seminars and workshops in the areas of management, plant operation and maintenance, information technology, finance, etc. were arranged throughout the year. However, our ongoing project commitments kept us from attaining our training and development standards of previous years.

Various Management programs were planned and conducted for employees both in-house and via external public forum with courses on leadership, team building, motivation, personal growth, stress management, problem solving & decision making and others based on organizational training needs.

Leadership Quest Exercise held in Thandiani, Abbottabad

OUR PURCHASE & SERVICES PRACTICES

PURCHASE DEPARTMENT

EPCL's Purchase Department purchases goods and services which represent the best value of Company money with timely deliveries, quality, and reliability through Company approved procedures. Core functions of the Purchase Department have been discussed below.

EPCL explores and develops multiple sources to maintain sustainability and flexibility to get required goods / services at the best prices and /or terms. The pre-qualification of new potential suppliers on equal opportunity is an ongoing activity which is based on their profile, previous experiences, technical and commercial evaluations. Performance evaluation tracks the supplier's performance and is based on key factors including commitment, emergency response, quality of goods / services and after-sale services. Suppliers unable to meet the standards are notified and failure to comply within a time frame results in their removal.

EPCL prepares technically and commercially clear and comprehensive tender documents for required goods/services. We encourage all proposed qualified vendors for participation in the bidding.

Sealed bidding for goods/services above certain value according to company procedure includes that bids will be dropped by vendors in a closed box placed at a prominent place at Head Office and then opened a day after the last date for bid submission in the presence of Internal Auditor. Internal Auditor and Purchase Officer at Head Office will sign each bid to ensure confidentiality and integrity of the bidding procedure. We ensure compliance with technical specifications and quality followed by price and delivery and commercial evaluation of technically acceptable bids.

The Final negotiations are followed by recommendations to Management for approval to award the work according to company procedures. We prepare and issue formal contract / purchase order which includes all agreed technical details and commercial terms and conditions. All contracts are vetted by legal and Internal Audit.

We expedite deliveries by conducting regular follow-ups with vendors to ensure timely delivery and update users on delivery schedule. The Company coordinates with technical department to provide any information required by vendor for supplies and also account department for payment in accordance with agreed terms.

OUR LOGISTICS & SUPPLY CHAIN PRACTICES

EPCL's Logistics is concerned with on-road transportation of various solid & liquid chemicals used by its industrial customers based in Pakistan and overseas. The products range from dry chemical such as PVC resin to liquid chemicals like Caustic Soda, Ethylene Dichloride and incineration material like heavier ends of EDC / VCM unit. The inherent dangers posed by liquid chemicals made by SOC Non Manufacturing review and approve the entire transport management system.

Following were the steps taken to mitigate the effect of transportation:

Specialized Vehicles

For transportation, we have a dedicated fleet of purpose-built vehicles with low emissions based on Euro 1 standards available locally. Tankers are fabricated in view of ADR standards (UN Standards for transportation of Dangerous Goods by Road, also used by Shell Pakistan). In addition, vehicles are installed with trakker for correct positioning and for checking vehicle speed, braking, etc.

Emergency Response Plan

An ERP is in place to handle situations of spillages in case of any accident, fire or explosion, etc. All vehicles are labeled with NFPA Hazard Diamond for quick comprehension of material characteristics in case of emergency and equipped with safety equipment for mitigation of effects by fire or spillages. ERP also covers extensive communication of driver with his base station for timely response in case of emergency.

Personnel & Asset Safety

The drivers are specially trained to identify hazards, prevent emergency situations like driving within speed limits, avoid excessive idling, avoid sudden stops, maintain regular inspection checks on vehicles for maintaining top condition of vehicles, etc. These best practices have enabled EPCL to set a high benchmark in chemical transportation within Pakistan.

STAKEHOLDER DIALOGUE AND FEEDBACK

From EPCL's Service Provider

Stakeholder Dialogue was conducted by a third party with two of EPCL's main logistic service providers about EPCL's compliance of HSE standards & practices. The resultant feedback of the dialogue is as under:

Agility Logistics is a reliable partner of EPCL that provides logistics solutions to the Company; Agility transports Caustic Soda and PVC for EPCL. EPCL and Agility Logistics responsibly provide safe working environment to all their employees by providing in-house and external training.

Employees are given safety briefings daily in the morning; various international and internal standards are followed and communicated by Agility Logistics. Internal Trainers provide trainings on various topics to the employees; and for the convenience of labour, safety manuals have been translated into Urdu to ensure maximum understanding of these standards. Apart from training, corrective action campaigns and activities are conducted on a daily basis where issues and cases on occupational safety are discussed and expert solutions are provided.

EPCL has provided various facilities to the drivers and the management team of Agility Logistics; the employees have been provided a separate office at the EPCL plant. Some of the routine trainings and initiatives taken by EPCL are mentioned in the table below with their respective frequencies.

S#	Forms	Description
01	Incident Report Form	As and when required
02	Tool Box Meeting Summary	Daily meeting with drivers
03	Spot Check Schedule	Scheduled spot checks conducted by Ops team
04	Spot Check	Random spot checks conducted by Ops team
05	PI/UA/UC - Monthly Summary	Reported by driver or any staff
06	Incident Log	As and when required
07	Corrective Actions & Follow-up Summary	Actions taken against any concern reported in the above documents
08	ER Equipment-Monthly Inspection	Emergency equipment checks
09	Visitors Log Sheet	For purpose of record
10	HSSE Committee Meeting	Monthly Meeting of the Management team
11	Serious Accident & Investigation Report	As and when required
12	Confine Space Entry Permit	As and when required
13	Hot Work Permit	Used before any hot work

From EPCL's PVC Customers:

Every year EPCL conducts third party customer satisfaction survey for gauging customer perception and works on focus areas for enhancing customer satisfaction. 2009 was one exception when the survey could not be conducted due to Company's expansion related activities.

However, 2008 customers dialoguing resulted in the findings summarized below:

EPCL's performance feedback as conceived by its customers was obtained in the areas of Sales, Logistics, Technical Support Services, Dealer's Rating and Product Quality itself. It was highly gratifying to know that customers recognize SABZ PVC's quality as the strength of EPCL. Also, quality of packaging was considered to be optimum.

Our survey revealed that EPCL is commonly considered as customer-oriented. After-Sales Services of EPCL is a widely appreciated attribute. Customers showed great satisfaction over the technical response time of EPCL including the behaviour and competence of the technical staff. The training sessions, seminars and workshops organized by EPCL were generally appreciated. EPCL's Dealers are considered to be very accommodating in their services.

EPCL's pricing and payment policy is the most criticized area by the customers with only 50% claiming to be satisfied by it. Customers suggested online order processing and payment system or a 24-hour order placement system provided EPCL is willing to modify its payment policy to accommodate such systems. Along with this, order processing, payment policy and deliveries were the recommended areas of improvement in the feedback sessions.

OUR SALES DEPARTMENT

EPCL believes in keeping customer needs as its primary focus as the customers define the basis of its existence. The main objective of EPCL Sales Department is to provide a level of service to their customers that meets their expectations. The role of the sales department diversified during 2009 when the Company's product portfolio transformed from a single product to multiple products. Caustic soda and Sodium Hypochlorite were added to the product list this year.

The Sales team was faced with enormous challenges during the year as the supplies could not cater to the enhanced domestic demand. This led to a number of stock-out situations resulting in customers not being able to get the product(s) in time.

POLY VINYL CHLORIDE (PVC)

In the domestic market of PVC, Resin is mainly used to manufacture PVC pipes. Approximately 55% of the resin consumption is in this sector alone. Other sectors include artificial leather, shoes, rigid and soft sheets, garden hose etc. During 2009 the demand for PVC surged and EPCL posted a volumetric growth of more than 20% over last year. EPCL sold 119K tons of PVC as compared to 102K tons last year. However the demand was even higher to which the Company was not able to service to. Against an annual production capacity of 150K tons, EPCL could only produce 116K tons. Low production was mainly attributable to delay in VCM plant startup due to which the availability of VCM (main raw material) was limited. VCM was imported on spot basis which could not be matched with the production capacity as availability of VCM in the region remained tight.

CAUSTIC SODA

EPCL launched Caustic Soda for the first time and very quickly made inroads in the domestic market. The basic strategy of the Company was to offer value to the customers both in terms of price and service. Caustic Soda Plant came into commercial production in August 2009 and the Company sold 34K tons. Some of the key issues faced by the Caustic Soda Industry included contamination of product during transit due to the corrosion of the inner lining of the tanks, product pilferages and inventory management. EPCL came up with a plan to rectify all these issues upfront and hired a dedicated distribution fleet which consisted of tanks coated with epoxy lining to avoid any corrosion. In addition to this all vehicles were equipped with tracking devices so that the fleet movement could be monitored all the way. In order to ensure product availability for customers located in Northern Region a storage tank was arranged so that the order lead time could be reduced.

Seminar on Textile Policy - at Karachi Sheraton

TECHNICAL SERVICES

EPCL's technical services team has specialization in PVC Resins and its many applications. They are tasked with assessing and interpreting the customer/client needs, in order to present appropriate technical solutions, taking appropriate quality level and cost benefit ratio into account, which are simultaneously in line with technical / industrial standards. TS also provides technical guidance according to the customer's equipment and processes. Through networking with other industry leaders in polymers and additives and forums like SOCIETY OF PLASTIC ENGINEERS and Universities, TS is always looking for innovations and developments. TS team supports the quality control system not only for EPCL's resins but also for customers, through the continuous evaluation of their properties and performances. The team also trains internal/external customers and partners.

By strengthening the SABZ brand, combined with ISO 9000 and 14000 certifications, customers are assured of receiving a world class product. Not only does TS have a large and modern laboratory for resin testing but it also has an application laboratory for the R&D. This is a highly qualified team which has combined competence with speed and efficacy required in catering to our customers and partners needs. The TS team is required to cover all these quadrants efficiently for continuous and sustainable growth of PVC Industry.

Sum up of technical services is as follows,

Sales	Market Development	Manufacturing	Training
• Troubleshooting for existing customers & products • Enhancing quality • Reducing material cost • Countering scrap use • Conversion to lead free products	• Developing new applications • Developing new formulations • Develop international relationships with additive and equipment manufacturers to benefit the local customers • Develop tech. knowledge databank and keep it updated through foreign collaboration • Work with key local customers to develop export products & help secure overseas markets	• Resolve quality complaints • Provide market feedback on product quality and align it with market demand where applicable • Effective use of the application lab at plant to conduct R&D for customers' benefit	• Ensure that the section staff remains abreast with Tech. Dev. Team • Train internal / external Sales Officers to convert them into "Technical Sales Officers" • Train customer resources on latest research and quality improvement • Liaise with educational institutes for PVC focused education and also act as visiting faculty.

ECONOMIC PERFORMANCE

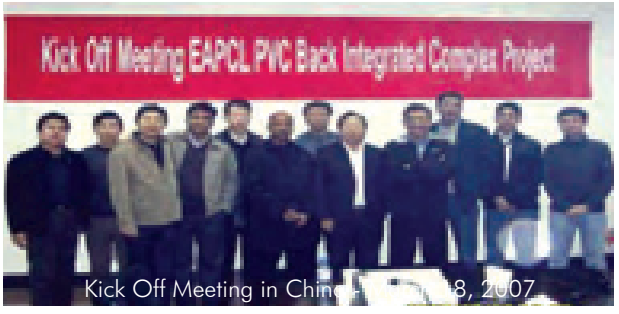
EPCL has maintained a steady pace of business development factoring in complete business reviews, impact of back integration project, risk management, sales/market share, financial review, financial risk management etc to estimate the Company's economic performance.With the successful commissioning of EPCL's new EDV-VCM and Chlor-Alkali plants, the company has contributed towards the development of salt industry in Pakistan that has generated substantial employment in the salt industry.

The economic performance presented here is from the month Jan - Dec for the year 2009.

EPCL INTEGRATED COMPLEX - MAKING THE TRANSITION

PVC Expansion & Back Integration Project was envisaged in late 2004. This project in itself was very unique since it involved not only enhancing the production capacity of its existing PVC Plant, but also the acquisition of plants that will enable EPCL to produce most of the raw materials required for PVC production. The project was kicked off in 2007 by signing an agreement with China National Chemical Engineering Group Corporation (CNCEC) and China Tianchen Engineering Corporation (TCC) for Engineering, Procurement and Construction of PVC II, Utilities II, Chlor-Alkali and Combined Cycle Power Plant.

The scope of the project included Engineering, Procurement and Construction of brand new plants like PVC 2, Combined Cycle Power Plant (2 x Gas Turbines, 1 x Steam Turbine along with HRSG's), Chlor - Alkali Plant, Utilities 2 Plants. Another major challenge was the relocation of EDC / VCM Plant from Baton Rouge - USA and erecting it back in Karachi, Pakistan. Also included was the laying of 6 KM Water & Ethylene Pipeline. Besides these, allocation of 4.5 MGD and 15 MMSCFD Natural from local utilities provider KW&SB (Karachi Water & Sewerage Board) and SSGCL (Sui Southern Gas Company Limited) were all important features of the project.



Kick Off Meeting in Chin[illegible]8, 2007

We entered 2009 with completion of dismantling and transportation of EDC / VCM Plant from USA to Plant Site in Pakistan (December 2008). Start up of PVC II & Utilities (Fast Track) commenced on schedule in December 2008 along with start up of the Utilities plant.

Most of the mechanical completions were planned during the 1st quarter of 2009. As the year approached, construction activities gathered immense pace with everyone (EPCL and Contractor work force) giving their utmost. In order to cope with this fast pace of work and to make sure that activities were in control, a management team was formed to monitor progress on a daily basis, formulate future strategies and ensure timely completion.

Among the challenges facing the EPCL integration and back-integration were looking after the safety of EPCL and Contractor manpower working at the Plant site; at the peak of construction activities we had around 1,500 + manpower at the site. Others included getting Contractor manpower to follow EPCL Safety Policies at the Plant Site, safeguarding all equipment that had either been installed or had to be installed, ensuring quality of work being executed, ensuring that no work got left out, avoiding burnout of manpower due to intense physical / mental pressures and extended working hours. Besides this, getting the operations people trained and ready for starting up the Plant, identification of major issues critical for plant pre-commissioning and start-up, getting all old piping and equipment chemically cleaned and in time procurement of critical items that were necessary for Plant pre-commissioning and commissioning were important considerations.

The colossal scope and magnitude of the above mentioned challenges required a lot of coordination and team work between all interfaces at the Plant. Constant monitoring was put in place in order to manage these challenges.

BR Plant at USA prior dismantling

Column Dismantling at BR - USA

Equipment (Column) delivery at Port Qasim Karachi

Plant, at the time of Construction

EPCL INTEGRATED COMPLEX - MAKING THE TRANSITION

Mechanical completion for related projects was achieved as follows:

HEAD	Target Completion	Actual Completion
PVC2	1-Oct-08	1-Oct-08
EDC / VCM	1-Jan-09	12-Apr-09
Power Plant	1-Feb-09	1-Feb-09
Utility II	1-Feb-09	1-Feb-09
Chlor Alkali	1-May-09	1-May-09
Overall Progress	1-May-09	1-May-09

Commissioning of the Plants was taken up by EPCL and schedule of actual Vs planned is given as under:

HEAD	Target Completion	Actual Completion
PVC2	31-Oct-08	31-Oct-08
EDC / VCM	31-Dec-08	1-Jun-09 EDC 21-Jun-09 VCM
Power Plant	31-Jan-09	25-Jan-09 GT 1* 21-May-09 GT 2 26-Aug-09 STG**
Utility II	31-Jan-09	31-Jan-09
Chlor Alkali	15-Jun-09	1-Jun-09
Overall Progress	15-Jun-09	21-Jun-09

* GT = Gas Turbine; STG = Steam Turbine

Commissioning of EDC / VCM Plant was another challenge for the EPCL team. The Plant had to be stopped each time a safety and reliability critical issue was faced; operations and maintenance team put in 24 hour coverage to resolve all quality and reliability issues. The effort was finally completed on Oct 26, 2009 with the start up of Oxy Chlorination Area and as of now the complete integrated site is in operation. 72 hours non stop operations of EDC / VCM was another major milestone that was achieved on November 8, 2009. EPCL is now Pakistan's first Integrated Petrochemical Complex with aspirations to grow further and make its mark on a global scale.

BUSINESS REVIEW

EPCL Directors presented the audited accounts of the Company for the year ended Dec 31, 2009.

CORE ACTIVITIES

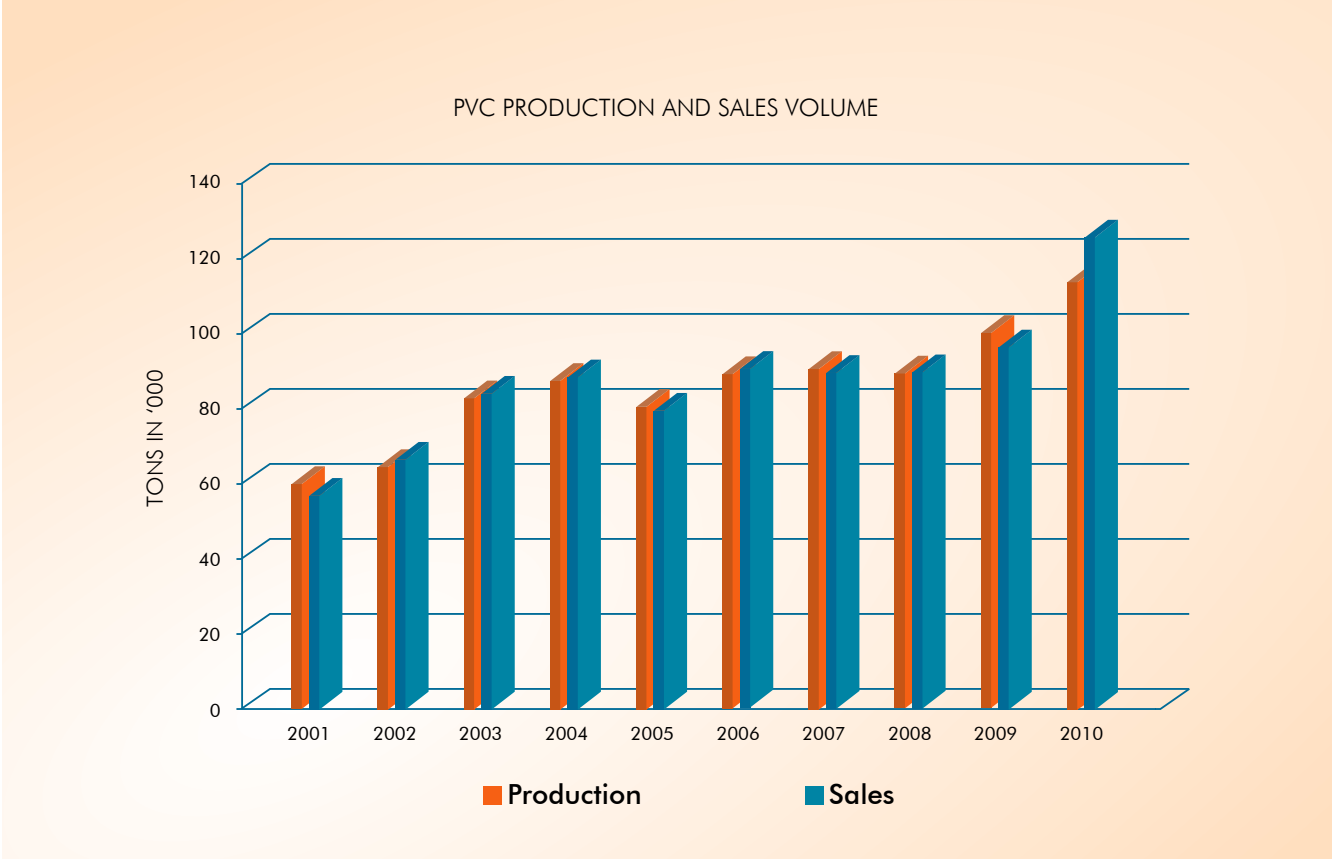
The manufacture, market and sale of Chlor-Vinyl chemicals which include Poly Vinyl Chloride (PVC), Vinyl Chloride Monomer (VCM), Ethylene Di Chloride (EDC), Caustic Soda, Sodium Hypochlorite and other allied chemicals rank among the principal activities of Company. The Company is listed on all the three stock exchanges of Pakistan.

Review of the Expansion and Back Integration Project

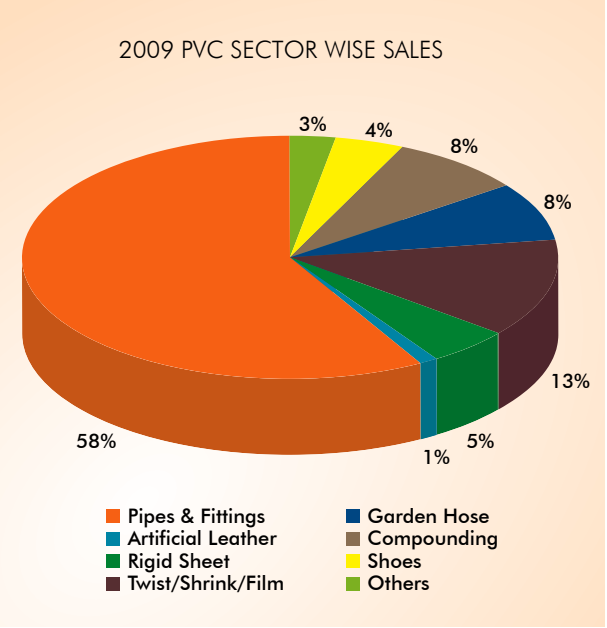
It cost $ 256M to complete the expansion & back integration project and all segments, except the VCM plant entered into commercial production during the year. While the completion of VCM plant was delayed by three months and was marked by some unsuccessful startup attempts leading to delayed commissioning of the plant, it was successfully started up in end of October 2009. However, due to an unfortunate fire incident at the site in December, the plant had to be shutdown. While the PVC, EDC and Chlor-Alkali plants were back in operations by end of December 2009, we expect the VCM plant to come into commercial operation in the first quarter 2010.

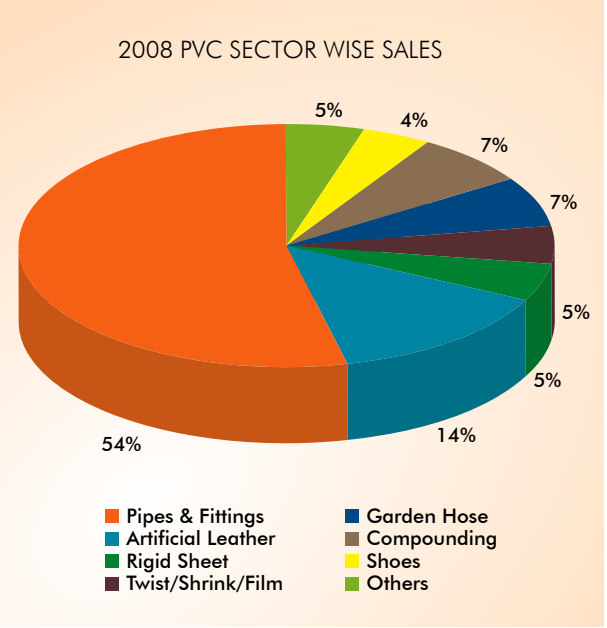
PRODUCTION AND SALES REVIEW

During the year, 116K tons (2008:103K tons) of PVC was produced against nameplate capacity of 150K tons per annum. The limited availability of VCM as a result of delayed in-house production affected many aspects of production. Capacity utilization of PVC plants remained low. The VCM shortfall was partially met by procuring on spot basis from international market. However, given the tight demand supply balance in the region, at times, failing the timely arrangement of VCM resulted in lower operating rate of the PVC plants.

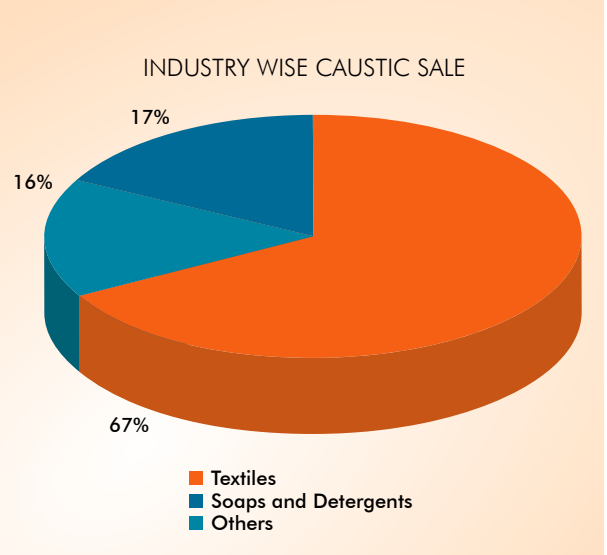


PVC domestic sales volume during the year was 119K (2008:98K tons) which is the highest ever since inception of the Company. Several factors contributed to a growth of more than 20% in domestic sales in the past year like demand from Government projects, increased usage of PVC pipes in agricultural sector and higher conversion from scrap to resin. Moreover, the Company also exported 10K tons of PVC during the year through its subsidiary, Engro Trading and Polymer Limited.





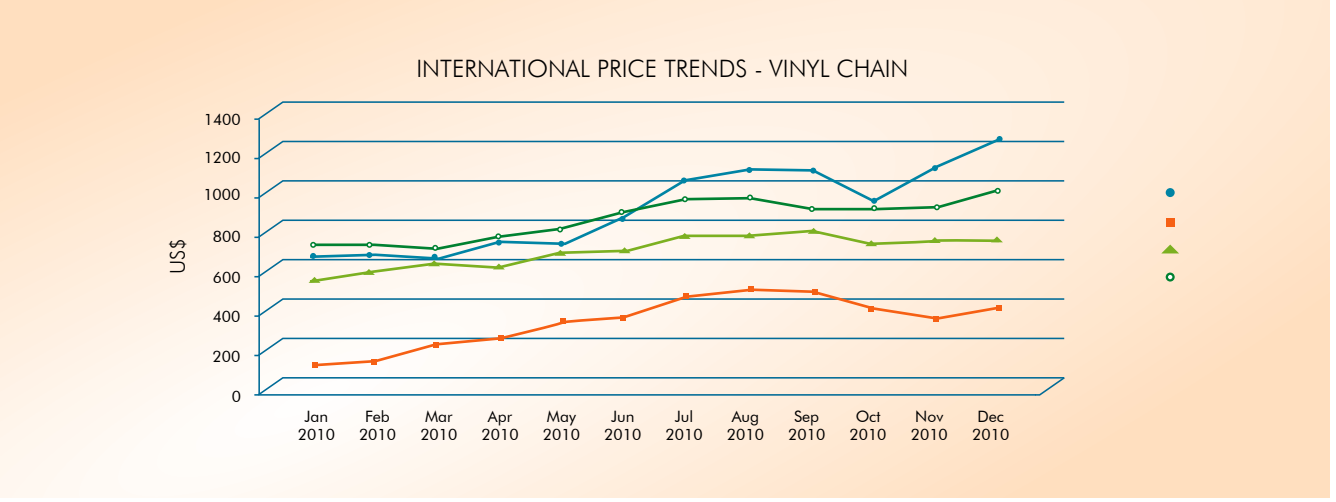
A Chlor-Alkali plant came into commercial operation from August 1, 2009. Caustic Soda production during the year was 39K tons. The successful launch of Caustic soda was well received by the customers and made quick inroads into the domestic market. A total of 32K tons were sold in the domestic market whereas 2K tons were exported through its subsidiary. The success of Caustic soda is mainly attributable to high product quality supported by competitive pricing and an efficient distribution system. In order to ensure timely product availability in the Northern Region, the Company has arranged for a dedicated storage facility in the North. This has been exceedingly helpful in reducing the customer supply lead time.



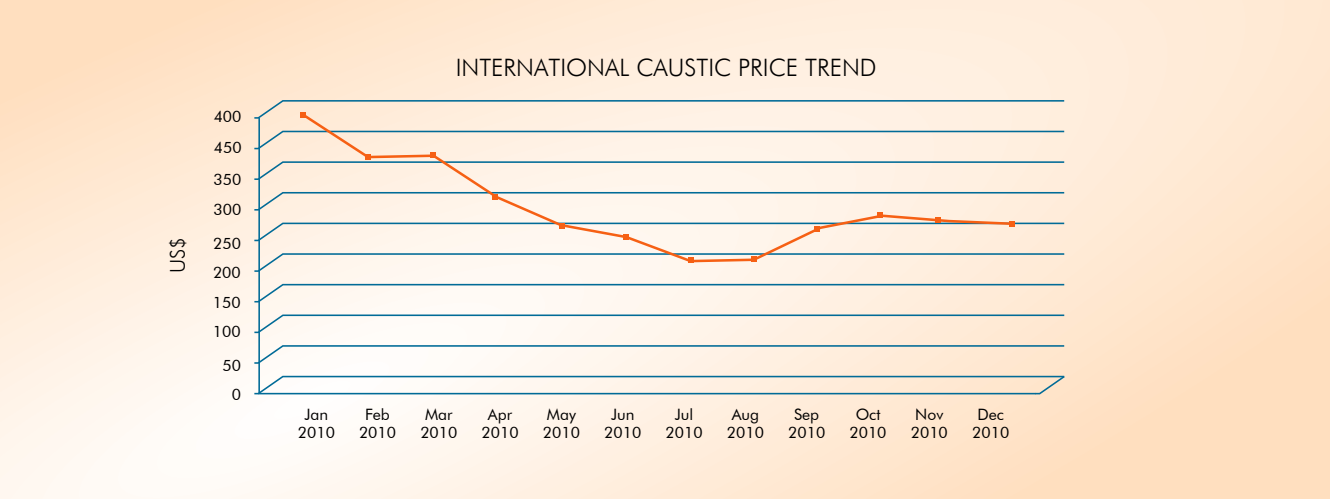
EDC plant also came into commercial operation from August 1, 2009 and produced 42K tons of EDC. The delayed commissioning of VCM plant meant that EDC produced could not be fully utilized to manufacture VCM. Therefore, the Company exported 32K tons of EDC through its subsidiary. A total of 6K tons of VCM was also produced during the year which was used in production of PVC. 7K tons of Sodium Hypochlorite produced from Chlor-Alkali plant was sold in the domestic market. The Company also entered into a Power Supply Agreement with Karachi Electric Supply Corporation (KESC) during the year to sell surplus power to KESC. The sale of power commenced from end of August and an average of 9MW power was sold by the Company during the year. The Company's infrastructure allows it to sell up to 18 MW to KESC.

PRICE TRENDS

Despite the nose-diving prices in the third and fourth quarter of 2008, International PVC prices managed to stage a convincing recovery during 2009. As prices increased from around $600/ton in the beginning of the year to around $900/ton by August 2009, PVC prices dropped slightly, on account of slow demand in September to November 2009 period only to surge back to $940 per ton in December.

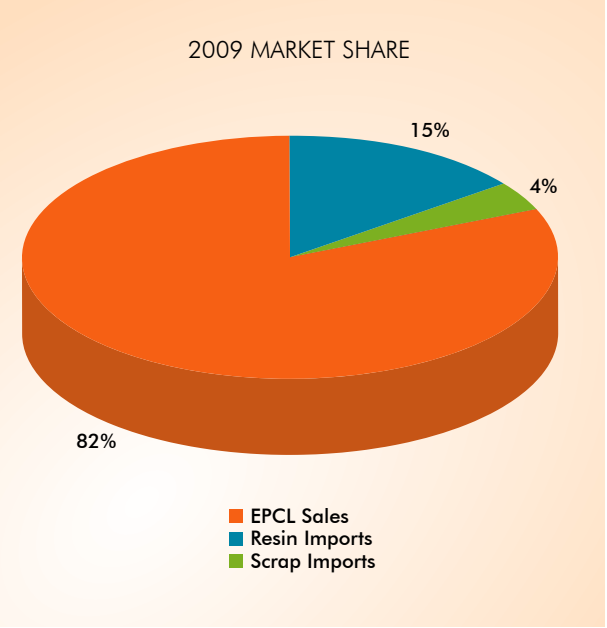


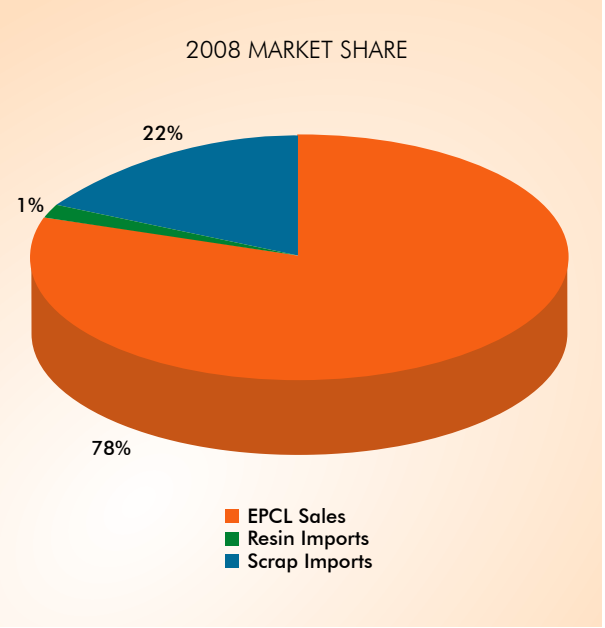
Average international PVC-VCM margin, in 2009, remained around $150 per ton after plummeting to an average of $57 per ton in the fourth quarter of 2008. The upward trend displayed by Ethylene prices in 2009, went from $620 per ton in January to $1,205 per ton in December 2009. This increase was attributable to high crude oil prices coupled with supply-demand gap in the region. High Ethylene prices also supported higher VCM and PVC prices. International Caustic soda prices remained high at the beginning of the year given the tight supply to curtail chlorine production and the weakness in Vinyl prices; and as Vinyl prices staged recovery, Caustic soda prices showed a declining trend before stabilizing at current levels.



MARKET SHARE

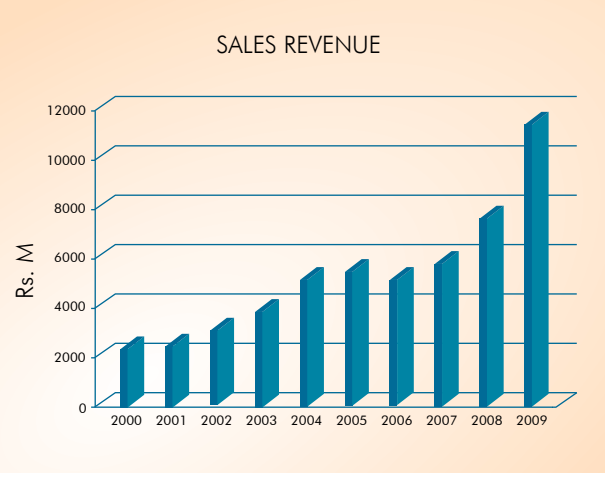
The Company remains the sole manufacturer of PVC in the country and an estimated 5K tons (approximately) of PVC resin was imported during the year.

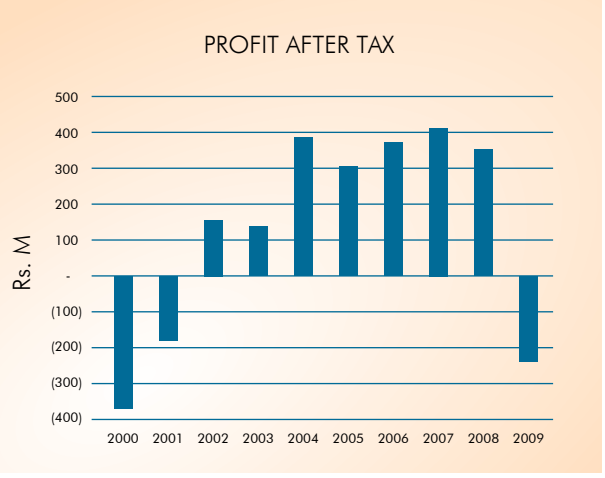




FINANCIAL REVIEW

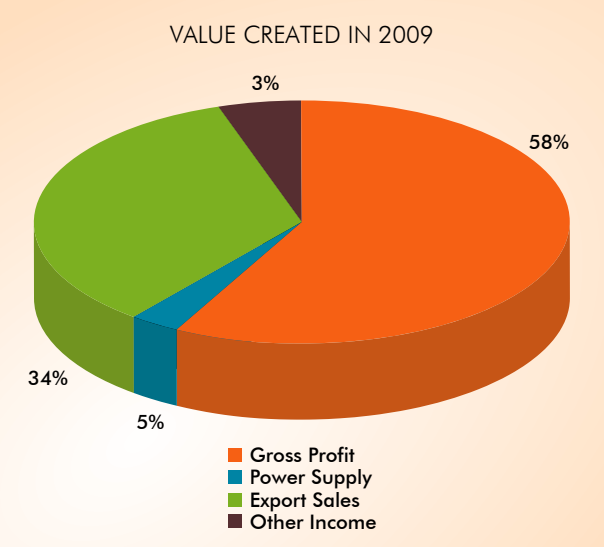
Last year, the Company suffered from a loss after tax of Rs. 232M and a profit after tax of Rs. 353M last year. The Consolidated loss after tax, on the other hand was Rs.194M while the consolidated profit after tax was Rs.350M. These losses can be explained by incremental costs related to depreciation, financial charges and other fixed costs on account of expansion and back integration. Moreover, full economic benefits of the integrated facility could not be attained as the VCM plant had not come into commercial production.

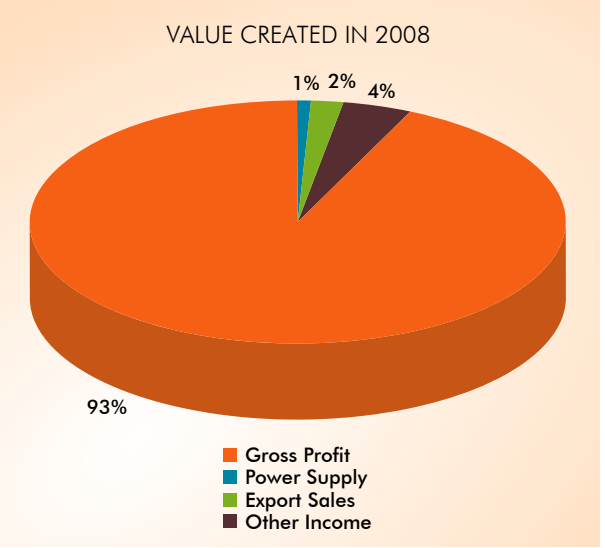




The expansion and back integration project resulted in an increase of Rs. 4,277M in the Company's total assets.

VALUE CREATION AND DISTRIBUTION

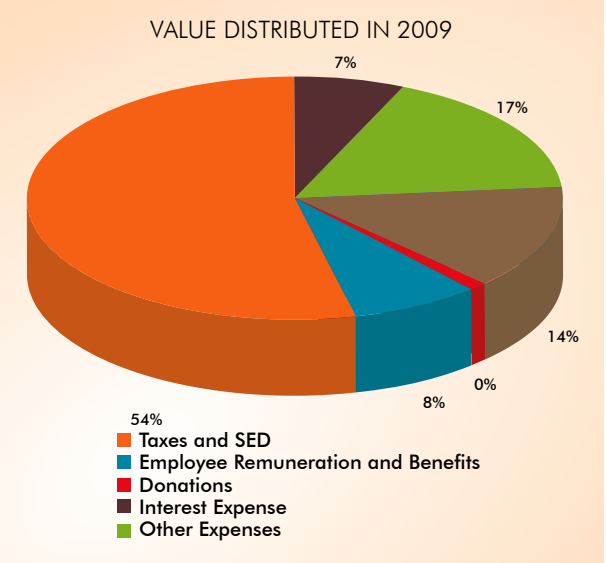


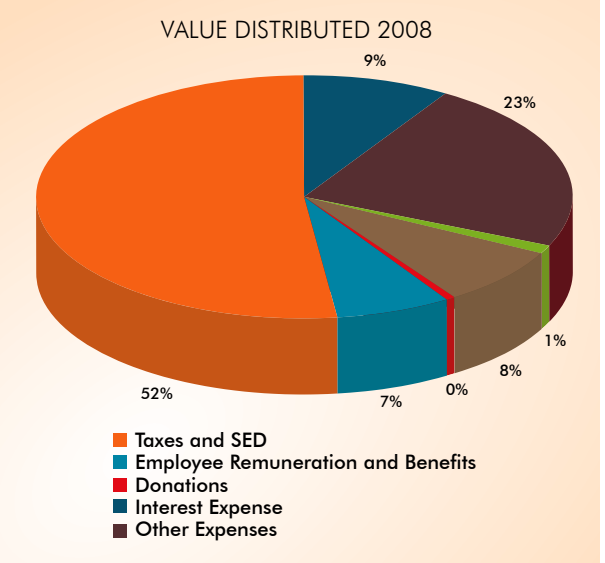


STATEMENT OF VALUE ADDITION AND DISTRIBUTION

Value Addition	2009	2008
Gross Sales	12,222,826	9,449,462
Supply of Electricity	214,924	24,177
Export Sales	1,463,441	79,223
Other Income	116,422	124,945
Export Rebate	667	69
Cost of Material	(9,704,244)	(6,470,700)
Total	4,314,036	3,207,176

Value Distribution	2009	2008
Taxes and SED	2,340,773	1,685,275
Employee Remuneration and Benefits	339,100	232,881
Donations	7,527	1,527
Dividends	-	252,896
Interest Expense	606,175	33,531
Other Expenses	704,959	726,643
Retained in the Business	315,502	274,423
Total	4,314,036	3,207,176





BUSINESS OUTLOOK

Scrap Conversion and continuation of Government sponsored projects will enable PVC domestic sales to show a marked growth in 2010. PVC-VCM margin is also expected to improve next year once the VCM plant comes into commercial operation in first quarter of 2010. Similarly, high Oil prices and supply demand gap in Ethylene are expected to maintain high Ethylene prices during the first half of 2010; however, additional capacities are scheduled to come online in the second half which should ease off some pressure and consequently, Ethylene prices may decrease. This will have a trickle down effect on the PVC and VCM prices. Demand for Caustic Soda is estimated to be strong and the Company is determined to capture maximum market share by offering value for money in terms of product quality and customer services. EPCL also plans to continue the sale of surplus power to KESC. Meanwhile, the power crisis will continue to play a major role not only in determining the country's economy but also in sustaining demand for both PVC and Caustic soda. The Company's strategy would continue to maintain focus on domestic market and export any surplus available product.

SHAREHOLDING OF THE COMPANY

The shareholding of the Company at Dec 31, 2009:

Description	No. of Shares	Holding %
Engro Corporation Limited	292,400,000	56.2
International Finance Corporation	76,200,000	14.6
Mitsubishi Corporation	57,000,000	11.0
EPCL Employees Trust	18,000,000	3.5
Banks, Development Financial Institutions, Non-Banking Financial Institutions	6,483,247	1.2
Modaraba and Mutual Funds	4,814,778	0.9
Insurance Companies	320,000	0.1
Individuals and others	65,149,652	12.5
Total	520,367,677	100.0

Table 1 - Shareholding of the company Dec 2009

EMPLOYEES' SHARE OPTION SCHEME

The employees' share option scheme (the Scheme) was originally approved by the shareholders at their Extraordinary General Meeting (EGM) held on October 8, 2007. Through this scheme, employees considered critical to the business operations were granted options to purchase 5.3 million newly issued ordinary shares at an exercise price of Rs. 22 per ordinary share. The number of options granted was calculated by reference to the criticality of an employee to the business and with the approval of the Board Compensation Committee. The options carry neither right to dividends nor voting rights. Vesting period started from the 'grant date' and ended on December 31, 2009, after which time the options can be exercised within a period of two years.

The Company had proposed certain changes relating to 'grant date' in the originally approved Scheme sometime in the last year. These changes were approved by shareholders at their EGM held on June 27, 2008, and subsequently by the Securities and Exchange Commission of Pakistan on September 25, 2008. The 'grant date' is the date of EGM held on October 8, 2007, when the Scheme was originally approved as per the approved change to the Scheme. The effect of the change in the grant date aggregating Rs.1 million had been recognized last year. Movement of the Deferred Employee Compensation expense for the year has been as follows:

	Asif Qadir	1,192,858
	Syed Ahsenuddin	792,858
	Arshaduddin Ahmed	392,857
	Syed Nayyar I. Raza	242,857
	Zia Naeem Siddiqui	242,857
	Syed Ashar Hussain	142,857
	Saleem Lallany	67,857

FINANCIAL RISK MANAGEMENT

The treasury activities are controlled and carried out in accordance with the policies approved by the Board. Funding risk, interest rate and currency risk are kinds of risks managed by the Treasury function. The purpose of the treasury policies is two-fold - it ensures that adequate cost-effective funding is available to the Company at all times while exposure to funding risk is minimized. The Company uses interest rate, swaps and forward currency contracts keeping in view the exposure to related risks and regulatory framework, to manage both interest and currency rates on the underlying business activities.

Category of Shareholding

Shareholding information at Dec 31, 2009 required under the reporting framework is as follows:

Associated Companies, undertakings and related parties

Description	No. of Shares	Holding %
Engro Corporation Limited	292,400,000	56.2
International Finance Corporation	76,200,000	14.6
Mitsubishi Corporation	57,000,000	11.0
EPCL Employees' Trust	18,000,000	3.5

Table 2 - Shareholding information of associated companies, undertakings and related parties

Summarized Category of Shareholding

S.No.	Shareholders Category	No. of Shareholders	No. of Shares	Holding %
1	Joint Stock Companies	115	370,619,637	71.3
2	Directors	10	10	-
3	Individuals	41,222	43,930,005	8.4
4	Trust	1	18,000,000	3.5
5	Banks, Development Finance Institutions, Non-Banking			
6	Finance Institutions	9	6,483,247	1.2
7	Modarabas and Mutual Funds	15	4,814,778	0.9
8	Insurance Companies	2	320,000	0.1
9	International Finance Corporation	1	76,200,000	14.6
	Total	41,375	520,367,677	100

Table 3 - Summarized Category of Shareholding

BUSINESS RISK AND CHALLENGES

Following risks are considered to be relevant in evaluating the overall Outlook and Business Strategy of the Company.

Risk Factors	Mitigants
Reduction in Domestic Demand of PVC and Caustic Soda	EPCL's annual production capacity of PVC is 150K tons - the optimum range for Pakistan market. Over the years, the Company has also developed an export customer base in the International market and is positioned to export surplus quantities of PVC. Caustic soda was recently launched in the domestic market; the product gained market penetration in a very short period of time. Production capacity of EPCL is sufficient to meet one-third of the domestic demand. If ever demand is reduced, EPCL would be in a position to maintain its sales volume on account of its competitive advantage in terms of more efficient operations and product quality. Moreover, EPCL also has the capability to export Caustic Soda.
Non Availability of Main Raw Materials of PVC	In the integrated facility, Ethylene is the main raw material required by EPCL to produce PVC. The risk of non-availability of Ethylene is very low since additional Ethylene capacities have been explored in the Middle East. Besides, EPCL still has the capacity to produce PVC by importing VCM and exporting EDC.
Increase in Crude Oil Prices Resulting in Increase of Ethylene Prices	The financials of the business are affected by PVC-Ethylene margins. Both PVC and Ethylene are part of the chlor vinyl chain; therefore increase in Ethylene prices would also push PVC prices higher.

ENVIRONMENT, HEALTH & SAFETY

EPCL believes in the protection and conservation of environment while ensuring that all operations and activities remain environment friendly. The Company has a comprehensive Environmental Management System (EMS), certified and regularly audited by ISO 14001:2004. EMS provides a framework for managing environmental responsibilities in an efficient way that is integrated into the overall manufacturing operations. To produce PVC with minimum damage to the environment is every employee's objective which is stewarded and followed up in the yearly appraisal system. Different procedures have been made and are being followed to cover all possible activities within the Environment Management Perspective.

ENVIRONMENT AT EPCL

EPCL believes that in upcoming years, after all the project commissioning, there will be no NEQS excursion, no moderate and major VCM release, no NCR related to environment and it will have no environmental incident. Environment plan 2009 has specifically focused on the implementation of Management Control limits (MCL) for emissions, effluent and solid waste, which are called internal control limits with ranges well below NEQS.

The facility invested in installing an Aerobic Bacteria based system of water treatment. All the plant effluent has to pass through this system before being disposed off to sea. The system has an on-line pH analyzer and a DO2 meter. Plant effluent is tested regularly against various parameters. Any deviation from NEQS is recorded, investigated and actions are taken to avoid recurrence. Emissions from our plant-site are regularly monitored against SOx, NOx, particulate matter and VCM.

ENVIRONMENT IMPACT ASSESSMENT

EPCL has established and maintained procedures for identifying the environmental aspects of its activities and products in order to determine those which have or can have significant impacts on the environment.

The procedure to identify the significant environmental impacts includes normal operating conditions, shutdown and startup conditions and potential emergency situations. This procedure considers, where relevant: Discharge to air, Discharge to water, Land Contamination, Waste for Landfill, Waste for incineration, Waste for reuse / recycle and Emergency.

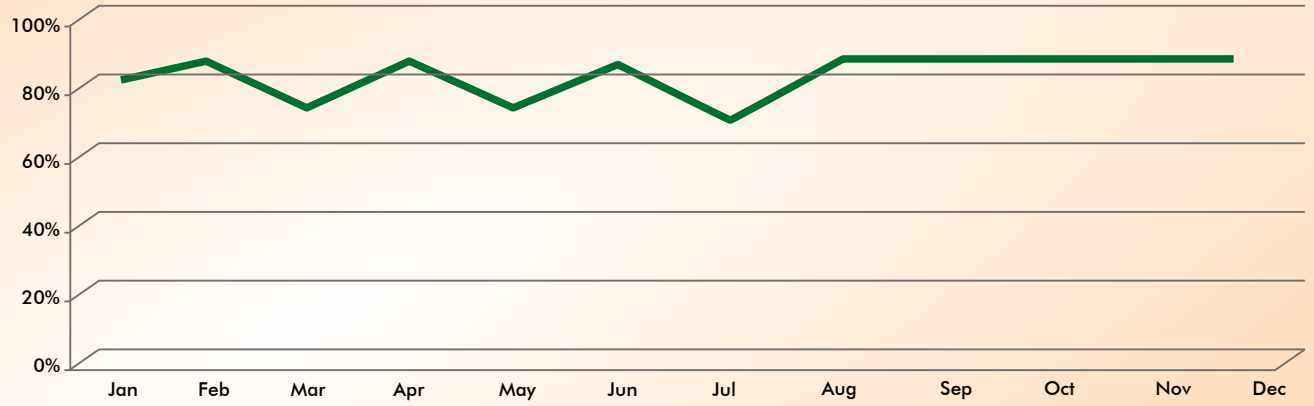
EPCL maintains records of all environmental impacts and considers significant impacts in setting its environmental objectives. Legal requirements and significant environmental aspects are considered in establishing and reviewing objectives. Designation of responsibility for achieving objectives and targets, and means and time frame by which they are to be achieved is included in the program for achieving environmental objectives. EPCL has also established and maintained a procedure for including environmental management in new developments and projects. This includes consideration of planning, design, production, marketing and disposal stages where appropriate and practical.

These targets and objectives are stewarded through Environmental Steering Committee (ESC). The committee also reviews the Environmental Management System to ensure its continuing suitability, adequacy and effectiveness.

EPCL has established and maintains a program and procedure for conducting periodic environmental management system audits, in order to determine whether or not the environmental management system conforms to plan arrangements for environmental management and to provide information on the results of audits to management.

EMS is subjected to Internal and External Audits for its continuous improvement and compliance with the environmental policy and procedures on an annual basis. Well trained and qualified Company employees conduct the Internal Audit as per the defined frequency. External Audit is done through URS. EPCL has volunteered for the SMART program and is very particular about sending in timely reports.

ENVIRONMENTAL PERFORMANCE - 2009



ENVIRONMENTAL PERFORMANCE SCORECARD FOR THE MONTH OF JAN TO DEC 2009

No.	Parameter	Units	NEQS/CP/ GTR/ ECPL	MCL	MAX. SCORE	YTD	JAN	FEB	MAR	APR	MAY	JUN	JULY	AUG	SEP	OCT	NOV	DEC
1	EFFLUENT QUALITY																	
	COD	ppm	150	120	10	9	10	10	10	10	10	10	0	10	10	10	10	10
	BOD	ppm	60	80	10	9	0	10	10	10	10	10	10	10	10	10	10	10
	SS	ppm	200	130	10	10	10	10	10	10	10	10	10	10	10	10	10	10
	pH	ppm	6 - 9	6.8-8.3	10	8	10	10	10	10	10	10	0	10	0	10	10	0
	TDS	ppm	3500	2200	10	10	10	10	10	10	10	10	10	10	10	10	10	0
	VCM	ppm	5	5	10	10	10	10	10	10	10	10	10	10	10	10	10	10
	Oil & Grease	ppm	10	5	10	10	10	10	10	10	10	10	10	10	10	10	10	10
	Phenoles	ppm	0.1	0.05	10	10	10	10	10	10	10	10	10	10	10	10	10	10
	Temp	C	40	40	10	10	10	10	10	10	10	10	10	10	10	10	10	10
2	EMISSIONS QUANTITY																	
	SOx Emissions from Stacks	ppm	1700		10	10	10	10	10	10	10	10	10	10	10	10	10	10
	NOx Emissions from Stacks	ppm	400		10	10	10	10	10	10	10	10	10	10	10	10	10	10
	CO Emissions from Stacks	ppm	800		10	8	10	10	0	10	0	10	10	10	10	10	10	10
	Particulate Matter Emissions from Stacks	ppm	300		10	10	10	10	10	10	10	10	10	10	10	10	10	10
3	VCM losses- excluding offspec2 impact	Tons	1 ton/month		10	7	10	10	0	10	0	10	0	10	10	10	10	10
4	HCFC vented (R-12)	kg	0		10	1.1	0	0	0	0	0	0	0	0	10	10	0	0
5	NG Consumption				10	The data for NG consumption was observed within corporate plan from Jan to Nov												
6	Paper Consumption	rim/ employee/ month	0.45		10	8.09	8.00	8.22	8.44	9.11	8.00	7.78	8.22	7.33	8.00	7.78	8.22	8.0
7	Water Consumption Index	k-gal/ month			10	The data for NG consumption was observed within corporate plan from Jan to Nov												
				%	180	140 78%	138 77%	148 82%	128 71%	149 83%	128 71%	148 82%	118 66%	147 82%	148 82%	148 82%	138 77%	118 66%

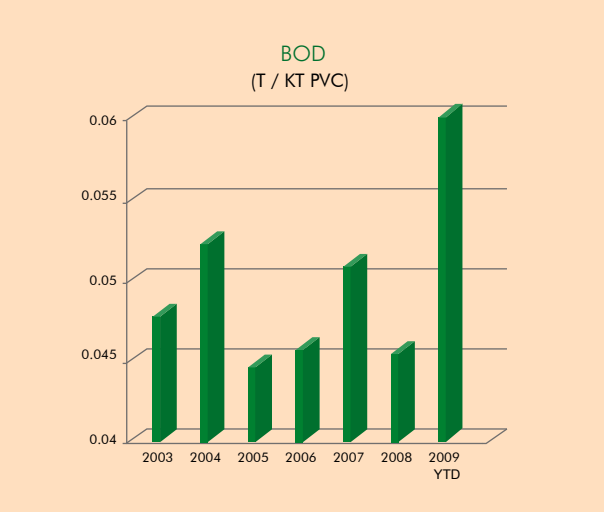
ENVIRONMENTAL FOOTPRINTS - 2009

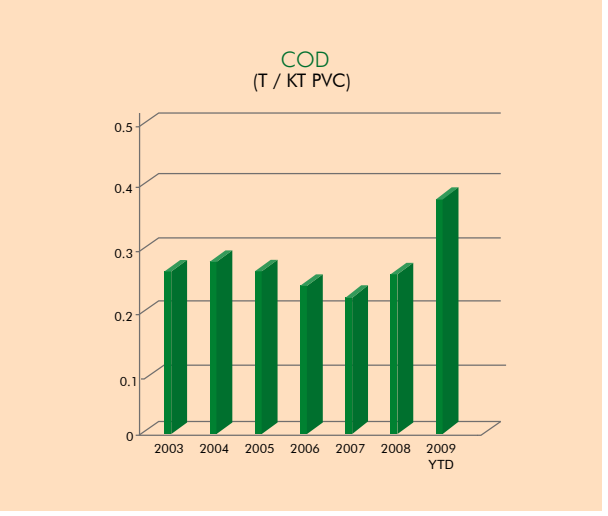
				Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
		Peak	Avg	Avg	Avg	Avg	Avg	Avg	Avg	Avg	Avg	Avg	Avg	Avg	Avg
EFFLUENT QUALITY															
COD	ppm		120	75.00	83.77	46.08	53.22	66.00	60.00	79.00	74.00	75.00	81.00	69.18	64.97
BOD	ppm		30	46.00	19.00	20.80	20.25	21.00	15.00	12.00	11.00	13.00	14.00	16 .87	0.00
SS	ppm		130	65.00	83.69	39.31	53.78	55.00	50.00	57.00	63.00	61.00	60.00	57.29	50.07
TDS	ppm		2200	570.00	608.23	565.88	680.52	690.00	772.00	921.00	1053.00	901.00	771.00	995-47	1071.00
VCM (Internal limit)	ppm		5	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Oil & Grease	ppm		5	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.00	3.00	0.00
Phenoles	ppm		0.05	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
pH			6.8 - 8.3	8.00	7.61	7.88	7.75	8.00	8.00	7.90	8.00	8	8	8	7.91
Temp	C			27.00	27.88	28.73	29.35	30.00	30.00	30.00	30.00	30.00	29.00	28.48	27.15
EFFLUENT QUANTITY	m3/hr		50	45.68	39.92	38.81	46.76	50.32	44.21	45.17	98.52	149.60	176.82	218.33	167.62
Flue Gas Generated	1000 Nm3 /Month			109739	185105	166287	1447710	202897	264549	344535	377169	371458	387412	0.00	0.00
CO2 Emissions from Stacks	Tons			5692.4	6945.1	6996.4	7100.7	9478.2	13850.7	19895.5	25144.9	25668.6	27872.2	0.00	8937.5
SOx Emissions from Stacks	mg/Nm3		500	0	0	0	0	0	0	0	0	0	0	0.00	0.00
NOx Emissions from Stacks	mg/Nm3		200	50.5	76.25	40	19	38.5	63	37	6	32.55	60.75	43.25	8.0
CO Emissions from Stacks	mg/Nm3		400	29.75	4	187.75	0.25	184.25	2	0.25	62.75	2.25	14.25	12.75	6.0
Particulate matter Emissions	mg/Nm3		100	45	4.5	4.5	0.75	4.5	6.75	9	6.75	6.75	9	9	1.50
from Stacks															
VCM Emissions (Fugitive+venting)	Ton/month		1	0.77	0.55	1.45	0.68	1.09	0.89	1.04	0.96	0.70	0.68	0.7	0
NATURAL RESOURCES CONSUMPTION															
NG Consumption	00m ^ /t			2.02	4.40	4.75	3.06	3.35	5.31	9.90	9.47	11.903	12.495	11.9	8.243
Water Consumption Index	kgal/t-PVC			1.85	2.95	4.99	3.15	3.60	4.68	5.53	7.20	8.04	6.44	7.5	10.24
Solid Waste from Scrap yard	Tons		50.0	2.90	4.78	1.31	1.96	1.05	4.60	8.7	2.7	4.43	17.618	17.62	0.0825
Paper Consumption	Ream/Emplo-yee/month		0.45	0.36	0.37	0.38	0.41	0.36	0.35	0.37	0.33	0.36	0.35	0.37	133.00
HCFC Vented (R 22)	kg		56	13.00	2.30	7.20	14.00	10.00	5.00	24.80	14.50	0.00	22	9	25

Note: The score is given on the scale of 0-10. Where min score is 0 and max score is 10.

EFFLUENT QUALITY

Note: The High Effluent Quantity is being observed due to Expansion Project

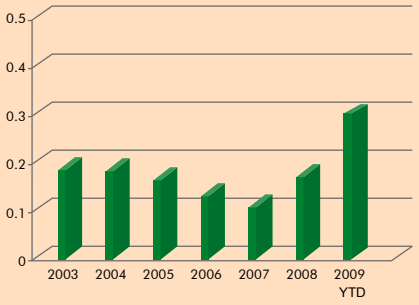




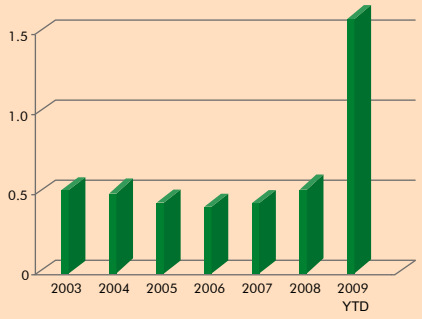
ENVIRONMENTAL FOOTPRINTS - 2009

EMMISSION PROFILE

SUSPENDED SOLID
(T / KT PVC)

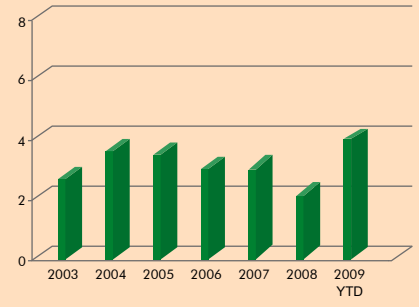


CO2
(T / T PVC)

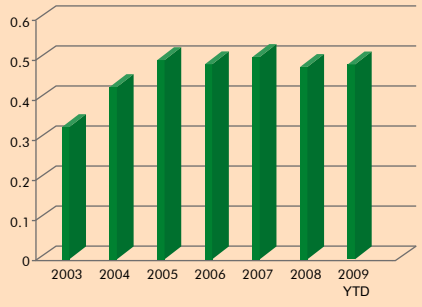


Note: With the commissioning of two new gas turbines of 25 Mega watt each / and heat recovery steam generator the CO2 Emissions are observed to be higher than previous years.

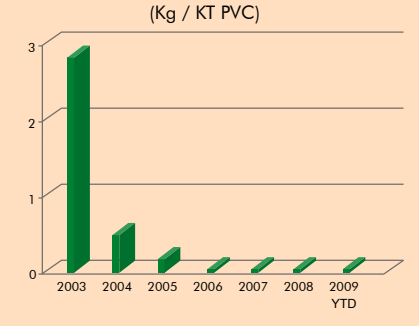
TOTAL DISSOLVED SOLID
(T / KT PVC)



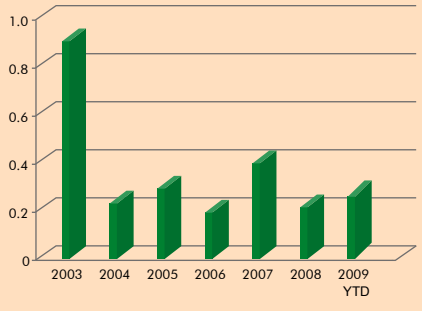
NOx
(T / KT PVC)

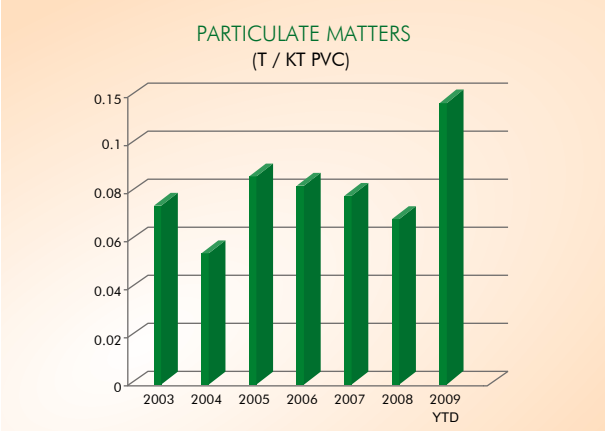


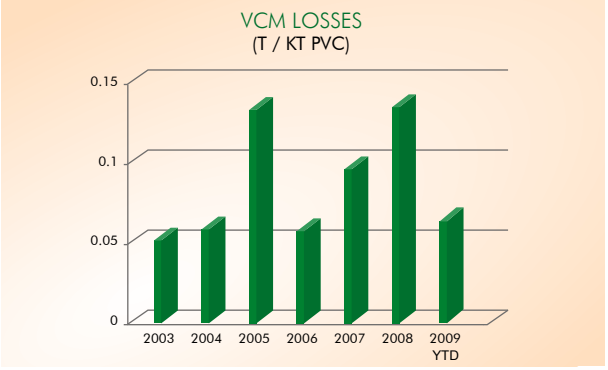
VCM IN EFFLUENT
(Kg / KT PVC)



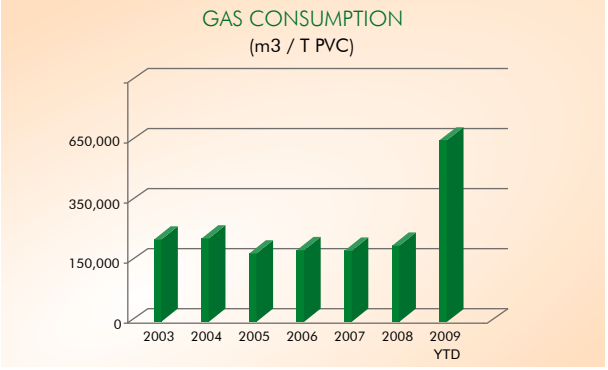
CO
(T/ KT PVC)



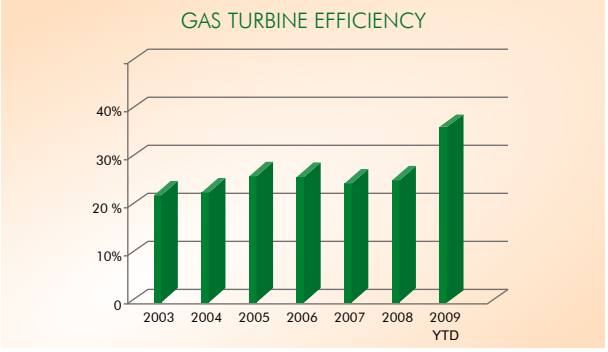


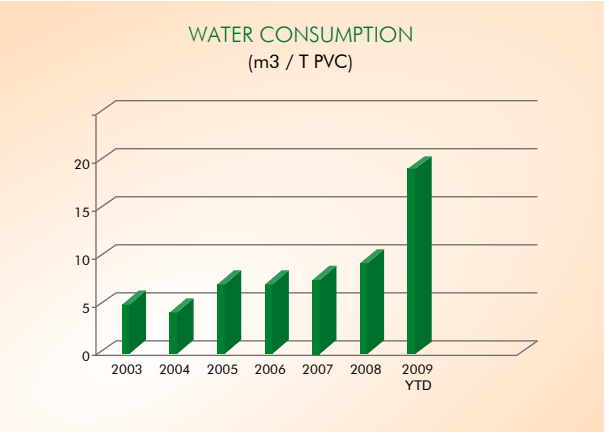


NATURAL RESOURCE CONSUMPTION



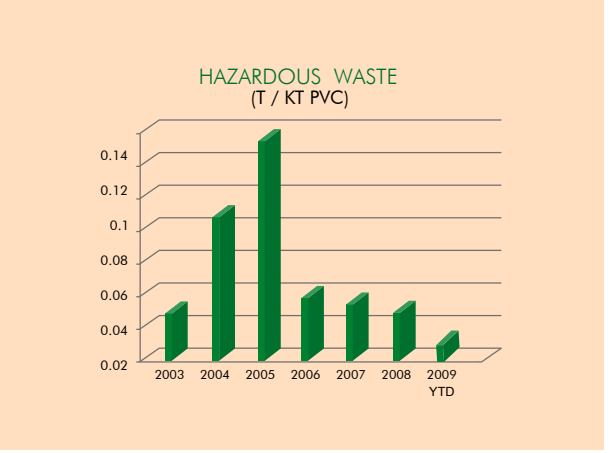
Note: Two new gas turbines have been introduced each of 25MW, the major consumption of gas is in the production of Caustic Soda. The figure is calculated on the trend reported for last 5 yrs.





Note: The 2009 data of water consumption is observed to be higher because of diverse production.The water was consumed separately for different operational units that includes EDC, CA & Powerplant. Total water consumed is observed to be 2211214m3. The figure is calculated on the trend that has been reported for last 5 yrs.

WASTE MANAGEMENT



Note: 80 tons of waste generated from EDC-VCM (heavy end) which was separately sent for off-site inceneration because of temporary limtiations of incenertaion capabilities.

Note: 17 tons of Non Hazardous Waste Sludge was sent for land filling at SEPA designated land fill site

ENVIRONMENT INITIATIVES

Environment holds a prime position in EPCL Core Values. EPCL is serious about taking initiatives to protect the environment and believes in conserving environment while ensuring that all our operations and activities remain environment friendly. Since business can have impact on the health and safety of the employees, customers and neighbouring community, the Company is fully committed to ensuring the highest standards of Health, Safety & Environment.

As part of the ongoing focus on environment, the Company has ensured that potential environmental impacts of the project are fully assessed and mitigated. The expansion project envisaged state of the art environmental initiatives like waste effluent handling, solid & liquid waste disposal, incinerator revamping, DCS control, CFC replacement and Hydrogen firing. These environmental initiatives have cost EPCL around 4.4 million US dollars to implement. Beside these, in order to ensure that only NEQS compliant water is discharged into the effluent, EPCL has invested in constructing an on-site Evaporation pond along with acid neutralization facility. Our new wastewater unit is also functional from the year 2009.

Evaporation Pond To Control Chlorides

In order to comply with National Environment Quality Standards (NEQS), EPCL has invested in constructing an on-site Evaporation pond, which is now functional. It has the ability to take the high chloride water stream from the process units where the effluent evaporates, instead of being discharged to the sewer. This not only endorses EPCL's commitment for Biodiversity but also ensures that the nearby sea remains clear of any water pollution.

Environment Awareness Campaign

The environment awareness campaign includes different awareness sessions related to Environment, strengthening EMS and practices, awareness of applicable standards and laws, which includes lectures, dialogue, and group discussions. Information is shared among the employees regarding many environmental topics, with an emphasis on:

- Global Warming & Climate Change
- Waste Management & Recycling
- The Importance of Protecting Forests
- Encouragement to Plant Trees
- Measures to Decrease Pollution
- Conserving Water

EPCL has dedicated days to celebrate "Environment Day" and "Earth Day" to recognize our environmental achievements and performance by involving the employees, children and communities.

SAFETY & HEALTH

The Company's foremost objective is to ensure safe operations of the plant in a manner that its employees, neighboring community, plant equipment and the environment are not endangered. The Company strongly believes in its Safety Philosophy.

Engro Polymer & Chemicals Ltd. 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 operation of the facilities.

To implement this philosophy, a risk management program is established which complies with the requirements in the following key areas:

- Safety, Environment & Industrial Hygiene Management Organization and Programs
- Design Engineering Practices and Controls
- Construction
- Operations and Maintenance Practices and Programs
- Emergency Preparedness

Management commitment, employee involvement and dedication to achieve excellence in safety are the pillars of safety management system at EPCL. Engro Polymer is upgrading its Safety Management Systems to align it with world proven DuPont Process Safety and Risk Management system (PSRM) and Personnel Safety Management system (PSM) to meet world class safety standards.

EPCL management committee headed by the Company President promotes and exercises control of Health, Safety and Environment issues and activities related to the Company, according to the set of environment policies approved by the Board of Directors. The management is committed to protect the environment and to ensure well-being and safety of men and women who work at EPCL. The committee ensures compliance with the applicable laws and requirements of the government and other stakeholders. The committee believes in continuous improvement to maintain effectiveness of health, environment and safety management systems.

At the manufacturing division, the top safety committee is the Safe Operations Committee chaired by the Plant Manager. The SOC's primary role is to promote, set standards, and monitor personnel safety, health & risk management in the areas of design, operation & maintenance of EPCL facility in-line with Company's safety policy. SOC not only grasps the present conditions and trends of Safety Performance but also reviews performance against safety targets and objectives. It also determines specific activities relating to the safety, formulating and promoting plans to carry out these activities. There is full safety organization which functions under SOC. It includes HSE department and other sub-committees which

SAFETY AND ENVIRONMENT STATISTICS

	2006	2007	2008	Plant YTD 2009	Others YTD 2009
LWI	0	0	0	1	3
Recordable Injury	-	1	2	9	0
FAC	0	3	1	26	5
TRIR	0	0.270	0.65	0.849	
NEQS Violations	1	0	0	3	0
Nearmiss	73	67	91	510	18
Operational Upset	0	2	2	35	0
Fires	0	1	0	1	0
VCM Leaks	2	1	4	3	0
Avg. Unsafe Situations/Audit Hrs.	6.28	8.63	8.365	9.89	9.53

Statistics are varying as the site was under commissioning

assist SOC in maintaining and reviewing site safety condition and area of improvements.

To ensure highest standards of safety, continuous improvement is maintained in all aspects related to procedures and training. Conformance to procedures is assured by periodic assessments and audits.

Contractor Safety Training

In order to safeguard life, property and environment during an emergency condition, EPCL has put in place a proper Emergency Response Plan which contains detailed instructions about what should be done in any emergency. The Plan describes the role statements of all the people working at the site. A separate Emergency squad is nominated which includes EPCL's own and contractor employees. An Emergency Control Centre led by Plant Manager remains standby to guide Emergency Squad for handling emergencies. An EPCL public affairs spokesman is nominated to address public in case of need.

EPCL holds four quarterly drills every year apart from weekly mock drills. During these drills, emergency scenarios are simulated and performance and awareness of the personnel is monitored. The results of these drills are shared with all the major interfaces and any shortcomings are corrected. EPCL also involves its neighboring industries and the Port Qasim Authority (PQA) in these emergency drills.

During mega expansion project of Chloro Alkali, EDC, VCM, Power plant and PVC Extension at our plant site, at one point of time, EPCL had additional contractor manpower of about 2000 construction workers at site. Efforts made in the safety during construction and erection phases resulted in the completion of the project without any single Lost Work Day injury.

EPCL regularly conducts trainings of all project contractors on key safety-related issues such as Emergency Response Plan, Fire Fighting, First Aid, Work Permits Procedure and PPEs etc. Brief refresher trainings are provided including daily safety talks before commencement of work. During Management field Audits, short interviews are also conducted to check the awareness of personnel regarding EPCL Environment and Safety rules and regulations.

Due to EPCL's continuous efforts as well as the commitment and dedication of all personnel towards safe work practices and maintaining a safe environment, EPCL has achieved more than 12.0 man hours without any Lost Work Injury (LWI). Unfortunately, the counter reset to zero most recently when an employee was injured in the Plant canteen. This was our first LWI case after April 2004.

EPCL is also member of National Safety Council - USA

SAFE OPERATIONS COMMITTEE

Engro Polymer & Chemicals Ltd., after the completion of its Back Integration Project, is one of the largest petrochemical complexes in Pakistan. The Company firmly believes in having a world class performance in Health, Safety & Environment. In order to achieve this performance, there are various committees and forums established to steward and monitor

Emergency Squad

parameters pertaining to Health, Safety & Environment. The highest level forum which is mandated to monitor and steward manufacturing safety performance is called Safe Operations Committee. The committee is chaired by the Plant Manager and has all the group heads as members. The Site Safety Advisor serves as the secretary of this committee. SOC's primary role is to promote, set standards for, and monitor personnel safety, health & risk management in areas of design, operation & maintenance of the facility in line with Company's safety policy.

The Safe Operations Committee is mandated to meet at least once every month and review safety performance for the month. The major part of this committee reviews Key Performance

established which reflect safety performance for the entire manufacturing area. These indicators include, but are not limited to the compliance of various audits, safety critical devices defeat history and their maintenance plan compliance, analysis of emergency response drills conducted during the month, observations from Management Safety Audits (MSA) and compliance to various recommendations. Scoring is done against each parameter and debit is given for non-compliance. SOC also provides guidance and solution to any other issue related to site safety. The SOC calendar is designed in a way that the critical parameters are monitored every month while other parameters are spread to quarterly or bi-annual frequency.

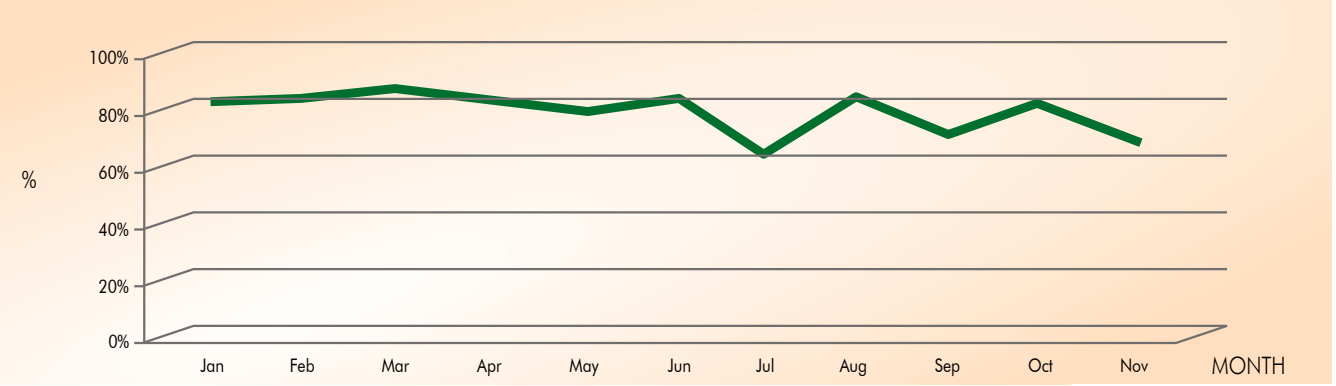
SITE SAFETY LEADING INDICATORS

Leading Indicators includes 31 items which are being monitored for EPCL Plant site and results are shared on a monthly basis in Safe Operation Committee (SOC).

		2009						
No.	Item	Max. Score	Min. Score	Score Current month	3Q-09	Avg. Score (Calc.)	Target 2009	YTD 2009
1	Management Safety Audit Compliance	10	0	8.5	91%	95%	90%	95.7%
2	Unsafe Situations/Audit HR	10	0	8.0	87%	78%	100%	78.2%
3	Fatality Observations Recommendations Closure Compliance	5	0	5.0	100%	100%	100%	100.0%
4	Compliance to B&D Level Safety Meetings	5	0	5.0	100%	100%	100%	100.0%
5	Effectiveness of D Level Committees	5	0	4.7	93%	93%	95%	93.7%
6	Compliance to Safety Trainings	5	0	5.0	100%	100%	90%	100.0%
7	Compliance to VCM Leakage Monitoring Plan	5	0	5.0	100%	100%	100%	100.0%
8	Reliability Check of Safety Critical Devices	10	0	7.3	96%	96%	100%	96.5%
9	B-Report Timeliness	5	0	2.8	26%	39%	90%	39%
10	Inspection Schedule Compliance	5	0	5.0	100%	100%	90%	100.0%
11	Inspection Recommendation Compliance	5	0	4.0	33%	65%	90%	64.1%
12	Temporary Repair Compliance					100%	100%	100.0%
13	Risk Management Audit Compliance	5	0	5.0	100%	100%	100%	100.0%
14	Risk Management Recommendation Compliance	5	0			67%		66.8%
15	Weekly Emergency Response Drills Scores	5	0	4.5	89%	89%	90%	88.7%
16	Quarterly Drills Recomm. Compliance	5	0	1.7	91%	86%	80%	97.4%
17	SOC Recommendations Compliance	10	0	5.0	53%	76%	80%	75.9%
18	PHA Recommendations Compliance	5	0		41%	45%	80%	39.1%
19	Compliance to PSSR Recommendations	5	0	1.0	50%	36%	85%	35.5%
20	Work Permit Procedure Compliance - Audits	10	0	9.7	94%	95%	95%	95.2%
21	Procedures Field Execution Compliance	5	0	3.2	69%	66%	100%	66.1%
22	IRRs Compliance	5	0	3.7	52%	58%	80%	57.5%
23	Quality of B Reports - IRRC Review	10	0	7.8	78%	78%	80%	77.6%
24	Nearmiss Scores	5	0	5.0	100%	100%	80%	99.8%
25	SCDs Time of Defeat	0	-5	-0.9	55%	55%	100%	55.2%
26	PSI Compliance						100%	0.0%
27	Compliance to Management of Change	0	-5	0.0	100%	100%	100%	100.0%
28	Plant Housekeeping	0	-5	0.0	87%	91%	100%	90.9%
29	Compliance to PSSRs	0	-5	0.0	100%	100%	100%	100.0%
30	Debits due to Incidents							
a.	Repeat Waiver	0	-3	0.0	100%	100%		100.0%
b.	First Aid Case	0	-3	-3.0	33%	55%	100%	54.5%
c.	MTC	0	-5	0.0	67%	91%	100%	90.9%
d.	RWC	0	-10	0.0	100%	100%	100%	100.0%
e.	LWI	0	-20	-20.0	67%	82%	100%	81.8%
f.	Fatality	ALL ZERO			100%	100%	100%	100.0%
g.	Fire/Operational Upset / Recurring incid.	0	-5	0.0	0%	27%	100%	27.3%
	Total	130		82.8				
	Overall Score(%)			64%		75%		76%

Note: The score for the month of December was zero due to fatality.

SAFEY PERFORMANCE JAN - NOV 2009



2009										
Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
100%	99%	100%	100%	100%	100%	100%	89%	85%	84%	85%
80%	80%	100%	80%	0%	80%	100%	80%	80%	100%	80%
100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
93%	93%	93%	93%	94%	93%	93%	93%	92%	93%	93%
100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
100%	100%	100%	100%	100%	100%	100%	100%	88%	100%	73%
33%	40%	29%	43%	67%	29%	27%	25%	25%	55%	56%
100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
100%	62%	87%	100%	75%	60%	0%	100%	0%	50%	80%
NA	100%	100%	NA	NA	NA	NA	100%	NA	100%	NA
100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
40%	86%	50%	92%	33%	100%	NA	NA	NA	NA	NA
93%	88%	90%	91%	83%	90%	92%	86%	NA	85%	89%
100%	100%	NA	100%	100%	100%	100%	NA	82%	57%	33%
79%	100%	73%	85%	86%	54%	50%	44%	64%	100%	100%
54%	44%	83%	50%	NA	0%	22%	NA	60%	NA	NA
30%	26%	53%	33%	43%	20%	4%	100%	46%	17%	19%
98%	93%	93%	97%	96%	96%	96%	93%	94%	94%	97%
68%	45%	56%	61%	67%	79%	57%	74%	75%	81%	65%
91%	49%	30%	64%	59%	49%	47%	59%	49%	63%	73%
75%	85%	84%	73%	76%	72%	81%	80%	72%	78%	78%
100%	100%	100%	100%	98%	100%	100%	100%	100%	100%	100%
47%	24%	29%	41%	100%	73%	53%	65%	47%	46%	82%
NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
80%	80%	100%	100%	100%	100%	80%	80%	100%	80%	100%
100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
0%	100%	0%	100%	100%	100%	100%	0%	0%	100%	0%
100%	100%	100%	100%	100%	100%	100%	100%	0%	100%	100%
100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
100%	100%	100%	100%	100%	100%	0%	100%	100%	100%	0%
100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
100%	0%	100%	0%	0%	0%	0%	0%	0%	0%	100%
80%	78%	81%	80%	76%	79%	60%	79%	67%	78%	64%

Due to our continuous efforts as well as the commitment and dedication of all personnel towards safe work practices and maintaining a safe environment, EPCL has achieved more than 12.0 M man hours without any Lost Work Injury (LWI) this year.

ORBITUARY

In December, 2009, a fire incident took place at the VCM plant. One of our colleagues was injured. EPCL provided all the facilities to treat his 3rd degree burns, but after 12 days of medical treatment, he succumbed to his injuries.

COMMUNITY AWARENESS AND EMERGENCY PREPAREDNESS

EPCL believes in the "Safety over Production" concept. i.e. for us, safety is always of paramount concern. EPCL, being the largest petrochemical complex in the country, generates and consumes quite a number of hazardous chemicals / gases at plant site which are stored, transported and processed for conversion to Poly Vinyl Chloride (PVC). Handling such chemicals and gases in enormous volume creates vulnerability to incidents and chances of exposure to such chemicals. Any accidental release and explosion can lead to the formation of hazardous gas cloud which may have the potential to affect the neighboring organizations and community. Being a safety conscious organization, EPCL always encourages a safety attitude among its employees to safeguard the community. Having so many hazardous gases at site, EPCL has adopted a new system of management provided by DuPont based on OSHA standards known as Process Safety and Risk Management (PSRM).

As per PSRM, emergency response and communication is the most crucial protocol that needs to be developed and maintained at all time which addresses the following points.

- Types of Emergencies.
- Detection, Declaration and Reporting of Emergencies.
- Role and Responsibilities for All Individuals.
- Fire Fighting and Emergency Handling Procedures.
- Community Awareness Program.

We have categorized emergencies in two levels: Emergency Level I is based on the effect of accident or release limited to EPCL Plant site only, whereas Emergency Level II is announced when after-effects of emergency may also affect the surrounding community and neighboring organizations. At times when the emergency happens, an alarm is sounded all over the plant to alert the people for evacuation and perform their role statement. To avoid the occurrence of such catastrophic accidents, we have defined the role statement of each and every person located at EPCL site which he/she must follow at the time of accident. Safety zones are marked at our plant site, which serve the purpose of Assembly Points where all plant personnel gather at the time of accident and head counting is carried out.

Health, Safety & Environment section identifies the fire fighting squad and trains them based on drills conducted on weekly and quarterly basis. The weekly drill is only limited to a particular

unit in EPCL Plant site, while the quarterly drill is a Company wide simulation drill in which the entire Company along with the neighboring organizations are involved. Emergency Control Center (ECC) is formed when an accident occurs. ECC is the commanding authority which directs the Fire Squad and ensures proper handling of emergency at plant.

To safeguard the integrity of community, EPCL has developed a liaison with the neighboring organizations to handle any worst case scenarios which may affect these organizations. A documented package is issued to all neighboring organizations which contains:

- Introduction to EPCL.
- Material Safety Data Sheet for VCM, HCL, Caustic, EDC, Ethylene, Chlorine.
- Plant Emergency Contact Numbers.
- Possible help or actions required from an organization in case of an eventuality.

TRAINING AND DEVELOPMENT

EPCL considers its people to be its most crucial asset. We depend on environmental resources to operate and we recognize that we operate within environment limits. We believe all personnel whose work could affect the environment and safety of the site must have, through training & development, the ability to maintain the sustainable efforts in safe operations, provide necessary knowledge for environment protection and skills to execute their job functions in a manner consistent with the environment.

Training is an attempt to narrow the differences between people as they perform tasks, in a firearms safety course. EPCL has dedicated a Training Department to arrange and facilitate in-house, outsource trainings, seminars and conferences. The basic element of effective training include classroom training, field training, hands-on demonstration by the trainee, qualification testing and use of lab skills. Annual training calendar is covered by major environment topics like NEQS requirements & procedure to NEQS compliance, Hazard Communication Program (HAZCOM) , ISO 14001 compliance, Hazardous Waste Operation & Emergency Response (HAZWOPPER); these are the some key areas focused under the environment annually.

Certification & Qualification systems must be in place to ensure that employees have demonstrated on agreed level of skills before carrying out key activities unsupervised.

The newcomers were probably one of the best selling Health

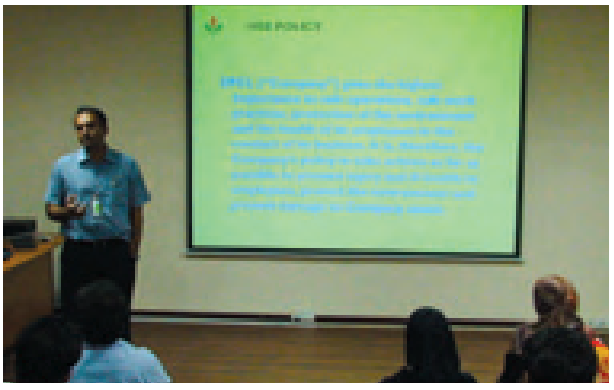
& Safety program ever produced. EPCL has a devoted Training Department to conduct orientation sessions for new employees, GTE & Trade apprentices etc. which covers safety, environmental hazards, administrative and other function of the area. The orientation plan may vary for different individuals based on job/ test requirements. This indoctrination also has appropriate information of Environment Protection Program (EPP) and Environment Management System (EMS).

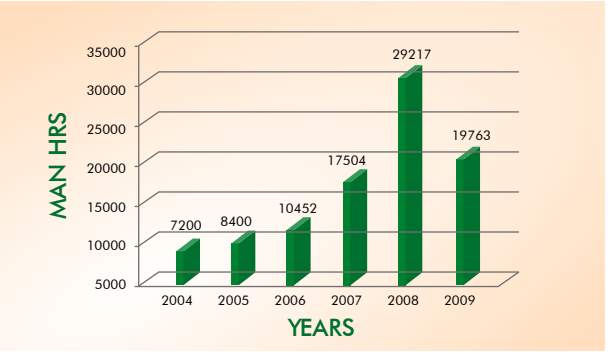
A TNA should be part of a continuous process to monitor the training requirement of employees. In EPCL, TNA is conducted on an annual basis. According to TNA, plans are made for each individuals or group of individuals to enhance the technical knowledge and skills of those individuals or group, Analyze training needs to develop new training programs or modify and improve existing programs. To facilitate technical training activities in the respective units of manufacturing division and sub-training committees will be formed.

The environmentally safe operation of hazardous processes requires personnel knowledgeable and experienced in the technology, operation, safety, and maintenance of these processes and operations. This applies to operators, mechanics, laboratory technicians, technical personnel, supervisors, and management. Specific technical, operational, and mechanical skills are maintained at EPCL to ensure that adequate process hazard assessment is continuous and not interrupted by a lack of sufficiently trained personnel.

Our organization managers take responsibility for creating a positive workplace through communication, coaching & clear performance target. About 996 in-house training sessions and 20 out source training sessions were held at EPCL in 2009 (YTD). This year, special emphasis was given to training on new technologies due to upcoming operating units. To have flawless startup, DuPont PSRM alignment activity was taken up by the organization. In accordance to this goal, major training effort was made in this area as well.

Requirement of training is communicated to each individual before nomination and feedback is collected to assess quality and relevance of trainings. Training plans, effectiveness and overall achievement of training activity is steward in monthly meetings of Sub Training Committees and quarterly in Manufacturing Training Committee. EPCL has Reward & Recognition system for employees under head of training, linked with this effort of training, including environmental awareness.





PAST 6 YEARS TRAINING MAN HOURS

HSE Course
JSA
Safety Information System
Office Safety
Work Permit Refresher
Turnaround Safety
RCA
Trip/Slips and Falls
Fall Protection
Fork Lift Safety/ Truck Safety
ERP Plant
D-level Effectiveness
Hose Handling
Hazard Communication Lab.
House Keeping
Defensive Driving
Scaffolding Certifciation
Safety Critical Devices
Electrical Safety
PSSR
PHA
ISO 14000, Env Policy and NEQs
Hearing Protection Program
HAZWOPER
Effective Safety Supervision
Fire Fighting (for Plant people)
First Aid (for Plant people)
Respiratory Protection
PPEs Program
Procedure Development
HAZCOM / MSDS
ISO 14001 Internal Auditors Training
Soft Skills or Non Manufacturing Courses
Problem Solving & Decision Making
Team Work/ Team Building
Time Management
Continous Improvement
Writing Professionals
Communication Skills
Presentation Skills
Stress Management
Negotiation Skills
Transactional Analysis & Interpersonal Skills
Financial for Non Financial Executive
Managing Conflict
Supervisory Skills
Leadership Grid
Interpersonal Skills

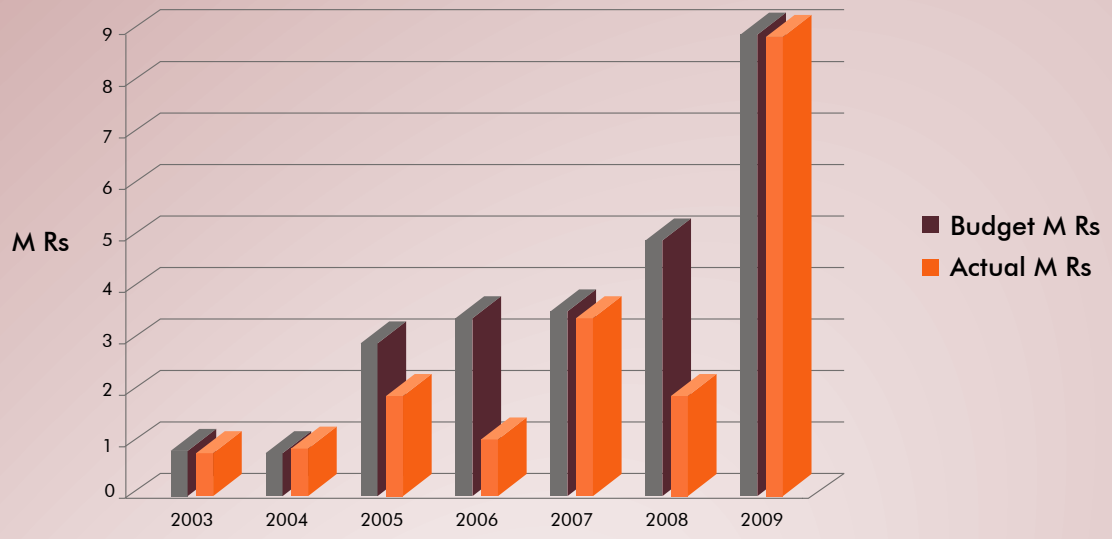
SOCIAL RESPONSIBILITY

"Corporate Social Responsibility" is termed as one of the social dimensions of businesses today.With the passage of time this has become one of the important constituent of businesses throughout the world. Having become the only Integrated Chemical Complex in Pakistan, Engro Polymer & Chemicals Ltd. always tries to care for its stakeholders. We strongly realize our responsibility as a corporate and do our share unconditionally by contributing to the Environment and community in which we operate. This section describes EPCL's major initiatives in 2009.

Our Focus

CSR Strategy will focus on Environment, Water Conservation & Community Involvement in line with EPCL's core values to build its image "as a leader in Environmental Conservation & Sustainable Business Development which operates responsibly and supports the communities in which it operates".

FINANCIAL COMMITMENT



Year	Budget M Rs.	Actual M Rs.
2003	0.58	0.523
2004	0.55	0.654
2005	2.610	1.536
2006	3.050	0.762
2007	3.100	3.013
2008	4.500	1.442
2009	8.5	8.5

Our financial commitments over the past 6 years have been increasingly focused on making investments in social sector. These initiatives have been further strengthened by the highest ever allocation of funds. With 8.5M reserved for CSR programs, 2009 has been EPCL's strongest year yet in terms of achievements in the CSR department. Significant social investments have been made in key initiatives like plantation drives. Other milestones include the completion of DBIS Installation with 0.6M, awarding scholarships worth 0.3M and procurement activities for 0.2M.

SOCIAL INVESTMENTS STATUS 2009

Forestation Project	**Allocated (Rs):** 5.0M	**Spent (Rs):** 5.5M
Water Conservation Projects	**Allocated (Rs):** 2.0M	**Spent (Rs):** 1.9M
EPCL School Support & Scholarship Program	**Allocated (Rs):** 0.55M	**Spent (Rs):** 0.40M
Donations & Sponsorships	**Allocated (Rs):** 0.5M	**Spent (Rs):** 0.5M

EPCL FOREST GRADATION PROJECT

Changa Manga Plantation Site.

Note: The plantation has been raised over an area of 120 acres.

EPCL launched 100 hec of plantation in two different areas of Pakistan. Reserved forest land was targeted for this project. The idea of this project was to contribute towards a greener Pakistan.

Plantation Project in Changa Manga

The project was initiated after detailed review and correspondence with Provincial Forest Department Punjab facilitated by Ministry of Environment Pakistan in March 2009. It was inaugurated by Minister Agriculture & Forest Punjab – Mr. Ali Ahmad Olak. The first 50 hec were initiated on April 13th, 2009. The Provincial Forest Department and EPCL held a press briefing on June 28th, 2009, on its successful completion. The project is monitored by WWF Pakistan. To date, the success rate of plantation is calculated to be 93% based on the key performance indicators developed by WWF Pakistan.

The plantation has been raised over an area of 120 acres. The species that have been planted include Jaman (Syzygium cumini), Arjun (Terminalia arjuna), Putranjan (Putrangiva roxburghii), Shisham (Dalbergia sissoo), Sukh Chain (Pongamia pinnata), Amaltas (Cassia fistula), Kachnar (Bauhinia variegata), Kikar (Acacia nilotica) and Pilcon (Ficus infectoria). The Jaman (Syzygium cumini) covers an area of 24 acres, while the rest i.e. Arjun (Terminalia arjuna), Putranjan (Putrangiva roxburghii), Shisham (Dalbergia sissoo), Sukh Chain (Pongamia pinnata), Amaltas (Cassia fistula), Kachnar (Bauhinia variegata), Kikar (Acacia nilotica) and Pilkhan (Ficus infectoria), spreads over an area of 12 acres each. These trees species were planted in separate blocks each.

Plantation at Donga Gali, Galyat - NWFP

After the successful completion of 50 hec plantation in Changa Manga forest, EPCL launched another 50 hec of plantation in the natural forest of Donga and Kuza Gali, district Abbottabad, NWFP. The inauguration ceremony was held on July 24th, 2009, and monsoon plantation was expected to be initiated by 1st of August. The project was inaugurated by Secretary Environment, NWFP, Mr. Hammad Ovais Agha, and attended by different interfaces from Ministry of Environment, Forest and Wild Life Department NWFP, local NGOs, community representatives, local school children and teachers. The event was also covered by local/national print media (Daily Times, Business Recorder and local newspapers of Abbottabad).

Inaugration at Galyat Site

Progress overview of Changa Manga Site May-Dec 09

To monitor the effective implementation of project, Project Monitoring Framework (PMF) for each of the site in Punjab and NWFP were formulated. As a part of the PMF, method for assessing the survival rate of the plantation, essential output of the project was developed.

The site area selected in Punjab is Changa Manga. The plantation raised in here spreads over an area of 120 acres, as mentioned earlier. The species planted by Forest Department, Punjab, entails Jaman (Syzygium cumini), Arjun (Terminalia arjuna), Putranjan (Putrangiva roxburghii), Shisham (Dalbergia sissoo), Sukh Chain (Pongamia pinnata), Amaltas (Cassia fistula), Kachnar (Bauhinia variegata), Kikar (Acacia nilotica) and Pilcon (Ficus infectoria). The overall survival rate from May 2009 to December 2009 has been assessed as 93.38%. The survival percentages of different months are provided in the table below:

Inaugration at Changa Manga

Sr. No.	Month	Survival %
1	May-June	93
2	July	94
3	August-September	93
4	October	94.73
5	November	92.66
6	December	92.54
Total	May-December	93.32

Table 1: Survival Percentage from May-December, 2009 (Changa Manga Site)

A field visit was conducted to the site area on December 2009. For the current survival rate, plots of varying sizes were laid randomly. Overall, there were 19 sampling plots laid. From plots, details such as no. of plants, type of plants, passels etc were recorded. Similarly, the plants were physically verified to take note of damaged plants. For highlighting any mismanagement at the site area, field observations were employed. For comparison of the survival rates of the plantation over previous quarter, survival rates were compared and analyzed.

Survival Rate of the Plantation

Changa Manga High School Children with EPCL Employees

The table reveals that out of the total sampled area, 9.64 acres, which included 3006 sampled plants, 2782 plants survived, and 224 plants were recorded as dead/damaged or empty pits were observed. The overall survival percentage for this visit, thus, was recorded as 92.54%.

Plot No.	Plot Size (Acres)	No. of Plants	Name of Plants	No. of Plants Dead/Damaged/ Empty Pits
1	0.44	143	Syzygium cumini	6
2	0.45	138	Syzygium cumini	3
3	0.46	160	Syzygium cumini	12
4	0.44	134	Terminalia arjuna	3
5	0.46	142	Terminalia arjuna	1
6	0.71	193	Putrangiva roxburghii	14
7	0.46	135	Putrangiva roxburghii	12
8	0.71	245	Dalbergia sissoo	2
9	0.38	185	Dalbergia sissoo	3
10	0.46	140	Pingommia pinnata	6
11	0.47	145	Pingommia pinnata	2
12	0.71	169	Cassia fistula	4
13	0.73	248	Cassia fistula	3
14	0.49	159	Bauhinia variegata	8
15	0.33	189	Bauhinia variegata	3
16	0.70	180	Acacia nilotica	2
17	0.36	92	Acacia nilotica	1
18	0.43	108	Ficus infectoria	80
19	0.45	101	Ficus infectoria	59
Total	9.64	3006		224

Table 2: Detailed information of each plot - Changa Manga Site

Survival Percentage of the Individual Trees Species

As revealed by the data, the highest survival percentage was recorded in Kikar (Acacia nilotica) having 98.89%. The Shisham (Dalbergia sissoo) and Kachnar (Bauhinia variegata) had the second highest survival rate with 98.89% each. The rest, Arjun (Terminalia arjuna), Amaltas (Cassia fistula), Sukh Chain (Pongamia pinnata), Jaman (Syzygium cumini) and Putranjan (Putrangiva roxburghii) followed having 98.55%, 98.32%, 97.19%, 95.23% and 92.07% respectively. The Pilkhan (Ficus infectoria) had the lowest survival rate, 33.49%. This lowest survival rate is being attributed to the unchecked livestock grazing in the area.

Sr. No.	Species	Sampled Area	# of Plants	# Survived	% Survival
1	Jaman (Syzygium cumini)	1.35	441	420	95.23
2	Arjun (Terminalia arjuna)	0.90	276	272	98.55
3	Putranjan (Putrangiva roxburghii)	1.17	328	302	92.07
4	Shisham (Dalbergia sissoo)	1.09	430	425	98.83
5	Sukh Chain (Pongamia pinnata)	0.93	285	277	97.19
6	Amaltas (Cassia fistula)	1.44	417	410	98.32
7	Kachnar (Bauhinia variegata)	0.82	348	337	96.83
8	Kikar (Acacia nilotica)	1.06	272	269	98.89
9	Pilkhan (Ficus infectoria)	0.88	209	70	33.49
Total		9.64	3006	2782	92.54

Table 3: Survival Percentage of the Individual Trees Species

Progress overview of Bagan & Tajwal Site-Galiyat Site May-Dec 09

The site area in NWFP is located in District Abbottabad i.e. at Bagan 9(1) and Tajwal 4(ii) compartments near Tauhidabad and at Tajwal 2(i) near Koza Galli. The 96 acres have been brought under plantation in the former and 26 acres in the latter. The species that have been grown over here are Deodar (Cedrus deodara), Fir (Abies pindrow) and Kail (Pinus wallichiana). The overall success rate of the plantation in NWFP region has been recorded as 96.64% from August 2009 to December 2009. The survival rate of the plantations thus far in both regions, NWFP and Punjab, has been satisfactory with over 90%. However, the watch-and-ward mechanism in both the regions still needs improvement for the decent long term survival of the plantations.

Sr. No.	Month	Survival %
1	August	97
2	September-October	96
3	November	92.89
4	December	97.66
Total	August-December	96.64

Table 4: Survival Percentage from August-December 2009, Galyat Site

Methods

A field visit was conducted to the project area in December 2009. During the visit, random plots were laid on the project area. The random sampling was conducted keeping in view the rugged condition of the area and the current onset of snowfall, which had covered most of the area that resulted in hindering the visibility of plants as a result. The sampling plots were of the size 50 ft • 50 ft. At each plot, the plants were physically verified and the information regarding the name of the plant, survived plants, dead/damaged and total number of plants in each plot was recorded. Overall, there were 15 plots laid and 0.75 acres of area sampled. Moreover, the field observations were also jotted down in order to pinpoint any mismanagement in the area.

The plantation has been raised over an area of 120 acres, as already mentioned earlier. A portion of this plantation, which makes about 96 acres, has been planted in Bagan 9(1) and Tajwal 4(ii) compartments near Tauhidabad. The other portion constitutes about 26 acres of the raised plantation and is

Plantation at Galyat Site

located in Tajwal 2(i) compartment near Koza Gali. The following species have been raised; Deodar (Cedrus deodara), Fir (Abies pindrow) and Kail (Pinus wallichiana).

The survey reveals that Deodar (Cedrus deodara) has the highest survival rate, 98.57%, amongst all the three species grown. Fir (Abies pindrow) had the second highest with 98.05% and Kail (Pinus wallichiana) followed with 95.33%.

The overall survival percentage was recorded as 97.66%, where 461 plants out of 472 sampled plants had survived.

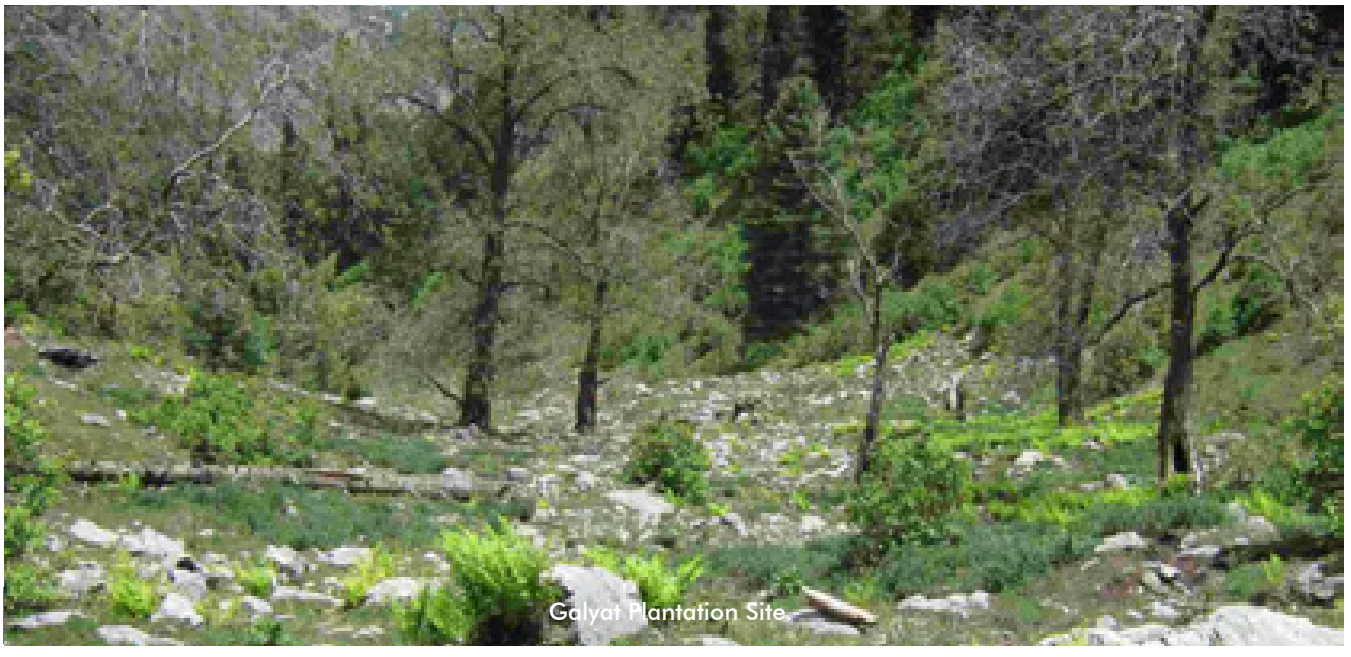
The detailed information collected from different plots is provided below;The table shows that in 0.75 acres of sampled area, 11 plants were observed as dead/damaged/empty pits. The plants survived were 461, as already mentioned.

Sr. No.	Species	# of Plants	# Survived	% Survival
1	Deodar (Cedrus deodara)	211	208	98.57
2	Fir (Abies pindrow)	154	151	98.05
3	Kail (Pinus wallichiana)	107	102	95.33
Total		472	461	97.66

Table 5: Survival rates of various species planted

Plot No.	Plot Size (Acres)	No. of Plants	Name of Plants	No. of Plants Dead/ Damaged/Empty Pits
1	0.05	29	Deodar, Kail, Fir	0
2	0.05	35	Deodar, Kail, Fir	0
3	0.05	25	Deodar, Kail, Fir	1
4	0.05	24	Deodar, Kail, Fir	1
5	0.05	35	Deodar, Kail, Fir	2
6	0.05	30	Deodar, Kail, Fir	3
7	0.05	33	Deodar, Fir	1
8	0.05	27	Deodar, Fir	0
9	0.05	28	Deodar, Kail, Fir	0
10	0.05	34	Deodar, Kail, Fir	0
11	0.05	35	Deodar, Kail, Fir	0
12	0.05	36	Deodar, Kail, Fir	0
13	0.05	35	Deodar, Kail, Fir	2
14	0.05	30	Deodar, Kail, Fir	1
15	0.05	36	Deodar, Kail, Fir	0
Total	**0.75**	**472**		**11**

Table 6: Detailed information of each plot - Galyat Site


Galyat Plantation Site

PERFORMANCE MEASUREMENT FRAMEWORK FOR EPCL PROJECT SITE

Logical Intervention	Performance Indicators	Means of Verification	Methods of Data Collection	Frequency/Status
Identification of blank area for reforestation and afforestation in consultation with Provincial Forest Department Punjab	Identified site is accessible, visible and suitable for plantation	Site area, Maps, Layout Plan, Field Observation	Secondary information review and Field visit	Start of the project
Measurement of allotted area of reserved forest for plantation	Site demarcated on the map and on the ground	GIS Map	Field visit	Start of the project
Pilot project activities will focus 120 acres of land in Changa Manga Forest Division on reserved forest land mapped	120 acres planted with species decided according to the agreed standard and plan	Plantation area, Maps, Observations	Secondary information review, maps, field verification	Start of the project
Purchasing of plants	· Physical verification of plants and their condition · Plants should be cost effective · Plants should be of prescribed size · Reduce risk of damages to plants during transportation from market to nursery and handling · Watch and ward in place for the stock in nursery to avoid damages	Planting stock at nursery and at site, Photographs, Technical Progress Reports	Field visit and Observations	Monthly
Site preparation	· Unwanted vegetation properly cleared and removed · Ploughing and leveling carried out · Irrigation channels (khals etc prepared)	Technical Progress Reports, Monitoring Reports, Photographs, Observations	Field visit and Observations	Monthly
Layout of plantation	· Layout plan available · Sizes of khals, passels and trenches · Site preparation for planting · Irrigation and other silvicultural practices	Layout Plan, Field Observation and Verification	Field visit, Observations and Random Sampling	Monthly
Planting	· Pattern of planting · Size of plants · Spacing · Size of pits · Species planted	Plantation	Field visit, Observations and Using GPS for area assessment	Monthly
Beating up/replantation to ensure 100 % survival rate of established plantation	· Stock availability at nursery · Minimum damage during carriage · Removal of damaged plants · Planting of new stock	Technical Progress Reports, Monitoring Reports, Photographs	Field visit and Observations	Monthly
Maintenance of plants for first 3 years	· Proper watch and ward in place · Proper layout · Minimum damage to plants · Signs of grazing and trampling · Labor engagement	Monitoring Reports, Photographs	Field visit, Observations and Sampling	Monthly
Conducting annual carbon offset calculation exercise at the end of the year	Carbon Sequestration Rates of tree species planted are available	Monitoring Reports, Growing biomass in the form of trees, bushes, shrubs and grasses	Methods for assessing carbon potential of tree species planted	Yearly

Press Briefing Ceremony in Changa Manga

Provincial forest department and EPCL held a press briefing on 28th June 2009, on successful completion of plantation on the allocated 50 hec of forest areas. The event was properly covered by the electronic media and a press release was issued by the Express, Dawn, Nawa-e-Waqt, APP, AJJ, Daily Times, Jang, Khabarain & Waqt News.

Press Briefing Ceremony - Changa Manga

The project is monitored by WWF Pakistan. To date, the success rate of plantation is calculated to be 93% based on the key performance indicators developed by WWF Pakistan.

President Mass Afforestation Program

Government of Pakistan has declared the year 2009 as Environment year and Ministry of Environment has launched different programs to mark it as such. EPCL's plantation project was recognized as a key initiative of this year. The Ministry has invited EPCL thrice to present the concept and share practices with them and has also declared the project as a model of Government – Corporate partnership, which is one of its kind. EPCL is also providing advisory support to the advisory committee running Forestry Programs for the year 2009.

National Tree Plantation Day

Voluntary Plantation by Changa Manga School

ENVIRONMENT ADVOCACY & LITERACY

Celebrating Earth Day with local community schools:

This year, EPCL celebrated Earth day on 22nd May, 2009, with almost 400 local community schools. This event was organized at Haji Ganji Khan School. Different activities like painting competition, story telling, pottery making, awareness session and garbage collection activities were arranged. The event was covered by local newspapers of Karachi.

Earth Day Celebration with Community Children

Drawing and Painting Activity

Pottery Making Activity

Garbage Collecting Activity with Community Kids

CLEAN DRINKING WATER PROJECT

EPCL installed water purification units at Mehmood Shah Goth, Razakabad, and Haji Ganji Khan School. One was inaugurated by Minster Religious Affairs Bin Qasim, and the other by Nazim of Town Municipal Administration, Karachi. The purification plant is benefiting several people within the communities, based in the areas of Razakabad and Ghaghar Phatak. EPCL's CSR committee tracks the performance of the installed unit and continues to have frequent dialogue with the community representative about proper utilization and benefits of the drinking units.

EDUCATION

Supporting Community Schools

EPCL has been supporting community schools for the last couple of years. This year, three more schools were identified for development work. Not only is the focus on improving their quality of education, several sessions were also conducted with teachers and their parents to get input for improving the quality of education in the government schools of Razakabad and Ghaghar Phatak.

Local Community Children of Various Government Sch

EPCL Scholarship Programs

Instituting scholarships for children is one of the initiatives taken by EPCL and this program has been running successfully for the last 5 years. This year, the Company has also started another scholarship program titled "Engro Polymer & Chemicals Scholarship Program," for the community school children including students from Ghaghar Phatak and Razakabad. It is directed toward technical education offering courses in the English language and Computers and is designed to technically equip locals to prepare them for future employment opportunities within EPCL.

Scholarship Distribution Ceremony

Scholarship Distribution Ceremony

Sponsoring Taleemi Mela

This year, EPCL sponsored a "TALEEMI MELA" programme held on 30th May, 2009 by Anjuman Imdad-e-Bahmi. Students of the nearby communities participated in the program which was the first event of its kind to be held for spreading the awareness and importance of education for children.

DONATIONS & SPONSORSHIPS

Amongst other economic contributions, EPCL also donates to and sponsors various NGOs, hospitals and institutes on a continuous basis. Amongst many others, donations have been made to the following institutes & organizations:

- Agha Khan University
- Shaukat Khanum Memorial Cancer Hospital
- IDP — Donations, in kind for IDP suffering caused by security operations in Malakand division
- Cardio Vascular Institute
- Citizen Foundation-fund raiser
- ESUP — English speaking union of Pakistan
- SOS village
- Hope
- Behbud
- Kidney Center
- etc...

MANGROVE REHABILATION PROGRAM

Mangrove trees planted over the coast line would serve as a natural habitat for fish like Mud-Skipper, Prawns and birds like Kingfisher, Log Horn, Curlews, Waders, Humming Birds and Seagull etc. Our plan to develop a Mangrove plantation in front of our plant shoreline will serve as a breeding nursery for fish and prawns which will attract birds. Mangrove plantation has already commenced along the shore lines of Arabian Sea, just across the road to the plant site. To date, well over hundred thousand (100,000) saplings have been planted; some of the mangrove plants have grown well beyond an average man's height.

Mangrove Plantation with Community School Children

SUSTAINABLE DEVELOPMENT THROUGH WATER CONSERVATION

Inaugration of Demand Based Irrigation System (DBIS)

Water, being the most abundant substance on earth, is normally taken for granted. Most of water available on earth is not suitable for human consumption and only a small percentage of it is fresh and non-salted. Even from this, only a third is accessible for direct and indirect human consumption. The indiscriminate use of surface and ground water has had its impact making it an increasingly rare commodity now. Water is dubbed as the major (possible) cause of future regional and international conflicts.

The demand for water is being fuelled by increasing population and mobility, rising living standards, changes in food consumption and increased energy production especially bio-fuels as per UN World Water Development Report 3. The role of water in ending poverty is well established. Various reports have shown that people living below poverty line are usually the ones without access to safe drinking water and basic sanitation. The Millennium Development Goals also acknowledge the pivotal role of water in sustainable development.

Pakistan is officially a water-stressed country with per capita availability of approximately 1100 - 1200 cubic meters. This is almost on the verge of 1000 cubic meters benchmark which will make Pakistan a water-scarce country. This situation is alarming and calls for immediate reassessment of the way water issues are dealt with.

Most of surface water in Pakistan is consumed by agricultural sector – some estimates suggest a number as high as 97% leaving very little for the rest of the sectors. Most of the potable water needs are met through extracting ground water. The ground water aquifers are recharged through rains and seepage from irrigation channels. It is estimated that a third of population still does not have access to clean drinking water.

Engro Polymer & Chemicals Ltd.(EPCL), has been working on promoting efficient use of water. The Company takes a holistic approach to addressing the important aspects of water use and conservation not only in agricultural but also in non-agricultural applications.

The Company allocates nearly half of its social investments funds to various water conservation related projects. Most of the projects are executed in close collaboration with non governmental organizations working at the grass root level.

The Company, in partnership with Hisaar Foundation - a well known NGO working in the water and livelihood sector, started a series of dialogues with various stakeholders in district Umerkot to create awareness of water related issues and its conservation. These series of dialogues involve governmental and civil society interfaces. Through this forum, various practical solutions are being promoted, to develop the forum into a self sustaining platform. The plan is to develop few networks which would include formation of Area Water Partnerships at town and tehsil levels. Also, to acknowledge and harness the role of women in water conservation, a Women Water Network has been established. These activities are being pursued to replicate a one-of-its-kind and very successful Area Water Partnership in Karachi under Global Water Partnership framework in rural context.

EPCL resources have been working closely with various stakeholders and one such contact with CNFA Pakistan, local chapter of an international NGO and Asia Associates, has resulted in a unique project called Demand-Based-Irrigation-Systems (DBIS). DBIS brings rain-fed areas under controlled irrigation through construction of water distribution system after assessment of water demand of the command area of the scheme. Water is diverted from a perennial source upstream and distributed through a tailored distribution system which takes requisite amount of water to each agricultural terrace through PVC pipes. The entire system is controlled through a number of water storage structures and control-valves. Looking at the encouraging response of community on the first two systems installed with USAID funding, EPCL partially sponsored the installation of a third system in Naran, district Mansehra. The project has brought 132 acres of rain fed command area under controlled irrigation. More of such schemes are in the pipeline which will be installed with USAID funding.

DBIS - Demand Based Irrigation System

In another landmark initiative in partnership with the development sector, EPCL partnered with Sukaar Foundation in District Mithi in Thar Desert and constructed rain water harvesting ponds. Thar is an extremely arid area where water is available in very limited quantities. Communities harness the rain water through constructing traditional ponds. Over the years, government and non governmental agencies have constructed ponds to store the rain water. However, the utility of these ponds is compromised due to seepage losses. Sukaar Foundation and EPCL, through their joint efforts, have demonstrated the use of PVC Geomembrane to address the seepage issue in rain water storage ponds. The set of interventions include a newly constructed pond with Geomembrane lining, a concrete pond rehabilitated with PVC Geomembrane and experimental lining of a traditional pond called 'Chaunra'. These ponds demonstrate that precious rain water can be stored without any fear of seepage losses and communities can meet their various water needs such as potable water, water for their cattle and agriculture etc in a more sustainable manner.

Other projects on grey water harvesting, promotion of low-cost drip irrigation techniques, and awareness of water and agriculture in schools are being pursued to demonstrate EPCL's commitment to making a meaningful contribution towards sustainable development of local communities in Pakistan through water conservation.

WATER CONSERVATION IN AGRICULTURAL SECTOR

EPCL has been engaged in promoting water conservation technologies in the agricultural sector of Pakistan's economy since 2001. The economy of Pakistan depends heavily on the output of its agricultural sector, which constitutes 20-25% of GDP. Apart from providing input to a large portion of the manufacturing sector, it also provides direct employment to

more than 40% of labor force. The agricultural sector is facing a lot of challenges – but shortage of irrigation water is the single largest threat to this sector. EPCL, by virtue of being the sole PVC resin manufacturer in the country was already engaged with the downstream industry, for its capacity building. PVC pipe constitutes an important component of high-efficiency-irrigation-systems (HEIS) and therefore it was a natural business line extension for pipe manufacturers. The model was first tested on manufacturers who then helped in developing a complete supply chain for the rest of the components to enable them to provide solutions on a turn-key basis.

HEIS is an irrigation methodology, which optimizes the use of water by allowing it to drip slowly in the root zone of a plant through a network of pipes, valves, and emitting devices. It is an established methodology of increasing water productivity by avoiding seepage and evaporation losses. It involves designing and installation of a demand-based system in farms to provide the right quantity of water to each plant. A typical system considers crop's water requirement, condition of soil and water, climatic conditions, and other factors like farm size etc at the design stage.

HEIS offers a large range of benefits at the farm level. It brings in efficiencies in virtually all farm inputs, the most important being water efficiency. Flood irrigation - the traditional method in use in Pakistan - normally achieves 30% efficiency whereas efficiency through HEIS can go as high as 95%. With uniform and consistent water supply, crop or orchard does not go under stress and produces more fruit of uniform size. More yield and greater produce of high grades has direct impact on farmers' economics. For orchards in Pakistan, payback period of a typical HEIS system, having a life of 15-20 years, ranges from one year to three years. Additionally, efficiency is also achieved in fertilizer application.

PVC Geomembrane, on the other hand, offers a seepage proof lining arrangement for the storage and delivery mechanism of water. It can be used in lining canals, watercourses, and reservoirs and is an affordable and easy to install solution for water conservation for delivery system losses. Typically, earth covered Geomembrane lined reservoir costs one-third the cost of concrete reservoir with a longer life.

PVC Pipes are used in the agricultural sector for various applications like tube well casing, conveyance and distribution and micro irrigation systems. Their benefits include low cost, non-corrosive nature, durability and ease in installation.

Pond Lining at Mithi

UN GLOBAL COMPACT - TEN PRINCIPLES

The Global Compact encourages companies to embrace, support and enact, within their sphere of influence, a set of Core Values in the areas of human rights, labor standards, the environment, and anti-corruption:

This year we report our sustainability performance using UNGC and GRI-defined voluntary disclosure indicators though EPCL has not signed UNGC yet but is implementing all the UNGC indicators which had also been validated by a 3rd party.

10 UN Global Compact Principles	Relevant GRI 3 Indicators
Human Rights	
· Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights;	EC5, LA4, LA6 - 9, LA13 - 14, HR1 - 9, SO5, PR1 - 2, PR8
· Principle 2: Make sure that they are not complicit in human rights abuses.	HR - 9, SO5
Human Rights Company's Statement of Best Practices promotes the realization of its vision and values by focusing on behavioral modification and systematic changes. EPCL brings together in common pursuit of its organizational goals, persons of different nationalities and religions. EPCL is guided by the principle that in no aspect of its activities shall there be differences in the treatment of persons because of race, religion, color, nationalities, age, gender identity, disability, or any other classification that deprives the person of consideration as an individual, and that equal opportunity and access to facilities are available to all. Management ensures by way of developing & implementing policies that it does not support any discrimination.	
Labor Standards	
· Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	LA4 - 5, HR1 - 3, HR5, SO5
· Principle 4: The elimination of all forms of forced and compulsory labor;	Hr1 - 3, HR7, SO5
· Principle 5: The effective abolition of child labor;	HR1 - 3, HR-6, SO5
· Principle 6: The elimination of discrimination with respect to employment and occupation.	EC7, LA2, LA13 - 14, HR 1 - 4, SO5
Labour Rights Company does not have any workmen or labour classified employees. However, it does promote equal opportunity for growth based on merit. Company encourages working through teams by valuing all ideas through consensus building and active involvement of each team member without biasness or prejudice. Company is committed to provide full safety and congenial working environment to all its employees. Team and individual efforts are recognized by celebrating both lessons and successes.	
Environment	
· Principle 7: Businesses should support a precautionary approach to environmental challenges;	EC2, EN18, EN26, EN30, SO5
· Principle 8: Undertake initiatives to promote greater environmental responsibility;	EN1 to EN-30, SO5, PR3 - 4
· Principle 9: Encourage the development and diffusion of environmentally friendly technologies.	EN2, EN5 - 7,EN10, EN18, EN26 - 27, EN30, SO5 Note:Refer CSR & HSE section
Anti-Corruption · Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	SO2 - SO6
Bribery & Corruption Company values strict observance of all laws applicable to business with highest standard of integrity and considers ethics as its topmost core business value. The Company has issued various policies like statement of business ethics, policy governing conflicts of interest, gifts and business entertainment guidelines, statement of best practices, etc. which are circulated annually to every employee and director of the Company. The standards are provided to further assure that each member of the EPCL family fully understands what is expected from him/her in carrying out daily activities. Company requires employees to uphold these standards in the day-to-day conduct of business activities. Company does care how results are achieved. It expects full compliance with standard of integrity throughout the organization. The Company does not tolerate an employee who achieves results at the cost of violation of laws or unscrupulous dealing and would rather provide support to employee who passes up an opportunity or advantage which can only be secured at the sacrifice of principle. The performance of the Company in all these parameters is reflected in the adjacent GRI 3 Tables.	

UNITED NATIONS ESCAP FIRST ASIA PACIFIC TRADE INVESTMENT WEEK

This year, based on our CSR achievements, the Global Compact Network in Pakistan nominated EPCL to participate in ESCAP's "First Asia-Pacific Trade and Investment Week" in Bangkok. The events include; **Stakeholder consultation, "Introduction to Asia-Pacific Global Compact Community of Practice"**. The consultation was organized by the Investors for Development project (I4D) of ESCAP's Trade and Investment Division.

The purpose of the meeting is to support the creation of a regional Community of Practice for CSR practitioners and to discuss the means by which the Community can help Asian businesses to implement the Global Compact Principles more effectively.The meeting has given us an opportunity to participate in an open dialogue between businesses, Global Compact Local Networks, NGOs, government officials and ESCAP staff in order to ensure that the needs and wishes of the future members of the Community of Practice are incorporated in the design of the Community's interactive web-portal.

Other events included OECD-ESCAP Regional Conference on Corporate Responsibility entitled "Why Responsible Business Conduct Matters". The Asian region is unquestionably one of the most influential powerhouses of the world economy. The focus was to learn from concrete experiences how firms in OECD and Asian countries engage in RBC/CSR activities and relate them to corporate governance, and discuss how the "business case" can be reinforced. A special focus will be given to climate change and financial issues.

This was also supported by A Ministerial Round Table which focused around looking beyond the crisis,trade and investment for achieving inclusive and sustainable development in the region. The purpose of the Round Table Discussions is to develop a broad framework for national and regional level actions to use trade and investment as tools to navigate out of the crisis and achieve long-term inclusive and sustainable development.

Five organizations were nominated from Pakistan and this has given a platform to Engro Polymer & Chemicals Ltd. for presenting their contribution in the area of social investement and community involvement. Besides this, the CSR contribution of Engro as a group in Pakistan was also highlighted in the paper.

SOCIAL INVESTMENT PLAN – 2010

CSR Programs will

Promote and Demonstrate Benefits of Water Conservation
Provide Technological Support for Water Conservation Solutions
Engage in Environmental Initiatives
Support Education and Health through Sponsorships & Donations

Proposed Social Investments for 2010	Rs. 13M
Water Conservation programs continued from 2009	
• Policy Dialogues with HISAAR Foundation	Rs. 1.3M
• Rain Water Harvesting with IUCN, Sukaar Foundation	Rs. 0.5M
• Demand-Based-Irrigation-Systems with CNFA	Rs. 0.5M

New programs for 2010

• Water & Sanitation Program with Unicef	Rs. 2.0M
• Grey Water Recycling Pilot with MUET, UNHABITAT	Rs. 0.5M
• Technology Supports for HEIS	Rs. 0.5M
• Promotion of low-cost drip with Micro Drip	Rs. 0.2 M
Total	Rs. 5.5M

Environment & Social programs continued from 2009

• Forestry Project Expansion on 100 ha 50 ha ea in Changa Manga & Galiat - Monitored by WWF Pakistan	Rs 5.5M

Education

• School Support Programs - Razakabad & Ghagharphatak	Rs 0.5M
• PQ Employee Scholarship Program	Rs 0.2M
• EPCL Scholarship Programs	Rs 0.3M
Total Sponsorships & Donations	Rs 2.0M

Other donations

Rs 1.0M

- Shaukat Khanum
- SOS Village
- Agha Khan Hospital
- Kidney Center
- Cardiovascular Society etc

STAKEHOLDER ENGAGEMENT/FEEDBACK

This year EPCL engaged key stakeholders in different dialogues sessions. The objectives of the engagement were to examine among other things, interventions, direct and indirect objectives and intervention focus, level and effectiveness of EPCL's engagement in terms of implementation of activities and realization of desired outputs, benefits to the community, comparison of EPCL's interventions with efforts of similar nature made by other organizations, possible efforts at integrating interventions, suggestions for improvements / future actions etc.

FORESTATION PROJECT

Following are few of the the extracts from the Stakeholders' Dialogues for Forestry Project , initiated by EPCL with Provincial Forest Department of Punjab and NWFP.

Mr. Babar Hassan Bharwana
Secretary Forests, Wildlife and Fisheries, Punjab (Lahore)

Mr. Babar appreciated the concept & initiative of EPCL. He admitted that there is a dire need of forestation in the country. Lots of land is available but is not being utilized due to shortage of funds and such type of public private partnership can contribute significantly towards improving the ratio of forests in Pakistan.

The success factor of this project is the persistent follow up by EPCL and liaison with Forest dept. staff. He added that EPCL should go further for such projects in South, Central and Northern part of the province. It would be better to choose a chunk of land, as the roadside and canal projects are awarded in bits and pieces and may not be successful at the end of the day.

Overall, he was quite satisfied with the project theme and wanted EPCL to keep it up!

Mr. Shahid Rasheed Awan
Dep. Secretary Forests, Wildlife and Fisheries, Punjab

Mr. Shahid gave following brief about the project:

EPCL initiated this project on a volunteer basis with the objective of grading forest cover of Pakistan which we must appreciate. Plants were grown in 120 acres of land with total of Rs 1.3M investment by EPCL in the first year of the project. 90-93% survival rate was achieved.

Previously, some financial institutions also acquired the land for forestation, however it did not work whereas EPCL adopted the right strategy by only investing and the actual work was executed by forest dept. We can comfortably say that this is the first successful intervention by private sector.

The Forest dept. will maintain this project, however long term sustainability depends if EPCL will take up such projects in other parts of the country on a perpetual basis. Currently, EPCL has opted for Changa Manga which is a commercial area with respect to forestation and in future non-commercial areas should be selected for longer survival of the plants.

Major (R) Azam Suleman Khan
Secretary Irrigation and Power (Lahore)

Major Azam stated that limited work has been done in the field of forestry in Pakistan. We can say that only Changa Manga has been developed for forestation after independence and all other projects existed pre-partition. Insufficient budgets are being allocated for forestry and environment.

In the present scenario, an intervention by private sector is encouraging. We did provide land to certain financial institutions before, which ended up nowhere and EPCL is a success story. We appreciate that no commercial interest was involved which increased the confidence in the project. Local community was also involved in project initiation which helped in building trust. So overall it was a good initiative and must be continued by EPCL and others to improve the environment.

Mr. Nasim Hijazi
DFO Galyat, NWFP

The feedback received from Mr. Nasim Hijazi (DFO) from the NWFP team was positive and he appreciated the initiative stating that EPCL is doing well (95 %) in terms of cooperation & coordination and while there were some problems regarding budgeting and release of payments, however the same is being streamlined as of today and they hope things will get better in the near future. They are working with EPCL in Gali forest area covering 120 acres and the survival rate though satisfactory, has been affected to some extent due to a recent drought. EPCL has not increased the area over this period of time and curtailed their intervention. They look forward to working with EPCL on bio-engineering projects and expect EPCL to go for more land that is six to seven hundred acres in the future.

WWF PAKISTAN

Engro Polymer & Chemicals Ltd. has a well renowned corporate entity of the country. It has always been actively involved in supporting environment friendly activities. Most recently, EPCL has initiated a project, "Afforestation/Reforestation," covering an area of 120 acres each in NWFP and Punjab regions. This project was the first initiative by a corporate entity in Pakistan. Moreover, it was the first step towards paving a way and

an example for other corporate agencies to follow in their footsteps.

World Wide Fund for Pakistan (WWF-P) as an environmental organization has always supported and welcomes the environment friendly initiatives. The aforementioned project was also an opportunity for WWF-P, as a monitoring agency, to explore this domain of curbing carbon emissions, especially through afforestation and reforestation. Although, WWF-P feels that still there is a lot that needs to be done in order to reduce environmental impacts, not only by the corporate agencies but by different public and private agencies as well. Therefore, we suggest that EPCL should focus on increasing the plantation which will assist in increasing the forest cover of the country and at the same time will help in ameliorating the environment as well.

EPCL PROJECT FOR EDUCATIONAL DEVELOPMENT AND SCHOLARSHIPS

EPCL is focusing on Razakabad and Ghaggar Phattak areas to enhance the educational level of local population and to accomplish this goal they have initiated various projects at different educational levels - from primary to Bachelor's degree.

A Classroom at Haji Ganji Khan School.

EPCL's visit at Haji Ganji Khan School, Ghaggar Phatta

EPCL has been actively engaged along with all the key stakeholders to improve the quality, environment and awareness of education in these areas and has also participated in various community improvement projects such as Malir Bachao Ittehad which are dedicated towards enhancing the lifestyle of Razakabad and Ghaggar Phattak residents by providing them with basic necessities such as education, jobs and safe food.

EPCL runs an annual scholarship program for the children of PQA authority employees who have secured high grades in their matriculation examinations and are nominated by their schools for scholarship after a review of their overall performance. EPCL verifies these nominations and then awards the scholarships; the reimbursement of fees is done quarterly via pay orders. Each year, 10 students avail EPCL scholarships, however, PQA has recently requested that scholarships offered may be increased in numbers.

EPCL has also played a pivotal role in the improvement of Government Primary School Facilities in the areas of Razakabad and Ghaggar Phattak. They have helped by creating an infrastructure of the schools and have also provided furniture, stationery and books to the students of those areas. The Principal of the school, Mr. Mohammad Akram appreciated EPCL's active support and participation in the venture. He explained that the number of students enrolled at the school has increased, and there is a need for recruiting teachers and administration staff to manage the increasing number of students.

Students during a class at Haji Ganji Khan School.

EPCL also provides four scholarships each year for the students residing in Razakabad and Ghaggar Phattak. All the students from the above mentioned vicinity who are keen to gain higher education are eligible to apply for this facility and selection is purely based on merit. This program provides free education at Pak Swedish Institute of Technology and all expenses are reimbursed to selected students by EPCL.

EPCL also introduced the concept of Educational festivals in the vicinity which encouraged participation from different schools of the locality. Various cultural dances, skits and musical performances were given by the students. After the performances, prizes were distributed among all the participants of the different festivals and high achievers of the schools were duly recognized.

Residents of Razakabad, filling water from the plant

EPCL WATER PURIFICATION PLANTS IN RAZAKABAD AND GHAGAR PHATTAK:

Engro Polymer & Chemicals Ltd. has assumed responsibility of looking after its labor and the local population residing in that vicinity and have assigned time and resources to create a comfortable community living. These locations are mostly remote areas that lack the basic necessities of living. EPCL engages key stakeholders of these communities to bring upon improvement in the areas; these stakeholders include the community representative, town Mayor, MPA and MNA. These stakeholders periodically inform EPCL about the problems faced by these areas and discuss its appropriate resolution.

Recently, there was a substantial increase in Hepatitis A & E cases in the areas of Razakabad and Ghaggar Phattak. This was a cause of concern for all the stakeholders and EPCL assigned a team of external contractors to assess the situation. The team conducted various tests and concluded that the water in these areas is contaminated with traces of industrial wastage. EPCL, along with all the stakeholders ascertained that a water treatment and filtration plant should be installed in these areas to resolve this matter. EPCL sponsored this project and contracted it to So Safe Water Purification Company. So Safe installed the plant in a strategic position to make it accessible

Water Purification Plant at Razakabad

to all the residents and provide sufficient water through a water tank nearby. A local resident is also employed on the payroll of Engro Polymer & Chemicals Ltd., who controls and operates these purification units. EPCL holds responsibility of the plant's maintenance and control for the duration of one year. After the completion of one year, the residents will be given ownership of the plant. This plant provides filtered and treated water to all the residents of these remote areas.

After the installation of this plant, Hepatitis cases have reduced substantially both in Razakabad and Ghaggar Phattak and the population now has access to purified drinking water.

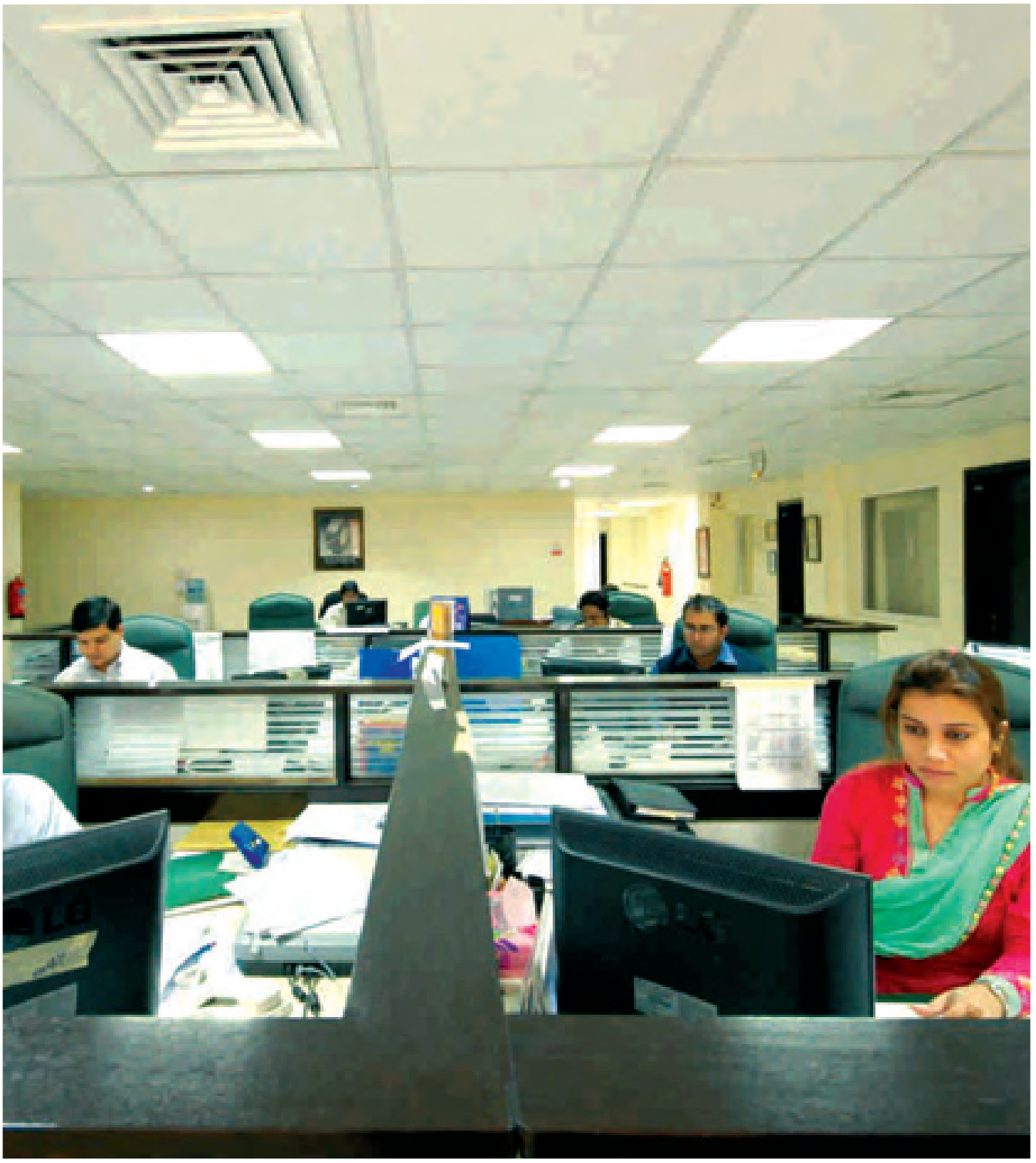
Furthermore, EPCL plans to expand this project and install various such units to make pure water accessible to the masses. Through this initiative, various water borne diseases will be minimized.

Community Children at Razakabad

GRI -G3 PERFORMANCE INDICATORS

"GRI is a multi-stakeholder process and an independent institution whose mission is to develop and disseminate globally applicable Sustainability Reporting Guidelines". The Global Reporting Initiatives constitute Economic, Environmental & Social Performance Indicators based on GRI-G3 guidelines.This section presents the economic, environmental and social performance of EPCL for the year 2009. GRI Performance Indicators are verified by a 3rd party for quality assurance.

ECONOMIC, ENVIRONMENTAL & SOCIAL PERFORMANCE INDICATORS



ECONOMIC PERFORMANCE INDICATORS		
Indicator	**Performance Indicators**	**EPCL Performance 2009**
	Aspect : Economic Performance	
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	· Revenues Rs. 7,993M · Operating Costs less of Employee Compensation(COGS, Selling, Admin) Rs. 7,241M · Employee Compensation (includes net advances) Rs. 259M · Donations and Other Community Investments Rs. 29M · Retained Earnings Rs. 416M · Payments to Capital Providers (cash flow) Rs. 287M Financial Institutions Rs. 34M Shareholders Rs. 253M · Payments to Government Rs. 1M · Economic Value Added Rs. 176M
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	The management is engaged in identifying the risks and opportunities related to climate change and emphasis is given on streamlining our processes to reduce carbon emissions below the acceptable levels. Certain amount of the budget has also been allocated to HSE, however, financial implications are not currently measured.
EC3	Coverage of the organization's benefit plan obligation.	· **Defined Benefit Plans:** Pension Fund and Gratuity Fund (Met through a fund held and maintained separately from the resources of the organization). · **Other benefits:** Additional Death Gratuity Scheme and Provident Fund. · On the basis of actuarial valuation reports, adequate coverage of the scheme's liabilities are estimated to be covered by the assets that have been set aside to meet them. · Equal contributions are made by both the Company and the Employees to Provident Fund @ 10% of basic salary. · **Audit plan:** Compliance with IAS 19
EC4	Significant financial assistance received from government.	No significant financial assistance has been received. However, the Government has provided protection to the domestic manufacturers by imposing custom duty on imported product from time to time.
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.	· Local minimum wage - Rs. 6,000/month. · The organization has both permanent and contracted employees. · Local minimum wage is observed across all locations of operations. · Entry level wages apply at all locations; it is around 150% of the local minimum wage. . Ratios calculated excluding bonuses, overtime, retirement benefits and others.

ECONOMIC PERFORMANCE INDICATORS		
Indicator	Performance Indicators	EPCL Performance 2009
EC6	Policy, practices and proportion of spending on locally-based suppliers.	Due to the nature of our business which is dependant on imports of input products, the percentage would not give a true and fair view of our preference for local vendors in other areas. For all those goods and services which can easily be procured locally as per our acceptable standards, we prefer local vendors. Situation varies from case to case.
EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation.	Equal opportunity employer at all locations. All employees are selected on the basis of merit without any biases or prejudice.
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	Refer CSR section.
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	Refer CSR Section (Sustainable Development through Water Conservation and School Support Program).

ENVIRONMENTAL PERFORMANCE INDICATORS

ENVIRONMENTAL PERFORMANCE INDICATORS

Indicator	Performance Indicators	EPCL Performance 2009
EN1	Materials used by weight or volume.	Material / Quantity / Unit Natural gas: 474,200 MW-h / Annum Steam: 411,200 T / Annum Gas: 175,564,000 m3 / Annum Water: 4,304,000 m3 / Annum Salt: 170,640 T/ Annum Ethylene: 71,040 T / Annum
EN2	Percentage of materials used that are recycled input materials.	Within EPCL's only off spec PVC recycling is done to meet customer requirements and these result in internal recycling of PVC product.
EN3	Direct energy consumption by primary energy source.	2, 822 MMSCF of Natural Gas is consumed as fuel.
EN4	Indirect energy consumption by primary source.	EPCL does not consume & purchase any indirect energy.
EN5	Energy saved due to conservation and efficiency improvements.	Elimination of STG bypass condenser, saved 3200 MWhr/annum Note: The energy saved by changes in personnel behaviour, energy saving light bulbs etc isn't reported seperately.
EN6	Initiatives to provide energy efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	None Note: Site was in commissioning phase, energy conservation projects will be faced in 2010 onwards.
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	Initiatives to reduce the indirect energy consumption include reductions achieved through carefully selecting energy-efficient materials, substituting phone, video conferences for travel. Note: Reduction is not calculated in numbers for year 2009.
EN8	Total water withdrawal by source.	553 MUSG Source Kenjar Lake.
EN9	Water sources significantly affected by withdrawal of water.	None
EN10	Percentage and total volume of water recycled and reused.	CW is internally recycled = 332 MUSG which is 60% of the total volume of water recycled.
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	**Land managed & protected** / **Area** Reserve forest of Changa Manga: 50 ha Reserve conifer forest Galyat: 50 ha Mangrove Plantation: 50 acers Note: Changa Manga Forest produces best quality of wood,attracts wildlife and is considered to be a forest reserve.

ENVIRONMENTAL PERFORMANCE INDICATORS		
Indicator	Performance Indicators	EPCL Performance 2009
		Conifer forest in Galyat has great watershed value, also considered as one of the top listed land in terms of biodiversity value. Mangrove ecosystem is considered to be very unique and valuable as it provides breeding ground for shrimps & fish and also protects against storms.
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	EPCL is using effluent for plantation of mangroves.The water is considered healthy for Mangrove Plantation. Presently more than 100,000 mangroves are thriving on the designated site along the coast. Note: Refer CSR section for further detail.
EN13	Habitats protected or restored.	Mangrove Plantation in front of plant. Almost 100,000 plus mangroves are existing on the site where almost 50,000 mangroves are above man-height. Note:For further details refer CSR section.
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	Future strategy for managing the impacts on biodiversity of the areas protected by EPCL will involve further expansion of Forestry Project on 100 ha and continuation with Mangrove Plantation in 2010. Refer CSR section. Note: The strategy will also focus on the public disclosure of Environment & CSR reporting.
EN15	Number of IUCN List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	None
EN16	Total direct and indirect greenhouse gas emissions by weight.	177,717 Met of CO2.
EN17	Other relevant indirect greenhouse gas emissions by weight.	No other significant indirect GHG emissions.
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	As site was under commissioning so no new initiatives were introduced in the year 2009. There are projects identified for 2010 onwards that include Hydrogen firing at VCM Plant Furnance,Low NOX burners at power plant.
EN19	Emissions of ozone-depleting substances by weight.	None
EN20	NO, SO, and other significant air emissions by type and weight.	NOx = 66.1 Met SOx = 0 Met PVC Dust = 1.4 Met MP = 16 Met Refer Environment section for details.
EN21	Total water discharge by quality and destination.	615,801 Met NEQS Compliant wastewater Refer Environment performace for further detail.

ENVIRONMENTAL PERFORMANCE INDICATORS		
Indicator	**Performance Indicators**	**EPCL Performance 2009**
EN22	Total weight of waste by type and disposal method.	Plastics = 12 tons Metallic scrap = 26 tons Polyproplene bags = 1.3 tons Paper bags = 0.2 tons Used oil = 7.5 tons Wooden scrap = 4 tons Process Chemicals expired = 1 tonCA Sludge(non hazardous) = 30 tons Heavy ends = 80 tons Note: Except process chemicals, heavy ends, all other waste was sold for recycling & re-use. Process chemicals were sent for incineration.CA Sludge was sent for landfilling.
EN23	Total number and volume of significant spills.	Total number = 02 Total Volume = 51 tons Note: Two level I emergencies happened this year due to spillage of chemicals. One in base plant when the 6 ton HCl released from the bowser and second one at EDC VCM plant when 51ton of HCL & VCM mixture released from the column.
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	Waste from EDC-VCM site(heavy ends) - 80 Tons. Others: 01 tons (expired chemicals). Transported from EPCL site to Geolink site located at Gharo.
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	None
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	The extent to which environmental impacts that have been mitigated by Forestry Project on 100 ha and Mangrove Plantation during the reporting period is not calculated for the year 2009. The actual impact will be evaluated after 3 to 5 yrs of the project intervention.
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	None
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non compliance with environmental laws and regulations	None

ENVIRONMENTAL PERFORMANCE INDICATORS		
Indicator	**Performance Indicators**	**EPCL Performance 2009**
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	None
EN30	Total environmental protection expenditures and investments by type.	Costs based on environment related expenditures include the following items: · External services for environmental management and certification ISO 14001 - Rs. 0.06M · Personnel for managing environmental management activities: 01 Salaried employee · Fine for non compliance with environment regulation: None · Treatment and disposal of waste: Rs. 2.70M (Qty hazardous waste = 81 tons) Non-hazardous waste = 30 tons) Insurance of environmental liability Rs. N/A · Clean-up cost: None · Environmental Monitoring Cost: Rs. 0.494M · Purchase of equipments: Ambient air monitoring - equipment: 0.0034M - Noise meter: 0.122M Others: · Mangrove Plantation maintenance cost =0.0192M

SOCIAL PERFORMANCE INDICATORS

1. LABOR PRACTICES & DECENT WORK PERFORMANCE INDICATORS

Indicator	Performance Indicators	EPCL Performance 2009
		Aspect: Employment
LA-1	Total workforce by employment type, employment contract and region	**Description** **Numbers** Permanent Staff: 359 Plant: 283 Bahria Office: 64 Regional Office: 12 EPCL Contract: 29 Other Services Contracts: 590 Note: Driver, Security, Medical, Janitorial, Waiters, Plant maintenance & services, Canteen services, Waterline security, Salt yard supervision, Product bagging and shipment & Admin support services.
LA-2	Total number & rate of employee turnover by age group, gender and region	Total turn over is 20% Male: 100% Female: None 44% are of 29 years of age and below. 56 % are 30 years and above.
LA-3	Benefits provided to full-time employees that are not provided to temporary or part-time employees by major operations	Total of 84 employees left till December 2009. The full time employees are provided with the following benefits: Medical facilities, loans, bonus, housing, transportation allowances only offered in certain cases for technical staff at plant, Life and Health insurance cover. Note: The benefits are compared with those received by full time employees versus those on contract basis and are not covered in the reporting period.
LA-4	Percentage of employees covered by collective bargaining agreements	None
LA-5	Minimum notice period regarding operational changes, including whether it is specified in collective agreements	Followed as per applicable laws Note: Minimum no. of weeks notice - 04 for permanent employees & EPCL employees if their services are found unsatisfactory by the company; its the sole discretion of the company to terminate them with immediate effect. For services contract it varies but at least a month's notice is obligatory to be given prior to any termination.
LA-6	Percentage of total workforce represented in formal joint management-worker health & safety committees that help monitor and advise on occupational health and safety programs	100 % Note: Different forums exist in the Company. The d-level forum has 100% participation of workers along with management. Note: The forums that exist at manufacturing site are following: D-Level Forum: This is the forum in which 100% of the workforce is represented. The forum is a joint management-worker committee which suggest measures to improve on occupational health and safety programs.

1. LABOR PRACTICES & DECENT WORK PERFORMANCE INDICATORS		
Indicator	**Performance Indicators**	**EPCL Performance 2009**
		B-Level Forum: This forum is a higher level forum in which department managers are involved and the suggestions put forward in the D-Level forum are screened and stewarded in this forum. Beside these forums there is another committee which is called Industrial hygiene sub(soc) forum which reviews any changes pertaining to the occupational health and illness. The biggest forum at site is the Safe Operations Committee forum. The forum is headed by Manufacturing Head and the Departmental Managers are the members of this forum. The mandate of this forum is to steward the overall HSE programs for the site.
LA-7	Rates of injury, occupational diseases, lost days and absenteeism and number of work related fatalities	TRIR - 0.849 Occupational disease - None LW1(absenteeism) - 04 Fatality - 01 Note: Refer HSE performance 2009.
LA-8	Education, training, counseling, prevention & risk-control programs in place to assist workforce members, their families or community regarding serious diseases	These trainings are focused on education of employees regarding risks that exist at site. Beside these, a physician is available on site for round the clock coverage in case of any medical emergency. The physician also works to educate people on occupational health issues. The programs include the trainings like Hazcom, Hazwoper, First Aid and CPR, Fire Fighting. Note: Besides this, thorough medical tests of employees are conducted on an annual basis.
LA-9	Health and safety topics covered in formal agreements with trade unions	Theres is no trade union so no agreements exist. Note: Our services contracts and agreements cover HSE specific clauses.
LA-10	Average hours of training per year per employee by employee category	2009 (YTD) Each employee, including EPCL's own & contractor employees, has undergone an average of 48 to 50 man-hrs of training in this year.
LA-11	Programs for skill management and lifelong learning that supports continued employability of employees and assists in managing career endings	About 996 in-house training sessions and 20 out source training sessions were held at EPCL in 2009 (YTD). Refer training and development writeup.
LA-12	Percentage of employees receiving regular performance and career development reviews	100%. Note: A TNA should be part of a continuous process to monitor the training requirement of employees. In EPCL, TNA is conducted on an annual basis. According to TNA, plans are made for each individual or group of individuals to enhance the technical knowledge & skills of those individuals or group.
LA-13	Composition of governance	Board of Directors: All male Age - Group 34 to 65

1. LABOR PRACTICES & DECENT WORK PERFORMANCE INDICATORS		
Indicator	Performance Indicators	EPCL Performance 2009
	bodies and breakdown of employees per category according to gender, age group, minority, group membership and other indicators of diversity.	Management Committee 9:1 Age Group: 35-55
LA-14	Ration of basic salary of men to women by employee category	No distinction based on gender.

Leadership Quest Exercise, Training of EPCL employees for sharpening their Managerial Skills

2. HUMAN RIGHTS PERFORMANCE INDICATORS		
Indicator	Performance Indicators	EPCL Performance 2009
	Aspect: Investment & Procurement Practices	
HR-1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening	None Note: Presently we do not have any system in place. Justification: In future we will include a clause in our service contract to prevent our contractors from practicing any discrimination on the basis of sex, colour, religion, age, etc.
HR-2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken	None Note: This is not a part of our prequalification criteria.
HR-3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	No. of employees to undergo ethics training :100%. Note:Orientation program covers the training of company corporate policies such as ethics. All employees have to go through these trainings at the time they are inducted in the company.
	Aspect: Non-Discrimination	
HR-4	Total number of incidents of discrimination and actions taken	None
HR-5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk and actions taken to support these rights	Freedom of Association is a legal requirement. All employees at EPCL have the right by law to associate in order to protect their right. In practice, however, they have chosen not to.
	Aspect: Child Labor	
HR-6	Operations identified as having significant risk for incidents of child labor and measures taken to contribute to the elimination of child labor	All contracts (service) include a clause which clearly states that we prevent the contractor using child labor. System in place: Child labor is stopped at the entrance.
	Aspect: Forced and Compulsory Labor	
HR-7	Operations identified as having significant risk for incidents of forced & compulsory labor and measures taken to contribute to the elimination of forced or compulsory labor	None
	Aspect: Security Practices	
HR-8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations	Presently, security force is not trained in this aspect; however, the section pertaining to human rights will be included in future training programs.Security personnel will be trained through safety talks, orientation sessions and by conducting separate training sessions.
	Aspect: Indigenous Rights	
HR-9	Total number of incidents of violation involving rights of indigenous people and actions taken	None

3. SOCIETY PERFORMANCE INDICATORS		
Indicator	**Performance Indicators**	**EPCL Performance 2009**
	Aspect: Community	
S-O1	Nature, scope and effectiveness of any programs and practices that assess and manage the impacts of operations on communities including entering, operating and exiting.	Environment impact assessments are carried out on yearly basis for assessing the impacts of new facilities introduced. Note: Last EIA was conducted for EPCL's Expansion Project in 2007. Also our ERP (Emergency Response Procedure) covers the impact on the communities around our operations.Ongoing programs are in place which cover the Stakeholder Dialogues with the neighboring industries and respective communities around our operations on frequent basis.
	Aspect: Corruption	
S-O2	Percentage and total number of business units analyzed for risks related to corruption	100% Note: EPCL has Risk control program in place governed by Board Audit Committee. Company has policies in place such as: · Ethics · Bussiness practices · Conflict of interest · Insider trading policy Frequency of risk evaluation exercise is on yearly basis. Methodology used: CO SO guidelines Audit & Compliance monitoring program is also in place.
S-O3	Percentage of employees trained in organization's anti-corruption policies and procedures	100% Note: Policies are certified by employees on yearly basis. Sessions on Core Values, Ethics & Business control program is in place. Policies are also made part of the orientation package for new employees from day one.
S-O4	Actions taken in response to incidents of corruption	None reported in year 2009
	Aspect: Public Policy	
S-O5	Public policy positions and participation in public policy development and lobbying	The Company participates through various Government Ministries, forums e.g Ministry of Environment, Commerce, OICCI and others.
S-06	Total value of financial and in-kind contributions to political parties, politicians and related institutions by country	None Note: As Company fully complies with the law. Section 197 Companies Ordinance 1984.
	Aspect: Anti-Competitive Behavior	
S-07	Total number of legal actions for anti-competitive behavior, anti-trust and monopoly practices and their outcomes	EPCL anti restricted trade policy in place. Also company complies 100% with Competition Ordinance, 2007 regulations.
	Aspect: Compliance	
S-08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	A 5% fee on Franchise Services was introduced in 2006, scope of which was clarified in 2009. During this period of 2006 and 2009, EPCL made certain payments relating to its project which fell under the scope of franchise services. Based on this, FBR issued a notice to EPCL for recovery of this fee along with penalty. FBR had initially raised a claim of Rs.22.6M plus penalty. The Company explained its position on various payments and the FBR reduced the demand to Rs.2.6M plus penalty. EPCL paid the principal dues of Rs.2.6M in July 2009. The penalty paid for this amounted to Rs.0.3M.

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4. PRODUCT SAFETY PERFORMANCE INDICATORS		
Indicator	Performance Indicators	EPCL Performance 2009
	Aspect: Customer Health and Safety	
PR-1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures	Health and safety impacts of products while manufacturing, are managed thoroughly by Manufacturing. Sales Technical Services team has been supporting the PVC industry in adopting lead-free stabilizers which are associated with PVC resin use. Note: The health and safety impacts of products and services are assessed for improvement at various stages.
PR-2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services, by type of outcomes	None
	Aspect: Product and Service Labeling	
PR-3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	For PVC, Analysis report of product is provided on need basis to customers. In case of Caustic Soda, analysis report is accompanied with product safety related information.Also the safe disposal of product info is covered in MSDS.
PR-4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	None
PR-5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	Customer Satisfaction Surveys are conducted every year. Adherence to product specs, delivery schedules and technical support are other areas where customer needs are met for customer satisfaction. Customer Complaint Report (CCR) System captures all customer complaints and is monitored regularly. Methodology adapted for the surveys involve third party verifications, face to face interviews with customers etc. The last survey was conducted by a third party for the period 2008-2009.
	Aspect: Marketing Communications	
PR-6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship	Market communication programs and materials are reviewed by marketing team and comply with all laws & regulations as well as EPCL's Ethics policy. This includes product marketing information on product packaging, newsletters, literature, product advertisements, billboards, news releases.
PR-7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	None
	Aspect: Customer Privacy	
PR-8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	None
	Aspect: Compliance	
PR-9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	None

COMPANY OBJECTIVES 2009

Objective	Status
Operate with Zero Lost Work Injury and no NEQS excursion	Not achieved (refer HSE statistics)
Achieve Leading Indicator score of 90%	
Ensure safe & flawless startup of Integrated Complex by 4th Week of May 09	Not achieved
Complete additional financing for project	Achieved
PRODUCE: PVC - 134 KT VCM – 93 KT EDC – 68 KT Caustic – 55 KT	Status: 116 KT 6 KT 42 KT 39 KT
SELL: PVC - 146 KT (With exports of 44 KT) Caustic – 53 KT HCL – 1 KT	Status: 119 KT (Domestic); 10 KT (Exports) 32 KT (Domestic); 2 KT (Exports) NIL
HYPO – 4 KT	7 KT
Sell 18 MW power to Karachi Electric Supply Corporation starting August 15, 2009	Power sale started from August 23, 2009. Total sale was 9 MW (Average)
Promote large dia (20-24") pipes in various projects to generate 450 tons of sales	125 tons of sales generated through large dia pipes.
Achieve 400 tons of sales from CPVC/uPVC piping system	1,344 tons of sales generated from CPVC piping system
Achieve 1,440 tons of PVC sales from installation of micro irrigation system over 23,000 acres	450 tons of sales installation of micro irrigation system over 7,500 acres
Introduce skill enhancement incentives for Operations / Maintenance staff.	Achieved
Complete succession planning exercise	Achieved
Develop plan for sale of Hydrogen	DEFERRED TILL 2010
Feasibility on caustic soda expansion by 4Q09	DEFERRED TILL 2010

COMPANY CSR OBJECTIVES 2009

Objective	Status
Approval of Company's CSR policy by EPCL Board of Directors	Achieved
Utilization of budget on all CSR approved projects	Achieved
Implementation of Forestry Project on 100 ha	Achieved
Launching EPCL technical scholarship program for local community children	Achieved
Timely scholarship & donation to all the relevant organizations & institutes in the area of health & education	Achieved
First Dialogue on Water Conservation with Hisaar Foundation	Achieved
Installation DBIS in District Mansehra with CNFA	Achieved
Implementation of water harvesting techniques in Thar with Sukaar Foundation	Achieved

ASSURANCE REPORT BY URS

To EPCL Stakeholders

EPCL's Sustainability Report 2009 (the Report) has been prepared by the management of EPCL, who retain responsibility for its content. Our responsibility is to carry out a reasonable assurance engagement on the full Report. This engagement has been performed by United Registrar of Systems (URS) Pakistan, in accordance with Accountability AA1000AS and the Global Reporting Initiative's GRI G3 Guidelines.

Methodology

URS, headquartered in the United Kingdom, is one of the leading providers of sustainability solutions, including third party verification of sustainability reports. This verification was carried out between Nov 2009 and Dec 2009, by a multi-disciplinary team of corporate responsibility and assurance specialists, in accordance with the following evaluation criteria:

- The URS Protocol for verification of Sustainability and Environmental Reports
- The principles of Materiality, Completeness and Responsiveness as set out in the AA1000AS.
- Global Reporting Initiatives G3 Guidelines

The URS Assurance Team performed the assurance activity by:

- Reviewing EPCL's approach to data collection at Group & regional levels.
- A peer review of CSR reports to benchmark disclosure requirements.
- Reviewing a selection of internal performance documents.
- Independently collecting stakeholder feedback on current and previous editions of the report.

Scope

The verification was limited to the contents included in this report and supporting GRI tables. URS assurance teams also conducted various stakeholder dialogues with local communities, government agencies and suppliers. Our verification did not include verification of the accuracy of data related to emissions, discharges and H&S performance.

Conclusion

Our work confirms that the information included in the EPCL's Sustainability Report 2009 is reliable and objective, and is presented clearly and understandably. Our review revealed that EPCL's Board's commitment to sustainability and CSR is high. Our independent stakeholder engagement confirms that EPCL has consistently maintained a good dialogue with local communities and has responded well to their concerns. However, a more structured approach to stakeholder engagement is needed before sustainability actions and investments are undertaken. In addition, URS has adopted a rigorous approach in conducting the GRI benchmarking analyses. URS considers that some elements of particular indicators can be expanded in future reports, a separate GRI application level check has been submitted to EPCL in addition to this letter.

Regarding the content and structure of the report, the following conclusions are made:

Completeness

The report includes all entities that meet the criteria of being subject to control or significant influence of the reporting organization. In our opinion, the report provides a fair, transparent and balanced representation of EPCL's vision, performance and challenges during 2009.

Materiality & Responsiveness

It is advised that EPCL engage with its key stakeholders and other best practice groups, with a view to identifying and better understanding sustainability/CSR issues which are most material to them. This materiality assessment will help EPCL in the preparation of their report.

Accuracy

The data measurement techniques used and the basis for calculations have been adequately described to URS. No systematic errors have been detected. We conclude, therefore, that information reported is sufficiently accurate and reliable for decision-making purposes.

Neutrality

The report presents its content in a balanced and unbiased manner. In future, a materiality assessment will help indentify issues on which emphasis should be placed and to ensure that statements on the various topics are proportionate to their relative materiality.

Comparability

This report presents information in a format that allows interested parties to see positive and negative trends in performance on a year to year basis. There is no evidence of information being excluded from the last two reports. Hence, it is concluded that this report is comparable and consistent over time.

Our Independence

This is the third year URS has provided independent assurance services in relation to EPCL's sustainability and environmental performance reporting. With the exception of this assurance work, ISO 9001/ISO 14001 certification and some stakeholder dialogues, URS was not involved in the preparation of any information included in this report.

Signed

Ali Khan
On behalf of United Registrar of Systems
December 2009

ACKNOWLEDGEMENT

We wish to acknowledge and thank the following team members for providing input and guidance for developing the 1st GRI based sustainability report for reporting year 2008-2009

CSR & Corporate Communication
Arshaduddin Ahmad
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Saleem Lalani
Ali

Finance & Accounts
Atif Kalodi
Hassan Azwar

Admin, Purchase & Services
Khalid Ahmad Mukhtar & Syed Imran Haider
Farhan Ansari

HSE & T
Safety: Rizwan Ahmad Taqi & Arifeen Alam Sheikh
Environment : Ather Zia & Ali Rizvi
Training: Hina Hashmi

Process Engineering
M Riaz

Logistics
Muzzafar Islam

Market Development
Favad Soomro

Technical Services
Zubair Ashraf Choudry

HR
Saima Rafi

Special thanks to:
Creative Rhythms for designing the report & **URS** for engaging our stakeholders to dialogue and GRI sustainability report verification.

FEEDBACK
FROM OUR EMPLOYEES

I joined EPCL in the year 2007. My experience, so far has been wonderful, it has provided me an opportunity to learn, grow, think out of the box, not accept ordinary explanations, and question everything with a logical and open mind. The best things about EPCL, according to me, are the people, a friendly culture and an open door policy. It makes the workplace exciting; one would look forward to coming everyday.

Imran Baloch
Market Planning Officer

I joined EPCL in the year 2006. It is the best decision I have taken to date. My experience, so far has been rewarding. I love the workplace where people feel confident, valued and inspired. They hold work ownership and get fair evaluation at the end of the year. The best thing about EPCL, according to me, is its open atmosphere because of candid communication.

Niloufer
Secretary Plant Management

I joined EPCL in the year 2005. My experience, so far has been splendid with a bundle of learning opportunities and growth. The best things about EPCL, according to me are honesty and trust both on part of management and individual that has provided an equal opportunity for all to grow and progress. The work environment is open, friendly and supportive.

Khurram Abdullah
Electrical Engineer

I joined EPCL in the year 1997 as Graduate Trainee Engineer in ECPL, Daharki Plant; my experience so far has been adventurous and full of learning. The organization takes care of you and ensures that you are groomed to a level where you become not only a useful resource for the organization but for the nation as well. Whatever I have learned so far has not only improved my professional skills but has also given me the insight to improve my personal life as well. (Thanks, Engro Polymer & Chemicals Ltd.)

The best thing about EPCL, according to me, is that it challenges you to deliver and think, and in parallel it gives you a working atmosphere where you know you have contributed.

Rasim Mehmood Quereshi
Sr. SET Advisor

SUSTAINABILITY REPORT
Feedback Form

We welcome your valuable feedback and suggestions for our Sustainability Report 2009. Please complete this form and send it to us. You may also send any comments by email.

1. Your overall comments on this report?
- ☐ A good effort
- ☐ Meets expectation
- ☐ Above expectations
- ☐ Needs improvement
- ☐ Not impressive at all
- ☐ Any other please specify _____

2. How did you find the idea of Sustainability report?
- ☐ Unique
- ☐ Brilliant
- ☐ Good
- ☐ Average

3. Should the idea of sustainability reporting be carried forward to coming years?
Yes (Reason _____)
No (Reason _____)

4. Any particular area of improvement you would like to identify in this report?
_____

5. What further information would you like to see in our future sustainability report?
_____

6. What would you comment on the aesthetic of the report?
_____

7. Your comments on our approach to stakeholders?
_____

8. Which section(s) of the report would you like to have more information on ? (you may mark more than one box)
- ☐ For Our Stakeholders
- ☐ Corporate Structure
- ☐ Governance
- ☐ Sustainable Development
- ☐ Economic Performance
- ☐ Environment, Health and Safety
- ☐ Social Responsibility
- ☐ GRI Performance Indicators

Other Comments and Suggestions, if any:

Name:

Department:

Designation:

Affix Postage

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